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TELEPHONE (850) 222-2107
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FROM THE DESK OF.
WILLIAM B. GRAHAM
e-mail: bgraham@mcfarlain.com

October 5, 2001

RECEIVED-FPSC
01 OCT -5 PM 1:55
COMMISSION CLERK

VIA HAND DELIVERY

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

011341-TX

Re: *Transfer of ALEC Certificate from Comcast Telephony Communications of Florida, Inc. to Comcast Business Communications, Inc.*

Dear Sirs:

Please find enclosed an original and three copies of the application by Comcast Telephony Communications of Florida, Inc. to transfer ALEC Certificate No. 3172 to Comcast Business Communications, Inc. The transfer is being sought in order to promote operational and internal corporate efficiencies between the Comcast entities. The transfer will neither result in any changes in the terms and conditions of CTCF's current services nor result in any changes in expertise, operational control or financial qualifications to provide those services.

We thank you for your prompt attention to this request and look forward to working with you. If you have any questions at all please do not hesitate to contact me.

Very truly yours,

William B. Graham

WBG\ktc
Encl.

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check: LM

DOCUMENT
12617-01
10-5-01

APPLICATION

1. **This is an application for Ö (check one):** 011341-TP

   ( ) **Original certificate** (new company).

   (x) **Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.

   ( ) **Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.

   ( ) **Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. **Name of company:**

   Comcast Business Communications, Inc.

3. **Name under which the applicant will do business (fictitious name, etc.):**

   Comcast Business Communications, Inc.

4. **Official mailing address (including street name & number, post office box, city, state, zip code):**

   Comcast Business Communications, Inc.
   650 Centerton Road
   Moorestown, New Jersey 08057

DOCUMENT NUMBER-DATE
12697 OCT-5 ō
FPSC-COMMISSION CLERK

5. **Florida address (including street name & number, post office box, city, state, zip code):**

3760 Hartsfield Road
Tallahassee, FL 32303

6. **Structure of organization:**

( ) Individual
( ) Foreign Corporation
( ) General Partnership
( ) Other ____________
(X) Corporation
( ) Foreign Partnership
( ) Limited Partnership

7. **<u>If individual,</u> provide:**

Name:____

Title:____

Address:____

City/State/Zip:____

Telephone No.:______________________ Fax No.:__________________

Internet E-Mail Address:____

Internet Website Address:____

8. **<u>If incorporated in Florida,</u> provide proof of authority to operate in Florida:**

(a) **The Florida Secretary of State corporate registration number:**

____

9. **<u>If foreign corporation,</u> provide proof of authority to operate in Florida:**

(a) The Florida Secretary of State corporate registration number:

F94000000047

10. **<u>If using fictitious name-d/b/a,</u> provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:**

(a) The Florida Secretary of State fictitious name registration number:

GP807600025

11. **<u>If a limited liability partnership</u>, provide proof of registration to operate in Florida:**

(a) The Florida Secretary of State registration number:

N/A

12. **<u>If a partnership</u>, provide name, title and address of all partners and a copy of the partnership agreement.**

Name: N/A

Title:

Address:

City/State/Zip:

Telephone No.: Fax No.:________________________

Internet E-Mail Address:

Internet Website Address:

13. **<u>If a foreign limited partnership,</u> provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.**

(a) The Florida registration number: N/A

14. Provide <u>F.E.I. Number</u>(if applicable): 232736203

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

N/A

(a) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. <u>Provide explanation.</u>

(b) an officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, <u>give reason why not.</u>

Certain officers and directors were previously associated with Comcast MH Telephony Communications of Florida ("CMHTCFL") (ALEC certificate number 3118). CMHTCFL is currently seeking cancellation of that certificate by the FPSC. (See attached correspondence dated September 17, 2001, labeled as Exhibit "D".

16. Who will serve as liaison to the Commission with regard to the following?

(a) <u>The application</u>:

Name: William B. Graham
Title: Attorney at Law
Address: 215 S. Monroe Street, Suite 600
City/State/Zip: Tallahassee, FL 32301
Telephone No.: (850) 222-2107 Fax No.: (850) 222-8475
Internet E-Mail Address: bgraham@mcfarlian.com
Internet Website Address: www.mcfarlain.com

(b) <u>Official point of contact for the ongoing operations of the company:</u>

Name: John Sullivan
Title: Vice President and General Manager
Address: 650 Centerton Road
City/State/Zip: Morrestown, New Jersey 08057
Telephone No.: (856) 638-4014 Fax No.: (856) 638-0219

Internet E-Mail Address:
Internet Website Address:

(c) Complaints/Inquiries from customers:

Name: Cathy Wilson

Title: Director of Customer Service

Address: 500 South Gravers Road

City/State/Zip: Plymouth Meeting, PA 19462

Telephone No.: 484/530-5527 Fax No: 484/530-9184

Internet E-Mail Address:
Internet Website Address:

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

The company has provisioned test accounts in Maryland, but is not yet billing customers for local exchange service in any state in which it is certified to provide such service.

(b) has applications pending to be certificated as an alternative local exchange

No applications are pending as of September 21, 2001.

(c) is certified to operate as an alternative local exchange company.

Maryland, Pennsylvania, Delaware, Virginia, Michigan, Indiana, New York, District of Columbia. Conditional authority has been granted in New Jersey.

(d) has been denied authority to operate as an alternative local exchange company and the circumstances involved.

None

(e) has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

(f) has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

In August of this year, CBC brought suit against Network Access Solutions Corporation and Network Access Solutions L.L.C. ("NAS") in the Federal Court for the Eastern District of Virginia. NAS is a contracted underlying DSL provider to CBC.

NAS notified CBC in late July 2001 that it would discontinue providing wholesale DSL service to CBC and other of its end-users whose lines are served by certain Verizon central offices, and filed for Federal Communication Commission ("FCC") certification to exit the at-issue market pursuant to section 63.71 of the FCC rules, 47 C.F.R. § 63.71. CBC believes that NAS' decision violated its agreement with CBC and caused CBC to incur marketing and legal costs in order to ensure that the impacted end-users would not receive a disruption to their advanced services. CBC filed comments with the FCC opposing NAS' application to exit the at-issue market given that there were no alternative providers of symmetrical DSL service nor reasonable substitute service available within the notice period.

While NAS amended its application at the FCC to remove CBC and CBC's end-users from the scope of customers it sought to abandon, CBC continues to seek relief for the monetary damages it suffered due to NAS' actions.

18. Submit the following:

A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

See Exhibits "A" and "B"

B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

See Exhibits "A" and "B"

C. Financial capability.

The application **<u>should contain</u>** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

See Exhibit "C"

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer affirming that the financial statements are true and correct and should include:

1. the balance sheet:
2. income statement: and
3. statement of retained earnings.

NOTE: *This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.*

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

See Exhibit "A".

THIS PAGE <u>MUST BE</u> COMPLETED AND SIGNED

APPLICANT ACKNOWLEDGMENT STATEMENT

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** I understand that a non-refundable application fee of $250.00 must be submitted with the application.

UTILITY OFFICIAL:

John Sullivan
Print Name

Signature

Vice President and General Counsel
Title

10-3-01
Date

(856) 638-4014
Telephone No.

(856) 638-0219
Fax No.

Address: 650 Centerton Road
Morrestown, New Jersey 08057

THIS PAGE MUST BE COMPLETED AND SIGNED

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange company service in the State of Florida. I have read the foregoing and declare that, to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that, pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083."

UTILITY OFFICIAL:

JOHN SULLIVAN
Print Name

Signature

Vice President and General Counsel
Title

10-3-01
Date

(856) 638- 4014
Telephone No.

(856) 638-0219
Fax No.

Address: 650 Centerton Road

Morrestown, New Jersey 08057

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

1. **POP:** Addresses where located, and indicate if owned or leased.

   1)_______________ 2)

   _______________ N/A

   3)_______________ 4)

   ____

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

   1)_______________ 2)

   _______________ N/A

   3)_______________ 4)

   ____

3. **TRANSMISSION FACILITIES:** POP-to-POP facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

POP-to-POP	OWNERSHIP
1)_______________	
2)_______________	N/A
3)_______________	
4)_______________	

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name): John G. Sullivan
(Title): Vice President, Legal/Regulatory of Comcast Telephony Communications of Florida, Inc.

and current holder of Florida Public Service Commission Certificate Number # 3172 . have reviewed this application and join in the petitioner's request for a:

( ) sale

(X) transfer

( ) assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

JOHN G. SULLIVAN
Print Name

Signature

Vice President, Legal, Regulatory
Title

10-3-01
Date

(856) 638-4014
Telephone No.

(856) 638-0219
Fax No.

Address: 650 Centerton Road

Morrestown, New Jersey 08057

EXHIBIT "A"

Explanation of Application and Authority Being Requested

Comcast Telephony Communications of Florida, Inc. ("CTCF") is the current holder of Certificate No. 3172. In order to promote operational and other internal corporate efficiencies, CTCF made the decision to transfer its certificate to a related Comcast entity, Comcast Business Communications, Inc. ("CBC"). Following approval of this transfer, CBC will provide the regulated services currently covered under CTCF's certification with the Florida Public Service Commission.

As described in this application, the transfer of CTCF's certificate to CBC will neither result in any changes in the terms and conditions of CTCF's current services, nor result in any changes in the management and technical expertise, operational control and financial qualifications to provide services that were previously approved by this Commission. There will be a minimal change in managerial control due to the change in parent company control. The transaction will be seamless to the provision of service in Florida.

Because CTCF previously demonstrated that it possesses the technical, managerial and financial resources to provide alternative local exchange service in Florida, and because no changes in the technical, managerial, or financial qualifications will result from the transfer, it is respectfully submitted that expedited approval of this application is appropriate and in the public interest.

EXHIBIT B

BIOGRAPHY

ROBERT M. KEANE
President and CEO
Comcast Business Communications

Robert M. Keane is president and CEO of Comcast Business Communications, a division of Comcast Corporation. He is responsible for the overall management of the company, which provides network solutions, including Internet and data network services and telecommunications services to businesses primarily in Comcast Cable Communications coverage area.

Keane joined Comcast in November 1999, with more than 19 year's experience in a wide range of telecommunications functions.

Prior to joining Comcast, he was vice president of national planning for TCG and AT&T Local Services. He also served in various operational and sales executive capacities with AT&T and Lucent Technologies.

Keane holds a Bachelor of Science Degree and a Master of Science Degree in Electrical Engineering from the New Jersey Institute of Technology (formerly NCE). He lives with his wife, Cindy, and family in Brick, New Jersey.

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BIOGRAPHY

RICK C. ATTANASIO
Senior Vice President of Network Realization
Comcast Business Communication

Rick Attanasio is senior vice president of network realization for Comcast Business Communications, a division of Comcast Corporation. He is responsible for the engineering and implementation of Comcast Business Communications' next-generation network deployment.

He began his telecommunications career in 1981 with Bell Atlantic and held various network planning and engineering positions with Bellcore and AT&T. Most recently, he was vice president of national wireline operations at AT&T Local Services where he was responsible for network implementation of HFC (Hybrid Fiber Coax) and MDU (Multiple Dwelling Unit) network servicing and interconnection.

Throughout his career, he has received numerous leadership awards, including three "Building on Our Success" awards at AT&T.

Attansio holds a Bachelor of Science Degree in Electrical Engineering from New Jersey Institute of Technology and a Masters in Business Administration Degree from Fairleigh Dickenson University. He currently resides in Bridgewater, New Jersey with his wife, Donna, and three children, Eric, Alyssa and Nicholas.

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BIOGRAPHY

NATHANIEL R. COHEN
Senior Vice President of Business Operations
Comcast Business Communications

Nate Cohen is the senior vice president of business operations for Comcast Business Communications, a division of Comcast Corporation. He is responsible for the company's customer care and billing operations, including Internet initiatives and strategies. He is also responsible for the company's revenue assurance, business practices, real estate and facility initiatives, as well as vendor and contract negotiations.

Cohen has more than ten year's experience in the telecommunications industry. He began his career with Comcast in 1997 when the company acquired GlobalCom Telecommunications, Inc. where he served as chief executive officer. Following the acquisition, Cohen was president of Comcast Telecommunications, Inc., which provided long distance, high-speed data and telephone equipment services.

Cohen was the recipient of The Philadelphia Business Journal's "40 Under 40" award, and is a member of the National Multiple Sclerosis Society Leadership Class and the American Lung Association's President's Cabinet. He is also a member of the Board of Trustees for the National Multiple Sclerosis Society of the Delaware Valley Chapter and the Board of Governors of the Drexel University Alumni Association.

He holds a Bachelor of Science in Business Administration and Accounting from Drexel University. He lives with his wife, Terri, and two children in Radnor, PA.

BIOGRAPHY

RONALD L. TONGE
Senior Vice President of Sales, Marketing and Product Management
Comcast Business Communications

Ronald Tonge is senior vice president of sales, marketing and product management for Comcast Business Communications, a division of Comcast Corporation. He joined Comcast Business Communications in July, 2000 with more than 23 years of telecommunications experience.

Prior to joining Comcast, he was the vice president of offer management and customer solutions at AT&T Solutions, a network outsourcing business. Tonge managed one of the largest and most critical units of that operation, and his extensive telecommunications experience also includes direct sales, marketing and product management, carrier markets, network asset planning and utilization, and business development.

Tonge holds a Bachelors of Science Degree in Business from the University of Delaware and attended the Advance Management Program at the Wharton School, University of Pennsylvania. He lives with his wife, Michele and his two children, Brian and Rachel, in Raritan Township, Hunterdon County, New Jersey.

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EXHIBIT C

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[✓] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED**

DECEMBER 31, 1998

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

(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-1709202
(State or other jurisdiction of incorporation or organization)	(I R S Employer Identification No)
1500 Market Street, Philadelphia, PA	19102-2148
(Address of principal executive offices)	(Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Class A Common Stock, $1.00 par value
Class A Special Common Stock, $1.00 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K.

[ ]

As of December 31, 1998, the aggregate market value of the Class A Common Stock and Class A Special Common Stock held by non-affiliates of the Registrant was $1.755 billion and $19.234 billion, respectively.

As of December 31, 1998, there were 328,630,366 shares of Class A Special Common Stock, 31,690,063 shares of Class A Common Stock and 9,444,375 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III - The Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held in June 1999.

COMCAST CORPORATION
1998 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

This Annual Report on Form 10-K is for the year ending December 31, 1998. This Annual Report modifies and supersedes documents filed prior to this Annual Report. The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information we file with the SEC in the future will automatically update and supersede information contained in this Annual Report. In this Annual Report, "Comcast," "we," "us" and "our" refer to Comcast Corporation and its subsidiaries.

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

Factors Affecting Future Operations

The cable communications industry and the provision of programming content may be affected by, among other things:

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

PART I

ITEM 1 BUSINESS

We are principally engaged both in developing, managing and operating hybrid fiber-coaxial broadband cable communications networks and in providing programming content, primarily through QVC, our electronic retailing subsidiary. We are currently the fourth-largest cable communications system operator in the United States and are in the process of implementing high-speed Internet access service and digital video applications to enhance the products available on our cable networks.

Our consolidated cable operations served approximately 4.5 million subscribers and passed approximately 7.4 million homes in the United States as of December 31, 1998. We own interests in other cable communications companies serving more than 237,000 subscribers. We expect to complete transactions in 1999 that will give us an ownership and management interest in cable systems which, upon closing of certain pending transactions, will serve approximately 1.1 million subscribers.

We provide programming content through our majority-owned subsidiaries, QVC, Inc. and E! Entertainment Television, Inc., and through other programming investments, including Comcast SportsNet, The Golf Channel, Speedvision and Outdoor Life. Through QVC, we market a wide variety of products directly to consumers primarily on merchandise-focused television programs. QVC is available, on a full and part-time basis, to over 70 million homes in the United States, over 7.3 million homes in the United Kingdom and Ireland and over 14 million homes in Germany.

We are a Pennsylvania corporation that was organized in 1969. We have our principal executive offices at 1500 Market Street, Philadelphia, PA 19102-2148. Our telephone number is (215) 665-1700. We also have a world wide web site at http://www.comcast.com. The information posted on our web site is not incorporated into this Annual Report.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

You should see Note 10 to our consolidated financial statements in Item 8 of this report for information about our operations by industry segment.

GENERAL DEVELOPMENTS OF OUR BUSINESS

We entered into a number of significant transactions in 1998 and subsequent to December 31, 1998. We have summarized these transactions below and have more fully described them in Notes 1 and 3 to our consolidated financial statements in Item 8 of this Annual Report.

Acquisition of Greater Philadelphia Cablevision

In February 1999, we agreed to acquire Greater Philadelphia Cablevision, Inc., a subsidiary of Greater Media, Inc. that operates a cable communications system serving approximately 79,000 subscribers in Philadelphia, Pennsylvania. We will issue approximately 4.2 million shares of our Class A Special Common Stock to complete the acquisition. The acquisition is expected to close in the fourth quarter of 1999 if we receive all the necessary regulatory and other approvals.

Sale of Comcast Cellular

In January 1999, we agreed to sell our wholly owned subsidiary, Comcast Cellular Corporation, to SBC Communications, Inc. for approximately $400 million in cash and the assumption of approximately $1.3 billion of Comcast Cellular debt. Comcast Cellular provides telephone communications services pursuant to licenses granted by the Federal Communications Commission to more than 829,000 subscribers in and around the City of Philadelphia, the State of Delaware and in a significant portion of the State of New Jersey. We expect to recognize a pre-tax gain on the sale of approximately $600 million. We expect to complete this sale in the third quarter of 1999 if we receive all the necessary regulatory and other approvals.

Sale of Primestar

As of December 31, 1998, we own a 9.5% interest in Primestar, Inc. Primestar acquires, originates and provides television programming services delivered by satellite to subscribers through a network of distributors. In January 1999, Primestar announced the sale of its direct broadcast satellite service to Hughes Electronics Corporation (a division of General Motors Corporation and the parent company of DirecTV, a direct broadcast satellite service competing with our cable communications systems) for $1.8 billion in cash and stock. The sale of Primestar to Hughes Electronics is subject to the consent of certain Primestar lenders and the receipt of necessary regulatory and other approvals.

Investment in Prime Communications

In December 1998, we agreed to invest in Prime Communications LLC, a cable television operator with cable communications systems serving approximately 430,000 subscribers. During the fourth quarter of 1998, we acquired a $50 million 12.75% subordinated note due 2008 from Prime. In addition, under the terms of the agreement, we will lend Prime approximately $735 million in the form of a 6% ten year note, which transaction we expect to occur in the third quarter of 1999. In return we will receive a convertible note giving us the right to acquire 90% of Prime. The note cannot be converted until the build out of certain of Prime's cable systems is complete and regulatory and other approvals are obtained, which is expected to occur in the third quarter of 2002. Upon conversion of the note, we expect to assume approximately $550 million of Prime debt. We will have the option to acquire the remaining 10% interest in Prime for approximately $82 million, plus accrued interest at 7% per annum.

Sale of Sprint PCS

In November 1998, Sprint Corporation assumed total ownership and management control of Sprint PCS, a personal communications services company serving the United States. In exchange for our 15% partnership interest in Sprint PCS, we received approximately 47.2 million shares of unregistered Series 2 Sprint PCS common stock, 61,726 shares of Sprint PCS convertible preferred stock, which converts into approximately 2.0 million shares of unregistered Series 2 Sprint PCS common stock, and a warrant to purchase approximately 3.0 million shares of unregistered Series 2 Sprint PCS common stock at $24.02 per share. As a result of this exchange, we recognized a pre-tax gain of approximately $758 million during the fourth quarter of 1998. We have registration rights, subject to customary restrictions, which will allow us to sell the Sprint PCS stock that we received.

Offering of Subsidiary Debt

In November 1998, Comcast Cable Communications, Inc., one of our wholly owned subsidiaries, sold $800 million aggregate principal amount of 6.20% senior notes due 2008 in a public offering. Interest on the notes is payable semi-annually on May 15 and November 15 of each year, commencing May 15, 1999. The notes are not redeemable prior to maturity. Comcast Cable used substantially all of the net proceeds from the offering to repay existing intercompany borrowings and for general corporate purposes.

Sale of Comcast UK Cable

In October 1998, we exchanged all of our shares of Comcast UK Cable Partners Limited, one of our consolidated subsidiaries, with NTL Incorporated for approximately 4.8 million shares of unregistered NTL common stock. As a result of this exchange, we recognized a pre-tax gain of approximately $148 million during the fourth quarter of 1998. We have registration rights, subject to customary restrictions, which will allow us to sell the NTL shares that we received.

AT&T Acquisition of Teleport

In July 1998, we exchanged all of our shares of Teleport Communications Group Inc., a competitive local exchange carrier, with AT&T Corp. for approximately 24.2 million shares of unregistered AT&T common stock. As a result of this exchange, we recognized a pre-tax gain of approximately $1.1 billion during the third quarter of 1998. We have registration rights, subject to customary restrictions, which will allow us to sell the AT&T shares that we received.

Acquisition of Jones Intercable

In May and August 1998, we announced agreements to purchase certain interests in Jones Intercable, Inc., for $700 million. We expect to close this acquisition in the first half of 1999 if we receive all the necessary regulatory and other approvals. Upon completion of this acquisition, we will own approximately 12.8 million shares of Jones Intercable's Class A common stock and 2.9 million shares of its common stock. Those shares will represent approximately 37% of the economic and 47% of the voting interest in Jones Intercable. In addition, the 2.9 million shares of common stock that we will own will represent approximately 57% of the outstanding common stock and will enable us to elect 75% of the Board of Directors of Jones Intercable. We expect to consolidate Jones Intercable in our financial statements upon closing of the acquisition.

DESCRIPTION OF OUR BUSINESSES

Cable Communications

Technology and Capital Improvements

Our broadband cable networks receive signals by means of:

- special antennae,
- microwave relay systems,
- earth stations.

These networks distribute a variety of video, telecommunications and data services to residential and commercial subscribers.

In accordance with the October 1997 "social contract" we entered into with the FCC, 80% of our cable subscribers will be served by a system with a capacity of at least 550-MHz and at least 60% of our cable subscribers will be served by a system with a capacity of at least 750-MHz by March 31, 1999. In addition, we will provide free cable service connections, cable modems and modem service to schools and to 250 public libraries in communities when we commercially deploy cable modem service to residential customers in those communities.

In addition to meeting our "social contract" commitments, we are deploying fiber optic cable and upgrading the technical quality of our broadband networks. As a result, the reliability and capacity of our systems has increased, aiding in the delivery of additional video programming and other services such as enhanced digital video, high-speed Internet access service and, potentially, telephony. During 1998, we introduced our digital converter cable service in 10 markets. As of December 31, 1998, approximately 78,000 subscribers were receiving our digital service. Digital converter cable service allows us to use digital compression to increase the channel capacity of our cable communications systems to more than 100 channels, as well as to improve picture quality.

Franchises

Cable communications systems are constructed and operated under non-exclusive franchises granted by state or local governmental authorities and are subject to federal, state and local legislation and regulation. Franchises typically contain many conditions which may include:

- rate and service conditions,
- construction schedules,
- types of programming and provision of services to schools and other public institutions,
- insurance and indemnity bond requirements.

Our franchises typically provide for periodic payment of fees to franchising authorities of up to 5% of "revenues" (as defined by each franchise agreement). We normally pass those fees on to subscribers. In most cases, we need the consent of the franchising authority to transfer our franchises. The franchises are granted for varying lengths of time.

Although franchises historically have been renewed, renewals may include less favorable terms and conditions. Under existing law, franchises should continue to be renewed for companies that have provided adequate service and have complied generally with franchise terms. The franchising authority may choose to award additional franchises to competing companies at any time. We have approximately 825 franchises in the United States.

Revenue Sources

We receive the majority of our revenues from subscription services. Subscribers typically pay on a monthly basis and generally may discontinue services at any time. Monthly subscription rates and related charges vary according to the type of service selected and the type of equipment used by subscribers. Packages of channels offered to subscribers may consist of television signals of:

- national television networks,
- local and distant independent, specialty and educational television stations,
- satellite-delivered programming,
- locally originated programs,
- audio programming,
- electronic retailing programs.

We also offer, for an additional monthly fee, one or more premium services, such as:

- Home Box Office®,
- Cinemax®,
- Showtime®,
- The Movie Channel™,
- Encore®.

These premium services generally offer, without commercial interruption, feature motion pictures, live and taped sporting events, concerts and other special features. The charge for premium services depends upon the type and level of service selected by the subscriber.

We also generate revenues from advertising sales, pay-per-view services, installation services, commissions from electronic retailing and other services. Pay-per-view services permit a subscriber to order, for a separate fee, individual feature motion pictures and special event programs, such as professional boxing, professional wrestling and concerts. We also generate revenues from the sale of advertising time to local, regional and national advertisers on non-broadcast channels.

In December 1996, we began marketing @Home Corporation's high-speed cable modem services in areas served by certain of our cable communications systems. Residential subscribers can connect their personal computers via cable modems to a high-speed national network developed and managed by @Home. Subscribers can then access online information, including the Internet, at faster speeds than that of conventional or Integrated Service Digital Network modems. Through @Home, we provide businesses with Internet connectivity solutions and networked business applications. @Home and Comcast aggregate content, sell advertising to businesses and provide services to residential subscribers. As of December 31, 1998, the Comcast @Home service was available to over 1.8 million homes in nine markets and served more than 51,000 customers.

Our sales efforts are primarily directed toward increasing penetration and generating incremental revenues in our franchise areas. We sell our cable communications services through:

- telemarketing,
- direct mail advertising,
- door-to-door selling,
- local media advertising.

Programming

We generally pay either a monthly fee per subscriber per channel or a percentage of certain revenues for programming. Our programming costs are increased by:

- increases in the number of subscribers,
- expansion of the number of channels provided to customers,
- increases in contract rates from programming suppliers.

We attempt to secure long-term programming contracts with volume discounts and/or marketing support and incentives from programming suppliers. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. We anticipate that future contract renewals will result in programming costs that are higher than our costs today, particularly for sports programming.

Customer Service

We are currently consolidating our local customer service operations into large regional call centers. These regional call centers have technologically advanced telephone systems that provide 24-hour per day, 7-day per week call answering capability, telemarketing and other services. Because of these technological advances, we can better serve our subscriber base and cross-market new products and services. We have 10 call centers in operation as of December 31, 1998 which serve approximately 2.4 million subscribers. Subscribers in our remaining cable systems receive customer service primarily through our local, system-based representatives.

Comcast's Cable Systems

The table below summarizes Homes Passed, Cable Subscribers and Cable Penetration information for our cable communications systems as of December 31 (homes and subscribers in thousands):

	1998	1997	1996(5)	1995	1994
Homes Passed (1)(4)	7,382	7,138	6,975	5,570	5,491
Cable Subscribers (2)(4)	4,511	4,366	4,280	3,407	3,307
Cable Penetration (3)(4)	61.1%	61.2%	61.4%	61.2%	60.2%

(1) A home is "passed" if we can connect it to our distribution system without further extending the transmission lines.

(2) A dwelling with one or more television sets connected to a system counts as one Cable Subscriber.

(3) Cable Penetration means the number of Cable Subscribers as a percentage of Homes Passed.

(4) The information consists of cable systems whose financial results we consolidate. The information does not include 341,000 Homes Passed and 237,000 Cable Subscribers in non-consolidated cable communications systems in which we have ownership and management interests. The information also does not include pending acquisitions (see "General Developments of Our Business").

(5) In November 1996, we acquired the cable operations of The E.W. Scripps Company.

System Clusters

We manage most of our cable systems in geographic clusters. Clustering permits us to deliver customer service and support in a more uniform, efficient and cost effective manner. The following table summarizes Homes Passed, Cable Subscribers and Cable Penetration for our eight largest regional cable clusters as of December 31, 1998 (homes and subscribers in thousands):

Geographic Cluster	Homes Passed	Cable Subscribers	Cable Penetration
Mid-Atlantic	2,147.9	1,409.4	65.6%
Michigan	978.5	480.7	49.1%
Tennessee	499.2	326.3	65.4%
Southern California	517.2	271.4	52.5%
West Florida	413.4	269.9	65.3%
Sacramento	464.1	247.9	53.4%
Southeast Florida	452.1	236.4	52.3%
Indianapolis	243.5	147.4	60.5%
	5,715.9	3,389.4	59.3%
Other Systems	1,666.0	1,121.3	67.3%
Total	7,381.9	4,510.7	61.1%

Competition

Our cable communications systems compete with a number of different sources which provide news, information and entertainment programming to consumers, including:

- local television broadcast stations that provide off-air programming which can be received using a roof-top antenna and television set,
- program distributors that transmit satellite signals containing video programming, data and other information to receiving dishes of varying sizes located on the subscriber's premises,
- satellite master antenna television systems, commonly known as SMATV, which generally serve condominiums, apartment and office complexes and residential developments,
- multichannel, multipoint distribution service operators, commonly known as MMDS or wireless cable operators, which use low-power microwave frequencies to transmit video programming and other information over-the-air to subscribers,
- other cable operators who build and operate cable systems in the same communities that we serve, commonly known as overbuilders,
- interactive online computer services,
- newspapers, magazines and book stores,
- movie theaters,
- live concerts and sporting events,
- home video products, including videotape cassette recorders.

Our cable communications systems will be competitive if we provide, at a reasonable price to subscribers, superior technical performance, superior customer service and a greater variety of video programming and other communications services than are available from our competitors.

Modifications to federal law in 1996 changed the regulatory environment in which our cable communications systems operate. Federal law now allows local telephone companies to provide directly to subscribers a wide variety of services that are competitive with our cable communications services. Some local telephone companies:

- provide video services within and outside their telephone service areas through a variety of methods, including broadband cable networks, satellite program distribution and wireless transmission facilities,
- have announced plans to construct and operate cable communications systems in various states.

A local telephone company, Ameritech, has obtained approximately 14 cable franchises in communities in Michigan that we also serve. It competes directly with us in these areas by providing video and other broadband communications services to subscribers. New facilities-based competitors such as RCN Corporation and Knology Holdings, Inc. are now offering cable and related communications services in several areas where we hold franchises.

Local telephone companies and other businesses construct and operate communications facilities that provide access to the Internet and distribute interactive computer-based services, data and other non-video services to homes and businesses. These competitors are not required, in certain circumstances, to comply with some of the material obligations imposed upon our cable systems under our franchises. We cannot predict the likelihood of success of competing video or broadband service ventures by local telephone companies or other businesses. Nor can we predict the impact of these competitive ventures on our cable communications systems and other businesses.

We operate each of our cable communications systems pursuant to a non-exclusive franchise that is issued by the community's governing body such as a city council, a county board of supervisors or a state regulatory agency. Federal law prohibits franchising authorities from unreasonably denying requests for additional franchises, and it permits franchising authorities to operate cable systems. Companies that traditionally have not provided cable services and that have substantial financial resources (such as public utilities that own certain of the poles to which our cables are attached) may also obtain cable franchises and may provide competing communications services.

In the past few years, Congress has enacted legislation and the FCC has adopted regulatory policies intended to provide a more favorable operating environment for existing and new technologies that provide, or have the potential to provide, substantial competition to cable communications systems. These technologies include direct broadcast satellite service, commonly known as DBS, among others. According to recent government and industry reports, conventional, medium and high-power satellites currently provide video programming to over 10.6 million individual households, condominiums, apartment and office complexes in the United States. DBS providers with medium and high-power satellites typically offer to their subscribers more than 150 channels of programming, including program services similar to those provided by cable systems.

DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their subscribers. DBS service currently has certain competitive advantages and disadvantages compared to cable service. Advantages of DBS service include more programming, greater channel capacity and the digital quality of signals delivered to subscribers. The disadvantages of DBS service include high up-front customer equipment and installation costs and a lack of local programming and local service.

Two major companies are currently offering nationwide high-power DBS services. Both companies have recently announced separate transactions that, if completed, may significantly enhance the number of channels on which they can provide programming to subscribers and may improve significantly their competitive positions against cable operators. We are unable to predict the effect these transactions may have on our business and operations.

Our cable systems also compete for subscribers with SMATV systems. SMATV systems typically are not subject to regulation like local franchised cable operators. SMATV systems offer subscribers both improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable systems. In addition, some SMATV operators are developing and/or offering packages of telephony, data and video services to private residential and commercial developments. SMATV system operators often enter into exclusive service agreements with building owners or homeowners' associations, although some states have enacted laws to provide franchised cable systems access to these complexes. Courts have reviewed challenges to these laws and have reached varying results. Our ability to compete for subscribers in residential and commercial developments served by SMATV system operators is uncertain. However, we are developing competitive packages of services (video, data and telephony) to offer to these residential and commercial developments.

Cable systems also compete with MMDS or wireless cable systems, which are authorized to operate in areas served by our cable systems. Federal law significantly limits certain local restrictions on the use of roof-top, satellite and microwave antennae to receive satellite programming and over-the-air broadcasting services.

Many of our cable systems are currently offering, or plan to offer, interactive online computer services to subscribers. These cable systems will compete with a number of other companies, many of whom have substantial resources, such as:

- existing Internet service providers, commonly known as ISPs,
- local telephone companies,
- long distance telephone companies.

Recently, a number of companies, including telephone companies and ISP's, have requested local authorities and the FCC to require cable operators to provide access to cable's broadband infrastructure so that these companies may deliver Internet services directly to customers over cable facilities. In a recent report to Congress, the FCC declined to institute an administrative proceeding to examine this issue at this time. At the present time, several local jurisdictions are attempting to impose access obligations on a cable operator as a condition for obtaining municipal consent for franchise transfers; however, such conditions are currently being challenged in court. It is expected that the FCC, Congress, and state and local regulatory authorities will continue to consider actions in this area.

The deployment of Asymmetric Digital Subscriber Line technology, known as ADSL, will allow Internet access to subscribers at data transmission speeds equal to or greater than that of modems over conventional telephone lines. Several telephone companies are introducing ADSL service and have requested the FCC to allow them to provide high-speed broadband services, including interactive online services, without regard to present service boundaries and other regulatory restrictions. We are unable to predict the likelihood of success of the online services offered by our competitors or the impact on our business and operations of these competitive ventures.

We expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment to occur in the future. We refer you to page 10 of this Annual Report for a detailed discussion of legislative and regulatory factors. Other new technologies and services may develop and may compete with services that our cable communications systems offer. Consequently, we are unable to predict the effect that ongoing or future developments might have on our business and operations.

Electronic Retailing

QVC is a domestic and international electronic media general merchandise retailer which produces and distributes merchandise-focused television programs, via satellite, to affiliated video program providers for retransmission to subscribers. At QVC, program hosts describe and demonstrate the products and viewers place orders directly with QVC. We own 57% of QVC.

Revenue Sources

QVC sells a variety of consumer products and accessories including jewelry, housewares, electronics, apparel and accessories, collectibles, toys and cosmetics. It purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based on the volume of the transactions. QVC intends to continue introducing new products and product lines. QVC does not depend upon any one particular supplier for any significant portion of its inventory.

Viewers place orders to purchase QVC merchandise by calling a toll-free telephone number. QVC uses automatic call distributing equipment to distribute calls to its operators. The majority of all payments for purchases are made with a major credit card or QVC's private label credit card. QVC's private label credit card program is serviced by an unrelated third party. QVC ships merchandise promptly from its distribution centers, typically within 24 hours after receipt of an order. QVC's return policy permits customers to return, within 30 days, any merchandise purchased for a full refund of the purchase price and original shipping charges.

Distribution Channels

In the United States, QVC is transmitted live 24 hours a day, 7 days a week, to approximately 58 million cable television homes. Approximately 1.5 million additional cable television homes receive QVC on a less than full time basis. Approximately 9.8 million home satellite dish users receive QVC programming. The QVC program schedule consists of one-hour and multi-hour program segments. Each program theme is devoted to a particular category of product or lifestyle. From time to time, special program segments are devoted to merchandise associated with a particular celebrity, event, geographical region or seasonal interest.

QVC sells products over electronic media in Germany, the United Kingdom and Ireland. In the UK and Ireland, this service currently reaches over 7.3 million cable television and home satellite dish-served homes. In Germany, this service currently is available to over 14 million cable television and home satellite dish-served homes. However, we estimate that only 4.6 million homes in Germany have programmed their television sets to receive this service.

QVC also offers an interactive shopping service, iQVC, on the Internet. The iQVC service offers a diverse array of merchandise, on-line, 24 hours a day, 7 days a week. iQVC also maintains a mailing list which e-mails product news to subscribers.

QVC Transmission

An exclusive, protected, non-preemptible transponder on a communications satellite transmits the QVC domestic signal. QVC subleases transponders for the transmission of its signals to the UK and Germany. Each communications satellite has a number of separate transponders. If our transponder fails, QVC's signal will be transferred to a spare transponder. If no transponder is available, the signal will be transferred to a preemptible transponder located on the same satellite or, if available, to a transponder on another satellite owned by the same lessor. The transponder cannot be preempted in favor of a user of a "protected" transponder that has failed. QVC has never had an interruption in programming due to transponder failure. Because it has the exclusive use of a protected, non-preemptible transponder, interruption is unlikely to occur. However, we cannot offer assurances that there will not be an interruption or termination of satellite transmission due to transponder failure. Interruption or termination could have a material adverse effect on QVC.

Program Providers

We have entered into affiliation agreements with video program providers in the US to carry QVC programming. Generally, there are no additional charges to subscribers for the distribution of QVC. In return for carrying QVC, each programming provider receives an allocated portion, based upon market share, of up to five percent of the net sales of merchandise sold to customers located in the programming provider's service area. The terms of most affiliation agreements are automatically renewable for one-year terms unless terminated by either party on at least 90 days notice prior to the end of the term. Affiliation agreements covering most of QVC's cable television homes can be terminated in the sixth year of their respective terms by the programming provider unless the programming provider earns a specified minimum level of sales commissions. QVC's sales are currently at levels that meet minimum requirements. The affiliation agreements provide for the programming provider to broadcast commercials regarding QVC on other channels and to distribute QVC's advertising material to subscribers. As of December 31, 1998, approximately 27% of the total homes reached by QVC were attributable to QVC's affiliation agreements with us and Tele-Communications, Inc., the indirect owner of a 43% interest in QVC, and their respective subsidiaries.

If QVC can successfully negotiate with programming providers, then renewal of these affiliation agreements will be on favorable terms. QVC competes for cable channels against similar electronic retailing programming, as well as against alternative programming supplied by other sources, including news, public affairs, entertainment and sports programmers. QVC's business depends on its affiliation with programming providers for the transmission of QVC programming. If a significant number of homes are no longer served because of termination or non-renewal of affiliation agreements, our financial results could be adversely affected. QVC has incentive programs to induce programming providers to enter into or extend affiliation agreements or to increase the number of homes under existing affiliation agreements. These incentives include various forms of marketing, launch and equipment purchase support. QVC will continue to recruit additional programming providers and seek to enlarge its audience. Despite these efforts, it is difficult to both renew or reach affiliation agreements with programming providers.

Competition

QVC operates in a highly competitive environment. As a general merchandise retailer, QVC competes for consumer expenditures and interest with the entire retail industry, including department, discount, warehouse and specialty stores, mail order and other direct sellers, shopping center and mall tenants and conventional retail stores. Many of QVC's competitors are connected in chain or franchise systems. On television, QVC competes with other satellite-transmitted programs for channel space and viewer loyalty. We believe that, until digital compression is utilized on a large-scale basis, most programming providers will not devote more than two channels to televised shopping and may allocate only one. Large-scale use of digital compression is several years in the future. Many systems have limited channel capacity and may be precluded from adding any new programs at the present time. The development and use of digital compression is expected to provide programming providers with greater channel capacity. Greater channel capacity would increase the opportunity for QVC, in addition to other home shopping programs, to be distributed on additional channels.

Other Programming Investments

We have made investments in cable television networks and other programming related enterprises as a means of generating additional revenues and subscriber interest. Our programming investments as of December 31, 1998 include:

Investment	Description	Ownership Percentage
CN8-The Comcast Network	Regional and local programming	100.0%
Comcast SportsNet	Regional sports programming and events	46.4%
E! Entertainment	Entertainment-related news and original programming	39.7%
The Golf Channel	Golf-related programming	43.3%
Outdoor Life	Outdoor activities	16.8%
Speedvision	Automotive, marine and aviation	14.8%
Sunshine Network	Regional sports, public affairs and general entertainment	13.0%
Viewer's Choice	Pay-per-view programming	11.1%

CN8-The Comcast Network

We created CN8-The Comcast Network, our regional programming service, in late 1996. We deliver CN8 to more than 2.0 million cable subscribers in Pennsylvania, New Jersey and Maryland. CN8 provides original programming, including local and regional news and public affairs, regional sports, health and cooking and family-oriented programming.

Comcast SportsNet

In July 1996, we acquired a 66% interest in Comcast Spectacor, L.P., a partnership that owns the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team, and their arenas. In October 1997, Comcast-Spectacor and the owner of the Philadelphia Phillies major league baseball team launched Comcast SportsNet, a 24-hour regional sports programming network which provides sports related programming, including Flyers, 76ers and Phillies games to approximately 2.6 million viewers in the Philadelphia region. Comcast SportsNet has entered into affiliation agreements with many of the video program providers in the Philadelphia television market. Comcast SportsNet is delivered to affiliates terrestrially.

E! Entertainment

E! Entertainment is our entertainment-related news and information service with distribution to approximately 53 million customers as of December 31, 1998. E! Entertainment seeks to attract viewers based on international interest in Hollywood and entertainment industry news, information and features. We obtained a controlling interest in E! Entertainment in March 1997.

The Golf Channel

The Golf Channel is a 24-hour network devoted exclusively to golf programming. The programming schedule includes live golf coverage, golf instruction programs and golf news.

Outdoor Life and Speedvision

Outdoor Life presents programming consisting primarily of outdoor life themes. Speedvision presents a variety of programming of interest to automobile, boat and airplane enthusiasts including news, historical and other information and event coverage.

The Sunshine Network

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

Viewer's Choice

Viewer's Choice is the brand-name of a cable operator-controlled buying cooperative for pay-per-view programming.

Internet Related Investments

We have made investments in various Internet-based programming-related enterprises to participate in the growing interest among consumers in this new media distribution system.

LEGISLATION AND REGULATION

Cable Communications

The Communications Act of 1934 establishes a national policy to regulate the development and operation of cable communications systems. The Communications Act allocates responsibility for enforcing federal policies among the FCC, and state and local governmental authorities. The courts, especially the federal courts, play an important oversight role as these statutory and regulatory provisions are interpreted and enforced by the various federal, state and local governmental units.

We expect that court actions and regulatory proceedings will refine the rights and obligations of various parties, including the government, under the Communications Act. The results of these judicial and administrative proceedings may materially affect our business operations. In the following paragraphs, we summarize the principal federal laws and regulations materially affecting the growth and operation of the cable communications industry. We also provide a brief description of certain state and local laws applicable to our businesses.

The Communications Act and FCC Regulations

The Communications Act and the regulations and policies of the FCC affect significant aspects of our cable system operations, including:

- subscriber rates,
- the content of programming we offer our subscribers, as well as the way we sell our program packages to subscribers and other video program providers,
- the use of our cable systems by local franchising authorities, the public and other unrelated third parties,
- our franchise agreements with governmental authorities,
- cable system ownership limitations and prohibitions,
- our use of utility poles and conduit.

Subscriber Rates

The Communications Act and the FCC's regulations and policies limit the ability of cable systems to raise rates for basic services and equipment, as well as for certain non-basic cable programming services, in communities that are not subject to effective competition, as defined by federal law. Where there is no effective competition, federal law gives franchising authorities the power to regulate the monthly rates charged by the operator for:

- the lowest level of programming service, typically called basic service, which generally includes local broadcast channels and public access or governmental channels required by the operator's franchise,
- the installation, sale and lease of equipment used by subscribers to receive basic service, such as converter boxes and remote control units.

Several years ago the FCC adopted detailed rate regulations, guidelines and rate forms that we and the franchising authority must use in connection with the regulation of our basic service and equipment rates. If the franchising authority concludes that our rates are not in accordance with the FCC's rate regulations, it may require us to reduce our rates and to refund overcharges to subscribers, with interest. We may appeal adverse rate decisions to the FCC. The Communications Act and FCC regulations also permit franchising authorities to file complaints with the FCC concerning rates we charge for certain non-basic cable programming service tiers.

The Communications Act and the FCC's regulations also:

- prohibit regulation of rates charged by cable operators for programming offered on a per channel or per program basis, and for certain multi-channel groups of new non-basic programming,
- eliminate rate regulation of non-basic cable programming service tiers after March 31, 1999, although Congress may consider legislation to extend the period during which non-basic rates remain subject to regulation,
- require operators to charge uniform rates throughout each franchise area that is not subject to effective competition,
- prohibit regulation of non-predatory bulk discount rates offered by operators to subscribers in commercial and residential developments,
- permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

Over the past few years, we have reached agreements with various regulatory bodies to resolve outstanding rate disputes. In addition to the "social contract" we reached with the FCC, we settled pending local rate proceedings in 1998 involving our basic service rates in certain of our systems. We believe that the resolution of these proceedings did not have a material adverse impact on our financial position, results of operations or liquidity.

Content Requirements

The Communications Act and the FCC's regulations contain broadcast signal carriage requirements that allow local commercial television broadcast stations:

- to elect once every three years to require a cable communications system to carry the station, subject to certain exceptions, or
- to negotiate with us on the terms by which we carry the station on our cable communications system, commonly called retransmission consent.

The Communications Act requires a cable operator to devote up to one-third of its activated channel capacity for the mandatory carriage of local commercial television stations. The Communications Act also gives local non-commercial television stations mandatory carriage rights; however, such stations are not given the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems must obtain retransmission consent for:

- all "distant" commercial television stations (except for commercial satellite-delivered independent "superstations" such as WGN),
- commercial radio stations,
- certain low-power television stations.

The FCC has also initiated an administrative proceeding to consider the requirements, if any, for the mandatory carriage of digital television signals offered by local broadcasters. We are unable to predict the outcome of this proceeding or the impact of any new carriage requirements on the operation of our cable systems.

The Communications Act requires our cable systems to permit subscribers to purchase video programming on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier. However, we are not required to comply with this requirement until 2002 for any of our cable systems that do not have addressable converter boxes or have other substantial technological limitations. A limited number of our systems do not have the technological capability to offer programming in the manner required by the statute and thus currently are exempt from complying with this requirement.

To increase competition between cable operators and other video program distributors, the Communications Act:

- precludes any satellite video programmer affiliated with a cable company, or with a common carrier providing video programming directly to its subscribers, from favoring an affiliated company over competitors,

- requires such programmers to sell their satellite-delivered programming to other video program distributors,
- limits the ability of such programmers to offer exclusive programming arrangements to their affiliates.

In two recent administrative determinations, the FCC's Cable Services Bureau concluded that the program access rules did not apply to terrestrially-delivered programming, such as Comcast SportsNet. These matters are expected to be reviewed by the FCC.

The FCC and Congress are presently considering proposals that may enhance the ability of DBS providers and other video program distributors to gain access to additional programming and to transmit local broadcast signals to local markets. These proposals, if adopted, will likely increase competition to our cable systems.

The Communications Act contains restrictions on the transmission by cable operators of obscene or indecent programming. It requires cable operators to block fully both the video and audio portion of sexually explicit or indecent programming on channels that are primarily dedicated to sexually oriented programming or alternatively to carry such programming only at "safe harbor" time periods. A three-judge federal district recently determined that this provision was unconstitutional; however, the federal government announced that it will appeal the lower court's ruling.

The FCC actively regulates other aspects of our programming, involving such areas as:

- our use of syndicated and network programs and local sports broadcast programming,
- advertising in children's programming,
- political advertising,
- origination cablecasting,
- sponsorship identification,
- closed captioning of video programming.

Use of Our Cable Systems by The Government and Unrelated Third Parties

The Communications Act allows franchising authorities and unrelated third parties to have access to our cable systems' channel capacity. For example, it:

- permits franchising authorities to require cable operators to set aside channels for public, educational and governmental access programming;
- requires a cable system with 36 or more activated channels to designate a significant portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator.

The FCC regulates various aspects of third party commercial use of channel capacity on our cable systems, including the rates and certain terms and conditions of the commercial use. The FCC is also considering proposals by various Internet service providers to gain access to our cable systems on a common carrier basis. We cannot predict if such proposals will be adopted or whether, if adopted, they will have a material impact upon our business operations.

Franchise Matters

Although franchising matters are normally regulated at the local level through a franchise agreement and/or a local ordinance, the Communications Act provides oversight and guidelines to govern our relationship with local franchising authorities. For example, the Communications Act:

- affirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions,
- generally prohibits us from operating in communities without a franchise,
- encourages competition with our existing cable systems by:
    - allowing municipalities to operate cable systems without franchises,
    - preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area.
- permits local authorities, when granting or renewing our franchises, to establish requirements for cable-related facilities and equipment, but prohibits franchising authorities from establishing requirements for specific video programming or information services other than in broad categories,
- permits us to obtain modification of our franchise requirements from the franchise authority or by judicial action if warranted by changed circumstances,

- generally prohibits franchising authorities from:
    - imposing requirements during the initial cable franchising process or during franchise renewal that require, prohibit or restrict us from providing telecommunications services,
    - imposing franchise fees on revenues we derive from providing telecommunications services over our cable systems, or
    - restricting our use of any type of subscriber equipment or transmission technology.
- limits our payment of franchise fees to the local franchising authority to 5% of our gross revenues derived from providing cable services over our cable system.

The Communications Act contains procedures designed to protect us against arbitrary denials of the renewal of our franchises, although a franchising authority under various conditions could deny us a franchise renewal. Moreover, even if our franchise is renewed, the franchising authority may seek to impose upon us new and more onerous requirements such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of our cable system or franchise, the franchising authority may attempt to impose more burdensome or onerous franchise requirements on us in connection with a request for such consent. Historically, cable operators providing satisfactory services to their subscribers and complying with the terms of their franchises have typically obtained franchise renewals. We believe that we have generally met the terms of our franchises and have provided quality levels of service. We anticipate that our future franchise renewal prospects generally will be favorable.

Various courts have considered whether franchising authorities have the legal right to limit the number of franchises awarded within a community and to impose certain substantive franchise requirements (e.g. access channels, universal service and other technical requirements). These decisions have been inconsistent and, until the United States Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

Ownership Limitations

The Communications Act generally prohibits us from owning or operating a SMATV or wireless cable system in any area where we provide franchised cable service. We may, however, acquire and operate SMATV systems in our franchised service areas if the programming and other services provided to SMATV subscribers are offered according to the terms and conditions of our franchise agreement.

The Communications Act also authorizes the FCC to impose nationwide limits on the number of subscribers under the control of a cable operator. While a federal district court has declared this limitation to be unconstitutional and delayed its enforcement, the FCC recently reconsidered its cable ownership regulations and:

- reaffirmed its 30% nationwide subscriber ownership limit, but maintained its voluntary stay on enforcement of that regulation pending further action,
- reaffirmed its subscriber ownership information reporting requirements,
- opened an administrative proceeding to reevaluate its cable television attribution rules.

Also pending on appeal is a challenge to the statutory and FCC regulatory limitations on the number of channels that can be occupied on a cable system by a video programmer in which a cable operator has an attributable ownership interest. We are unable to predict the outcome of these judicial and regulatory proceedings or the impact of any ownership restrictions on our business and operations.

The Communications Act eliminated the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same market. While the FCC has eliminated its regulations which precluded the cross-ownership of a national broadcasting network and a cable system, it has not yet completed its review of other regulations which prohibit the common ownership of other broadcasting interests and cable systems in the same geographical areas.

Amendments to the Communications Act made far-reaching changes in the relationship between local telephone companies and cable service providers. These amendments:

- eliminated federal legal barriers to competition in the local telephone and cable communications businesses, including allowing local telephone companies to offer video services in their local telephone service areas;
- preempted legal barriers to telecommunications competition that previously existed in state and local laws and regulations;

- set basic standards for relationships between telecommunications providers; and
- generally limited acquisitions and prohibited certain joint ventures between local telephone companies and cable operators in the same market.

Local telephone companies may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," subject to certain conditions, including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors on a non-discriminatory basis. A federal appellate court recently overturned various parts of the FCC's open video rules, including the FCC's preemption of local franchising requirements for open video operators. We expect the FCC to modify its open video rules to comply with the federal court's decision, but we are unable to predict the impact any rule modifications may have on our business and operations.

Pole Attachment Regulation

The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities demonstrate to the FCC that they adequately regulate pole attachment rates, as is the case in certain states in which we operate. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. The FCC's current rate formula, which is being reevaluated by the FCC, governs the maximum rate certain utilities may charge for attachments to their poles and conduit by cable operators providing only cable services and, until 2001, by certain companies providing telecommunications services. The FCC also adopted a second rate formula that will be effective in 2001 and will govern the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators.

Any resulting increase in attachment rates due to the FCC's new rate formula will be phased in over a five-year period in equal annual increments, beginning in February 2001. Several parties have requested the FCC to reconsider its new regulations and several parties have challenged the new rules in court. A federal district court recently upheld the constitutionality of the new statutory provision which requires that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility; the utilities involved in that litigation have appealed the lower court's decision. We are unable to predict the outcome of this litigation or the ultimate impact of any revised FCC rate formula or of any new pole attachment rate regulations on our business and operations.

Other Regulatory Requirements of the Communications Act and the FCC

The Communications Act also includes provisions, among others, regulating:

- customer service,
- subscriber privacy,
- marketing practices,
- equal employment opportunity,
- technical standards and equipment compatibility.

The FCC actively regulates other parts of our cable operations, involving such areas as:

- hiring and promotion of employees and use of outside vendors,
- consumer protection and customer service,
- technical standards and testing of cable facilities,
- consumer electronics equipment compatibility,
- registration of cable systems,
- maintenance of various records and public inspection files,
- microwave frequency usage,
- antenna structure notification, marking and lighting.

The FCC may enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities often used in connection with cable operations. The FCC has ongoing rulemaking proceedings that may change its existing rules or lead to new regulations. We are unable to predict the impact that any further FCC rule changes may have on our business and operations.

Other bills and administrative proposals pertaining to cable communications have previously been introduced in Congress or have been considered by other governmental bodies over the past several years. It is probable that further attempts will be made by Congress and other governmental bodies relating to the regulation of cable communications services.

Copyright

Our cable communications systems provide our subscribers with local and distant television and radio broadcast signals which are protected by the copyright laws. We generally do not obtain a license to use this programming directly from the owners of the programming, but comply with an alternative federal copyright licensing process. In exchange for filing certain reports and contributing a percentage of our revenues to a federal copyright royalty pool, we obtain blanket permission to retransmit copyrighted material.

In a report to Congress, the U.S. Copyright Office recommended that Congress make major revisions to both the cable television and satellite compulsory licenses. The possible simplification, modification or elimination of the compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect our ability to obtain suitable programming and could substantially increase the cost of programming that remains available for distribution to our subscribers. We cannot predict the outcome of this legislative activity.

Our cable communications systems often utilize music in the programs we provide to subscribers including local advertising, local origination programming and pay-per-view events. The rights to use this music are controlled by music performance rights societies who negotiate on behalf of their copyright owners for license fees covering each performance. The cable industry and one of these societies have agreed upon a standard licensing agreement covering the performance of music contained in programs originated by cable operators and in pay-per-view events. Negotiations on a similar licensing agreement are in process with another music performance rights organization. Rate courts established by a federal court exist to determine appropriate copyright coverage and payments in the event the parties fail to reach a negotiated settlement. We cannot predict the outcome of these proceedings or the amount of any license fees we may be required to pay for the use of music. We do not believe that the amount of such fees will be significant to our financial position, results of operations or liquidity.

State and Local Regulation

Our cable systems use local streets and rights-of-way. Consequently, we must comply with state and local regulation which is typically imposed through the franchising process. The terms and conditions of our franchises vary materially from jurisdiction to jurisdiction. Each franchise generally contains provisions governing:

- cable service rates,
- franchise fees,
- franchise term,
- system construction and maintenance obligations,
- system channel capacity,
- design and technical performance,
- customer service standards,
- franchise renewal,
- sale or transfer of the franchise,
- territory of the franchisee,
- indemnification of the franchising authority,
- use and occupancy of public streets,
- types of cable services provided.

A number of states subject cable systems to the jurisdiction of state governmental agencies. Those states in which we operate that have enacted such state level regulation are Connecticut, New Jersey and Delaware. State and local franchising jurisdiction is not unlimited, however; it must be exercised consistently with federal law. The Communications Act immunizes franchising authorities from monetary damage awards arising from the regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The summary of certain federal and state regulatory requirements in the preceding pages does not describe all present and proposed federal, state and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable systems operate. Neither the outcome of these proceedings nor their impact upon our cable operations can be predicted at this time.

Content

The FCC does not directly regulate the content or transmission of programming services like those offered by QVC and E! Entertainment. The FCC does, however, exercise regulatory authority over the satellites and uplink facilities which transmit programming services such as those provided by QVC and E! Entertainment. The FCC has granted, subject to periodic reviews, permanent licenses to QVC for its uplink facilities (and for backup equipment of certain of these facilities) at sufficient power levels for transmission of the QVC service. The

FCC has licensing authority over satellites from which QVC and E! Entertainment obtain transponder capacity, but does not regulate their rates, terms or conditions of service. The FCC could, however, alter the regulatory obligations applicable to satellite service providers. The QVC programming services offered in the UK, Ireland and Germany are regulated by the media authorities in those countries.

EMPLOYEES

As of December 31, 1998, we had approximately 17,000 employees. Of these employees, approximately 8,800 were associated with cable communications, approximately 5,700 were associated with electronic retailing and approximately 2,500 were associated with other divisions. We believe that our relationships with our employees are good.

ITEM 2 PROPERTIES

Cable Communications

A central receiving apparatus, distribution cables, converters, customer service call centers and local business offices are the principal physical assets of a cable communications system. We own or lease the receiving and distribution equipment of each system and own or lease parcels of real property for the receiving sites, customer service call centers and local business offices. In order to keep pace with technological advances, we are maintaining, periodically upgrading and rebuilding the physical components of our cable communications systems.

Electronic Retailing

Television studios, customer service call centers, business offices, product warehouses and distribution centers are the principal physical assets of our electronic retailing operations. These assets include QVC's studios and offices, Studio Park, located in West Chester, Pennsylvania. QVC owns the majority of these assets. In order to keep pace with technological advances, QVC is maintaining, periodically upgrading and rebuilding the physical components of our electronic retailing operations. QVC's warehousing and distribution facilities will continue to be upgraded over the next several years.

We believe that substantially all of our physical assets are in good operating condition.

ITEM 3 LEGAL PROCEEDINGS

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

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 4A EXECUTIVE OFFICERS OF THE REGISTRANT

The current term of office of each of our officers expires at the first meeting of our Board of Directors following the next Annual Meeting of Shareholders, presently scheduled to be held in June 1999, or as soon thereafter as each of their successors is elected and qualified. The following table sets forth certain information concerning our principal executive officers, including their ages, positions and tenure as of December 31, 1998:

Name	Age	Officer Since	Position with Comcast
Ralph J. Roberts	78	1969	Chairman of the Board of Directors; Director
Julian A. Brodsky	65	1969	Vice Chairman of the Board of Directors; Director
Brian L. Roberts	39	1986	President; Director
Lawrence S. Smith	51	1988	Executive Vice President
John R. Alchin	50	1990	Senior Vice President; Treasurer
Stanley L. Wang	58	1981	Senior Vice President; General Counsel; Secretary

Ralph J. Roberts has served as a Director and as our Chairman of the Board of Directors for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts has been the President and a Director of Sural Corporation, a privately-held investment company, our controlling shareholder, for more than five years. Mr. Roberts is the father of Brian L. Roberts.

Julian A. Brodsky has served as a Director and as our Vice Chairman of the Board of Directors for more than five years. Mr. Brodsky devotes a major portion of his time to our business and affairs. Mr. Brodsky presently serves as the Treasurer and as a Director of Sural. Mr. Brodsky is also a Director of RBB Fund, Inc.

Brian L. Roberts has served as our President and as a Director for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts presently serves as Vice President and as a Director of Sural. As of December 31, 1998, our shares owned by Sural constituted approximately 76% of the voting power of the two classes of our voting common stock combined. Mr. Roberts has sole voting power over stock representing a majority of voting power of all Sural stock and, therefore, has voting control over Comcast. Mr. Roberts is also a Director of @Home Corporation. Mr. Roberts is a son of Ralph J. Roberts.

Lawrence S. Smith was named our Executive Vice President in December 1995. Prior to that time, Mr. Smith served as our Senior Vice President for more than five years. Mr. Smith is our Principal Accounting Officer.

John R. Alchin has served as our Treasurer and as Senior Vice President for more than five years. Mr. Alchin is our Principal Financial Officer.

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

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Class A Special Common Stock is included on Nasdaq under the symbol CMCSK and our Class A Common Stock is included on Nasdaq under the symbol CMCSA. There is no established public trading market for our Class B Common Stock. Our Class B Common Stock can be converted, on a share for share basis, into Class A Special or Class A Common Stock. The following table sets forth, for the indicated periods, the closing price range of the Class A Special and Class A Common Stock as furnished by Nasdaq.

	Class A Special		Class A	
	High	Low	High	Low
1998				
First Quarter	$37 3/16	$29 7/8	$36 7/8	$30 1/8
Second Quarter	41 11/16	33 13/16	40 1/2	32 7/8
Third Quarter	48 3/4	37 3/8	48 1/16	37 1/2
Fourth Quarter	59	40 9/16	57 7/8	40 1/4
1997				
First Quarter	$19 3/8	$16 7/8	$18 15/16	$16 3/8
Second Quarter	22 1/4	14 5/8	22 3/16	14 1/2
Third Quarter	25 3/4	19 3/4	25 5/8	19 13/16
Fourth Quarter	32 9/16	25 19/32	32 3/4	25 11/16

We began paying quarterly cash dividends on our Class A Common Stock in 1977. Since 1978, we have paid equal dividends on shares of both our Class A Common Stock and our Class B Common Stock. Since December 1986, when the Class A Special Common Stock was issued, we have paid equal dividends on shares of our Class A Special, Class A and Class B Common Stock. We declared dividends of $.0933 for each of the years ended December 31, 1998 and 1997 on shares of our Class A Special, Class A and Class B Common Stock. The declaration and payment of future dividends and their amount depend upon our results of operations, our financial condition and capital needs, and upon contractual restrictions on us and our subsidiaries and other factors.

If you hold shares of our Class A Special Common Stock, you cannot vote in the election of directors or otherwise, except where class voting is required by law. In that case, if you hold Class A Special Common Stock, you have one vote per share. Generally, if you hold Class A Common Stock, you have one vote per share. If you hold Class B Common Stock, you have 15 votes per share. Generally, including the election of directors, holders of Class A Common Stock and the Class B Common Stock vote as one class except where class voting is required by law. If you hold Class A Common Stock or Class B Common Stock, you have cumulative voting rights.

As of December 31, 1998, there were 2,381 record holders of our Class A Special Common Stock, 1,760 record holders of our Class A Common Stock and three record holders of our Class B Common Stock.

ITEM 6 SELECTED FINANCIAL DATA

	Year Ended December 31,				
	1998(1)	1997(1)	1996(1)	1995	1994
	(Dollars in millions, except per share data)				
Statement of Operations Data:					
Revenues	$5,145.3	$4,467.7	$3,612.3	$2,988.1	$1,089.2
Operating income	557.1	466.6	465.9	397.7	213.4
Income (loss) from continuing operations before extraordinary items	1,007.7	(182.9)	(6.4)	48.0	(46.1)
Loss from discontinued operations (2)	31.4	25.6	46.1	85.8	29.2
Extraordinary items	(4.2)	(30.2)	(1.0)	(6.1)	(11.7)
Net income (loss)	972.1	(238.7)	(53.5)	(43.9)	(87.0)
Basic earnings (loss) for common stockholders per common share (3)					
Income (loss) from continuing operations before extraordinary items	$2.67	($0.58)	($0.02)	$0.20	($0.20)
Loss from discontinued operations (2)	(0.09)	(0.08)	(0.19)	(0.36)	(0.12)
Extraordinary items	(0.01)	(0.09)		(0.03)	(0.05)
Net income (loss)	$2.57	($0.75)	($0.21)	($0.19)	($0.37)
Diluted earnings (loss) for common stockholders per common share (3)					
Income (loss) from continuing operations before extraordinary items	$2.50	($0.58)	($0.02)	$0.20	($0.20)
Loss from discontinued operations (2)	(0.08)	(0.08)	(0.19)	(0.36)	(0.12)
Extraordinary items	(0.01)	(0.09)		(0.03)	(0.05)
Net income (loss)	$2.41	($0.75)	($0.21)	($0.19)	($0.37)
Cash dividends declared per common share (3)	$0.0933	$0.0933	$0.0933	$0.0933	$0.0933
Balance Sheet Data (at year end):					
Total assets	$14,817.4	$11,326.8	$10,660.4	$8,159.9	$5,480.0
Working capital	2,531.7	44.9	15.5	604.6	29.4
Long-term debt	5,464.2	5,334.1	5,998.3	6,014.8	4,066.0
Stockholders' equity (deficiency)	3,815.3	1,646.5	551.6	(827.7)	(726.8)
Supplementary Financial Data:					
Operating income before depreciation and amortization (4)	$1,496.7	$1,293.1	$1,047.0	$881.0	$459.9
Net cash provided by (used in) (5)					
Operating activities	1,079.7	855.3	644.5	466.7	339.7
Financing activities	809.2	283.9	(88.0)	1,785.7	1,089.2
Investing activities	(1,427.3)	(1,056.5)	(749.5)	(2,060.3)	(1,254.4)

(1) You should see "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of events which affect the comparability of the information reflected in this financial data.

(2) In January 1999, we agreed to sell Comcast Cellular Corporation to SBC Communications, Inc. This represents the results of Comcast Cellular which is presented as a discontinued operation for all periods presented.

(3) We have adjusted these for our three-for-two stock split effective February 2, 1994.

(4) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

(5) This represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in the our consolidated statement of cash flows.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

In January 1999, we agreed to sell our wholly owned subsidiary, Comcast Cellular Corporation ("Comcast Cellular"), to SBC Communications, Inc. for approximately $400 million in cash and the assumption of approximately $1.3 billion of Comcast Cellular debt. We expect to recognize a pre-tax gain on the sale of approximately $600 million. We expect to complete this sale in the third quarter of 1999 if we receive all the necessary regulatory and other approvals. The results of Comcast Cellular have been presented as a discontinued operation in our consolidated financial statements.

General Developments of Business

See "General Developments of Business" in Part I and Note 3 to our consolidated financial statements in Item 8.

Liquidity and Capital Resources

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

We believe that we will be able to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities, existing cash, cash equivalents, short-term investments, lines of credit and other external financing.

Cash, Cash Equivalents and Short-term Investments

We have traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet our short-term liquidity requirements. Our cash equivalents and short-term investments are recorded at fair value. Cash, cash equivalents and short-term investments as of December 31, 1998 and 1997 were $4.524 billion and $573.0 million, respectively. As of December 31, 1998, our cash, cash equivalents and short-term investments include $3.635 billion of our investments in AT&T Corp. ("AT&T"), Sprint PCS, NTL Incorporated ("NTL"), Tele-Communications, Inc. ("TCI"), Liberty Media Corporation ("Liberty") and TCI Ventures Group, Inc. ("TCI Ventures") (see Notes 3 and 4 to our consolidated financial statements included in Item 8). As of December 31, 1998, $258.5 million of our cash, cash equivalents and short-term investments is restricted to use by subsidiaries under contractual or other arrangements.

Investments

See Notes 3 and 4 to our consolidated financial statements included in Item 8.

We do not have any additional significant contractual funding commitments with respect to any of our investments. However, to the extent we do not fund our investees' capital calls, we expose ourselves to dilution of our ownership interests. We continually evaluate our existing investments as well as new investment opportunities.

Investment Rights

In July 1996, we acquired a 66% interest in Comcast Spectacor, L.P. ("Comcast-Spectacor"), the owner of two professional sports teams and two arenas in Philadelphia, Pennsylvania. We have the right to purchase the remaining 34% interest in Comcast-Spectacor from our partner for its pro rata portion of the fair market value (on a going concern basis as determined by an appraisal process) of Comcast-Spectacor. Our partner also has the right to require us to purchase its interests under the same terms. We may pay our partner for such interests in shares of our Class A Special Common Stock, subject to certain restrictions. If our partner exercises its exit rights and we elect not to purchase its interest, we and our partner will use our best efforts to sell Comcast-Spectacor.

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

We and Liberty, a majority owned subsidiary of TCI, own approximately 57% and 43%, respectively, of QVC, Inc. ("QVC"), an electronic retailer. We, through a management agreement, are responsible for the day to day operations of QVC. Liberty may, at certain times following February 9, 2000, trigger the exercise of certain exit rights with respect to its investment in QVC. If the exit rights are triggered, we have first right to purchase Liberty's stock in QVC at Liberty's pro rata portion of the fair market value (on a going concern or liquidation basis, whichever is higher, as determined by an appraisal process) of QVC. We may pay Liberty for such stock, subject to certain rights of Liberty to consummate the purchase in the most tax-efficient method available, in cash, our promissory note maturing not more than three years after issuance, our equity securities or any combination thereof. If we elect not to purchase the stock of QVC held by Liberty, then Liberty will have a similar right to purchase the stock of QVC held by us. If Liberty elects not to purchase the stock of QVC held by us, then we and Liberty will use our best efforts to sell QVC.

We own 55% of MHCP Holdings, L.L.C. ("MHCP Holdings"), an indirect subsidiary of ours which holds cable communications systems serving approximately 644,000 subscribers as of December 31, 1998. The California Public Employees Retirement System ("CalPERS") owns the remaining 45% of MHCP Holdings. At any time after December 18, 2001, CalPERS may elect to liquidate its interest in MHCP Holdings at a price based upon the fair value of CalPERS' interest in MHCP Holdings, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of MHCP Holdings or to our common stock. Except in certain limited circumstances, we have the option to satisfy this liquidity arrangement by purchasing CalPERS' interest for cash, through the issuance of our common stock (subject to certain limitations) or by selling MHCP Holdings.

Year 2000 Issue

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

We are in the process of evaluating and addressing the impact of the Year 2000 Issue on our operations to ensure that our information technology and business systems recognize calendar Year 2000. We are utilizing both internal and external resources in implementing our Year 2000 program, which consists of the following phases:

- *Assessment Phase.* Structured evaluation, including a detailed inventory outlining the impact that the Year 2000 Issue may have on current operations.

- *Detailed Planning Phase.* Establishment of priorities, development of specific action steps and allocation of resources to address the issues identified in the Assessment Phase.

- *Conversion Phase.* Implementation of the necessary system modifications as outlined in the Detailed Planning Phase.

- *Testing Phase.* Verification that the modifications implemented in the Conversion Phase will be successful in resolving the Year 2000 Issue so that all inventory items will function properly, both individually and on an integrated basis.

- *Implementation Phase.* Final roll-out of fully tested components into an operational unit.

Based on an inventory conducted in 1997, we have identified computer systems that will require modification or replacement so that they will properly utilize dates beyond December 31, 1999. Many of our critical systems are new and are already Year 2000 compliant as a result of the recent rebuild of many of our cable communications systems. In addition, we have initiated communications with all of our significant software suppliers and service bureaus to determine their plans for remediating the Year 2000 Issue in their software which we use or rely upon.

As of December 31, 1998, we are in the Conversion Phase of our Year 2000 remediation program and have entered the Testing Phase with respect to certain of our key systems. Through December 31, 1998, we have incurred approximately $4.7 million in connection with our Year 2000 remediation program. We estimate that we will incur between approximately $8 million to $17 million of additional expense through December 1999 in connection with our Year 2000 remediation program. Our estimate to complete the remediation plan includes the estimated time associated with mitigating the Year 2000 Issue for third party software. However, we cannot guarantee that the systems of other companies on which we rely will be converted on a timely basis, or that a failure to convert by another company would not have a material adverse effect on us.

Our management will continue to periodically report the progress of our Year 2000 remediation program to the Audit Committee of our Board of Directors. We plan to complete the Year 2000 mitigation by the third quarter of 1999. Our management has investigated and may consider potential contingency plans in the event that our Year 2000 remediation program is not completed by that date.

The costs of the project and the date on which we plan to complete the Year 2000 modifications and replacements are based on our best estimates, which were derived using assumptions of future events including the continued availability of resources and the reliability of third party modification plans. However, we cannot guarantee that these estimates will be achieved and actual results could differ materially from those plans. Specific factors that may cause such material differences include, but are not limited to, the availability and cost of personnel with appropriate necessary skills and the ability to locate and correct all relevant computer code and similar uncertainties.

We believe that with modifications to existing software and conversions to new software, the Year 2000 Issue can be mitigated. However, if such modifications and conversions are not made, or are not completed within an adequate time frame, the Year 2000 Issue could have a material adverse impact on our operations.

Capital Expenditures

During 1999, we expect to incur approximately $750 million of capital expenditures, including $550 million primarily for the upgrading and rebuilding of certain of our cable communications systems and the deployment of digital converters and cable modems (excluding pending acquisitions), $85 million primarily for the upgrading of QVC's warehousing and distribution facilities and $40 million primarily for the upgrading of our cellular communications systems (assuming the sale of Comcast Cellular closes during the third quarter of 1999). The amount of such capital expenditures for years subsequent to 1999 will depend on numerous factors, many of which are beyond our control. These factors include:

- whether competition in a particular market necessitates a cable system upgrade,
- whether a particular cable system has sufficient capacity to handle new product offerings including the offering of cable modem, cable telephony and telecommunications services,
- whether and to what extent we will be able to recover our investment under FCC rate guidelines and other factors, and
- whether we acquire additional cable systems in need of upgrading or rebuilding.

National manufacturers are the primary sources of supplies, equipment and materials utilized in the construction, rebuild and upgrade of our cable communications systems. Costs have increased during recent years and are expected to continue to increase as a result of the need to construct increasingly complex systems, overall demand for labor and other factors. Future increases in such costs may be significant to our financial position, results of operations and liquidity. We anticipate capital expenditures for years subsequent to 1999 will continue to be significant. As of December 31, 1998, we do not have any significant contractual obligations for capital expenditures.

Financing

See Notes 5 and 6 to our consolidated financial statements included in Item 8.

We have historically utilized a strategy of financing our acquisitions through the issuance of our common stock or through the issuance of senior debt at the acquired operating subsidiary level, through the issuance of senior debt at the intermediate holding company and parent company levels and through public offerings of subsidiary stock and debt instruments. As of December 31, 1998 and 1997, our long-term debt, including current portion, was $5.578 billion and $5.466 billion, respectively, of which 18.0% and 17.7%, respectively, was at variable rates.

Interest Rate Risk Management

We are exposed to market risk including changes in interest rates. To manage the volatility relating to these exposures, we enter into various derivative transactions pursuant to our policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses. We do not hold or issue any derivative financial instruments for trading purposes and are not a party to leveraged instruments. The credit risks associated with our derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

Interest Rate Risk

The use of interest rate risk management instruments, such as interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars"), is required under the terms of certain of our outstanding debt agreements. Our policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable us to otherwise pay lower market rates. Collars limit our exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 1998 (dollars in millions):

	Expected Maturity Date							Fair Value at
	1999	2000	2001	2002	2003	Thereafter	Total	12/31/98
Debt								
Fixed Rate	$7.3	$18.3	$227.6	$105.6	$7.3	$3,705.6	$4,071.7	$4,489.0
Average Interest Rate	9.0%	8.1%	9.5%	8.6%	9.2%	8.3%	8.4%	
Variable Rate	$106.2	$185.9	$322.9	$370.5	$520.5		$1,506.0	$1,506.0
Average Interest Rate	5.4%	5.6%	5.8%	5.8%	6.1%		5.9%	
Interest Rate Instruments								
Variable to Fixed Swaps (1)	$50.0	$504.1	$127.5	$143.5	$36.7	$200.0	$1,061.8	($13.3)
Average Pay Rate	5.7%	5.5%	4.9%	4.9%	4.9%	7.7%	5.7%	
Average Receive Rate	5.0%	5.0%	5.3%	5.3%	5.4%	5.9%	5.3%	
Caps	$240.0						$240.0	
Average Cap Rate	7.0%						7.0%	
Collar		$50.0					$50.0	
Average Cap Rate		6.3%					6.3%	
Average Floor Rate		4.0%					4.0%	

(1) Includes $361.8 million of Swaps which become effective in the year 2000 maturing through 2003 and $200.0 million of Swaps which become effective in the year 2000 maturing 2008.

The notional amounts of interest rate instruments, as presented in the table above are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. Interest rates on variable debt are estimated by us using the average implied forward London Interbank Offer Rate ("LIBOR") rates for the year of maturity based on the yield curve in effect at December 31, 1998, plus the borrowing margin in effect for each credit facility at December 31, 1998. Average receive rates on the Variable to Fixed Swaps are estimated by us using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at December 31, 1998. While Swaps, Caps and Collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1998, 1997 and 1996 was not significant.

Equity Price Risk

In connection with the share repurchase programs authorized by our Board of Directors, we sold put options on shares of our Class A Special Common Stock. We sold put options on 2.75 million shares, 2.0 million shares and 1.0 million shares during 1998, 1997 and 1996, respectively. The put options give the holder the right to require us to repurchase such shares at specified prices on specific dates. The put options sold during 1997 and 1996 expired unexercised. The amount we would be obligated to pay to repurchase such shares upon exercise of the put options, totaling $111.2 million and $31.4 million, has been reclassified from additional capital to common equity put options in our December 31, 1998 and 1997 consolidated balance sheet. The difference between the proceeds from the sale of these put options and their estimated fair value was not significant as of December 31, 1998 and 1997.

Statement of Cash Flows

Cash and cash equivalents increased $461.6 million as of December 31, 1998 from December 31, 1997. The increase in cash and cash equivalents resulted from cash flows from operating, financing and investing activities as explained below.

Net cash provided by operating activities from continuing operations amounted to $1.080 billion for the year ended December 31, 1998 due principally to our operating income from continuing operations before depreciation and amortization (see "Results of Operations"), including the effects of the consolidation of Comcast-Spectacor effective January 1, 1998 (see Note 3 to our consolidated financial statements included in Item 8), and changes in working capital as a result of the timing of receipts and disbursements.

Net cash provided by financing activities from continuing operations, which includes borrowings and repayments of debt, as well as the issuances and repurchases of our equity securities, was $809.2 million for the year ended December 31, 1998. During 1998, we borrowed $1.938 billion, consisting primarily of $797.9 million of 6.20% senior notes due 2008 and $827.0 million of subsidiary revolving credit in connection with a refinancing. During 1998, we repaid $1.113 billion of our long-term debt, primarily in connection with the refinancing of certain subsidiary indebtedness. In addition, during 1998, we had net issuances of $28.9 million of our common stock and we paid cash dividends of $36.0 million on our common stock and Series A Preferred Stock. Deferred financing costs of $16.3 million were incurred during 1998 principally in connection with the issuance of the 6.20% senior notes due 2008.

Net cash used in investing activities from continuing operations was $1.427 billion for the year ended December 31, 1998. Net cash used in investing activities includes acquisitions of cable communications systems, net of cash acquired, of $309.7 million, capital contributions to and purchases of investments of $202.1 million and capital expenditures of $898.9 million, offset by proceeds from the sales of short-term investments and call options of $169.5 million and proceeds from the repayment of a loan by an investee of $74.7 million. The sale of Comcast UK Cable resulted in a reduction to cash and cash equivalents of $140.4 million due to the receipt of approximately 4.8 million shares of NTL in exchange for all of our shares in Comcast UK Cable (see Note 3 to our consolidated financial statements included in Item 8).

Results of Operations

The effects of our recent acquisitions and the consolidation of Comcast-Spectacor effective January 1, 1998, as well as increased levels of capital expenditures, were to increase significantly our revenues and expenses, resulting in substantial increases in our operating income before depreciation and amortization, depreciation expense, amortization expense and interest expense. Investment income has increased significantly in 1998 as a result of the gains we recognized on the exchange of our interest in Teleport Communications Group Inc. ("Teleport") for AT&T common stock, the Sprint PCS restructuring and the exchange of our interest in Comcast UK Cable for NTL common stock. In addition, our equity in net losses of affiliates has increased principally as a result of losses incurred by Sprint PCS. See "Operating Results by Business Segment" and "Consolidated Analysis".

Our summarized consolidated financial information for the three years ended December 31, 1998 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Year Ended December 31,		Increase/(Decrease)	
	1998	1997	$	%
Revenues	$5,145.3	$4,467.7	$677.6	15.2%
Cost of goods sold from electronic retailing	1,462.0	1,270.2	191.8	15.1
Operating, selling, general and administrative expenses	2,186.6	1,904.4	282.2	14.8
Operating income before depreciation and amortization (1)	1,496.7	1,293.1	203.6	15.7
Depreciation	463.9	404.1	59.8	14.8
Amortization	475.7	422.4	53.3	12.6
Operating income	557.1	466.6	90.5	19.4
Interest expense	466.7	458.9	7.8	1.7
Investment income	(1,828.0)	(149.4)	1,678.6	NM
Equity in net losses of affiliates	515.9	343.8	172.1	50.1
Gain from equity offering of affiliate	(157.8)	(7.7)	150.1	NM
Other expense	2.9	9.7	(6.8)	(70.1)
Income tax expense	594.0	70.4	523.6	NM
Minority interest	(44.3)	(76.2)	(31.9)	(41.9)
Income (loss) from continuing operations before extraordinary items	$1,007.7	($182.9)	$1,190.6	NM

	Year Ended December 31,		Increase/(Decrease)	
	1997	1996	$	%
Revenues	$4,467.7	$3,612.3	$855.4	23.7%
Cost of goods sold from electronic retailing	1,270.2	1,114.2	156.0	14.0
Operating, selling, general and administrative expenses	1,904.4	1,451.1	453.3	31.2
Operating income before depreciation and amortization (1)	1,293.1	1,047.0	246.1	23.5
Depreciation	404.1	259.2	144.9	55.9
Amortization	422.4	321.9	100.5	31.2
Operating income	466.6	465.9	0.7	0.2
Interest expense	458.9	448.4	10.5	2.3
Investment income	(149.4)	(120.0)	29.4	24.5
Equity in net losses of affiliates	343.8	144.8	199.0	NM
Gain from equity offering of affiliate	(7.7)	(40.6)	(32.9)	(81.0)
Other expense (income)	9.7	(21.3)	31.0	NM
Income tax expense	70.4	109.0	(38.6)	(35.4)
Minority interest	(76.2)	(48.0)	28.2	58.8
Loss from continuing operations before extraordinary items	($182.9)	($6.4)	$176.5	NM

(1) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of our performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

The following represent the operating results of our significant business segments, including: "Cable Communications" and "Electronic Retailing." The remaining components of our operations are not independently significant to our consolidated financial position or results of operations (see Note 10 to our consolidated financial statements included in Item 8).

Cable Communications

As a result of the acquisition of the cable television operations ("Scripps Cable") of The E.W. Scripps Company (the "Scripps Acquisition"), we commenced consolidating the financial results of Scripps Cable effective November 1, 1996. The following table presents financial information for the years ended December 31, 1998, 1997 and 1996 for our cable communications segment (dollars in millions):

	Year Ended December 31,		Increase	
	1998	1997	$	%
Service income	$2,277.4	$2,073.0	$204.4	9.9%
Operating, selling, general and administrative expenses	1,180.8	1,085.3	95.5	8.8
Operating income before depreciation and amortization (a)	$1,096.6	$987.7	$108.9	11.0%

	Year Ended December 31,		Increase	
	1997	1996	$	%
Service income	$2,073.0	$1,641.0	$432.0	26.3%
Operating, selling, general and administrative expenses	1,085.3	837.2	248.1	29.6
Operating income before depreciation and amortization (a)	$987.7	$803.8	$183.9	22.9%

(a) See footnote (1) on page 25.

Of the respective $204.4 million and $432.0 million increases in service income for the years ended December 31, 1998 and 1997, $30.2 million and $280.4 million are attributable to the effects of the acquisitions of cable communications systems, $31.8 million and $27.1 million are attributable to subscriber growth, $109.0 million and $108.9 million relate to changes in rates, $20.5 million and $8.6 million are attributable to growth in cable advertising sales and $12.9 million and $7.0 million relate to other product offerings.

Of the respective $95.5 million and $248.1 million increases in operating, selling, general and administrative expenses for the years ended December 31, 1998 and 1997, $15.8 million and $145.3 million are attributable to the effects of the acquisitions of cable communications systems, $48.9 million and $34.9 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, $5.3 million and $5.9 million are attributable to growth in cable advertising sales, $1.5 million and $15.6 million are attributable to increases in costs associated with customer service and $24.0 million and $46.4 million result from increases in the costs of labor, other volume related expenses and costs associated with new product offerings. We anticipate that the 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 the operating results for our electronic retailing segment (dollars in millions):

	Year Ended December 31,		Increase	
	1998	1997	$	%
Net sales from electronic retailing	$2,402.7	$2,082.5	$320.2	15.4%
Cost of goods sold from electronic retailing	1,462.0	1,270.2	191.8	15.1
Operating, selling, general and administrative expenses	506.5	474.6	31.9	6.7
Operating income before depreciation and amortization (a)	$434.2	$337.7	$96.5	28.6%
Gross margin	39.2%	39.0%		

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

(a) See footnote (1) on page 25.

The respective increases in net sales from electronic retailing of $320.2 million and $246.7 million for the years ended December 31, 1998 and 1997 are primarily attributable to the effects of 5.6% and 7.4% increases, respectively, in the average number of homes receiving QVC services in the US and 11.8% and 13.7% increases, respectively, in the average number of homes receiving QVC services in the UK.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21% of gross sales for each of the years ended December 31, 1998, 1997 and 1996.

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

Of the respective increases in operating, selling, general and administrative expenses of $31.9 million and $53.3 million for the years ended December 31, 1998 and 1997, $21.7 million and $30.6 million are attributable to higher sales volume, $3.2 million and $25.5 million are attributable to start-up costs incurred by QVC in Germany, which began operations in the fourth quarter of 1996, and the remaining changes are primarily attributable to additional costs associated with new businesses, offset by the reduction in expenses realized upon consolidation of QVC's multichannel operations in 1996.

Consolidated Analysis

The $59.8 million increase in depreciation expense from 1997 to 1998 is primarily attributable to the effects of capital expenditures, the consolidation of Comcast-Spectacor effective January 1, 1998, increased losses on asset disposals in connection with our cable communications rebuild activities and the acquisition of cable communications systems. The $144.9 million increase in depreciation expense from 1996 to 1997 is primarily attributable to the effects of capital expenditures and the effects of the Scripps Acquisition in November 1996.

The $53.3 million increase in amortization expense from 1997 to 1998 is primarily attributable to the consolidation of Comcast-Spectacor effective January 1, 1998 and the acquisition of cable communications systems. The $100.5 million increase in amortization expense from 1996 to 1997 is primarily attributable to the effects of the Scripps Acquisition in November 1996.

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

The $1.679 billion increase in investment income from 1997 to 1998 is primarily attributable to the $1.092 billion gain recognized on the exchange of our interest in Teleport for AT&T common stock, the $758.5 million gain recognized on the restructuring of Sprint PCS and the $148.3 million gain recognized on the exchange of our interest in Comcast UK Cable for NTL common stock, all recognized in 1998. These gains were partially offset by a $152.8 million loss on certain of our investments based primarily on a decline in value that we considered other than temporary and investment expense of $105.5 million incurred during 1998 related to changes in the value of call options related to our investment in TCI, TCI Ventures and Liberty common stock. The $29.4 million increase in investment income from 1996 to 1997 is primarily attributable to the $68.9 million gain recognized in 1997 on the sale of our Teleport Class A Common Stock, offset, in part, by the $47.3 million gain recognized upon the exchange of the shares of Turner Broadcasting System, Inc. ("TBS") held by us for Time Warner, Inc. ("Time Warner") common stock in 1996 as a result of the merger of Time Warner and TBS in October 1996.

The $172.1 million and $199.0 million increases in equity in net losses of affiliates from 1997 to 1998 and from 1996 to 1997 are primarily due to losses incurred by Sprint PCS. With the restructuring of Sprint PCS in the fourth quarter of 1998, we will no longer account for our investment in Sprint PCS under the equity method and, as a result, will no longer record our proportionate share of Sprint PCS' net losses in our consolidated statement of operations (see Notes 3 and 4 to our consolidated financial statements included in Item 8).

During the years ended December 31, 1998, 1997 and 1996, Teleport issued shares of its Class A Common Stock. As a result of these stock issuances, we recorded a $157.8 million, $7.7 million and $40.6 million increase in our proportionate share of Teleport's net assets as a gain from equity offering of affiliate in our 1998, 1997 and 1996 consolidated statement of operations. We recorded the increase in our proportionate share of Teleport's net assets one quarter in arrears.

The $6.8 million decrease and $31.0 million increase in other expense from 1997 to 1998 and from 1996 to 1997 are primarily attributable to the effects of fluctuations in the foreign currency exchange rate.

The $523.6 million increase and $38.6 million decrease in income tax expense from 1997 to 1998 and from 1996 to 1997 are primarily attributable to changes in our income before income taxes and minority interest, and non-deductible foreign losses and non-deductible equity in net losses of affiliates.

The $31.9 million decrease and $28.2 million increase in minority interest income from 1997 to 1998 and from 1996 to 1997 are primarily attributable to minority interests in the net loss of Comcast UK Cable and the net income of QVC, and the effects of the consolidation of Comcast-Spectacor effective January 1, 1998.

Extraordinary items for the years ended December 31, 1998, 1997 and 1996 of $4.2 million, $30.2 million and $1.0 million, respectively, consist of unamortized debt acquisition costs and debt extinguishment costs, net of related tax benefits, expensed in connection with the redemption and refinancing of certain indebtedness.

For the years ended December 31, 1998, 1997 and 1996, our distributions from investees and earnings before extraordinary items, income tax expense, equity in net losses of affiliates and fixed charges (interest expense) were $2.584 billion, $690.2 million and $695.8 million, respectively. Such earnings were adequate to cover our fixed charges (including capitalized interest of $18.0 million and $32.1 million during 1997 and 1996, respectively), of $466.7 million, $476.9 million and $480.5 million for the years ended December 31, 1998, 1997 and 1996, respectively. Our fixed charges include non-cash interest expense of $42.5 million, $56.5 million and $51.5 million for the years ended December 31, 1998, 1997 and 1996, respectively.

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

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

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and its subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, stockholders' equity (deficiency) and of cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of QVC, Inc. ("QVC") (a consolidated subsidiary) which statements reflect total assets constituting 14% and 19% of the Company's consolidated total assets as of December 31, 1998 and 1997 and total revenues constituting 47%, 47% and 51% of the Company's consolidated revenues for the years ended December 31, 1998, 1997 and 1996, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Company's consolidated financial statements for QVC, is based solely upon the report of such other auditors.

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

In our opinion, based on our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 22, 1999

COMCAST CORPORATION AND SUBSIDIARIES

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

	December 31, 1998	1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$870.7	$409 1
Investments	3,653.4	163.9
Accounts receivable, less allowance for doubtful accounts of $120 7 and $108.8	549.3	439.6
Inventories, net	343.8	309 9
Other current assets	207 1	155.9
Total current assets	5,624.3	1,478.4
INVESTMENTS	602.4	1,235.8
PROPERTY AND EQUIPMENT	3,886.7	3,689 5
Accumulated depreciation	(1,362.3)	(1,205.9)
Property and equipment, net	2,524.4	2,483 6
DEFERRED CHARGES		
Franchise and license acquisition costs	4,763 6	4,847.9
Excess of cost over net assets acquired and other	3,450.9	3,089.5
	8,214.5	7,937.4
Accumulated amortization	(2,148 2)	(1,808.4)
Deferred charges, net	6,066.3	6,129.0
	$14,817.4	$11,326.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$1,600.3	$1,095.4
Accrued interest	73.5	72.2
Net liabilities of discontinued operations	165 2	133.6
Deferred income taxes	1,140 1	
Current portion of long-term debt	113 5	132.3
Total current liabilities	3,092.6	1,433.5
LONG-TERM DEBT, less current portion	5,464.2	5,334.1
DEFERRED INCOME TAXES	1,500.1	1,849 5
MINORITY INTEREST AND OTHER	834.0	1,031.8
COMMITMENTS AND CONTINGENCIES		
COMMON EQUITY PUT OPTIONS	111.2	31.4
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, 540,690 and 513,211 at redemption value	540 7	513.2
Class A special common stock, $1 par value - authorized, 500,000,000 shares; issued, 328,630,366 and 317,025,969	328.6	317.0
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 31,690,063 and 31,793,487	31.7	31.8
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 9,444,375 and 8,786,250	9.4	8 8
Additional capital	3,311.5	3,030.6
Accumulated deficit	(1,488.2)	(2,415 9)
Unrealized gains on marketable securities	1,049.5	140.7
Cumulative translation adjustments	0 2	(11 6)
Total stockholders' equity	3,815.3	1,646.5
	$14,817.4	$11,326.8

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(Amounts in millions, except per share data)

	Year Ended December 31, 1998	1997	1996
REVENUES			
Service income	$2,742.6	$2,385.2	$1,776.5
Net sales from electronic retailing	2,402.7	2,082.5	1,835 8
	5,145.3	4,467 7	3,612.3
COSTS AND EXPENSES			
Operating	1,410.3	1,204.1	911 8
Cost of goods sold from electronic retailing	1,462.0	1,270.2	1,114 2
Selling, general and administrative	776.3	700.3	539 3
Depreciation	463.9	404.1	259 2
Amortization	475 7	422.4	321 9
	4,588.2	4,001 1	3,146.4
OPERATING INCOME	557.1	466 6	465.9
OTHER (INCOME) EXPENSE			
Interest expense	466 7	458 9	448 4
Investment income	(1,828.0)	(149.4)	(120 0)
Equity in net losses of affiliates	515.9	343.8	144 8
Gain from equity offering of affiliate	(157 8)	(7 7)	(40 6)
Other	2.9	9.7	(21 3)
	(1,000.3)	655.3	411 3
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS	1,557 4	(188.7)	54 6
INCOME TAX EXPENSE	594.0	70.4	109 0
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	963.4	(259.1)	(54 4)
MINORITY INTEREST	(44.3)	(76.2)	(48.0)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEMS	1,007.7	(182.9)	(6 4)
LOSS FROM DISCONTINUED OPERATIONS, net of income tax benefit of $19.1 million, $14 8 million and $24.6 million	31 4	25 6	46.1
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	976 3	(208.5)	(52.5)
EXTRAORDINARY ITEMS	(4.2)	(30.2)	(1.0)
NET INCOME (LOSS)	972.1	(238.7)	(53.5)
PREFERRED DIVIDENDS	(29.1)	(14.8)	(0.7)
NET INCOME (LOSS) FOR COMMON STOCKHOLDERS	$943.0	($253.5)	($54.2)
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income (loss) from continuing operations before extraordinary items	$2.67	($.58)	($ 02)
Loss from discontinued operations	(.09)	(08)	(.19)
Extraordinary items	(.01)	(.09)	
Net income (loss)	$2.57	($.75)	($.21)
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	366 5	339.0	247.6
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income (loss) from continuing operations before extraordinary items	$2 50	($.58)	($ 02)
Loss from discontinued operations	(.08)	(.08)	(.19)
Extraordinary items	(.01)	(.09)	
Net income (loss)	$2.41	($.75)	($.21)
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	403.0	339.0	247 6

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31, 1998	1997	1996
OPERATING ACTIVITIES			
Net income (loss)	$972.1	($238.7)	($53 5)
Adjustments to reconcile net income (loss) to net cash provided by operating activities from continuing operations:			
Depreciation	463.9	404 1	259 2
Amortization	475.7	422.4	321.9
Non-cash interest expense, net	29.2	32 3	16.8
Equity in net losses of affiliates	515 9	343.8	144 8
Gain from equity offering of affiliate	(157 8)	(7 7)	(40 6)
Gains on investments, net	(1,758 5)	(81.0)	(69.2)
Minority interest	(44 3)	(76.2)	(48.0)
Loss from discontinued operations	31.4	25.6	46.1
Extraordinary items	4.2	30.2	1 0
Deferred income taxes and other	418.2	(40.6)	15 0
	950.0	814.2	593.5
Changes in working capital	129.7	41.1	51.0
Net cash provided by operating activities from continuing operations	1,079.7	855.3	644.5
FINANCING ACTIVITIES			
Proceeds from borrowings	1,938.0	1,951.1	657 5
Retirement and repayment of debt	(1,113 4)	(2,586.6)	(559 2)
Issuance of preferred stock		500.0	
Issuances (repurchases) of common stock, net	28.9	470.2	(175.9)
Dividends	(36.0)	(34.0)	(26.8)
Deferred financing costs	(16.3)	(16.9)	(5.0)
Other	8 0	0.1	21.4
Net cash provided by (used in) financing activities from continuing operations	809.2	283.9	(88.0)
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(309.7)	(170.1)	(24 8)
Proceeds from sales of short-term investments, net	145.9	45.6	210 2
Capital contributions to and purchases of investments	(202 1)	(268.7)	(475.4)
Proceeds from sales of and distributions from investments	23.6	171.1	165.1
Proceeds from investees' repayments of loans	74.7	30.6	
Capital expenditures	(898.9)	(795.5)	(554.4)
Sale of subsidiary, net of cash sold	(140.4)		
Additions to deferred charges	(108.4)	(58.8)	(38.0)
Other	(12.0)	(10.7)	(32.2)
Net cash used in investing activities from continuing operations	(1,427.3)	(1,056.5)	(749.5)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS	461.6	82.7	(193.0)
CASH AND CASH EQUIVALENTS, beginning of year	409.1	326.4	519.4
CASH AND CASH EQUIVALENTS, end of year	$870 7	$409.1	$326.4

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

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

	Preferred Stock		Common Stock					Accumulated Other Comprehensive Income (Loss)		
	Series A	Series B	Class A Special	Class A	Class B	Additional Capital	Accumulated Deficit	Unrealized Gains on Marketable Securities	Cumulative Translation Adjustments	Total
BALANCE, JANUARY 1, 1996	$	$	$192.8	$37.7	$8.8	$843.1	($1,914.3)	$22.2	($18.0)	($827.7)
Comprehensive income (loss):										
Net loss							(53.5)			
Unrealized losses on marketable securities, net of deferred taxes of ($11.9)								(22.1)		
Cumulative translation adjustments									12.0	
Total comprehensive loss										(63.6)
Issuance of common stock			97.2			1,526.3				1,623.5
Issuance of preferred stock	31.9									31.9
Exercise of options			0.2	0.2		3.0				3.4
Retirement of common stock			(6.9)	(3.9)		(41.4)	(133.2)			(185.4)
Cash dividends, common, $.0933 per share							(26.1)			(26.1)
Cash dividends, Series A preferred						(0.7)				(0.7)
Unrecognized gain on issuance of common stock of a subsidiary						11.6				11.6
Temporary equity related to put options						(17.5)				(17.5)
Proceeds from sales and extensions of put options						2.2				2.2
BALANCE, DECEMBER 31, 1996	31.9		283.3	34.0	8.8	2,326.6	(2,127.1)	0.1	(6.0)	551.6
Comprehensive income (loss):										
Net loss							(238.7)			
Unrealized gains on marketable securities, net of deferred taxes of $75.8								140.6		
Cumulative translation adjustments									(5.6)	
Total comprehensive loss										(103.7)
Issuance of common stock			24.9			475.4				500.3
Issuance of preferred stock		500.0								500.0
Exercise of options			1.0			14.8				15.8
Conversion of convertible subordinated debt to common stock			8.4			210.1				218.5
Retirement of common stock			(0.6)	(2.2)		(22.3)	(17.7)			(42.8)
Cash dividends, common, $.0933 per share							(32.4)			(32.4)
Cash dividends, Series A preferred						(1.6)				(1.6)
Series B preferred dividends		13.2				(13.2)				
Temporary equity related to put options						38.2				38.2
Proceeds from sales and extensions of put options						2.6				2.6
BALANCE, DECEMBER 31, 1997	31.9	513.2	317.0	31.8	8.8	3,030.6	(2,415.9)	140.7	(11.6)	1,646.5
Comprehensive income:										
Net income							972.1			
Unrealized gains on marketable securities, net of deferred taxes of $489.4								908.8		
Cumulative translation adjustments									11.8	
Total comprehensive income										1,892.7
Conversion of convertible subordinated debt to common stock			10.4			347.2				357.6
Exercise of options			1.4		0.6	33.8				35.8
Retirement of common stock			(0.2)	(0.1)		(2.6)	(10.0)			(12.9)
Cash dividends, common, $.0933 per share							(34.4)			(34.4)
Cash dividends, Series A preferred						(1.6)				(1.6)
Series B preferred dividends		27.5				(27.5)				
Temporary equity related to put options						(79.8)				(79.8)
Proceeds from sales of put options						11.4				11.4
BALANCE, DECEMBER 31, 1998	$31.9	$540.7	$328.6	$31.7	$9.4	$3,311.5	($1,488.2)	$1,049.5	$0.2	$3,815.3

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

1. BUSINESS

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

Cable communications includes cable and telecommunications services in the United States ("US"). The Company's consolidated cable operations served approximately 4.5 million subscribers and passed approximately 7.4 million homes as of December 31, 1998.

Programming content is provided through the Company's consolidated subsidiaries, QVC, Inc. ("QVC"), E! Entertainment Television, Inc. ("E! Entertainment") and Comcast SportsNet (see Note 3), and other investments, including The Golf Channel, Speedvision and Outdoor Life. Through QVC, the Company markets a wide variety of products and is available to, on a full and part-time basis, over 70 million homes in the US, over 7.3 million homes in the United Kingdom ("UK") and over 14 million homes in Germany. E! Entertainment is an entertainment-related news and information service with distribution to approximately 53 million customers as of December 31, 1998. Comcast SportsNet is a regional sports programming network which provides sports related programming to approximately 2.6 million viewers in the Philadelphia region.

In January 1999, the Company agreed to sell its indirect wholly owned subsidiary, Comcast Cellular Corporation ("Comcast Cellular"), to SBC Communications, Inc. for approximately $400 million in cash and the assumption of approximately $1.3 billion of Comcast Cellular debt. As of December 31, 1998, Comcast Cellular provides telephone communications services pursuant to licenses granted by the Federal Communications Commission ("FCC") to more than 829,000 subscribers in and around the City of Philadelphia, the State of Delaware and a significant portion of the State of New Jersey. Revenues for Comcast Cellular were $455.2 million, $444.9 million and $426.1 million for the years ended December 31, 1998, 1997 and 1996, respectively. The sale of Comcast Cellular is expected to close in the third quarter of 1999 subject to the receipt of all necessary regulatory and other approvals. The results of operations of Comcast Cellular have been presented as a discontinued operation in accordance with Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER ITEMS

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and all wholly owned or controlled subsidiaries. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

Management's Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values
The estimated fair value amounts presented in these notes to consolidated financial statements have been determined by the Company using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Such fair value estimates are based on pertinent information available to

management as of December 31, 1998 and 1997, and have not been comprehensively revalued for purposes of these consolidated financial statements since such dates.

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

Inventories – Electronic Retailing
Inventories, consisting primarily of products held for sale, are stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method.

Investments
Investments consist principally of equity securities and US Government obligations, commercial paper, repurchase agreements and certificates of deposit with maturities of greater than three months when purchased.

Investments in entities in which the Company has the ability to exercise significant influence over the operating and financial policies of the investee and investments in partnerships which are not controlled by the Company are accounted for under the equity method. Equity method investments are recorded at original cost and adjusted periodically to recognize the Company's proportionate share of the investees' net income or losses after the date of investment, additional contributions made and dividends received. The differences between the Company's recorded investments and its proportionate interests in the book value of the investees' net assets are being amortized to equity in net income or loss, primarily over a period of 20 years, which is consistent with the estimated lives of the underlying assets.

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

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

Property and Equipment
Property and equipment are stated at cost. Depreciation is provided by the straight-line method over estimated useful lives as follows:

Buildings and improvements	8-40 years
Operating facilities	5-20 years
Other equipment	2-10 years

Improvements that extend asset lives are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts and the gain or loss on disposition is recognized as a component of depreciation expense.

Deferred Charges
Franchise and license acquisition costs are amortized on a straight-line basis over their legal or estimated useful lives of 3 to 40 years. The excess of cost over the fair value of net assets acquired is being amortized on a straight-line basis over estimated useful lives of 20 to 40 years.

Valuation of Long-Lived Assets
The Company periodically evaluates the recoverability of its long-lived assets, including property and equipment and deferred charges, using objective methodologies. Such methodologies include evaluations based on the cash flows generated by the underlying assets or other determinants of fair value.

Foreign Currency Translation
Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into US dollars at the December 31 exchange rate. The related translation adjustments are recorded as other comprehensive income. Revenues and expenses are translated using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in other (income) expense.

Revenue Recognition
Service income is recognized as service is provided. Credit risk is managed by disconnecting services to cable customers who are delinquent. Net sales from electronic retailing are recognized at the time of shipment to customers. The Company's policy is to allow customers to return merchandise for credit up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21% of gross sales for each of the years ended December 31, 1998, 1997 and 1996.

Stock-Based Compensation
The Company accounts for stock-based compensation in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Compensation expense for restricted stock awards is recorded annually based on the quoted market price of the Company's stock at the date of the grant and the vesting period. Compensation expense for stock appreciation rights is recorded annually based on the changes in quoted market prices of the Company's stock or other determinants of fair value at the end of the year (see Note 6).

Postretirement and Postemployment Benefits
The estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, are accrued and recorded as a charge to operations during the years the employees provide services.

Investment Income
Investment income includes interest income and gains, net of losses, on the sales of marketable securities and long-term investments. Gross realized gains and losses are recognized using the specific identification method (see Note 4). Investment income also includes impairment losses resulting from adjustments to the net realizable value of certain of the Company's long-term investments.

Capitalized Interest
Interest is capitalized as part of the historical cost of acquiring qualifying assets, including investments in equity method investees while the investee has activities in progress necessary to commence its planned principal operations. Capitalized interest for the years ended December 31, 1997 and 1996 was $18.0 million and $32.1 million, respectively.

Income Taxes
The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment.

Derivative Financial Instruments
The Company uses derivative financial instruments, including interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars") to manage its exposure to fluctuations in interest rates and common stock option contracts to manage its exposure to fluctuations in the price of its Class A Special Common Stock ("Comcast Put Options"). The Company also enters into call options on certain of its equity investments ("Covered Call Options").

Swaps, Caps and Collars are matched with either fixed or variable rate debt and periodic cash payments are accrued on a settlement basis as an adjustment to interest expense. Any premiums associated with these instruments are amortized over their term and realized gains or losses as a result of the termination of the instruments are deferred and amortized over the remaining term of the underlying debt. Unrealized gains and losses as a result of these instruments are recognized when the underlying hedged item is extinguished or otherwise terminated.

Proceeds from sales of Comcast Put Options are recorded in stockholders' equity and an amount equal to the redemption price of the common stock is reclassified from permanent equity to temporary equity. Subsequent changes in the market value of Comcast Put Options are not recorded. Covered Call Options are marked to market on a current basis in the Company's consolidated statement of operations.

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

The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments (see Note 5). The credit risks associated with the Company's derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

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

New Accounting Pronouncement
In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, which establishes accounting and reporting standards for derivatives and hedging activities, is effective for fiscal years beginning after June 15, 1999. Upon the adoption of SFAS No. 133, all derivatives are required to be recognized in the statement of financial position as either assets or liabilities and measured at fair value. The Company is currently evaluating the impact the adoption of SFAS No. 133 will have on its financial position and results of operations.

Earnings (Loss) for Common Stockholders Per Common Share
Earnings (loss) for common stockholders per common share is computed by dividing net income (loss), after deduction of preferred stock dividends, when applicable, by the weighted average number of common shares outstanding during the period on a basic and diluted basis. The following table reconciles the numerator and denominator of the computations of diluted earnings (loss) for common stockholders per common share ("Diluted EPS") for the years ended December 31, 1998, 1997 and 1996, respectively.

	(Amounts in millions, except per share data) Year Ended December 31,		
	1998	1997	1996
Net income (loss) for common stockholders	$943.0	($253.5)	($54.2)
Dilutive securities effect on net income (loss) for common stockholders	1.0		
Preferred dividends	29.1		
Net income (loss) for common stockholders used for Diluted EPS	$973.1	($253.5)	($54.2)
Weighted average number of common shares outstanding	366.5	339.0	247.6
Dilutive securities:			
1 1/8% discount convertible subordinated debentures, redeemed March 1998	2.5		
Series A and B convertible preferred stock	22.6		
Stock option and restricted stock plans	11.4		
Diluted weighted average number of common shares outstanding	403.0	339.0	247.6
Diluted earnings (loss) for common stockholders per common share	$2.41	($.75)	($.21)

Put options sold by the Company on 2.75 million shares of its Class A Special Common Stock (see Note 6) were outstanding during the year ended December 31, 1998 but were not included in the computation of Diluted EPS as the options' exercise price was less than the average market price of the Company's Class A Special Common Stock during the period.

For the years ended December 31, 1997 and 1996, the Company's potential common shares of 53.2 million shares and 42.9 million shares have an antidilutive effect on loss for common stockholders per common share and, therefore, have not been used in determining the total weighted average number of common shares outstanding.

Reclassifications
Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 1998.

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Acquisition of Greater Philadelphia Cablevision
In February 1999, the Company agreed to acquire Greater Philadelphia Cablevision, Inc., a subsidiary of Greater Media, Inc. that operates a cable system serving approximately 79,000 subscribers in Philadelphia, Pennsylvania. The Company will issue approximately 4.2 million shares of its Class A Special Common Stock to complete the acquisition. The acquisition is expected to close in the fourth quarter of 1999, subject to receipt of all necessary regulatory and other approvals.

Sale of Primestar
As of December 31, 1998, the Company owns a 9.5% interest in Primestar, Inc. ("Primestar"). Primestar acquires, originates and provides television programming services delivered by satellite through a network of distributors. In January 1999, Primestar announced the sale of its direct broadcast satellite service to Hughes Electronics Corporation (a division of General Motors Corporation and the parent company of DirecTV, a direct broadcast satellite service) ("Hughes Electronics") for approximately $1.8 billion in cash and stock. The sale of Primestar to Hughes Electronics is subject to the consent of certain Primestar lenders and the receipt of necessary regulatory and other approvals.

Investment in Prime Communications
In December 1998, the Company agreed to invest in Prime Communications LLC ("Prime"), a cable television operator with cable communications systems serving approximately 430,000 subscribers. During the fourth quarter of 1998, the Company acquired a $50 million 12.75% subordinated note due 2008 from Prime. In addition, under the terms of the agreement, the Company will lend Prime approximately $735 million in the form of a 6% ten year note, expected to occur in the third quarter of 1999. In return, the Company will receive a convertible note giving the Company the right to acquire 90% of Prime. The note cannot be converted until the build out of certain of Prime's cable systems is complete and regulatory and other approvals are obtained, which is expected to occur in the third quarter of 2002. Upon conversion of the note, the Company expects to assume approximately $550 million of Prime debt. The Company will have the option to acquire the remaining 10% interest in Prime for approximately $82 million, plus accrued interest at 7% per annum.

Sale of Sprint PCS
The Company, Tele-Communications, Inc. ("TCI"), Cox Communications, Inc. ("Cox," and together with the Company and TCI, the "Cable Partners") and Sprint Corporation ("Sprint") engaged in the wireless communications business through a limited partnership known as "Sprint PCS."

In November 1998, Sprint assumed ownership and management control of Sprint PCS and issued a new class of Sprint stock (the "Sprint PCS Stock") to track the performance of Sprint's combined wireless operations. In exchange for its 15% interest in Sprint PCS, the Company received approximately 47.2 million shares of unregistered Series 2 Sprint PCS common stock, 61,726 shares of Sprint PCS preferred stock (convertible into approximately 2.0 million shares of unregistered Series 2 Sprint PCS common stock) and a warrant to purchase approximately 3.0 million shares of unregistered Series 2 Sprint PCS common stock at $24.02 per share. As a result of the exchange, the Company recognized a pre-tax gain of $758.5 million during the fourth quarter of 1998 representing the difference between the fair value of the Sprint PCS common stock, convertible preferred stock and warrant, and the Company's basis in Sprint PCS. This gain is included in investment income in the Company's consolidated statement of operations. The Company has registration rights, subject to customary restrictions, which will allow the Company to sell the Sprint PCS Stock received. As of December 31, 1998, the Company has recorded its investment in Sprint PCS at its estimated fair value.

The Sprint PCS Stock is divided into three categories: (i) Series 1 (one vote per share) to be held by the public, (ii) Series 2 (1/10 vote per share other than in class votes) to be held by the Cable Partners, and (iii) Series 3 (one vote per share) to be held by two of Sprint's major shareholders. The Cable Partners have registration rights, subject to customary restrictions, that, if used, would permit the monetization of their Sprint PCS holdings through equity offerings or derivatives. If the Series 2 shares are transferred by a Cable Partner, the transferred shares become full vote Series 1 shares.

Sale of Comcast UK Cable
In October 1998, the Company received approximately 4.8 million shares of unregistered NTL Incorporated ("NTL") common stock, an alternative telecommunications company in the UK, in exchange for all of the shares of Comcast UK Cable Partners Limited ("Comcast UK Cable"), a consolidated subsidiary of the Company, held by the Company (the "NTL Transaction"). As a result of the exchange, the Company recognized a pre-tax gain of

$148.3 million during the fourth quarter of 1998, representing the difference between the fair value of the NTL common stock received and the Company's basis in Comcast UK Cable. Such gain is included in investment income in the Company's consolidated statement of operations. Certain conditions agreed to in the NTL Transaction restrict the Company's ability to sell the NTL common stock received for a period of 150 days after the closing of the NTL Transaction. As of December 31, 1998, the Company has recorded its investment in NTL at its estimated fair value.

AT&T Acquisition of Teleport
In July 1998, AT&T Corp. ("AT&T") merged with Teleport Communications Group Inc. ("Teleport") with AT&T as the surviving corporation (the "AT&T Transaction"). Upon closing of the AT&T Transaction, the Company received approximately 24.2 million shares of unregistered AT&T common stock in exchange for the approximately 25.6 million shares of Teleport Class B Common Stock held by the Company (see Note 4). As a result of the exchange, the Company recognized a pre-tax gain of $1.092 billion during the third quarter of 1998, representing the difference between the fair value of the AT&T stock received and the Company's basis in Teleport. Such gain is included in investment income in the Company's consolidated statement of operations. The Company has registration rights, subject to customary restrictions, which allow the Company to effect a registration of the AT&T shares received. As of December 31, 1998, the Company has recorded its investment in AT&T at its estimated fair value.

Acquisition of Jones Intercable
In May 1998, the Company agreed to purchase from BCI Telecom Holding ("BTH") 6.4 million Class A Common Shares in Jones Intercable, Inc. ("Jones Intercable"), and a 49% interest in the BTH subsidiaries which were to continue to own BTH's remaining 6.4 million shares of Jones Intercable Class A Common Stock. At the same time, the Company agreed to acquire approximately 2.9 million shares of Common Stock of Jones Intercable (the "Control Shares"), if and when acquired by BTH from affiliates of Jones Intercable's controlling shareholder under an existing option (the "Control Option") to acquire such shares (which absent extraordinary circumstances would not have been exercisable until December 2001). The Company was to purchase the remaining 51% of the BTH subsidiaries when the Control Shares were acquired. The Company, BTH, Jones Intercable and Jones Intercable's controlling shareholder agreed in August 1998 to accelerate the Control Option to permit its early exercise and the early closing of the transactions with BTH. At closing (expected to occur in the first half of 1999, subject to the receipt of required regulatory approvals), the Company will pay BTH a total of $500 million in cash to acquire the 12.8 million shares of Jones Intercable Class A Common Stock and $200 million in cash to acquire the Control Shares. After closing, the Company will control approximately 37% of the economic and 47% of the voting interest in Jones Intercable. In addition, the Control Shares will represent shares having the right to elect approximately 75% of the Board of Directors of Jones Intercable. The transaction will be funded either with new borrowings, with available borrowings under existing lines of credit or by other means. Jones Intercable is a public company, which upon closing of certain pending transactions, will own or manage cable operations serving approximately 1.0 million customers.

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

In December 1997, the LLC acquired the 10.4% interest in E! Entertainment held by Cox for $57.1 million. The acquisition was funded by cash contributions to the LLC by the Company and Disney of $28.6 million and $28.5 million, respectively. As of December 31, 1998 and 1997, the LLC owns a 79.2% interest in E! Entertainment.

The Company accounted for the acquisitions under the purchase method and E! Entertainment was consolidated with the Company effective March 31, 1997.

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

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 approximately 93.0 million shares of the Company's Class A Special Common Stock, valued at $1.552 billion (the "Scripps Acquisition"). The Company accounted for the Scripps Acquisition under the purchase method and Scripps Cable was consolidated with the Company effective November 1, 1996. As the consideration given in exchange for Scripps Cable was shares of Class A Special Common Stock, the Scripps Acquisition had no significant impact on the Company's consolidated statement of cash flows.

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

The Sports Venture Acquisition was completed in two steps. In April 1996, the Company purchased the Sixers for $125.0 million in cash plus assumed net liabilities of $11.0 million through a partnership controlled by the Company. To complete the Sports Venture Acquisition, in July 1996, the Company contributed its interest in the Sixers, exchanged approximately 3.5 million shares of the Company's Class A Special Common Stock and 6,370 shares of the Company's newly issued 5% Series A Convertible Preferred Stock (the "Series A Preferred Stock") (see Note 6), and paid $15.0 million in cash for its current interest in Comcast-Spectacor. The remaining 34% interest in Comcast-Spectacor is owned by a group, including the former majority owner of PFLP, who also manages Comcast-Spectacor (the "Minority Group"). In connection with the Sports Venture Acquisition, Comcast-Spectacor assumed the outstanding liabilities relating to the Sixers and the Arenas, including a mortgage and other obligations of $155.0 million. The issuance of the Series A Preferred Stock and the Class A Special Common Stock in the Sports Venture Acquisition had no impact on the Company's consolidated statement of cash flows due to their non-cash nature.

4. INVESTMENTS

	December 31, 1998	December 31, 1997
	(Dollars in millions)	
Equity method	$11.1	$839.1
Fair value method	4,170.0	346.5
Cost method	74.7	214.1
Total investments	4,255.8	1,399.7
Less, current investments	3,653.4	163.9
Non-current investments	$602.4	$1,235.8

Equity Method

The Company records its proportionate interests in the net income (loss) of substantially all of its equity method investees three months in arrears. As of December 31, 1997, the Company held interests representing less than 20% of the total outstanding ownership interests in certain of its equity method investees. The equity method of accounting was utilized for these investments based on the type of investment (e.g. general partnership interest), board representation, participation in a controlling investor group, significant shareholder rights or a combination of these and other factors. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $82.3 million as of December 31, 1998 (primarily related to the investment in The Golf Channel). 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 $215.3 million and $1.424 billion as of December 31, 1998 and 1997, respectively. Summarized financial information for the Company's equity method investees for 1998, 1997 and 1996 is as follows (dollars in millions).

	Sprint PCS	Teleport	UK Investees	Comcast Spectacor	Other	Combined
Year Ended December 31, 1998:						
Combined Results of Operations						
Revenues, net	$1,136.5	$605.8	$197.8		$638.6	$2,578.7
Operating, selling, general and administrative expenses	2,587.6	558.7	153.3		653.8	3,953.4
Depreciation and amortization	749.5	163.4	69.7		69.1	1,051.7
Operating loss	(2,200.6)	(116.3)	(25.2)		(84.3)	(2,426.4)
Net loss (a)	(2,572.8)	(190.6)	(78.8)		(134.2)	(2,976.4)
Company's Equity in Net Loss						
Equity in current period net loss	($385.9)	($27.2)	($28.9)		($66.4)	($508.4)
Amortization expense	(3.5)		(0.5)		(3.5)	(7.5)
Total equity in net loss	($389.4)	($27.2)	($29.4)		($69.9)	($515.9)
Year Ended December 31, 1997:						
Combined Results of Operations						
Revenues, net	$111.5	$431.3	$197.5	$140.8	$743.9	$1,625.0
Operating, selling, general and administrative expenses	959.4	398.5	168.4	117.9	820.9	2,465.1
Depreciation and amortization	194.2	133.9	76.0	46.5	66.2	516.8
Operating loss	(1,042.1)	(101.1)	(46.9)	(23.6)	(143.2)	(1,356.9)
Net loss (a)	(1,187.3)	(192.9)	(92.2)	(39.6)	(189.3)	(1,701.3)
Company's Equity in Net Loss						
Equity in current period net loss	($178.1)	($30.5)	($34.6)	($26.2)	($65.3)	($334.7)
Amortization expense	(1.5)	(0.2)	(0.6)	(5.4)	(1.4)	(9.1)
Total equity in net loss	($179.6)	($30.7)	($35.2)	($31.6)	($66.7)	($343.8)
Year Ended December 31, 1996:						
Combined Results of Operations						
Revenues, net	$0.1	$192.9	$155.2		$440.0	$788.2
Operating, selling, general and administrative expenses	208.0	180.9	140.9		486.0	1,015.8
Depreciation and amortization	1.9	57.2	57.6		60.0	176.7
Operating loss	(209.8)	(45.2)	(43.3)		(106.0)	(404.3)
Net loss (a)	(344.9)	(84.8)	(72.2)		(140.8)	(642.7)
Company's Equity in Net Loss						
Equity in current period net loss	($51.7)	($15.1)	($28.6)		($45.9)	($141.3)
Amortization income (expense)	0.6	(1.1)	(0.3)		(2.7)	(3.5)
Total equity in net loss	($51.1)	($16.2)	($28.9)		($48.6)	($144.8)

(a) see footnote (1) on page 44.

	Sprint PCS	Teleport	UK Investees	Comcast Spectacor	Other	Combined
Combined Financial Position						
As of December 31, 1998 (2):						
Current assets					$57.8	$57.8
Noncurrent assets					314.7	314.7
Current liabilities					41.9	41.9
Noncurrent liabilities					451.4	451.4
As of December 31, 1997:						
Current assets	$317.3	$440.8	$35.9	$84.9	$219.4	$1,098.3
Noncurrent assets	5,483.3	1,675.2	716.4	285.4	915.7	9,076.0
Current liabilities	440.2	302.8	74.6	107.7	747.5	1,672.8
Noncurrent liabilities	3,312.9	1,061.6	558.7	188.0	377.2	5,498.4

(1) Net loss also represents loss from continuing operations before extraordinary items and cumulative effect of changes in accounting principles.
(2) Financial position information as of December 31, 1998 is not presented for Sprint PCS, Teleport, the UK Investees or Comcast-Spectacor as such investments were no longer accounted for under the equity method as of that date.

Sprint PCS. Effective November 1998, the Company accounts for its investment in Sprint PCS under the fair value method (see Note 3).

Teleport. For the years ended December 31, 1998, 1997 and 1996, Teleport issued shares of its Class A Common Stock. As a result of these stock issuances, the Company recognized a $157.8 million, $7.7 million and $40.6 million, respectively, increase in its proportionate share of Teleport's net assets as a gain from equity offering of affiliate. The Company recorded its proportionate share of Teleport's net assets one quarter in arrears. In March 1997, the Company received 2.76 million shares of Teleport Class A Common Stock from Teleport in exchange for the Company's shares of an alternate access provider. In May 1997, the Company sold all of its shares of Teleport Class A Stock for $68.9 million and recognized a $68.9 million pre-tax gain, which is included in investment income in the Company's 1997 consolidated statement of operations. In July 1998, in connection with the AT&T Transaction (see Note 3), the Company exchanged its interest in Teleport for shares of AT&T common stock.

UK Investees. In October 1998, the Company exchanged its interest in Comcast UK Cable for shares of NTL common stock (see Note 3).

Comcast-Spectacor. Effective January 1, 1998, the Company began consolidating the accounts of Comcast-Spectacor, an affiliate previously accounted for under the equity method, due to certain call rights held by the Company which became exercisable effective January 16, 1998.

Other. The Company's other equity investees include investments in cable communications and programming content providers. The Company does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity.

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

Fair Value Method
The Company holds unrestricted equity investments in certain publicly traded companies, with an historical cost (including $1.999 billion of pre-tax gains recognized during 1998 – see Note 3) of $2.555 billion and $130.0

million as of December 31, 1998 and 1997, respectively. The Company has recorded these investments, which are classified as available for sale, at their estimated fair values of $4.170 billion and $346.5 million as of December 31, 1998 and 1997, respectively. The unrealized pre-tax gains as of December 31, 1998 and 1997 of $1.615 billion and $216.5 million, respectively, have been reported in the Company's consolidated balance sheet as a component of stockholders' equity, net of related deferred income tax expense of $565.1 million and $75.8 million, respectively.

@Home. In July 1997, At Home Corporation ("@Home"), an investee of the Company previously accounted for under the equity method, completed an initial public offering of its Series A Common Stock (the "@Home IPO"). @Home provides Internet services to customers and businesses over the cable television infrastructure in a limited number of cities in the US. Effective July 1, 1997, due to the dilution of the Company's equity and voting interests and other factors subsequent to the @Home IPO, the Company discontinued the equity method of accounting for its investment in @Home. The Company holds approximately 8.0 million contractually restricted shares (the "Restricted Shares") and approximately 6.6 million unrestricted shares (the "Unrestricted Shares") of @Home Series A Common Stock (the "@Home Series A Stock"), as of December 31, 1998 and 1997. The Company has recorded the Restricted Shares at their historical cost of $1.1 million and the Unrestricted Shares, which are classified as available for sale, at their estimated fair value of $486.4 million and $164.6 million, based on the quoted market price of the @Home Series A Stock as of December 31, 1998 and 1997, respectively.

TCI. As of December 31, 1998 and 1997, the Company holds approximately 3.1 million shares of TCI Class A Common Stock, approximately 2.4 million shares of Liberty Media Corporation ("Liberty") Class A Common Stock and approximately 2.3 million shares of TCI Ventures Group, Inc. ("TCI Ventures") Class A Common Stock (as adjusted for the one-for-two stock split for Liberty and one-for-one stock split for TCI Ventures in February 1998) (together, the "TCI Stock"). In March 1998, the Company sold call options relating to the TCI Stock for $20.7 million. Such call options expire between March and September 1999. During the year ended December 31, 1998, the Company recorded pre-tax investment expense of $105.5 million related to the increase in the value of the call options.

During the years ended December 31, 1997 and 1996, the Company recognized pre-tax gains of $33.3 million and $82.6 million, respectively, on sales of certain of its fair value method investments. These gains were recorded as a reclassification from other comprehensive income to investment income.

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

Impairment Losses
During the years ended December 31, 1998, 1997 and 1996, the Company recorded pre-tax losses of $152.8 million, $2.5 million and $15.0 million, respectively, on certain of its investments based on a decline in value that was considered other than temporary. Such pre-tax losses are included in investment income in the Company's consolidated statement of operations.

5. LONG-TERM DEBT

	December 31, 1998	December 31, 1997
	(Dollars in millions)	
Notes payable to banks and insurance companies, due in installments through 2003	$1,690.8	$1,753.3
8-1/8% Senior notes, due 2004	299.8	299.7
8-3/8% Senior notes, due 2007	596.5	596.3
6.20% Senior notes, due 2008	797.9	
8-7/8% Senior notes, due 2017	545.6	545.5
8-1/2% Senior notes, due 2027	249.6	249.6
11.20% Senior discount debentures, due 2007		378.3
10-1/4% Senior subordinated debentures, due 2001	125.0	125.0
9-3/8% Senior subordinated debentures, due 2005	234.1	234.1
9-1/8% Senior subordinated debentures, due 2006	223.7	250.0
9-1/2% Senior subordinated debentures, due 2008	200.0	200.0
10-5/8% Senior subordinated debentures, due 2012	282.5	300.0
1-1/8% Discount convertible subordinated debentures, due 2007		355.9
7% Disney Notes, due 2007 (see Note 3)	132.8	132.8
Other debt, due in installments principally through 2000	199.4	45.9
	5,577.7	5,466.4
Less current portion	113.5	132.3
	$5,464.2	$5,334.1

Maturities of long-term debt outstanding as of December 31, 1998 for the four years after 1999 are as follows (dollars in millions):

2000	$204.2
2001	550.5
2002	476.1
2003	527.8

Cable Notes

In November 1998, Comcast Cable Communications, Inc. ("Comcast Cable"),a wholly owned subsidiary of the Company, sold $800.0 million of 6.20% nonrecourse public debt due 2008. Comcast Cable used substantially all of the net proceeds from the offering to repay existing intercompany borrowings to the Company and for general corporate purposes.

In May 1997, Comcast Cable sold a total of $1.7 billion of nonrecourse public debt with interest rates ranging from 8 1/8% to 8 7/8% and maturity dates from 2004 to 2027. Comcast Cable used the net proceeds from the offerings to repay existing borrowings by their subsidiaries.

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

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

Redemption of 1 1/8% Debentures
In March 1998, the Company completed the redemption of its $541.9 million principal amount 1 1/8% discount convertible subordinated debentures due 2007 (the "1 1/8% Debentures"). The Company issued 10.4 million shares of its Class A Special Common Stock upon conversion of $540.2 million principal amount of 1 1/8% Debentures while $1.7 million principal amount of 1 1/8% Debentures was redeemed for cash at a redemption price of 67.112% of the principal amount, together with accrued interest thereon. Stockholders' equity was increased by the full amount of 1 1/8% Debentures converted plus accrued interest, less unamortized debt acquisition costs. Unamortized debt acquisition costs related to the 1 1/8% Debentures redeemed for cash were not significant. The issuance of the Company's Class A Special Common Stock upon conversion of the 1 1/8% Debentures had no impact on the Company's consolidated statement of cash flows due its noncash nature.

Extraordinary Items
Extraordinary items for the years ended December 31, 1998, 1997 and 1996 of $4.2 million, $30.2 million and $1.0 million, respectively, consist of unamortized debt acquisition costs and debt extinguishment costs, net of related tax benefits, expensed principally in connection with the redemption and refinancing of certain indebtedness.

Interest Rates
The fixed interest rate on notes payable to insurance companies was 8.6% as of December 31, 1998. Bank debt interest rates vary based upon one or more of the following rates at the option of the Company:

Prime rate to prime plus 2.0%;
Federal Funds rate plus 0.5% to 1.5%; and
LIBOR plus 0.375% to 1.875%.

As of December 31, 1998 and 1997, the Company's effective weighted average interest rate on its variable rate bank debt outstanding was 5.80% and 6.64%, respectively.

Interest Rate Risk Management
The Company is exposed to market risk including changes in interest rates. To manage the volatility relating to these exposures, the Company enters into various derivative transactions pursuant to the Company's policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses.

The use of interest rate risk management instruments, such as Swaps, Caps and Collars, is required under the terms of certain of the Company's outstanding debt agreements. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable the Company to otherwise pay lower market rates. Collars limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The following table summarizes the terms of the Company's existing Swaps, Caps and Collars as of December 31, 1998 and 1997 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 1998				
Variable to Fixed Swaps	$1,061.8	1999-2008	5.7%	($13.3)
Caps	240.0	1999	7.0%	
Collar	50.0	2000	6.3%/4.0%	
As of December 31, 1997				
Variable to Fixed Swaps	$550.0	1998-2000	5.6%	$4.2
Caps	150.0	1998	6.7%	
Collar	50.0	1998	7.0%/4.9%	0.2

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1998, 1997 and 1996 was not significant.

Estimated Fair Value

The Company's long-term debt had estimated fair values of $5.995 billion and $5.848 billion as of December 31, 1998 and 1997, respectively. The estimated fair value of the Company's publicly traded debt is based on quoted market prices for that debt. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

Debt Covenants

Certain of the Company's subsidiaries' loan agreements contain restrictive covenants which limit the subsidiaries' ability to enter into arrangements for the acquisition of property and equipment, investments, mergers and the incurrence of additional debt. Certain of these agreements require that certain ratios and cash flow levels be maintained and contain certain restrictions on dividend payments and advances of funds to the Company. The Company and its subsidiaries were in compliance with such restrictive covenants for all periods presented. In addition, the stock of certain subsidiary companies is pledged as collateral for the notes payable to banks and insurance companies.

As of December 31, 1998, $258.5 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements. Restricted net assets of the Company's subsidiaries were approximately $2.5 billion as of December 31, 1998.

Lines and Letters of Credit

As of December 31, 1998, certain subsidiaries of the Company had unused lines of credit of $966.8 million, $366.8 million of which is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration.

As of December 31, 1998, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling $121.6 million to cover potential fundings associated with several projects.

6. STOCKHOLDERS' EQUITY (DEFICIENCY)

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

In June 1997, in connection with Microsoft's investment in the Company (see Note 3), the Company issued the Series B Preferred Stock. The Series B Preferred Stock has a 5.25% pay-in-kind annual dividend. Dividends will be paid quarterly through the issuance of additional shares of Series B Preferred Stock (the "Additional Shares") and will be cumulative from the Issuance Date (except that dividends on the Additional Shares will accrue from the date such Additional Shares are issued). The Series B Preferred Stock, including the Additional Shares, is convertible, at the option of Microsoft, into 21.2 million shares of the Company's Class A Special Common Stock, subject to adjustment in certain limited circumstances, which equals an initial conversion price of $23.54 per share, increasing as a result of the Additional Shares to $33.91 per share on June 30, 2004. The Series B Preferred Stock is mandatorily redeemable on June 30, 2017, or, at the option of the Company beginning on June 30, 2004 or at the option of Microsoft on June 30, 2004 or on June 30, 2012. Upon redemption, the Company, at its option, may redeem the Series B Preferred Stock with cash, Class A Special Common Stock or a combination thereof. As the Company currently intends to redeem the Series B Preferred Stock with Class A Special Common Stock upon redemption, the Series B Preferred Stock has been classified as a component of stockholders' equity as of December 31, 1998. The Series B Preferred Stock is generally non-voting.

In July 1996, in connection with the Sports Venture Acquisition (see Note 3), the Company issued 6,370 shares of Series A Preferred Stock. Each holder of shares of the Series A Preferred Stock is entitled to receive cumulative cash dividends at the annual rate of $250 per share, payable quarterly in arrears. The Series A Preferred Stock is redeemable, at the option of the Company, beginning in July 1999 at a redemption price of $5,000 per share plus accrued and unpaid dividends, subject to certain conditions and conversion adjustments. The Series A Preferred Stock is convertible, at the option of the holder, into shares of the Company's Class A Special Common Stock at a ratio of 209.1175 shares of Class A Special Common Stock for each share of Series A Preferred Stock, subject to certain conditions. The holders of the Series A Preferred Stock are not entitled to any voting rights except as otherwise provided by the Company's Articles of Incorporation or by applicable law.

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

Repurchase Program
Based on the trade date for stock repurchases, during the years ended December 31, 1998, 1997 and 1996, the Company repurchased 0.3 million shares, 2.3 million shares and 10.5 million shares, respectively, of its common stock for aggregate consideration of $12.9 million, $36.2 million and $180.0 million, respectively, pursuant to its Board-authorized repurchase programs.

As part of the repurchase programs, the Company sold Comcast Put Options on 2.75 million, 2.0 million and 1.0 million shares, during the years ended December 31, 1998, 1997 and 1996, respectively.

The Comcast Put Options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. The Comcast Put Options sold during 1997 and 1996 expired unexercised. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the Comcast Put Options, totaling $111.2 million and $31.4 million, has been reclassified from additional capital to common equity put options in the Company's December 31, 1998 and 1997 consolidated balance sheet, respectively. The difference between the proceeds from the sale of these put options and their estimated fair value was not significant as of December 31, 1998 and 1997.

Stock-Based Compensation Plans
As of December 31, 1998, the Company and its subsidiaries have several stock-based compensation plans for certain employees, officers, directors and other persons designated by the applicable compensation committees of the Boards of Directors of the Company and its subsidiaries. These plans are described below.

Comcast Option Plan. The Company maintains qualified and nonqualified stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is generally not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plan"). Under the Comcast Option Plan, 31.2 million shares of Class A Special Common Stock were reserved as of December 31, 1998. Option terms are generally from five to 10½ years, with options generally becoming exercisable between two and 9½ years from the date of grant.

A summary of the activity of the Comcast Option Plan as of and for the years ended December 31, 1998, 1997 and 1996 is presented below (options in thousands):

	1998		1997		1996	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Special Common Stock						
Outstanding at beginning of year	16,110	$15.50	14,851	$14.54	14,208	$14.25
Granted	8,175	33.06	2,599	19.47	1,308	17.41
Exercised	(1,985)	13.20	(795)	9.95	(199)	8.72
Canceled	(799)	20.96	(545)	16.40	(466)	16.08
Outstanding at end of year	21,501	22.18	16,110	15.50	14,851	14.54
Exercisable at end of year	7,695	$14.59	7,693	$13.91	6,875	$13.40
Class A Common Stock						
Outstanding at beginning of year					229	$4.87
Exercised					(229)	4.87
Canceled						
Outstanding at end of year						
Exercisable at end of year						
Class B Common Stock						
Outstanding at beginning of year	658	$5.70	658	$5.70	658	$5.70
Exercised	(658)	5.70				
Outstanding at end of year			658	$5.70	658	$5.70
Exercisable at end of year			658	$5.70	658	$5.70

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plan as of December 31, 1998 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/98	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/98	Weighted-Average Exercise Price
$6.22 to $12.08	3,376	1.5 years	$8.78	2,916	$8.62
$13.42 to $18.38	4,794	6.7 years	15.89	1,198	14.45
$18.63 to $32.86	7,440	5.2 years	22.65	3,581	19.50
$33.88 to $55.19	5,891	9.5 years	34.40		
	21,501			7,695	

The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plan during 1998, 1997 and 1996 was $17.07, $10.18 and $9.71, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of .44%, .52% and .53% for 1998, 1997 and 1996, respectively; expected volatility of 31.3%, 30.1% and 34.9% for 1998, 1997 and 1996, respectively; risk-free interest rate of 5.6%, 6.5% and 6.8% for 1998, 1997 and 1996, respectively; expected option lives of 9.9 years for all years; and a forfeiture rate of 3.0% for all years.

QVC Tandem Plan. QVC established a qualified and nonqualified combination stock option/Stock Appreciation Rights ("SAR") plan (collectively, the "QVC Tandem Plan") during 1995 for employees, officers, directors and other persons designated by the Compensation Committee of QVC's Board of Directors. Under the QVC Tandem Plan, the option price is generally not less than the fair value, as determined by an independent appraisal, of a share of the underlying common stock of QVC (the "QVC Common Stock") at the date of grant. As of the latest valuation date, the fair value of a share of QVC Common Stock was $741.79. If the SAR feature of the QVC Tandem Plan is elected by the eligible participant, the participant receives 75% of the excess of the fair value of a share of QVC Common Stock over the exercise price of the option to which it is attached at the exercise date. Option holders have stated an intention not to exercise the SAR feature of the QVC Tandem Plan. Because the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the QVC Tandem Plan, option/SAR terms are ten years from the date of grant, with options/SARs generally becoming exercisable over four years from the date of grant. As of December 31, 1998, 230,000 shares of QVC Common Stock were reserved under the plan. Compensation expense of $1.0 million, $3.4 million and $4.0 million was recorded under the QVC Tandem Plan during the years ended December 31, 1998, 1997 and 1996, respectively.

A summary of the activity of the QVC Tandem Plan as of and for the years ended December 31, 1998, 1997 and 1996 is presented below (options/SARs in thousands):

	1998		1997		1996	
	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price
Outstanding at beginning of year	180	$363.99	164	$192.16	142	$177.05
Granted	72	664.76	74	601.28	26	271.23
Exercised	(41)	186.01	(55)	177.05		
Canceled	(5)	511.01	(3)	262.20	(4)	177.05
Outstanding at end of year	206	500.82	180	363.99	164	192.16
Exercisable at end of year	37	$397.46	20	$205.42	36	$177.05

The following table summarizes information about the options/SARs outstanding under the QVC Tandem Plan as of December 31, 1998 (options/SARs in thousands):

	Options/SARs Outstanding		Options/SARs Exercisable
Exercise Prices	Number Outstanding at 12/31/98	Weighted-Average Remaining Contractual Life	Number Exercisable at 12/31/98
$177.05	64	6.4 years	19
522.31	2	7.5 years	1
585.19	6	8.0 years	2
634.25	71	8.8 years	15
651.84	46	9.7 years	
688.14	10	9.2 years	
741.79	7	9.8 years	
	206		37

The weighted-average fair value at date of grant of a QVC Common Stock option/SAR granted during 1998, 1997 and 1996 was $296.67, $331.93 and $385.13, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: no dividend yield for all years; expected volatility of 20% for all years; risk-free interest rate of 4.9%, 6.2% and 6.8% for 1998, 1997 and 1996, respectively; expected option lives of 10 years for all years; and a forfeiture rate of 3.0% for all years.

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

	1998	1997	1996
Net income (loss) – As reported	$972.1	($238.7)	($53.5)
Net income (loss) – Pro forma	936.4	(252.0)	(61.0)
Net income (loss) for common stockholders – As reported	$943.0	($253.5)	($54.2)
Net income (loss) for common stockholders – Pro forma	907.3	(266.7)	(61.7)
Basic earnings (loss) for common stockholders per common share – As reported	$2.57	($.75)	($.21)
Basic earnings (loss) for common stockholders per common share - Pro forma	2.48	(.79)	(.24)
Diluted earnings (loss) for common stockholders per common share – As reported	$2.41	($.75)	($.21)
Diluted earnings (loss) for common stockholders per common share - Pro forma	2.33	(.79)	(.24)

The pro forma effect on net income (loss) and net income (loss) per share for the years ended December 31, 1998, 1997 and 1996 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration pro forma compensation expense related to awards made prior to January 1, 1995 and since additional awards in future years are anticipated.

Other Stock-Based Compensation Plans
The Company maintains a restricted stock program under which management employees may be granted restricted shares of the Company's Class A Special Common Stock. The shares awarded vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting or dividend rights until vesting occurs. At December 31, 1998, there were 1.0 million unvested shares granted under the program, of which 167,000 vested in January 1999. During the years ended December 31, 1998, 1997 and 1996, 328,000, 208,000 and 951,000 shares were granted under the program, respectively, with a weighted-average grant date market value of $34.66, $17.36 and $19.16 per share, respectively. Compensation expense recognized during the years ended December 31, 1998, 1997 and 1996 under this program was $5.3 million, $7.1 million and $5.5 million, respectively. There was no significant difference between the amount of compensation expense recognized by the Company during the years ended December 31, 1998, 1997 and 1996 and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

The Company and QVC established SAR plans during 1996 and 1995 for certain employees, officers, directors and other persons (the "QVC SAR Plans"). Under the QVC SAR Plans, eligible participants are entitled to receive a cash payment from the Company or QVC equal to 100% of the excess, if any, of the fair value of a share of QVC Common Stock at the exercise date over the fair value of such a share at the grant date. The SARs have a term of ten years from the date of grant and become exercisable over four to five years from the date of grant. During the years ended December 31, 1998, 1997 and 1996, 5,000, 4,000 and 11,000 SARs were awarded, respectively, and 20,000 SARs were outstanding at December 31, 1998, of which 6,000 were exercisable. Compensation expense related to the QVC SAR Plans of $3.2 million, $3.4 million and $4.5 million was recorded during the years ended

December 31, 1998, 1997 and 1996, respectively. There was no significant difference between the amount of compensation expense recognized and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

E! Entertainment established a SAR plan in 1995 for certain of its employees and officers (the "E! SAR Plan"). By written agreement between the participants and E! Entertainment, the E! SAR Plan was terminated effective December 31, 1998 in exchange for a lump-sum payment of a negotiated amount which was paid in February 1999. Terms of the agreement also included the complete and full release of E! Entertainment from any further liability associated with the E! SAR Plan. Compensation expense related to the E! SAR Plan was $11.6 million and $7.0 million during the years ended December 31, 1998 and 1997, respectively. There was no significant difference between the amount of compensation expense recognized and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

7. INCOME TAXES

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

	Year Ended December 31,		
	1998	1997	1996
	(Dollars in millions)		
Current expense			
Federal	$135.5	$94.4	$82.0
State	27.5	24.7	23.0
	163.0	119.1	105.0
Deferred expense (benefit)			
Federal	424.6	(47.5)	4.3
State	6.4	(1.2)	(0.3)
	431.0	(48.7)	4.0
Income tax expense	$594.0	$70.4	$109.0

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

	Year Ended December 31,		
	1998	1997	1996
	(Dollars in millions)		
Federal tax at statutory rate	$545.1	($66.1)	$19.1
Non-deductible depreciation and amortization	41.0	42.6	32.0
State income taxes, net of federal benefit	22.0	15.3	14.8
Non-deductible (deductible) foreign (income) losses and equity in net losses of affiliates	(11.2)	53.1	27.5
Additions to valuation allowance	3.0	16.3	18.3
Other	(5.9)	9.2	(2.7)
Income tax expense	$594.0	$70.4	$109.0

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

	Year Ended December 31,		
	1998	1997	1996
	(Dollars in millions)		
Depreciation and amortization	($69.0)	($94.5)	($60.0)
Accrued expenses not currently deductible	(26.7)	(13.2)	(6.3)
Non-deductible reserves for bad debts, obsolete inventory and sales returns	(9.6)	(10.9)	(11.0)
Temporary differences associated with sale or exchange of securities	508.8	6.4	30.9
Losses from affiliated partnerships	(9.6)	45.9	25.6
Change in net operating loss carryforwards	35.5	2.2	3.0
Change in valuation allowance and other	1.6	15.4	21.8
Deferred income tax expense (benefit)	$431.0	($48.7)	$4.0

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

	December 31, 1998	December 31, 1997
	(Dollars in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$324.7	$343.8
Differences between book and tax basis of property and equipment and deferred charges	24.5	24.5
Reserves for bad debts, obsolete inventory and sales returns	94.4	84.8
Other	89.6	62.9
Less: Valuation allowance	(282.5)	(279.5)
	$250.7	$236.5
Deferred tax liabilities:		
Temporary differences, principally book and tax basis of property and equipment and deferred charges	1,582.6	1,785.6
Differences between book and tax basis in investments	1,201.4	207.9
	2,784.0	1,993.5
Net deferred tax liability	$2,533.3	$1,757.0

The Company recorded approximately $489.4 million of deferred income taxes in 1998 in connection with unrealized gains on marketable securities which are included in other comprehensive income.

The deferred tax liability is net of deferred tax assets of $106.9 million and $92.5 million as of December 31, 1998 and 1997, respectively, which are included in other current assets in the Company's consolidated balance sheet. Further, the Company has recorded deferred tax liabilities of $1.140 billion related to current investments which have been included in current liabilities. The Company's valuation allowance against deferred tax assets includes approximately $120.0 million for which any subsequent tax benefits recognized will be allocated to reduce goodwill and other noncurrent intangible assets. For income tax reporting purposes, the Consolidated Group and Comcast Communications Properties, Inc. have net operating loss carryforwards for which deferred tax assets have been recorded of approximately $150.0 million and $45.0 million, respectively, which expire primarily in periods through 2018.

During the year ended December 31, 1998, the Company settled all issues primarily related to the deductibility of amortization of cable television distribution rights raised by the Internal Revenue Service in its examination of QVC, through fiscal tax year 1993. Such settlement resulted in a reversal of previously recorded deferred tax liabilities of $135.5 million. As a result of the settlement, the Company recorded an adjustment to reduce goodwill by $119.7 million during 1998. Such adjustment has been excluded from the Company's consolidated statement of cash flows due to its noncash nature.

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $418.9 million, $467.2 million and $408.1 million during the years ended December 31, 1998, 1997 and 1996, respectively.

The Company made cash payments for income taxes of $129.2 million, $113.7 million and $101.3 million during the years ended December 31, 1998, 1997 and 1996, respectively.

9. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has the right to purchase the minority interests in Comcast-Spectacor from the Minority Group for the Minority Group's pro rata portion of the fair market value (on a going concern basis as determined by an appraisal process) of Comcast-Spectacor. The Minority Group also has the right to require the Company to purchase its interests under the same terms. The Company may pay the Minority Group for such interests in shares of the Company's Class A Special Common Stock, subject to certain restrictions. If the Minority Group exercises its exit rights and the Company elects not to purchase their interest, the Company and the Minority Group will use their best efforts to sell Comcast-Spectacor.

Disney, in certain circumstances, is entitled to cause the LLC to purchase Disney's entire interest in the LLC at its then fair market value (as determined by an appraisal process). If the LLC elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in the LLC or all of the shares of stock of E! Entertainment held by the LLC, in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes (see Notes 3 and 5) may be replaced with a three year note due to Disney.

Liberty, a majority owned subsidiary of TCI, may, at certain times following February 9, 2000, trigger the exercise of certain exit rights with respect to its investment in QVC. If the exit rights are triggered, the Company has first right to purchase Liberty's stock in QVC at Liberty's pro rata portion of the fair market value (on a going concern or liquidation basis, whichever is higher, as determined by an appraisal process) of QVC. The Company may pay Liberty for such stock, subject to certain rights of Liberty to consummate the purchase in the most tax-efficient method available, in cash, the Company's promissory note maturing not more than three years after issuance, the Company's equity securities or any combination thereof. If the Company elects not to purchase the stock of QVC held by Liberty, then Liberty will have a similar right to purchase the stock of QVC held by the Company. If Liberty elects not to purchase the stock of QVC held by the Company, then Liberty and the Company will use their best efforts to sell QVC.

At any time after December 18, 2001, the California Public Employees Retirement System ("CalPERS") may elect to liquidate its interest in MHCP Holdings, L.L.C. ("MHCP Holdings"), a 55% owned indirect subsidiary of the Company (which holds cable communications systems serving approximately 644,000 subscribers as of December 31, 1998) in which CalPERS owns the remaining 45% interest, at a price based upon the fair value of CalPERS' interest in MHCP Holdings, adjusted, under certain circumstances, for certain performance criteria relating to the fair value of MHCP Holdings or to the Company's common stock. Except in certain limited circumstances, the Company, at its option, may satisfy this liquidity arrangement by purchasing CalPERS' interest for cash, through the issuance of the Company's common stock (subject to certain limitations) or by selling MHCP Holdings.

Minimum annual rental commitments for office space, equipment and transponder service agreements under noncancellable operating leases as of December 31, 1998 are as follows:

	(Dollars in millions)
1999	$45.1
2000	47.6
2001	43.2
2002	40.5
2003	39.9
Thereafter	202.0

Rental expense of $64.8 million, $65.8 million and $44.2 million for 1998, 1997 and 1996, respectively, has been charged to operations.

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

10. FINANCIAL DATA BY BUSINESS SEGMENT

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

	Cable Communications	Electronic Retailing	Corporate and Other(1)	Total
1998				
Revenues	$2,277.4	$2,402.7	$465.2	$5,145.3
Operating income (loss) before depreciation and amortization (2)	1,096.6	434.2	(34.1)	1,496.7
Depreciation and amortization	674.2	126.1	139.3	939.6
Operating income (loss)	422.4	308.1	(173.4)	557.1
Interest expense	223.6	51.1	192.0	466.7
Assets	6,449.4	2,208.7	6,159.3	14,817.4
Long-term debt	3,462.1	626.8	1,375.3	5,464.2
Capital expenditures	711.1	67.2	120.6	898.9
1997				
Revenues	$2,073.0	$2,082.5	$312.2	$4,467.7
Operating income (loss) before depreciation and amortization (2)	987.7	337.7	(32.3)	1,293.1
Depreciation and amortization	626.1	115.0	85.4	826.5
Operating income (loss)	361.6	222.7	(117.7)	466.6
Interest expense	227.9	56.3	174.7	458.9
Assets	6,057.8	2,268.3	3,000.7	11,326.8
Long-term debt	2,554.9	768.8	2,010.4	5,334.1
Capital expenditures	497.8	97.3	200.4	795.5
1996				
Revenues	$1,641.0	$1,835.8	$135.5	$3,612.3
Operating income (loss) before depreciation and amortization (2)	803.8	300.3	(57.1)	1,047.0
Depreciation and amortization	420.3	107.7	53.1	581.1
Operating income (loss)	383.5	192.6	(110.2)	465.9
Interest expense	228.3	65.2	154.9	448.4
Assets	6,938.3	2,162.7	1,559.4	10,660.4
Long-term debt	3,078.1	842.6	2,077.6	5,998.3
Capital expenditures	290.9	63.6	199.9	554.4

(1) Other includes segments not meeting certain quantitative guidelines for reporting. Other includes certain operating businesses, including Comcast-Spectacor (effective January 1, 1998), E! Entertainment (effective March 31, 1997), the Company's consolidated UK cable and telecommunications operations (prior to October 29, 1998), the Company's DBS operations (prior to April 1, 1998) and elimination entries related to the segments presented. Corporate and other assets consist primarily of the Company's investments (see Note 4).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1998, 1997 and 1996 (Concluded)

11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (5)	Total Year
	(Dollars in millions, except per share data)				
1998 (2)					
Revenues	$1,254.5	$1,205.9	$1,238.0	$1,446.9	$5,145.3
Operating income before depreciation and amortization (1)	348.8	353.4	373.2	421.3	1,496.7
Operating income	109.4	124.1	132.9	190.7	557.1
Income (loss) from continuing operations before extraordinary items (3)	(68.9)	(79.9)	723.7	432.8	1,007.7
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(0.21)	(0.24)	1.96	1.15	2.67
Net income (loss)	(0.24)	(0.25)	1.93	1.12	2.57
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(0.21)	(0.24)	1.80	1.07	2.50
Net income (loss)	(0.24)	(0.25)	1.78	1.04	2.41
Cash dividends per common share	.0233	.0233	.0233	.0233	.0933
1997 (4)					
Revenues	$1,026.9	$1,068.3	$1,089.0	$1,283.5	$4,467.7
Operating income before depreciation and amortization (1)	296.0	316.6	313.6	366.9	1,293.1
Operating income	111.5	92.2	99.5	163.4	466.6
Loss from continuing operations before extraordinary items	(53.1)	(11.8)	(49.3)	(68.7)	(182.9)
Basic loss for common stockholders per common share					
Loss from continuing operations before extraordinary items	(0.16)	(0.04)	(0.17)	(0.21)	(0.58)
Net loss	(0.20)	(0.12)	(0.19)	(0.25)	(0.75)
Diluted loss for common stockholders per common share					
Loss from continuing operations before extraordinary items	(0.16)	(0.04)	(0.17)	(0.21)	(0.58)
Net loss	(0.20)	(0.12)	(0.19)	(0.25)	(0.75)
Cash dividends per common share	.0233	.0233	.0233	.0233	.0933

(1) See Note 10, note 2.
(2) Results of operations for 1998 include the results of Comcast-Spectacor which was consolidated effective January 1, 1998 and the results of Comcast UK Cable through October 29, 1998 (see Note 3).
(3) Results of operations were affected by the gain on the AT&T Transaction in the third quarter of 1998 and the gains on the NTL Transaction and the Sprint PCS restructuring in the fourth quarter of 1998 (see Note 3).
(4) Results of operations for the second quarter of 1997 include the results of E! Entertainment, which have been consolidated effective March 31, 1997 (see Note 3).
(5) The Company's consolidated results of operations for the fourth quarter of 1998 and 1997 are also affected by the seasonality of the Company's electronic retailing operations.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The information called for by Item 10, Directors and Executive Officers of the Registrant (except for the information regarding executive officers called for by Item 401 of Regulation S-K which is included in Part I hereof as Item 4A in accordance with General Instruction G(3)), Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management, and Item 13, Certain Relationships and Related Transactions, is hereby incorporated by reference to our definitive Proxy Statement for our Annual Meeting of Shareholders presently scheduled to be held in June 1999, which shall be filed with the Securities and Exchange Commission within 120 days of the end of our latest fiscal year.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following consolidated financial statements of ours are included in Part II, Item 8:

(b) (i) The following financial statement schedules required to be filed by Items 8 and 14(d) of Form 10-K are included in Part IV:

Schedule I - Condensed Financial Information of Registrant Unconsolidated (Parent Only)
Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required or the required information is included in the consolidated financial statements or notes thereto.

(c) Reports on Form 8-K:
None.

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

3.1(a)	Amended and Restated Articles of Incorporation filed on July 24, 1990 (incorporated by reference to Exhibit 3.1(a) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(b)	Amendment to Restated Articles of Incorporation filed on July 14, 1994 (incorporated by reference to Exhibit 3.1(b) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(c)	Amendment to Restated Articles of Incorporation filed on July 12, 1995 (incorporated by reference to Exhibit 3.1(c) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(d)	Amendment to Restated Articles of Incorporation filed on June 24, 1996 (incorporated by reference to Exhibit 4.1(d) to our Registration Statement on Form S-3, as amended, filed on July 16, 1996).
3.1(e)	Form of Statement of Designations, Preferences and Rights of 5% Series A Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 4.1(e) to our Registration Statement on Form S-3 filed on July 16, 1996).
3.1(f)	Form of Statement of Designations, Preferences and Rights of Series B Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3(ii) to our Annual Report on Form 10-K for the year ended December 31, 1993).
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 2(a) to our Registration Statement on Form S-7 filed on September 17, 1980, File No. 2-69178).
4.2	Specimen Class A Special Common Stock Certificate (incorporated by reference to Exhibit 4(2) to our Annual Report on Form 10-K for the year ended December 31, 1986).

4.3	Indenture, dated as of October 17, 1991, between the Company and Bank of Montreal/Harris Trust (successor to Morgan Guaranty Trust Company of New York), as Trustee (incorporated by reference to Exhibit 2 to our Current Report on Form 8-K filed on October 31, 1991).
4.4	Form of Debenture relating to our 10-1/4% Senior Subordinated Debentures due 2001 (incorporated by reference to Exhibit 4(19) to our Annual Report on Form 10-K for the year ended December 31, 1991).
4.5	Form of Debenture relating to our $300,000,000 10-5/8% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 4(17) to our Annual Report on Form 10-K for the year ended December 31, 1992).
4.6	Form of Debenture relating to our $200,000,000 9-1/2% Senior Subordinated Debentures due 2008 (incorporated by reference to Exhibit 4(18) to our Annual Report on Form 10-K for the year ended December 31, 1992).
4.7	Indenture, dated as of February 20, 1991, between us and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S-3 (File No. 33-32830), filed on January 11, 1990).
4.8	Form of Debenture relating to our $250.0 million 9-3/8% Senior Subordinated Debentures due 2005 (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).
4.9	Form of Debenture relating to our $250.0 million 9-1/8% Senior Subordinated Debentures due 2006 (incorporated by reference to Exhibit 4.13 to our Annual Report on Form 10-K for the year ended December 31, 1995).
10.1*	Comcast Corporation 1986 Non-Qualified Stock Option Plan, as amended and restated, effective December 10, 1996 (incorporated by reference to Exhibit 10.3 to our Annual Report on Form 10-K for the year ended December 31, 1996).
10.2*	Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 15, 1998.
10.3*	Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective December 15, 1998.
10.4*	Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective December 15, 1998.
10.5*	Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective December 15, 1998.
10.6*	1992 Executive Split Dollar Insurance Plan (incorporated by reference to Exhibit 10(12) to our Annual Report on Form 10-K for the year ended December 31, 1992).
10.7*	Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective December 15, 1998.
10.8*	Comcast Corporation 1996 Executive Cash Bonus Plan, dated August 15, 1996 (incorporated by reference to Exhibit 10.10 to our Annual Report on Form 10-K for the year ended December 31, 1996).
10.9*	Compensation and Deferred Compensation Agreement by and between Comcast Corporation and Ralph J. Roberts, as amended and restated, effective August 31, 1998 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
10.10	The Comcast Corporation Retirement-Investment Plan, as amended and restated effective January 1, 1993 (revised through September 30, 1995) (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8 filed on October 5, 1995).
10.11	Defined Contribution Plans Master Trust Agreement, between Comcast Corporation and State Street Bank and Trust Company (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-8 filed on October 5, 1995).

* Constitutes a management contract or compensatory plan or arrangement.

10.12	Tax Sharing Agreement, dated as of December 2, 1992, among Storer Communications, Inc., TKR Cable I, Inc., TKR Cable II, Inc., TKR Cable III, Inc., Tele-Communications, Inc., the Company and each of the Departing Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 4 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.13*	Comcast Corporation 1997 Deferred Stock Option Plan, as amended and restated, effective December 18, 1997 (incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K for the year ended December 31, 1997).
10.14	Note Purchase Agreement, dated as of November 15, 1992, among Comcast Storer, Inc., Storer Communications, Inc., Comcast Storer Finance Sub, Inc. and each of the respective purchasers named therein (incorporated by reference to Exhibit 6 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.15	Payment Agreement, dated December 2, 1992, among the Company, Comcast Storer, Inc., SCI Holdings, Inc., Storer Communications, Inc. and each of the Remaining Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 7 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.16	Intercreditor and Collateral Agency Agreement, dated as of December 2, 1992, among Comcast Storer, Inc., Comcast Cable Communications, Inc., Storer Communications, Inc., the banks party to the Credit Agreement dated as of December 2, 1992, the purchasers of the Senior Notes under the separate Note Purchase Agreements each dated as of November 15, 1992, the Senior Lenders (as defined therein) and The Bank of New York as collateral agent for the Senior Lenders (incorporated by reference to Exhibit 8 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.17	Tax Sharing Agreement, dated December 2, 1992, between the Company and Comcast Storer, Inc. (incorporated by reference to Exhibit 9 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.18	Pledge Agreement, dated as of December 2, 1992, between Comcast Cable Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 10 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.19	Pledge Agreement, dated as of December 2, 1992, between Comcast Storer, Inc. and The Bank of New York (incorporated by reference to Exhibit 11 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.20	Pledge Agreement, dated as of December 2, 1992, between Storer Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 12 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.21	Note Pledge Agreement, dated as of December 2, 1992, between Comcast Storer, Inc. and The Bank of New York (incorporated by reference to Exhibit 13 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.22	Guaranty Agreement, dated as of December 2, 1992, between Storer Communications, Inc. and The Bank of New York (incorporated by reference to Exhibit 14 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.23	Guaranty Agreement, dated as of December 2, 1992, between Comcast Storer Finance Sub, Inc. and The Bank of New York (incorporated by reference to Exhibit 15 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).
10.24	Amended and Restated Stockholders Agreement, dated as of February 9, 1995, among the Company, Comcast QVC, Inc., QVC Programming Holdings, Inc., Liberty Media Corporation, QVC Investment, Inc. and Liberty QVC, Inc. (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).

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* Constitutes a management contract or compensatory plan or arrangement.

10.25(a) Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein (incorporated by reference to Exhibit (b)(6) to Amendment No. 21 to the Tender Offer Statement on Schedule 14D-1 filed on February 17, 1995 by QVC Programming Holdings, Inc., the Company and Tele-Communications, Inc. with respect to the tender offer for all outstanding shares of QVC, Inc.).

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

10.26 Comcast MHCP Holdings, L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of December 18, 1994, among Comcast Cable Communications, Inc., The California Public Employees' Retirement System and, for certain limited purposes, the Company (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 6, 1995).

10.27 Credit Agreement, dated as of December 22, 1994, among Comcast MH Holdings, Inc., the banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and the Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents and NationsBank of Texas, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 6, 1995).

10.28 Pledge Agreement, dated as of December 22, 1994, between Comcast MH Holdings, Inc. and NationsBank of Texas, N.A., as the secured party (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on January 6, 1995).

10.29 Pledge Agreement, dated as of December 22, 1994, between Comcast Communications Properties, Inc. and NationsBank of Texas, N.A., as the Secured Party (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on January 6, 1995).

10.30 Affiliate Subordination Agreement (as the same may be amended, modified, supplemented, waived, extended or restated from time to time, this "Agreement"), dated as of December 22, 1994, among the Company, Comcast MH Holdings, Inc., (the "Borrower"), any affiliate of the Borrower that shall have become a party thereto and NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of December 22, 1994, among the Borrower, the Banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and The Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents, and the Administrative Agent (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on January 6, 1995).

10.31 Registration Rights and Price Protection Agreement, dated as of December 22, 1994, by and between the Company and The California Public Employees' Retirement System (incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed on January 6, 1995).

10.32** Credit Agreement, dated as of November 15, 1996, among Comcast SCH Holdings, Inc., the banks listed therein, Nationsbank of Texas, N.A., as Documentation Agent, The Chase Manhattan Bank, as Syndication Agent, The Bank of New York, The Chase Manhattan Bank and Nationsbank of Texas, N.A., as Managing Agents, and The Bank of New York, as Administrative Agent.

10.33 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, 8-1/2% Notes due 2027 and 6.20% Notes due 2008 (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.).

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* Constitutes a management contract or compensatory plan or arrangement.

** Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

10.34	Purchase and Sale Agreement dated as of January 19, 1999 among SBC Communications Inc., Comcast Cellular Holdings Corporation, Comcast Financial Corporation and Comcast Corporation.
21	List of Subsidiaries.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of KPMG LLP.
27.1	Financial Data Schedule.
99.1	Report of Independent Public Accountants to QVC, Inc., as of December 31, 1998 and 1997 and for the years ended December 31, 1998, 1997 and 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Philadelphia, Pennsylvania on February 26, 1999.

Comcast Corporation

By: /s/ Brian L. Roberts

Brian L. Roberts
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ralph J. Roberts Ralph J. Roberts	Chairman of the Board of Directors; Director	February 26, 1999
/s/ Julian A. Brodsky Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	February 26, 1999
/s/ Brian L. Roberts Brian L. Roberts	President; Director (Principal Executive Officer)	February 26, 1999
/s/ Lawrence S. Smith Lawrence S. Smith	Executive Vice President (Principal Accounting Officer)	February 26, 1999
/s/ John R. Alchin John R. Alchin	Senior Vice President, Treasurer (Principal Financial Officer)	February 26, 1999
/s/ Gustave G. Amsterdam Gustave G. Amsterdam	Director	February 26, 1999
/s/ Sheldon M. Bonovitz Sheldon M. Bonovitz	Director	February 26, 1999
/s/ Joseph L. Castle II Joseph L. Castle II	Director	February 26, 1999
/s/ Bernard C. Watson Bernard C. Watson	Director	February 26, 1999
/s/ Irving A. Wechsler Irving A. Wechsler	Director	February 26, 1999
/s/ Anne Wexler Anne Wexler	Director	February 26, 1999

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[✓] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED**

DECEMBER 31, 1999

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
(Exact name of registrant as specified in its charter)

PENNSYLVANIA (State or other jurisdiction of incorporation or organization)	23-1709202 (I.R.S. Employer Identification No.)
1500 Market Street, Philadelphia, PA (Address of principal executive offices)	19102-2148 (Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Class A Common Stock, $1.00 par value
Class A Special Common Stock, $1.00 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X **No ____**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

As of December 31, 1999, the aggregate market value of the Class A Common Stock and Class A Special Common Stock held by non-affiliates of the Registrant was $1.195 billion and $35.620 billion, respectively.

As of December 31, 1999, there were 716,442,482 shares of Class A Special Common Stock, 25,993,380 shares of Class A Common Stock and 9,444,375 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III - The Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held in June 2000.

COMCAST CORPORATION
1999 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

This Annual Report on Form 10-K is for the year ending December 31, 1999. This Annual Report modifies and supersedes documents filed prior to this Annual Report. The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report. In this Annual Report, "Comcast," "we," "us" and "our" refer to Comcast Corporation and its subsidiaries.

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

Factors Affecting Future Operations

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

In addition, the cable communications industry and the provision of programming content may be affected by, among other things:

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

PART I

ITEM 1 BUSINESS

We are principally involved in three lines of business:

- Cable–through the development, management and operation of broadband communications networks,
- Commerce–through QVC, our electronic retailing subsidiary, and
- Content–through our consolidated subsidiaries Comcast-Spectacor, Comcast SportsNet and E! Entertainment Television, and through our other programming investments, including The Golf Channel, Speedvision and Outdoor Life.

We are currently the third largest cable operator in the United States and are in the process of deploying digital video applications and high-speed Internet access service to expand the products available on our cable communications networks.

Our consolidated cable operations served 5.7 million subscribers and passed 9.5 million homes in the United States as of December 31, 1999. In January 2000, we acquired Lenfest Communications, Inc., a cable communications company serving 1.3 million subscribers. We have entered into a series of transactions whereby we will acquire, subject to receipt of necessary regulatory and other approvals, 1.2 million cable subscribers over the next twelve months. Upon completion of these pending transactions, we will serve 8.2 million subscribers.

Through QVC, we market a wide variety of products directly to consumers primarily on merchandise-focused television programs. As of December 31, 1999, QVC was available, on a full and part-time basis, to over 72 million homes in the United States, over 8 million homes in the United Kingdom and Ireland and over 17 million homes in Germany.

We are a Pennsylvania corporation that was organized in 1969. We have our principal executive offices at 1500 Market Street, Philadelphia, PA 19102-2148. Our telephone number is (215) 665-1700. We also have a world wide web site at http://www.comcast.com. The information posted on our web site is not incorporated into this Annual Report.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

You should see Note 10 to our consolidated financial statements in Item 8 of this Annual Report for information about our operations by industry segment.

GENERAL DEVELOPMENTS OF OUR BUSINESS

We entered into a number of significant transactions in 1999 which have or are expected to close in 2000. We have summarized these transactions below and have more fully described them in Note 3 to our consolidated financial statements in Item 8 of this Annual Report.

Pending Transactions as of December 31, 1999

Acquisition of Lenfest Communications, Inc.

In January 2000, we acquired Lenfest Communications, Inc., a cable communications company serving 1.3 million subscribers primarily in the Philadelphia area from AT&T Corp. and the Lenfest stockholders for 121.4 million shares of our Class A Special Common Stock with a value of $6.077 billion. In connection with the acquisition, we assumed $1.777 billion of debt.

Acquisition of CalPERS' Interest in Jointly Owned Cable Properties

In February 2000, we acquired the California Public Employees Retirement System's 45% interest in Comcast MHCP Holdings, L.L.C., a 55% owned consolidated subsidiary of ours which serves 642,000 cable subscribers in Michigan, New Jersey and Florida pursuant to an agreement entered into in December 1999. In February 2000, the acquisition closed and, as a result, we now own 100% of Comcast MHCP. The consideration was $750.0 million in cash.

Jones Intercable Agreement

In April 1999, we acquired a controlling interest in Jones Intercable, Inc., a cable communications company serving 1.1 million subscribers, through our purchase of 12.8 million shares of Jones Intercable Class A Common Stock and 2.9 million shares of Jones Intercable Common Stock for $706.3 million in cash. In connection with the acquisition, we assumed $1.499 billion of Jones Intercable debt. In June 1999, we acquired an additional 1.0 million shares of Jones Intercable Class A Common Stock for $50.0 million in cash through a private transaction. We have consolidated the operating results of Jones Intercable since April 1999.

In December 1999, we entered into a merger agreement with Jones Intercable to acquire all of the remaining shares of Jones Intercable not currently owned by us. Under the terms of the merger agreement, Jones Intercable shareholders will receive 1.4 shares of our Class A Special Common Stock for each share of Jones Intercable Class A Common Stock and Common Stock. As a result of the merger, we will own 100% of Jones Intercable. We expect that the merger, which is subject to shareholder approval, will close in the first quarter of 2000.

Time Warner Agreement

In November 1999, we entered into an agreement to exchange certain of our cable communications systems with Time Warner Cable, a division of Time Warner Entertainment Company, L.P. Under the terms of the agreement, we will receive cable communications systems serving 120,000 subscribers. In exchange, Time Warner will receive systems that we currently own serving 133,000 subscribers. At closing, Time Warner will pay us an equalizing payment of $31.2 million, reflecting the agreed upon difference in fair value of the Time Warner assets and our assets to be exchanged, subject to adjustment. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close in the second quarter of 2000.

Prime Communications Agreement

In December 1998, we agreed to invest in Prime Communications LLC, a cable communications company serving 430,000 subscribers. Pursuant to the terms of this agreement, in December 1998 we acquired from Prime a $50.0 million 12.75% subordinated note due 2008 issued by Prime. In July 1999, we made a loan to Prime in the form of a $733.5 million 6% ten year note, convertible into 90% of the equity of Prime. In November 1999, we made an additional $20.0 million loan to Prime (on the same terms as the original loan), and delivered a notice of our intention to convert the 6% note. The note will be converted upon receipt of customary closing conditions and regulatory approvals, which are expected to be obtained in the second quarter of 2000. The owners of Prime have agreed that at the time of conversion, they will sell their remaining 10% equity interest in Prime to us for $82.0 million, plus accrued interest from July 1999 at 7% per annum. As a result, we would then own 100% of Prime and assume management control of Prime's operations. Upon closing, we will assume $550 million of Prime's debt.

AT&T Agreement

In May 1999, we entered into an agreement with AT&T to exchange various cable communications systems. Under the terms of the agreement, we will receive cable communications systems serving 1.5 million subscribers. In exchange, AT&T will receive systems that we currently own or will acquire serving 750,000 subscribers. At closing, we will pay AT&T an equalizing payment of approximately $3.4 billion (subject to adjustment based on the actual number of net subscribers acquired and the per subscriber price of certain subscribers) for the 750,000 net subscribers to be acquired as a result of the exchanges. We will pay for the net subscribers acquired in connection with the exchanges with shares of AT&T common stock that we currently own or may acquire and other securities or assets which would permit the exchanges to be tax-free to the maximum extent possible. The agreed upon value of any AT&T common stock used in the exchange that was owned by us at the time of the agreement is $54.41 per share.

Under the terms of the agreement, we also agreed to offer AT&T-branded residential wireline telephony in our cable communications system markets, provided AT&T has concluded separate residential telephony agreements with at least two other non-AT&T affiliated multi-system cable operators. AT&T has agreed to grant us the most favorable terms AT&T has reached with any of those or other multi-system cable operators.

The majority of the system exchanges are contingent upon the completion of AT&T's acquisition of MediaOne Group, Inc., which is expected to close in 2000, subject to customary closing conditions and regulatory approvals.

Adelphia Agreement

In May 1999, we entered into an agreement to exchange certain cable communications systems with Adelphia Communications. Under the terms of the agreement, we will receive cable communications systems serving 464,000 subscribers from Adelphia. In exchange, Adelphia will receive cable communications systems currently owned by us serving 440,000 subscribers. All of the systems involved in the systems exchanges will be valued based upon independent appraisals with any difference in relative value to be funded with cash or additional cable communications systems. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close in the third quarter of 2000.

Completed Transactions During 1999

MediaOne Group, Inc. Agreement

In March 1999, we entered into an Agreement and Plan of Merger with MediaOne pursuant to which MediaOne was to be merged with us. Under the terms of that agreement, MediaOne could terminate the agreement under certain conditions, provided that it pay us a termination fee of $1.5 billion in cash. In April 1999, AT&T submitted an offer to purchase MediaOne. In May 1999, the MediaOne board of directors notified us that it had determined that the AT&T offer was superior to our offer. MediaOne then terminated the agreement and paid us the termination fee.

Sale of Comcast Cellular Corporation

In July 1999, we sold Comcast Cellular Corporation to SBC Communications, Inc. for $361.1 million in cash and the assumption of $1.315 billion of Comcast Cellular debt. We recognized a gain on the sale of $355.9 million, net of income tax expense.

DESCRIPTION OF OUR BUSINESSES

Cable Communications

Technology and Capital Improvements

Our cable communications networks receive signals by means of:

- special antennae,
- microwave relay systems,
- earth stations, and
- coaxial and fiber optic cables.

These networks distribute a variety of video, telecommunications and data services to residential and commercial subscribers.

As of December 31, 1999, 81% of our cable subscribers were served by a system with a capacity of at least 550-MHz and 60% of our cable subscribers were served by a system with a capacity of at least 750-MHz. We are deploying fiber optic cable and upgrading the technical quality of our cable communications networks. As a result, the reliability and capacity of our systems have increased, aiding in the delivery of additional video programming and other services such as enhanced digital video, high-speed Internet access service and, potentially, telephony.

We will incur significant capital expenditures in the future for the upgrading and rebuilding of the cable communications systems to be acquired by us as a result of our acquisition of Lenfest Communications, our pending acquisition of Prime Communications and the pending system exchanges with AT&T, Time Warner and Adelphia.

Franchises

Cable communications systems are constructed and operated under non-exclusive franchises granted by state or local governmental authorities and are subject to federal, state and local legislation and regulation. Franchises typically contain many conditions which may include:

- rate and service conditions,
- construction schedules,
- types of programming and provision of services to schools and other public institutions, and
- insurance and indemnity bond requirements.

Our franchises typically provide for periodic payment of fees to franchising authorities of up to 5% of "revenues" (as defined by each franchise agreement). We normally pass those fees on to subscribers. In many cases, we need the consent of the franchising authority to transfer our franchises. The franchises are granted for varying lengths of time.

Although franchises historically have been renewed, renewals may include less favorable terms and conditions. Under existing law, franchises should continue to be renewed for companies that have provided adequate service and have complied generally with franchise terms. The franchising authority may choose to award additional franchises to competing companies at any time. As of January 31, 2000, we have 1,465 franchises in the United States, including 381 franchises acquired from Lenfest Communications.

Revenue Sources

We receive the majority of our revenues from subscription services. Subscribers typically pay us on a monthly basis and generally may discontinue services at any time. Monthly subscription rates and related charges vary according to the type of service selected and the type of equipment used by subscribers. Packages of programming services offered to subscribers may consist of:

- national television networks,

- local and distant independent, specialty and educational television stations,
- satellite-delivered programming,
- locally originated programs,
- audio programming, and
- electronic retailing programs.

We also offer, for an additional monthly fee, premium services, such as:

- Home Box Office®,
- Cinemax®,
- Showtime®,
- The Movie Channel™, and
- Encore®.

These premium services generally offer, without commercial interruption, feature motion pictures, live and taped sporting events, concerts and other special features. The charge for premium services depends upon the type and level of service selected by the subscriber.

We also generate revenues from advertising sales, pay-per-view services, installation services, commissions from electronic retailing and other services. We generate revenues from the sale of advertising time to local, regional and national advertisers on non-broadcast channels. Pay-per-view services permit a subscriber to order, for a separate fee, individual feature motion pictures and special event programs, such as professional boxing, professional wrestling and concerts.

During 1999, we made our digital cable service available to over 80% of our subscribers. As of December 31, 1999, more than 515,000 subscribers were receiving our digital cable service for an additional monthly fee. Digital cable service allows us to use digital compression to substantially increase the capacity of our cable communications systems, as well as to improve picture quality.

We market Excite@Home's high-speed cable modem services as Comcast@Home in areas served by certain of our cable communications systems. Residential subscribers can connect their personal computers via cable modems to a high-speed national network developed and managed by Excite@Home. Subscribers can then access online information, including the Internet, at faster speeds than that of conventional modems. Through Excite@Home, we also provide businesses with Internet connectivity solutions and networked business applications. Together with Excite@Home, we provide national and local content, sell advertising to businesses and provide services to residential subscribers. As of December 31, 1999, the Comcast@Home service was available to over 3.2 million homes in 14 markets and served 142,000 subscribers.

Our sales efforts are primarily directed toward increasing the number of subscribers we serve and generating incremental revenues in our franchise areas. We sell our cable communications services through:

- telemarketing,
- direct mail advertising,
- door-to-door selling, and
- local media advertising.

Programming

We generally pay either a monthly fee per subscriber per channel or a percentage of certain revenues for programming. Our programming costs are increased by:

- increases in the number of subscribers,
- expansion of the number of channels provided to customers, and
- increases in contract rates from programming suppliers.

We attempt to secure long-term programming contracts with volume discounts and/or marketing support and incentives from programming suppliers. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. We anticipate that future contract renewals will result in programming costs that are higher than our costs today, particularly for sports programming.

Customer Service

We manage most of our cable communications systems in geographic clusters. Clustering improves our ability to sell advertising, enhances our ability to efficiently introduce and market new products, and allows us to more efficiently and effectively provide customer service and support. As part of our clustering strategy, we have recently consolidated our local customer service operations into large regional call centers. These regional call centers have technologically advanced telephone systems that provide 24-hour per day, 7-day per week call answering capability, telemarketing and other services. We have 10 call centers in operation as of December 31, 1999 which serve approximately 2.5 million subscribers. Subscribers in our remaining cable communications systems receive customer service primarily through our local, system-based representatives.

Our Cable Communications Systems

The table below summarizes certain subscriber information for our cable communications systems as of December 31 (homes and subscribers in thousands):

	1999(8)	1998	1997	1996(8)	1995
Basic Cable					
Homes Passed (1)	9,522	7,382	7,138	6,975	5,570
Subscribers (2)	5,720	4,511	4,366	4,280	3,407
Penetration (3)	60.1%	61.1%	61.2%	61.4%	61.2%
Digital Cable					
"Digital Ready" Subscribers (4)	4,637	1,570			
Subscribers	515	78			
Penetration (5)	11.1%	5.0%			
Comcast@Home					
"Modem Ready" Homes Passed (6)	3,259	1,804	866		
Subscribers	142	51	10		
"Modem Ready" Penetration (7)	4.4%	2.8%	1.2%		

(1) A home is "passed" if we can connect it to our distribution system without further extending the transmission lines.
(2) A dwelling with one or more television sets connected to a system counts as one basic cable subscriber.
(3) Basic cable penetration means the number of basic cable subscribers as a percentage of basic cable homes passed.
(4) A subscriber is "digital ready" if the subscriber is in a market where we have launched our digital cable service.
(5) Digital cable penetration means the number of digital cable subscribers as a percentage of "digital ready" subscribers.
(6) A home passed is "modem ready" if we can connect it to our internet service connection system without further extending the transmission lines.
(7) "Modem ready" penetration means the number of Comcast@Home customers as a percentage of "modem ready" homes passed.
(8) In November 1996, we acquired the cable operations of The E.W. Scripps Company. In April 1999, we acquired a controlling interest in Jones Intercable, Inc.

Competition

Our cable communications systems compete with a number of different sources which provide news, information and entertainment programming to consumers, including:

- local television broadcast stations that provide off-air programming which can be received using a roof-top antenna and television set,
- program distributors that transmit satellite signals containing video programming, data and other information to receiving dishes of varying sizes located on the subscriber's premises,
- satellite master antenna television systems, commonly known as SMATV, which generally serve condominiums, apartment and office complexes and residential developments,
- multichannel, multipoint distribution service operators, commonly known as MMDS or wireless cable operators, which use low-power microwave frequencies to transmit video programming and other information over-the-air to subscribers,
- other cable operators who build and operate cable systems in the same communities that we serve, commonly known as overbuilders,
- interactive online computer services,
- newspapers, magazines and book stores,
- movie theaters,
- live concerts and sporting events, and
- home video products.

In order to compete effectively, we strive to provide, at a reasonable price to subscribers:

- superior technical performance,
- superior customer service,
- a greater variety of video programming, and
- new products such as digital cable and cable modem Internet access and potential products such as telephony.

Federal law allows local telephone companies to provide, directly to subscribers, a wide variety of services that are competitive with our cable communications services. Some local telephone companies:

- provide video services within and outside their telephone service areas through a variety of methods, including cable networks, satellite program distribution and wireless transmission facilities, and/or
- have announced plans to construct and operate cable communications systems in various states.

A local telephone company, Ameritech, has obtained cable franchises in communities in Michigan that we also serve. It competes directly with us in these areas by providing video and other cable communications services to subscribers. New facilities-based competitors such as RCN Corporation and Knology Holdings, Inc. are now offering cable and related communications services in various areas where we hold franchises. We anticipate that facilities-based competitors will develop in other franchise areas we serve.

Local telephone companies and other businesses construct and operate communications facilities that provide access to the Internet and distribute interactive computer-based services, data and other non-video services to homes and businesses. These competitors are not required, in certain circumstances, to comply with some of the material obligations imposed upon our cable communications systems under our franchises. We are unable to predict the likelihood of success of competing video or cable service ventures by local telephone companies or other businesses. Nor can we predict the impact these competitive ventures might have on our business and operations.

We operate each of our cable communications systems pursuant to a non-exclusive franchise that is issued by the community's governing body such as a city council, a county board of supervisors or a state regulatory agency. Federal law prohibits franchising authorities from unreasonably denying requests for additional franchises, and it permits franchising authorities to operate cable systems. Companies that traditionally have not provided cable services and that have substantial financial resources (such as public utilities that own certain of the poles to which our cables are attached) may also obtain cable franchises and may provide competing communications services.

In the past few years, Congress has enacted legislation and the Federal Communications Commission, commonly known as the FCC, has adopted regulatory policies intended to provide a more favorable operating environment for existing and new technologies that provide, or have the potential to provide, substantial competition to our cable communications systems. These technologies include direct broadcast satellite service, commonly known as DBS, among others. According to recent government and industry reports, conventional, medium and high-power satellites currently provide video programming to over 13.1 million individual households, condominiums, apartment and office complexes in the United States. DBS providers with high-power satellites typically offer to their subscribers more than 300 channels of programming, including program services similar to those provided by cable communications systems.

DBS service can be received virtually anywhere in the continental United States through the installation of a small roof top or side-mounted antenna. DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their subscribers. Our digital cable service is competitive with the programming, channel capacity and the digital quality of signals delivered to subscribers by DBS systems. We are and will continue to deploy digital cable service in the communities that we serve.

Two major companies, DirecTV and Echostar, are currently offering nationwide high-power DBS services. Recently enacted federal legislation establishes, among other things, a permanent compulsory copyright license that permits satellite carriers to retransmit local broadcast television signals to subscribers who reside inside the local television station's market. These companies have already begun transmitting local broadcast signals in certain major televison markets and have announced their intention to expand this local television broadcast retransmission service to other domestic markets. With this legislation, satellite carriers become more competitive to cable communications system operators like us because they are now able to offer programming which more closely resembles what we offer. We are unable to predict the effects this legislation and these competitive developments might have on our business and operations.

Our cable communications systems also compete for subscribers with SMATV systems. SMATV system operators typically are not subject to regulation like local franchised cable communications system operators. SMATV systems offer subscribers both improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable communications systems. In addition, some SMATV operators are developing and/or offering packages of telephony, data and video services to private residential and commercial developments. SMATV system operators often enter into exclusive service agreements with building owners or homeowners' associations, although some states have enacted laws to provide cable communications systems access to these complexes. Courts have reviewed challenges to these laws and have reached varying results. Our ability to compete for subscribers in residential and commercial developments served by SMATV system operators is uncertain. However, we are developing competitive packages of services (video, data and telephony) to offer to these residential and commercial developments.

Cable communications systems also compete with MMDS or wireless cable systems, which are authorized to operate in areas served by our cable communications systems. The FCC recently amended its regulations to provide flexibility to wireless system operators to employ digital technology in delivering two-way communications services, including high-speed Internet access. Federal law significantly limits certain local restrictions on the use of roof-top, satellite and microwave antennae to receive satellite programming and over-the-air broadcasting services.

Many of our cable communications systems are currently offering, or plan to offer, interactive online computer services to subscribers. These systems will compete with a number of other companies, many of whom have substantial resources, such as:

- existing Internet service providers, commonly known as ISPs,
- local telephone companies, and
- long distance telephone companies.

Recently, a number of companies, including telephone companies and ISP's, have asked local, state and federal governments to mandate that cable communications systems operators provide capacity on their cable infrastructure so that these companies and others may deliver Internet services directly to customers over cable facilities. In response, several local jurisdictions attempted to impose these capacity obligations on several cable communications operators. Various cable communications companies, including us, have initiated litigation challenging these municipal requirements. In addition, two antitrust lawsuits have been filed in federal courts alleging that we and other cable communications companies have improperly refused to allow our cable facilities to be used by certain ISPs to serve their customers. Franchise renewals and transfers could become more difficult depending upon the outcome of this issue. In a 1999 report to Congress, the FCC declined to institute an administrative proceeding to examine this issue. It is expected that the FCC, Congress, and state and local regulatory authorities will continue to consider actions in this area.

The deployment of Digital Subscriber Line technology, known as DSL, allows Internet access to subscribers at data transmission speeds equal to or greater than that of modems over conventional telephone lines. Numerous companies, including telephone companies, have introduced DSL service and certain telephone companies are seeking to provide high-speed broadband services, including interactive online services, without regard to present service boundaries and other regulatory restrictions. We are unable to predict the likelihood of success of competing online services offered by our competitors or what impact these competitive ventures may have on our business and operations.

We expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment to occur in the future. We refer you to page 10 of this Annual Report for a detailed discussion of legislative and regulatory factors. Other new technologies and services may develop and may compete with services that our cable communications systems offer. Consequently, we are unable to predict the effect that ongoing or future developments might have on our business and operations.

Commerce

QVC is a domestic and international electronic media general merchandise retailer which produces and distributes merchandise-focused television programs, via satellite, to affiliated video program distributors for retransmission to subscribers. At QVC, program hosts describe and demonstrate the products and viewers place orders directly with QVC. We own 57% of QVC.

Revenue Sources

QVC sells a variety of consumer products and accessories including jewelry, housewares, electronics, apparel and accessories, collectibles, toys and cosmetics. QVC purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based on the volume of the transactions. QVC intends to continue introducing new products and product lines. QVC does not depend upon any one particular supplier for any significant portion of its inventory.

Viewers place orders to purchase QVC merchandise by calling a toll-free telephone number. QVC uses automatic call distributing equipment to distribute calls to its operators. The majority of all payments for purchases are made with a major credit card or QVC's private label credit card. QVC's private label credit card program is serviced by an unrelated third party. QVC ships merchandise promptly from its distribution centers, typically within 24 hours after receipt of an order. QVC's return policy permits customers to return, within 30 days, any merchandise purchased for a full refund of the purchase price and original shipping charges.

Distribution Channels

In the United States, QVC is transmitted live 24 hours a day, 7 days a week, to 60.6 million cable television homes. An additional 1.3 million cable television homes receive QVC on a less than full time basis and 11.9 million home satellite dish users receive QVC programming. The QVC program schedule consists of one-hour and multi-hour program segments. Each program theme is devoted to a particular category of product or lifestyle. From time to time, special program segments are devoted to merchandise associated with a particular celebrity, event, geographical region or seasonal interest.

QVC sells products over electronic media in Germany, the United Kingdom and Ireland. In the UK and Ireland, this service currently reaches over 8 million cable television and home satellite dish-served homes. In Germany, this service currently is available to over 17 million cable television and home satellite dish-served homes. However, we estimate that only 7 million homes in Germany have programmed their television sets to receive this service.

QVC also offers an interactive shopping service, iQVC, on the Internet. The iQVC service offers a diverse array of merchandise, on-line, 24 hours a day, 7 days a week. iQVC also maintains a mailing list which e-mails product news to subscribers.

QVC Transmission

A transponder on a communications satellite transmits the QVC domestic signal. QVC subleases transponders for the transmission of its signals to the UK and Germany and has made arrangements for redundant coverage through other satellites in case of a failure. QVC has never had an interruption in programming due to transponder failure. We cannot offer assurances that there will not be an interruption or termination of satellite transmission due to transponder failure. Interruption or termination could have a material adverse effect on QVC's future results of operations.

Program Distributors

We have entered into affiliation agreements with video program distributors in the US to carry QVC programming. Generally, there are no additional charges to subscribers for the distribution of QVC. In return for carrying QVC, each programming distributor receives an allocated portion, based upon market share, of up to five percent of the net sales of merchandise sold to customers located in the programming distributor's service area. The terms of most affiliation agreements are automatically renewable for one-year terms unless terminated by either party on at least 90 days notice prior to the end of the term. Most of the affiliation agreements provide for the programming distributor to broadcast commercials regarding QVC on other channels and to distribute QVC's advertising material to subscribers. As of December 31, 1999, 10.2% of the total homes reached by QVC were attributable to QVC's affiliation agreements with us and 22% with AT&T, the indirect owner of a 43% interest in QVC, and their respective subsidiaries.

QVC competes for cable channels against similar electronic retailing programming, as well as against alternative programming supplied by other sources, including news, public affairs, entertainment and sports programmers. QVC's business depends on its affiliation with programming distributors for the transmission of QVC programming. If a significant number of homes are no longer served because of termination or non-renewal of affiliation agreements, our financial results could be adversely affected. QVC has incentive programs to induce programming distributors to enter into or extend affiliation agreements or to increase the number of homes under existing affiliation agreements. These incentives include various forms of marketing, launch and equipment purchase support. QVC will continue to recruit additional programming distributors and seek to enlarge its audience.

Competition

QVC operates in a highly competitive environment. As a general merchandise retailer, QVC competes for consumer expenditures and interest with the entire retail industry, including department, discount, warehouse and specialty stores, mail order and other direct sellers, shopping center and mall tenants and conventional retail stores. On television, QVC competes with other satellite-transmitted programs for channel space and viewer loyalty. We believe that until digital compression is utilized on a large-scale basis, most programming distributors will not devote more than two channels to televised shopping and may allocate only one. Many systems have limited channel capacity and may be precluded from adding any new programs at the present time. The development and use of digital compression is expected to provide programming distributors with greater channel capacity. Greater channel capacity would increase the opportunity for QVC, in addition to other home shopping programs, to be distributed on additional channels.

Content

We have made investments in cable television networks and other programming related enterprises as a means of generating additional revenues and subscriber interest. Our programming investments as of December 31, 1999 include:

Investment	Description	Ownership Percentage
CN8-The Comcast Network	Regional and local programming	100.0%
Comcast SportsNet	Regional sports programming and events	46.4%
Comcast Sports Southeast	Regional sports programming and events	100.0%
E! Entertainment	Entertainment-related news and original programming	39.7%
Style	Fashion-related programming	39.7%
The Golf Channel	Golf-related programming	40.1%
In Demand	Pay-per-view programming	11.1%
Outdoor Life	Outdoor activities	16.8%
Speedvision	Automotive, marine and aviation	14.8%
The Sunshine Network	Regional sports and public affairs	15.6%

CN8-The Comcast Network

CN8-The Comcast Network, our regional programming service is delivered to more than 4.0 million cable subscribers in Pennsylvania, New Jersey, Delaware and Maryland. CN8 provides original programming, including local and regional news and public affairs, regional sports, health, cooking and family-oriented programming. We intend to introduce similar programming in other areas we serve.

Comcast SportsNet

Comcast SportsNet is a 24-hour regional sports programming network which provides sports related programming, including the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and the Philadelphia Phillies MLB baseball team to approximately 2.7 million subscribers in the Philadelphia region. Comcast SportsNet is delivered to affiliates terrestrially.

Comcast Sports Southeast

We created Comcast Sports Southeast ("CSS") in September 1999. We deliver CSS to approximately 1.3 million cable subscribers primarily in Alabama, Georgia, Mississippi, South Carolina and Tennessee. CSS is a satellite-delivered service that provides original sports programming and sports news geared toward the Southeast.

E! Entertainment

E! Entertainment is a 24-hour network with programming dedicated to the world of entertainment. Programming formats include behind-the-scenes specials, original movies and series, news, talk shows and comprehensive coverage of entertainment industry awards shows and film festivals worldwide. The network has approximately 60 million subscribers. We obtained a controlling interest in E! Entertainment in March 1997.

Style

Style, one of the family of E! Networks, is our 24-hour basic cable network dedicated to fashion, home design, beauty, health, fitness and more, with distribution to approximately 6 million subscribers. We launched Style in October 1998.

The Golf Channel

The Golf Channel is a 24-hour network devoted exclusively to golf programming with distribution to approximately 30 million subscribers. The programming schedule includes over 80 live tournaments, golf instruction programs and golf news. In February 2000, we exercised certain call rights and acquired an additional 14.6% interest for $99.0 million. As a result, we currently own 54.7% of The Golf Channel.

In Demand

In Demand is the brand-name of a cable operator-controlled buying cooperative for pay-per-view programming.

Outdoor Life

Outdoor Life is a 24-hour network devoted exclusively to adventure and the outdoor lifestyle. Its programming focuses on a wide range of outdoor activities including expeditions, skiing, cycling, surfing and camping.

Speedvision

Speedvision is a 24-hour network devoted to automotive, aviation and marine enthusiasts. Its programming includes original consumer news, motorsports coverage, lifestyle and instructional programs and historical documentaries.

The Sunshine Network

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

Investments

We have invested in emerging and growing companies in three primary business areas:

- Cable, infrastructure and communications,
- Interactive content, and
- E-commerce.

As of December 31, 1999, our investments are valued at $13.155 billion, with an historical cost of $3.957 billion.

LEGISLATION AND REGULATION

Cable

The Communications Act of 1934, as amended, establishes a national policy to regulate the development and operation of cable communications systems. The Communications Act allocates responsibility for enforcing federal policies among the FCC, and state and local governmental authorities. The courts, and especially the federal courts, play an important oversight role as these statutory and regulatory provisions are interpreted and enforced by the various federal, state and local governmental units.

We expect that court actions and regulatory proceedings will refine the rights and obligations of various parties, including the government, under the Communications Act. The results of these judicial and administrative proceedings may materially affect our business operations. In the following paragraphs, we summarize the principal federal laws and regulations materially affecting the growth and operation of the cable communications industry. We also provide a brief description of certain state and local laws applicable to our businesses.

The Communications Act and FCC Regulations

The Communications Act and the regulations and policies of the FCC affect significant aspects of our cable system operations, including:

- subscriber rates,
- the content of programming we offer our subscribers, as well as the way we sell our program packages to subscribers and other video program distributors,
- the use of our cable systems by local franchising authorities, the public and other unrelated third parties,
- our franchise agreements with governmental authorities,
- cable system ownership limitations and prohibitions, and
- our use of utility poles and conduit.

Subscriber Rates

The Communications Act and the FCC's regulations and policies limit the ability of cable systems to raise rates for basic services and equipment in communities that are not subject to effective competition, as defined by federal law. Where there is no effective competition, federal law gives franchising authorities the power to regulate the monthly rates charged by the operator for:

- the lowest level of programming service, typically called basic service, which generally includes local broadcast channels and public access or governmental channels required by the operator's franchise, and
- the installation, sale and lease of equipment used by subscribers to receive basic service, such as converter boxes and remote control units.

The FCC has adopted detailed rate regulations, guidelines and rate forms that we and the franchising authority must use in connection with the regulation of our basic service and equipment rates. If the franchising authority concludes that our rates are not in accordance with the FCC's rate regulations, it may require us to reduce our rates and to refund overcharges to subscribers, with interest. We may appeal adverse rate decisions to the FCC. Rate regulation of non-basic cable programming service tiers ended after March 31, 1999.

The Communications Act and the FCC's regulations also:

- prohibit regulation of rates charged by cable operators for programming offered on a per channel or per program basis, and for multi-channel groups of non-basic programming,
- require operators to charge uniform rates throughout each franchise area that is not subject to effective competition,
- prohibit regulation of non-predatory bulk discount rates offered by operators to subscribers in commercial and residential developments, and
- permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

Over the past few years, we have reached agreements with various regulatory bodies to resolve outstanding rate disputes. We believe that the resolution of these proceedings did not have and will not have a material adverse impact on our financial position, results of operations or liquidity.

Content Requirements

The Communications Act and the FCC's regulations contain broadcast signal carriage requirements that allow local commercial television broadcast stations:

- to elect once every three years to require a cable communications system to carry the station, subject to certain exceptions, or
- to negotiate with us on the terms by which we carry the station on our cable communications system, commonly called retransmission consent.

The Communications Act requires a cable operator to devote up to one-third of its activated channel capacity for the mandatory carriage of local commercial television stations. The Communications Act also gives local non-commercial television stations mandatory carriage rights; however, such stations are not given the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems must obtain retransmission consent for:

- all "distant" commercial television stations (except for commercial satellite-delivered independent "superstations" such as WGN),
- commercial radio stations, and
- certain low-power television stations.

The FCC has also initiated an administrative proceeding to consider the requirements, if any, for the mandatory carriage of digital television signals offered by local broadcasters. We are unable to predict the outcome of this proceeding or the impact any new carriage requirements might have on the operations of our cable systems.

The Communications Act requires our cable systems to permit subscribers to purchase video programming on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier. However, we are not required to comply with this requirement until 2002 for any of our cable systems that do not have addressable converter boxes or that have other substantial technological limitations. A limited number of our systems do not have the technological capability to offer programming in the manner required by the statute and thus currently are exempt from complying with this requirement.

To increase competition between cable operators and other video program distributors, the Communications Act:

- precludes any satellite video programmer affiliated with a cable company, or with a common carrier providing video programming directly to its subscribers, from favoring an affiliated company over competitors,
- requires such programmers to sell their satellite-delivered programming to other video program distributors, and
- limits the ability of such programmers to offer exclusive programming arrangements to their affiliates.

In two administrative decisions, the FCC's Cable Services Bureau concluded that the program access rules did not apply to terrestrially-delivered programming, such as Comcast SportsNet. The FCC is currently reviewing the Cable Services Bureau's decisions.

The Communications Act contains restrictions on the transmission by cable operators of obscene or indecent programming. It requires cable operators to block fully both the video and audio portion of sexually explicit or indecent programming on channels that are primarily dedicated to sexually oriented programming or alternatively to carry such programming only at "safe harbor" time periods. A three-judge federal district court determined that this provision was unconstitutional. The United States Supreme Court is currently reviewing the lower court's ruling.

The FCC actively regulates other aspects of our programming, involving such areas as:

- our use of syndicated and network programs and local sports broadcast programming,
- advertising in children's programming,
- political advertising,
- origination cablecasting,
- sponsorship identification, and
- closed captioning of video programming.

Use of Our Cable Systems by The Government and Unrelated Third Parties

The Communications Act allows franchising authorities and unrelated third parties to have access to our cable systems' channel capacity. For example, it:

- permits franchising authorities to require cable operators to set aside channels for public, educational and governmental access programming; and
- requires a cable system with 36 or more activated channels to designate a significant portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator.

The FCC regulates various aspects of third party commercial use of channel capacity on our cable systems, including the rates and certain terms and conditions of the commercial use.

Franchise Matters

Although franchising matters are normally regulated at the local level through a franchise agreement and/or a local ordinance, the Communications Act provides oversight and guidelines to govern our relationship with local franchising authorities. For example, the Communications Act:

- affirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions,
- generally prohibits us from operating in communities without a franchise,
- encourages competition with our existing cable systems by:
  - allowing municipalities to operate cable systems without franchises, and
  - preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area,
- permits local authorities, when granting or renewing our franchises, to establish requirements for certain cable-related facilities and equipment, but prohibits franchising authorities from establishing requirements for specific video programming or information services other than in broad categories,
- permits us to obtain modification of our franchise requirements from the franchise authority or by judicial action if warranted by changed circumstances,
- generally prohibits franchising authorities from:
  - imposing requirements during the initial cable franchising process or during franchise renewal that require, prohibit or restrict us from providing telecommunications services,
  - imposing franchise fees on revenues we derive from providing telecommunications services over our cable systems, or
  - restricting our use of any type of subscriber equipment or transmission technology, and
- limits our payment of franchise fees to the local franchising authority to 5% of our gross revenues derived from providing cable services over our cable system.

The Communications Act contains procedures designed to protect us against arbitrary denials of the renewal of our franchises, although a franchising authority under various conditions could deny us a franchise renewal. Moreover, even if our franchise is renewed, the franchising authority may seek to impose upon us new and more onerous requirements such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of our cable system or franchise, the franchising authority may attempt to impose more burdensome or onerous franchise requirements on us in connection with a request for such consent. Historically, cable operators providing satisfactory services to their subscribers and complying with the terms of their franchises have typically obtained franchise renewals. We believe that we have generally met the terms of our franchises and have provided quality levels of service.

We anticipate that our future franchise renewal prospects generally will be favorable.

Various courts have considered whether franchising authorities have the legal right to limit the number of franchises awarded within a community and to impose certain substantive franchise requirements (e.g. access channels, universal service and other technical requirements). These decisions have been inconsistent and, until the United States Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

Ownership Limitations

The Communications Act generally prohibits us from owning or operating a SMATV or wireless cable system in any area where we provide franchised cable service. We may, however, acquire and operate SMATV systems in our franchised service areas if the programming and other services provided to SMATV subscribers are offered according to the terms and conditions of our franchise agreement.

The Communications Act also authorizes the FCC to impose nationwide limits on the number of subscribers under the control of a cable operator. While a federal district court has declared this limitation to be unconstitutional and delayed its enforcement, the FCC has reconsidered its cable ownership regulations and:

- reaffirmed its 30% nationwide subscriber ownership limit, but maintained its voluntary stay on enforcement of that regulation pending further court action,
- reaffirmed its subscriber ownership information reporting requirements, and
- modified its attribution rules that identify when the ownership or management by us or third parties of other communications businesses, including cable systems, television broadcast stations and local telephone companies, may be imputed to us for purposes of determining our compliance with the FCC's ownership restrictions.

Also pending on appeal is a challenge to the statutory and FCC regulatory limitations on the number of channels that can be occupied on a cable system by a video programmer in which a cable operator has an attributable ownership interest. We are unable to predict the outcome of these judicial and regulatory proceedings or the impact any ownership restrictions might have on our business and operations.

The Communications Act eliminated the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same market. While the FCC has eliminated its regulations which precluded the cross-ownership of a national broadcasting network and a cable system, it has not yet completed its review of other regulations which prohibit the common ownership of other broadcasting interests and cable systems in the same geographical areas.

The 1996 amendments to the Communications Act made far-reaching changes in the relationship between local telephone companies and cable service providers. These amendments:

- eliminated federal legal barriers to competition in the local telephone and cable communications businesses, including allowing local telephone companies to offer video services in their local telephone service areas,
- preempted state and local laws and regulations which impose barriers to telecommunications competitions,
- set basic standards for relationships between telecommunications providers, and
- generally limited acquisitions and prohibited certain joint ventures between local telephone companies and cable operators in the same market.

Local telephone companies may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," subject to certain conditions, including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors on a non-discriminatory basis. A federal appellate court overturned various parts of the FCC's open video rules, including the FCC's preemption of local franchising requirements for open video operators. The FCC has modified its open video rules to comply with the federal court's decision, but we are unable to predict the impact these rule modifications may have on our business and operations.

Pole Attachment Regulation

The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities demonstrate to the FCC that they adequately regulate pole attachment rates, as is the case in certain states in which we operate. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. The FCC's current rate formula, which is being reevaluated by the FCC, governs the maximum rate certain utilities may charge for attachments to their poles and conduit by cable operators providing only cable services and, until 2001, by certain companies providing telecommunications services. The FCC also adopted a second rate formula that will be effective in 2001 and will govern the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators.

Any resulting increase in attachment rates due to the FCC's new rate formula will be phased in over a five-year period in equal annual increments, beginning in February 2001. Several parties have requested the FCC to reconsider its new regulations and several parties have challenged the new rules in court. A federal appellate court recently upheld the constitutionality of the new statutory provision which requires that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. We are unable to predict the outcome of the legal challenge to the FCC's new regulations or the ultimate impact any revised FCC rate formula or any new pole attachment rate regulations might have on our business and operations.

Other Regulatory Requirements of the Communications Act and the FCC

The Communications Act also includes provisions, among others, regulating:

- customer service,
- subscriber privacy,
- marketing practices,
- equal employment opportunity, and
- technical standards and equipment compatibility.

The FCC actively regulates other parts of our cable operations and has adopted regulations implementing its authority under the Communications Act.

The FCC may enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities often used in connection with cable operations. The FCC has ongoing rulemaking proceedings that may change its existing rules or lead to new regulations. We are unable to predict the impact that any further FCC rule changes may have on our business and operations.

Other bills and administrative proposals pertaining to cable communications have previously been introduced in Congress or have been considered by other governmental bodies over the past several years. It is probable that further attempts will be made by Congress and other governmental bodies relating to the regulation of cable communications services.

Copyright

Our cable communications systems provide our subscribers with local and distant television and radio broadcast signals which are protected by the copyright laws. We generally do not obtain a license to use this programming directly from the owners of the programming; instead we comply with an alternative federal copyright licensing process. In exchange for filing certain reports and contributing a percentage of our revenues to a federal copyright royalty pool, we obtain blanket permission to retransmit copyrighted material.

In a report to Congress, the U.S. Copyright Office recommended that Congress make major revisions to both the cable television and satellite compulsory licenses. Congress recently modified the satellite compulsory license in a manner that permits DBS providers to become more competitive with cable operators like us. The possible simplification, modification or elimination of the cable communications compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect our ability to obtain suitable programming and could substantially increase the cost of programming that remains available for distribution to our subscribers. We are unable to predict the outcome of this legislative activity.

Our cable communications systems often utilize music in the programs we provide to subscribers including local advertising, local origination programming and pay-per-view events. The right to use this music is controlled by music performance rights societies who negotiate on behalf of their copyright owners for license fees covering each performance. The cable industry and one of these societies have agreed upon a standard licensing agreement covering the performance of music contained in programs originated by cable operators and in pay-per-view events. Negotiations on a similar licensing agreement are in process with another music performance rights organization. Rate courts established by a federal court exist to determine appropriate copyright coverage and payments in the event the parties fail to reach a negotiated settlement. We are unable to predict the outcome of these proceedings or the amount of any license fees we may be required to pay for the use of music. We do not believe that the amount of such fees will be significant to our financial position, results of operations or liquidity.

State and Local Regulation

Our cable systems use local streets and rights-of-way. Consequently, we must comply with state and local regulation which is typically imposed through the franchising process. The terms and conditions of our franchises vary materially from jurisdiction to jurisdiction. Each franchise generally contains provisions governing:

- cable service rates,
- franchise fees,
- franchise term,
- system construction and maintenance obligations,
- system channel capacity,
- design and technical performance,
- customer service standards,
- franchise renewal,
- sale or transfer of the franchise,
- service territory of the franchisee,
- indemnification of the franchising authority,
- use and occupancy of public streets, and
- types of cable services provided.

A number of states subject cable systems to the jurisdiction of state governmental agencies. Those states in which we operate that have enacted such state level regulation are Connecticut, New Jersey and Delaware. State and local franchising jurisdiction is not unlimited, however; it must be exercised consistently with federal law. The Communications Act immunizes franchising authorities from monetary damage awards arising from the regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The summary of certain federal and state regulatory requirements in the preceding pages does not describe all present and proposed federal, state and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable systems operate. We are unable to predict the outcome of these proceedings or their impact upon our cable operations at this time.

Commerce and Content

The FCC does not directly regulate the content or transmission of programming services like those offered by QVC and E! Entertainment. The FCC does, however, exercise regulatory authority over the satellites and uplink facilities which transmit programming services such as those provided by QVC and E! Entertainment. The FCC has granted, subject to periodic reviews, permanent licenses to QVC for its uplink facilities (and for backup equipment of certain of these facilities) at sufficient power levels for transmission of the QVC service. The FCC has licensing authority over satellites from which QVC and E! Entertainment obtain transponder capacity, but does not regulate their rates, terms or conditions of service. The FCC could, however, alter the regulatory obligations applicable to satellite service providers. The QVC programming services offered in the UK, Ireland and Germany are regulated by the media authorities in those countries.

EMPLOYEES

As of December 31, 1999, we had approximately 25,700 employees. Of these employees, approximately 12,000 were associated with cable communications, approximately 9,700 were associated with electronic retailing and approximately 4,000 were associated with other divisions. We believe that our relationships with our employees are good.

ITEM 2 PROPERTIES

Cable

A central receiving apparatus, distribution cables, converters, customer service call centers and local business offices are the principal physical assets of a cable communications system. We own or lease the receiving and distribution equipment of each system and own or lease parcels of real property for the receiving sites, customer service call centers and local business offices. In order to keep pace with technological advances, we are maintaining, periodically upgrading and rebuilding the physical components of our cable communications systems.

Commerce

Television studios, customer service call centers, business offices, product warehouses and distribution centers are the principal physical assets of our commerce operations. These assets include QVC's studios and offices, Studio Park, located in West Chester, Pennsylvania. QVC owns the majority of these assets. In order to keep pace with technological advances, QVC is maintaining, periodically upgrading and rebuilding the physical components of our commerce operations. QVC's warehousing and distribution facilities will continue to be upgraded over the next several years.

We believe that substantially all of our physical assets are in good operating condition.

ITEM 3 LEGAL PROCEEDINGS

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

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 4A EXECUTIVE OFFICERS OF THE REGISTRANT

The current term of office of each of our officers expires at the first meeting of our Board of Directors following the next Annual Meeting of Shareholders, presently scheduled to be held in June 2000, or as soon thereafter as each of their successors is elected and qualified. The following table sets forth certain information concerning our principal executive officers, including their ages, positions and tenure as of December 31, 1999:

Name	Age	Officer Since	Position with Comcast
Ralph J. Roberts	79	1969	Chairman of the Board of Directors; Director
Julian A. Brodsky	66	1969	Vice Chairman of the Board of Directors; Director
Brian L. Roberts	40	1986	President; Director
Lawrence S. Smith	52	1988	Executive Vice President
John R. Alchin	51	1990	Executive Vice President; Treasurer
Stanley L. Wang	59	1981	Executive Vice President; General Counsel; Secretary

Ralph J. Roberts has served as a Director and as our Chairman of the Board of Directors for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts has been the President and a Director of Sural Corporation ("Sural"), a privately-held investment company and our controlling shareholder, for more than five years. Mr. Roberts also presently serves as a Director of Jones Intercable, Inc. and Comcast LCI Holdings, Inc. Mr. Roberts is the father of Brian L. Roberts.

Julian A. Brodsky has served as a Director and as our Vice Chairman of the Board of Directors for more than five years. Mr. Brodsky devotes a major portion of his time to our business and affairs. Mr. Brodsky presently serves as the Treasurer and as a Director of Sural. Mr. Brodsky is also a Director of Internet Capital Group, Inc., RBB Fund, Inc., NDS Group plc, Jones Intercable, Inc. and Comcast LCI Holdings, Inc.

Brian L. Roberts has served as our President and as a Director for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts presently serves as Vice President and as a Director of Sural. As of December 31, 1999, our shares owned by Sural constituted approximately 85% of the voting power of the two classes of our voting common stock combined. Mr. Roberts has sole voting power over stock representing a majority of voting power of all Sural stock and, therefore, has voting control over Comcast. Mr. Roberts also presently serves as a Director of The Bank of New York, Excite@Home, Jones Intercable, Inc., and Comcast LCI Holdings, Inc. Mr. Roberts is a son of Ralph J. Roberts.

Lawrence S. Smith was named an Executive Vice President in December 1995. Prior to that time, Mr. Smith served as a Senior Vice President for more than five years. Mr. Smith presently serves as a Director of Jones Intercable, Inc. and Comcast LCI Holdings, Inc.

John R. Alchin was named an Executive Vice President in February 2000. Prior to that time, Mr. Alchin served as our Treasurer and as a Senior Vice President for more than five years. Mr. Alchin is our Principal Financial Officer. Mr. Alchin presently serves as a Director of Jones Intercable, Inc. and Comcast LCI Holdings, Inc.

Stanley L. Wang was named an Executive Vice President in February 2000. Prior to that time, Mr. Wang served as a Senior Vice President and as our Secretary and General Counsel for more than five years. Mr. Wang presently serves as a Director of Jones Intercable, Inc. and Comcast LCI Holdings, Inc.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Class A Special Common Stock is included on Nasdaq under the symbol CMCSK and our Class A Common Stock is included on Nasdaq under the symbol CMCSA. There is no established public trading market for our Class B Common Stock. Our Class B Common Stock can be converted, on a share for share basis, into Class A Special or Class A Common Stock. The following table sets forth, for the indicated periods, the closing price range of our Class A Special and Class A Common Stock as furnished by Nasdaq (as adjusted for our two-for-one stock split in the form of a 100% stock dividend in May 1999).

	Class A Special		Class A	
	High	Low	High	Low
1999				
First Quarter	$38 9/16	$29 5/8	$37 11/32	$28 15/16
Second Quarter	42	29 7/16	39 11/16	28 3/8
Third Quarter	41 9/16	32 5/8	38 9/16	29 7/16
Fourth Quarter	56 1/2	35 11/16	53 1/8	32 1/16
1998				
First Quarter	$18 19/32	$14 15/16	$18 7/16	$15 1/16
Second Quarter	20 27/32	16 29/32	20 1/4	16 7/16
Third Quarter	24 3/8	18 11/16	24 1/32	18 3/4
Fourth Quarter	29 1/2	20 9/32	28 15/16	20 1/8

We began paying quarterly cash dividends on our Class A Common Stock in 1977. From 1978, we paid equal dividends on shares of both our Class A Common Stock and our Class B Common Stock. From December 1986, when the Class A Special Common Stock was issued, through March 1999 we paid equal dividends on shares of our Class A Special, Class A and Class B Common Stock. We declared dividends of $.0467 for the year ended December 31, 1998 on shares of our Class A Special, Class A and Class B Common Stock (as adjusted for our two-for-one stock split in the form of a 100% stock dividend in May 1999). Our Board of Directors eliminated the quarterly cash dividend on all classes of our common stock in March 1999. We do not intend to pay dividends on our Class A Special, Class A or Class B Common Stock for the foreseeable future.

If you hold shares of our Class A Special Common Stock, you cannot vote in the election of directors or otherwise, except where class voting is required by law. In that case, if you hold Class A Special Common Stock, you have one vote per share. Generally, if you hold Class A Common Stock, you have one vote per share. If you hold Class B Common Stock, you have 15 votes per share. Generally, including the election of directors, holders of Class A Common Stock and Class B Common Stock vote as one class except where class voting is required by law. If you hold Class A Common Stock or Class B Common Stock, you have cumulative voting rights.

As of December 31, 1999, there were 3,662 record holders of our Class A Special Common Stock, 1,792 record holders of our Class A Common Stock and one record holder of our Class B Common Stock.

ITEM 6 SELECTED FINANCIAL DATA

	Year Ended December 31,				
	1999(1)	1998(1)	1997(1)	1996	1995
	(Dollars in millions, except per share data)				
Statement of Operations Data:					
Revenues	$6,209.2	$5,145.3	$4,467.7	$3,612.3	$2,988.1
Operating income	664.0	557.1	466.6	465.9	397.7
Income (loss) from continuing operations before extraordinary items	780.9	1,007.7	(182.9)	(6.4)	48.0
Discontinued operations (2)	335.8	(31.4)	(25.6)	(46.1)	(85.8)
Extraordinary items	(51.0)	(4.2)	(30.2)	(1.0)	(6.1)
Net income (loss)	1,065.7	972.1	(238.7)	(53.5)	(43.9)
Basic earnings (loss) for common stockholders per common share (3)					
Income (loss) from continuing operations before extraordinary items	$1.00	$1.34	($.29)	($.01)	$.10
Discontinued operations (2)	.45	(.04)	(.04)	(.10)	(.18)
Extraordinary items	(.07)	(.01)	(.04)		(.02)
Net income (loss)	$1.38	$1.29	($.37)	($.11)	($.10)
Diluted earnings (loss) for common stockholders per common share (3)					
Income (loss) from continuing operations before extraordinary items	$.95	$1.25	($.29)	($.01)	$.10
Discontinued operations (2)	.41	(.03)	(.04)	(.10)	(.18)
Extraordinary items	(.06)	(.01)	(.04)		(.02)
Net income (loss)	$1.30	$1.21	($.37)	($.11)	($.10)
Cash dividends declared per common share (3)		$.0467	$.0467	$.0467	$.0467
Balance Sheet Data (at year end):					
Total assets	$28,685.6	$14,710.5	$11,234.3	$10,660.4	$8,159.9
Working capital	4,231.5	2,531.7	44.9	15.5	604.6
Long-term debt (4)	8,707.2	5,464.2	5,334.1	5,998.3	6,014.8
Stockholders' equity (deficiency)	10,341.3	3,815.3	1,646.5	551.6	(827.7)
Supplementary Financial Data:					
Operating income before depreciation and amortization (5)	$1,880.0	$1,496.7	$1,293.1	$1,047.0	$881.0
Net cash provided by (used in) (6)					
Operating activities	1,249.4	1,067.7	844.6	644.5	466.7
Financing activities	1,341.4	809.2	283.9	(88.0)	1,785.7
Investing activities	(2,539.3)	(1,415.3)	(1,045.8)	(749.5)	(2,060.3)

(1) You should see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report for a discussion of events which affect the comparability of the information reflected in this financial data.

(2) In July 1999, we sold Comcast Cellular Corporation to SBC Communications, Inc. Comcast Cellular is presented as a discontinued operation for all periods presented (see Note 3 to our consolidated financial statements in Item 8 of this Annual Report).

(3) We have adjusted these for our two-for-one stock split in the form of a 100% stock dividend in May 1999.

(4) Includes a $666.0 million adjustment to carrying value at December 31, 1999 (see Note 5 to our consolidated financial statements in Item 8 of this Annual Report).

(5) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by our management to measure the operating performance of our businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

(6) This represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in the our consolidated statement of cash flows which is included in Item 8 of this Annual Report.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

In July 1999, we completed the sale of our wholly owned subsidiary, Comcast Cellular Corporation ("Comcast Cellular"), to SBC Communications, Inc. for $361.1 million in cash and the assumption of $1.315 billion of Comcast Cellular debt. We recognized a gain on the sale of $355.9 million, net of income tax expense. The results of Comcast Cellular have been presented as a discontinued operation in our consolidated financial statements. See Note 3 to our consolidated financial statements included in Item 8.

General Developments of Business

See "General Developments of Business" in Part I and Note 3 to our consolidated financial statements in Item 8.

Liquidity and Capital Resources

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

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

Cash, Cash Equivalents and Short-term Investments

We have traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet our short-term liquidity requirements. Our cash equivalents and short-term investments are recorded at fair value. Cash, cash equivalents and short-term investments as of December 31, 1999 were $8.528 billion, substantially all of which is unrestricted. See Note 4 to our consolidated financial statements included in Item 8.

Capital Expenditures

During 2000, we expect to incur $1.5 billion of capital expenditures, including $1.2 billion primarily for the upgrading and rebuilding of certain of our cable communications systems and the deployment of digital converters and cable modems, and $190 million primarily for the upgrading of the warehousing and distribution facilities of our majority-owned electronic retailing subsidiary, QVC, Inc. ("QVC"). The amount of such capital expenditures for years subsequent to 2000 will depend on numerous factors, many of which are beyond our control. These factors include:

- whether competition in a particular market necessitates a cable system upgrade,
- whether a particular cable system has sufficient capacity to handle new product offerings including the offering of cable modem, cable telephony and telecommunications services, and
- whether we acquire additional cable systems in need of upgrading or rebuilding.

National manufacturers are the primary sources of supplies, equipment and materials utilized in the construction, rebuild and upgrade of our cable communications systems. Costs have increased during recent years and are expected to continue to increase as a result of the need to construct increasingly complex systems, overall demand for labor and other factors. Future increases in such costs may be significant to our financial position, results of operations and liquidity. We anticipate capital expenditures for years subsequent to 2000 will continue to be significant. As of December 31, 1999, we do not have any significant contractual obligations for capital expenditures.

Financing

See Notes 5 and 6 to our consolidated financial statements included in Item 8.

As of December 31, 1999 and 1998, our long-term debt, including current portion, was $9.225 billion and $5.578 billion, respectively. Excluding the effects of interest rate risk management instruments, 25.4% and 27.0% of our long-term debt as of December 31, 1999 and 1998, respectively, was at variable rates. The $3.647 billion increase in our long-term debt results principally from the $1.499 billion of debt that we assumed in connection with our acquisition of a controlling interest in Jones Intercable, Inc. ("Jones Intercable") in April 1999, the $1.807 billion of proceeds that we received from the issuance of our 2% Exchangeable Subordinated Debentures due 2029 (the "ZONES") in the fourth quarter of 1999, and the $666.0 million non-cash, non-interest bearing adjustment to the carrying value of the ZONES during the fourth quarter of 1999.

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

Interest Rate Risk Management

We are exposed to market risk including changes in interest rates. To manage the volatility relating to these exposures, we enter into various derivative transactions pursuant to our policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses. We do not hold or issue any derivative financial instruments for trading purposes and are not a party to leveraged instruments. The credit risks associated with our derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

Interest Rate Risk

The use of interest rate risk management instruments, such as interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars"), is required under the terms of certain of our outstanding debt agreements. Our policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable us to otherwise pay lower market rates. Collars limit our exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

During the year ended December 31, 1999, we entered into Swaps with an aggregate notional amount of $300.0 million and, as part of our acquisition of a controlling interest in Jones Intercable, we acquired Swaps with an aggregate notional amount of $400.0 million. Swaps with an aggregate notional amount of $350.0 million either were terminated or expired during the year ended December 31, 1999. During the year ended December 31, 1999, we entered into Caps with an aggregate notional amount of $140.0 million. Caps with an aggregate notional amount of $240.0 million expired during the year ended December 31, 1999.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 1999 (dollars in millions):

	Expected Maturity Date							Fair Value at
	2000	2001	2002	2003	2004	Thereafter	Total	12/31/99
Debt								
Fixed Rate (1)	$204.9	$108.1	$205.5	$7.4	$307.9	$5,384.9	$6,218.7	$6,891.0
Average Interest Rate	9.5%	10.2%	9.6%	9.2%	8.2%	6.1%	6.5%	
Variable Rate	$312.6	$263.8	$556.1	$815.6	$240.1	$151.8	$2,340.0	$2,340.0
Average Interest Rate	7.2%	7.5%	7.5%	7.6%	7.5%	7.7%	7.5%	
Interest Rate Instruments								
Variable to Fixed Swaps (2)	$554.1	$127.5	$243.6	$186.6			$1,111.8	$16.9
Average Pay Rate	5.6%	4.9%	5.1%	5.4%			5.4%	
Average Receive Rate	6.7%	7.1%	7.0%	7.0%			6.8%	
Fixed to Variable Swaps					$300.0		$300.0	($3.9)
Average Pay Rate					8.6%		8.6%	
Average Receive Rate					8.1%		8.1%	
Caps	$140.0						$140.0	
Average Cap Rate	6.8%						6.8%	
Collar	$50.0						$50.0	$0.1
Average Cap Rate	6.3%						6.3%	
Average Floor Rate	4.0%						4.0%	

(1) Excludes $666.0 million adjustment to carrying value of indexed debt due 2029 which bears no interest.
(2) Includes $361.8 million of Swaps which become effective in the year 2000 maturing through 2003.

The notional amounts of interest rate instruments, as presented in the table above are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. Interest rates on variable debt are estimated by us using the average implied forward London Interbank Offer Rate ("LIBOR") rates for the year of maturity based on the yield curve in effect at December 31, 1999, plus the borrowing margin in effect for each credit facility at December 31, 1999. Average receive rates on the Variable to Fixed Swaps are estimated by us using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at December 31, 1999. While Swaps, Caps and Collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1999, 1998 and 1997 was not significant.

Equity Price Risk

In October and November 1999, we issued approximately 24.1 million of ZONES for aggregate proceeds of $1.807 billion. At maturity, holders of the ZONES are entitled to receive in cash an amount equal to the higher of (a) the principal amount of the ZONES, or (b) the market value of Sprint PCS stock. The ZONES are being accounted for as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS stock. As of December 31, 1999, the number of Sprint PCS shares held by us exceeded the number of ZONES outstanding.

During the year ended December 31, 1999, we entered into cashless collar agreements (the "Equity Collars") covering $1.365 billion notional amount of investment securities accounted for at fair value. The Equity Collars limit our exposure to and benefits from price fluctuations in the underlying equity securities. The Equity Collars mature between 2001 and 2003. As we account for the Equity Collars as a hedge, changes in the value of the Equity Collars are substantially offset by changes in the value of the underlying investment securities which are also marked-to-market through accumulated other comprehensive income in our consolidated balance sheet.

Year 2000 Readiness Disclosure

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Computer programs that have date-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000 (the "Year 2000 Issue"). If this situation occurs, the potential exists for computer system failure or miscalculations by computer programs, which could cause disruption of operations. We evaluated and addressed the impact of the Year 2000 Issue on our operations to ensure that our information technology and business systems recognize calendar Year 2000. We utilized both internal and external resources in implementing our Year 2000 program.

Based on an inventory conducted in 1997, we identified computer systems that required modification or replacement so that they would properly utilize dates beyond December 31, 1999. Many of our critical systems were new and were already Year 2000 compliant as a result of the recent rebuild of many of our cable communications systems. In addition, we have communicated with our significant software suppliers and service bureaus to determine their plans for remediating the Year 2000 Issue in their software which we use or rely upon.

As of December 31, 1999, we have completed our Year 2000 remediation program. We believe that all key systems are Year 2000 compliant and as of February 29, 2000 we have incurred no significant disruption in operations. Further, contingency plans have been created for our key systems and operations. Additionally, in the majority of our operations, business continuity preparations have been implemented to create post-Year 2000 response teams to further mitigate Year 2000 risk. There can be no guarantee that the systems of other companies on which we rely are Year 2000 compliant, or that a failure to be Year 2000 compliant by another company would not have a material adverse effect on us.

Through December 31, 1999, we have incurred approximately $18.5 million in connection with our Year 2000 remediation program.

Our management will continue to periodically report the results of our Year 2000 remediation program to the Audit Committee of our Board of Directors.

Statement of Cash Flows

Cash and cash equivalents increased $51.5 million as of December 31, 1999 from December 31, 1998. The increase in cash and cash equivalents resulted from cash flows from operating, financing and investing activities as explained below.

Net cash provided by operating activities from continuing operations amounted to $1.249 billion for the year ended December 31, 1999 due principally to the effects of our acquisition of a controlling interest in Jones Intercable in April 1999, increases in our operating income from continuing operations before depreciation and amortization (see "Results of Operations") and changes in working capital as a result of the timing of receipts and disbursements.

Net cash provided by financing activities from continuing operations, which includes borrowings and repayments of debt, as well as the issuances and repurchases of our equity securities, was $1.341 billion for the year ended December 31, 1999. During 1999, we borrowed $2.787 billion, consisting primarily of $1.807 billion of ZONES, $718.3 million of 3.35% Exchangeable Subordinated Debentures due 2029 (the "PHONES") and $256.9 million under revolving lines of credit held by our subsidiaries. During 1999, we repaid $1.368 billion of our long-term debt, consisting primarily of $718.3 million of PHONES, $200.0 million of notes payable to insurance companies and $192.2 million of aggregate repurchases of various of our senior subordinated debentures. In addition, during 1999, we made net purchases of $13.6 million of our common stock and we paid cash dividends of $9.4 million on our common stock and Series A Preferred Stock. Deferred financing costs of $51.0 million were incurred during 1999 principally in connection with the issuances of the ZONES and the PHONES.

Net cash used in investing activities from continuing operations was $2.539 billion for the year ended December 31, 1999. Net cash used in investing activities includes acquisitions of cable communications systems, net of cash acquired, of $755.2 million, consisting primarily of our acquisition of a controlling interest in Jones Intercable. Investing activities also includes the $1.460 billion termination fee proceeds, net of transaction costs that we received in May 1999 from MediaOne Group, Inc. During 1999 we made investments in US Government obligations, commercial paper, repurchase agreements and certificates of deposit of $1.036 billion. Investments made during 1999 of $2.012 billion primarily include a $753.5 million loan in the form of a 6% ten-year convertible note that we issued to Prime Communications LLC, a deposit of $750.0 million made in connection with the acquisition of the remaining minority interest in one of our cable communications systems and the purchase of long-term corporate bonds of $201.9 million. During 1999, we made additions to deferred charges of $263.5 million and capital expenditures of $893.8 million. During 1999, we received $599.8 million of proceeds from the sales of and distributions from investments and $361.1 million of proceeds from the sale of Comcast Cellular.

Results of Operations

The effects of our recent acquisitions, as well as increased levels of capital expenditures, were to increase our revenues and expenses, resulting in increases in our operating income before depreciation and amortization. The increases in depreciation expense, amortization expense and interest expense from 1998 to 1999 are primarily due to the effects of our acquisition of a controlling interest in Jones Intercable in April 1999, offset in part by the effects of the sale of Comcast UK Cable Partners Limited ("Comcast UK Cable"), a former consolidated subsidiary of ours, in October 1998. In addition, our equity in net losses of affiliates has decreased principally as a result of the restructuring of Sprint PCS in November 1998. See "Operating Results by Business Segment" and "Consolidated Analysis."

Our summarized consolidated financial information for the three years ended December 31, 1999 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Year Ended December 31,		Increase/(Decrease)	
	1999	1998	$	%
Revenues	$6,209.2	$5,145.3	$1,063.9	20.7%
Cost of goods sold from electronic retailing	1,740.1	1,462.0	278.1	19.0
Operating, selling, general and administrative expenses	2,589.1	2,186.6	402.5	18.4
Operating income before depreciation and amortization (1)	1,880.0	1,496.7	383.3	25.6
Depreciation	572.0	463.9	108.1	23.3
Amortization	644.0	475.7	168.3	35.4
Operating income	664.0	557.1	106.9	19.2
Interest expense	538.3	466.7	71.6	15.3
Investment (income) expense	(629.5)	187.8	(817.3)	NM
Expense related to indexed debt	666.0		666.0	NM
Equity in net (income) losses of affiliates	(1.4)	515.9	517.3	NM
Gain from equity offering of affiliate		(157.8)	(157.8)	NM
Other income	(1,409.4)	(2,012.9)	(603.5)	(30.0)
Income tax expense	723.7	594.0	129.7	21.8
Minority interest income	(4.6)	(44.3)	(39.7)	(89.6)
Income from continuing operations before extraordinary items	$780.9	$1,007.7	($226.8)	(22.5%)

	Year Ended December 31,		Increase/(Decrease)	
	1998	1997	$	%
Revenues	$5,145.3	$4,467.7	$677.6	15.2%
Cost of goods sold from electronic retailing	1,462.0	1,270.2	191.8	15.1
Operating, selling, general and administrative expenses	2,186.6	1,904.4	282.2	14.8
Operating income before depreciation and amortization (1)	1,496.7	1,293.1	203.6	15.7
Depreciation	463.9	404.1	59.8	14.8
Amortization	475.7	422.4	53.3	12.6
Operating income	557.1	466.6	90.5	19.4
Interest expense	466.7	458.9	7.8	1.7
Investment expense (income)	187.8	(149.4)	(337.2)	NM
Equity in net losses of affiliates	515.9	343.8	172.1	50.1
Gain from equity offering of affiliate	(157.8)	(7.7)	150.1	NM
Other (income) expense	(2,012.9)	9.7	2,022.6	NM
Income tax expense	594.0	70.4	523.6	NM
Minority interest income	(44.3)	(76.2)	(31.9)	(41.9)
Income (loss) from continuing operations before extraordinary items	$1,007.7	($182.9)	$1,190.6	NM

(1) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations,

including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by our management to measure the operating performance of our businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of our performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

The following represent the operating results of our significant business segments, including: "Cable" and "Commerce." The remaining components of our operations are not independently significant to our consolidated financial position or results of operations (see Note 10 to our consolidated financial statements included in Item 8).

Cable

The following table presents financial information for the years ended December 31, 1999, 1998 and 1997 for our cable segment (dollars in millions):

	Year Ended December 31,		Increase	
	1999	1998	$	%
Service income	$2,929.3	$2,277.4	$651.9	28.6%
Operating, selling, general and administrative expenses	1,576.3	1,180.8	395.5	33.5
Operating income before depreciation and amortization (a)	$1,353.0	$1,096.6	$256.4	23.4%

	Year Ended December 31,		Increase	
	1998	1997	$	%
Service income	$2,277.4	$2,073.0	$204.4	9.9%
Operating, selling, general and administrative expenses	1,180.8	1,085.3	95.5	8.8
Operating income before depreciation and amortization (a)	$1,096.6	$987.7	$108.9	11.0%

(a) See footnote (1) on page 25.

Of the respective $651.9 million and $204.4 million increases in service income for the years ended December 31, 1999 and 1998, $448.4 million and $30.2 million are attributable to the effects of the acquisitions of cable communications systems, $27.1 million and $31.8 million are attributable to subscriber growth, $83.6 million and $109.0 million relate to changes in rates, $21.9 million and $20.5 million are attributable to growth in cable advertising sales and $70.9 million and $12.9 million relate to other product offerings, including the increase in digital cable and cable modem services.

Of the respective $395.5 million and $95.5 million increases in operating, selling, general and administrative expenses for the years ended December 31, 1999 and 1998, $286.2 million and $15.8 million are attributable to the effects of the acquisitions of cable communications systems, $45.5 million and $48.9 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, $3.4 million and $5.3 million are attributable to growth in cable advertising sales, $5.0 million and $1.5 million are attributable to increases in costs associated with customer service and $55.4 million and $24.0 million result from increases in the costs of labor, other volume related expenses and costs associated with new product offerings. We anticipate that the 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 the operating results for our electronic retailing segment (dollars in millions):

	Year Ended December 31,		Increase	
	1999	1998	$	%
Net sales from electronic retailing	$2,847.4	$2,402.7	$444.7	18.5%
Cost of goods sold from electronic retailing	1,740.1	1,462.0	278.1	19.0
Operating, selling, general and administrative expenses	568.5	506.5	62.0	12.2
Operating income before depreciation and amortization (a)	$538.8	$434.2	$104.6	24.1%
Gross margin	38.9%	39.2%		

	Year Ended December 31,		Increase	
	1998	1997	$	%
Net sales from electronic retailing	$2,402.7	$2,082.5	$320.2	15.4%
Cost of goods sold from electronic retailing	1,462.0	1,270.2	191.8	15.1
Operating, selling, general and administrative expenses	506.5	474.6	31.9	6.7
Operating income before depreciation and amortization (a)	$434.2	$337.7	$96.5	28.6%
Gross margin	39.2%	39.0%		

(a) See footnote (1) on page 25.

The respective increases in net sales from electronic retailing of $444.7 million and $320.2 million for the years ended December 31, 1999 and 1998 are primarily attributable to the effects of 4.1%, 11.4% and 35.2% increases in the average number of homes receiving QVC services in the United States ("US"), United Kingdom ("UK") and Germany, respectively, and 8.5%, 8.4% and 79.6% increases in the sales per home in the US, UK and Germany, respectively.

An allowance for returned merchandise is provided as a percentage of sales based on historical experience. The return provision was approximately 21% of gross sales for each of the years ended December 31, 1999, 1998 and 1997.

The increases in cost of goods sold from electronic retailing are primarily related to the growth in net sales. The change in gross margin between 1998 and 1997 is primarily due to slight changes in product mix. The slight decline in gross margin in 1999 from 1998 is primarily related to higher warehousing costs due to a shortage of warehouse space in the US and inventory adjustments in Germany.

Of the respective increases in operating, selling, general and administrative expenses of $62.0 million and $31.9 million for the years ended December 31, 1999 and 1998, $39.8 million and $21.7 million are attributable to higher variable costs associated with the increase in sales volume. The remaining increases are attributable to higher personnel costs to support the increased sales volume in the US, UK and Germany.

Consolidated Analysis

Interest Expense

The $71.6 million increase in interest expense from 1998 to 1999 is primarily due to the effects of our acquisition of a controlling interest in Jones Intercable in April 1999, the issuance of 6.20% nonrecourse notes issued by our wholly owned subsidiary Comcast Cable Communications, Inc. ("Comcast Cable") in November 1998 and the issuance of the ZONES in October and November 1999, offset, in part, by the effects of the sale of Comcast UK Cable in October 1998.

We anticipate that, for the foreseeable future, interest expense will be a significant cost to us and will have a significant adverse effect on our ability to realize net earnings.

Investment (Income) Expense

During the year ended December 31, 1999, we sold all 5.8 million shares of the NTL Incorporated ("NTL") common stock that we owned for total proceeds of $498.3 million and recognized a pre-tax gain of $284.2 million.

In March 1999, AT&T Corp. ("AT&T") merged with Tele-Communications, Inc. ("TCI") with AT&T as the surviving corporation (the "AT&T/TCI Merger"). Upon closing of the AT&T/TCI Merger, we received 3.6 million shares (as adjusted for AT&T's 3-for-2 stock split in April 1999) of AT&T common stock in exchange for the 3.1 million shares of TCI Class A Common Stock held by us and we received 3.6 million shares of Liberty Media Group Class A Tracking Shares for the 2.3 million shares of TCI Ventures Group, Inc. ("TCI Ventures") common stock and the 2.4 million shares of Liberty Media Group Class A Common Stock held by us. As a result of the exchange, we recognized a pre-tax gain of $187.6 million during the year ended December 31, 1999, representing the difference between the fair value of the AT&T stock received and our basis in TCI and TCI Ventures.

During the years ended December 31, 1999 and 1998, we recorded pre-tax losses of $35.5 million and $152.8 million, respectively, on certain of our investments based on a decline in value that was considered other than temporary.

Expense Related to Indexed Debt

The ZONES are being accounted for as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS Stock. Therefore, the carrying value of the ZONES was increased by $666.0 million during 1999 to reflect the fair value of the underlying Sprint PCS Stock.

Gain From Equity Offering of Affiliate

In April 1998 and November 1997, Teleport Communications Group, Inc. ("Teleport") issued shares of its Class A Common Stock. As a result of the stock issuances, we recognized a $157.8 million increase in our proportionate share of Teleport's net assets as a gain from equity offering of affiliate for the year ended December 31, 1998. We recorded our proportionate share of Teleport's net losses one quarter in arrears.

Other Income

In May 1999, we received the $1.460 billion MediaOne termination fee, net of transaction costs.

In October 1998, we recognized a pre-tax gain of $148.3 million on the exchange of our interest in Comcast UK Cable for NTL common stock.

In November 1998, we recognized a pre-tax gain of $758.5 million on the restructuring of Sprint PCS, representing the difference between the aggregate fair value of the Sprint PCS common stock, convertible preferred stock and warrant received by us and our historical partnership interest in Sprint PCS.

In July 1998, AT&T completed its merger with Teleport. Upon closing of the merger, we received 36.3 million shares (as adjusted for AT&T's 3-for-2 stock split in April 1999) of AT&T common stock in exchange for the 25.6 million shares of Teleport Class B Common Stock held by us. As a result of the exchange, we recognized a pre-tax gain of $1.092 billion during 1998, representing the difference between the fair value of the AT&T stock received by us and our basis in Teleport.

Income Tax Expense

The $129.7 million increase in income tax expense from 1998 to 1999 is primarily the result of the effects of changes in our income before taxes and minority interest and increases in state income taxes of certain of our subsidiaries.

Minority Interest Income

The $39.7 million decrease in minority interest income from 1998 to 1999 is attributable to the effects of our acquisition of a controlling interest in Jones Intercable in April 1999, the sale of Comcast UK Cable in October 1998 and to changes in the net income or loss of our other less than 100% owned consolidated subsidiaries.

Extraordinary Items

Extraordinary items for the years ended December 31, 1999, 1998 and 1997 consist of unamortized debt issue costs and debt extinguishment costs, net of related tax benefits, expensed in connection with the redemption and refinancing of certain indebtedness.

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

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and its subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity and of cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of QVC, Inc. ("QVC") (a consolidated subsidiary) as of December 31, 1998 and for each of the two years in the period then ended, which statements reflect total assets constituting 14% of the Company's consolidated total assets as of December 31, 1998 and total revenues constituting 47% of the Company's consolidated revenues for each of the years ended December 31, 1998 and 1997. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Company's consolidated financial statements for QVC, is based solely upon the report of such other auditors.

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

In our opinion, based on our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 24, 2000

COMCAST CORPORATION AND SUBSIDIARIES

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

	December 31, 1999	December 31, 1998
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$922.2	$870.7
Investments	7,606.0	3,653.4
Accounts receivable, less allowance for doubtful accounts of $136.6 and $120.7	673.3	549.3
Inventories, net	457.0	343.8
Other current assets	100.1	100 2
Total current assets	9,758.6	5,517.4
INVESTMENTS	5,548.8	602 4
PROPERTY AND EQUIPMENT	5,099.0	3,886.7
Accumulated depreciation	(1,700.9)	(1,362.3)
Property and equipment, net	3,398.1	2,524.4
DEFERRED CHARGES		
Franchise and license acquisition costs	5,155.7	4,763.6
Excess of cost over net assets acquired and other	7,566.4	3,450.9
	12,722.1	8,214.5
Accumulated amortization	(2,742.0)	(2,148 2)
Deferred charges, net	9,980.1	6,066.3
	$28,685.6	$14,710 5
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2,786.5	$1,600.3
Accrued interest	104.5	73.5
Net liabilities of discontinued operations		165.2
Deferred income taxes	2,118.6	1,033.2
Current portion of long-term debt	517.5	113.5
Total current liabilities	5,527.1	2,985.7
LONG-TERM DEBT, less current portion (including adjustment to carrying value of $666.0 million and zero)	8,707.2	5,464.2
DEFERRED INCOME TAXES	3,150.5	1,500.1
MINORITY INTEREST AND OTHER	959.5	834.0
COMMITMENTS AND CONTINGENCIES		
COMMON EQUITY PUT OPTIONS		111.2
STOCKHOLDERS' EQUITY		
Preferred stock - authorized, 20,000,000 shares; 5% series A convertible, no par value; issued, zero and 6,370 at redemption value		31.9
5.25% series B mandatorily redeemable convertible, $1,000 par value; issued, 569,640 and 540,690 at redemption value	569.6	540.7
Class A special common stock, $1 par value - authorized, 2,500,000,000 shares; issued, 716,442,482 and 698,395,170	716.4	698.4
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 25,993,380 and 31,690,063	26.0	31.7
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 9,444,375	9.4	9.4
Additional capital	3,527.0	2,941.7
Accumulated deficit	(619.8)	(1,488.2)
Accumulated other comprehensive income	6,112.7	1,049.7
Total stockholders' equity	10,341.3	3,815.3
	$28,685.6	$14,710.5

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(Amounts in millions, except per share data)

	Year Ended December 31, 1999	1998	1997
REVENUES			
Service income	$3,361.8	$2,742.6	$2,385.2
Net sales from electronic retailing	2,847.4	2,402.7	2,082.5
	6,209.2	5,145.3	4,467.7
COSTS AND EXPENSES			
Operating	1,663.1	1,410.3	1,204.1
Cost of goods sold from electronic retailing	1,740.1	1,462.0	1,270.2
Selling, general and administrative	926.0	776.3	700.3
Depreciation	572.0	463.9	404.1
Amortization	644.0	475.7	422.4
	5,545.2	4,588.2	4,001.1
OPERATING INCOME	664.0	557.1	466.6
OTHER (INCOME) EXPENSE			
Interest expense	538.3	466.7	458.9
Investment (income) expense	(629.5)	187.8	(149.4)
Expense related to indexed debt	666.0		
Equity in net (income) losses of affiliates	(1.4)	515.9	343.8
Gain from equity offering of affiliate		(157.8)	(7.7)
Other (income) expense	(1,409.4)	(2,012.9)	9.7
	(836.0)	(1,000.3)	655.3
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS	1,500.0	1,557.4	(188.7)
INCOME TAX EXPENSE	723.7	594.0	70.4
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	776.3	963.4	(259.1)
MINORITY INTEREST INCOME	4.6	44.3	76.2
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEMS	780.9	1,007.7	(182.9)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS, net of income tax expense (benefit) of $166.1 million, ($19.1) million and ($14.8) million	335.8	(31.4)	(25.6)
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	1,116.7	976.3	(208.5)
EXTRAORDINARY ITEMS	(51.0)	(4.2)	(30.2)
NET INCOME (LOSS)	1,065.7	972.1	(238.7)
PREFERRED DIVIDENDS	(29.7)	(29.1)	(14.8)
NET INCOME (LOSS) FOR COMMON STOCKHOLDERS	$1,036.0	$943.0	($253.5)
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income (loss) from continuing operations before extraordinary items	$1.00	$1.34	($.29)
Discontinued operations	.45	(.04)	(.04)
Extraordinary items	(.07)	(.01)	(.04)
Net income (loss)	$1.38	$1.29	($.37)
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	749.1	733.0	678.0
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income (loss) from continuing operations before extraordinary items	$.95	$1.25	($.29)
Discontinued operations	.41	(.03)	(.04)
Extraordinary items	(.06)	(.01)	(.04)
Net income (loss)	$1.30	$1.21	($.37)
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	819.9	806.0	678.0

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31,		
	1999	1998	1997
OPERATING ACTIVITIES			
Net income (loss)	$1,065.7	$972.1	($238.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities from continuing operations:			
Depreciation	572.0	463.9	404 1
Amortization	644.0	475.7	422.4
Non-cash interest (income) expense, net	(27.8)	29.2	32.3
Non-cash expense related to indexed debt	666.0		
Equity in net (income) losses of affiliates	(1.4)	515.9	343.8
Gain from equity offering of affiliate		(157.8)	(7.7)
Gains on investments, net and termination fee	(1,917.0)	(1,758.5)	(81.0)
Minority interest income	(4.6)	(44.3)	(76.2)
Discontinued operations	(335.8)	31.4	25.6
Extraordinary items	51.0	4.2	30.2
Deferred income taxes and other	(31.9)	418.2	(40.6)
	680.2	950.0	814.2
Changes in working capital	569.2	117.7	30.4
Net cash provided by operating activities from continuing operations	1,249.4	1,067.7	844.6
FINANCING ACTIVITIES			
Proceeds from borrowings	2,786.6	1,938.0	1,951.1
Retirement and repayment of debt	(1,368.2)	(1,113.4)	(2,586.6)
Issuance of preferred stock			500.0
(Repurchases) issuances of common stock, net	(13.6)	28.9	470.2
Dividends	(9.4)	(36.0)	(34.0)
Deferred financing costs	(51.0)	(16.3)	(16.9)
Other	(3.0)	8.0	0.1
Net cash provided by financing activities from continuing operations	1,341.4	809.2	283.9
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(755.2)	(309.7)	(170.1)
Proceeds from termination fee, net	1,460.0		
(Purchases of) proceeds from short-term investments, net	(1,035.5)	145.9	45 6
Capital contributions to and purchases of investments	(2,012.2)	(202.1)	(268.7)
Proceeds from sales of and distributions from investments	599.8	23.6	171.1
Proceeds from investees' repayments of loans		74.7	30.6
Capital expenditures	(893.8)	(898.9)	(795.5)
Sale of subsidiary, net of cash sold	361.1	(140.4)	
Additions to deferred charges	(263.5)	(108.4)	(58.8)
Net cash used in investing activities from continuing operations	(2,539.3)	(1,415 3)	(1,045.8)
INCREASE IN CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS	51.5	461.6	82.7
CASH AND CASH EQUIVALENTS, beginning of year	870.7	409.1	326.4
CASH AND CASH EQUIVALENTS, end of year	$922.2	$870.7	$409.1

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

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

	Preferred Stock		Common Stock					Accumulated Other Comprehensive Income (Loss)		
	Series A	Series B	Class A Special	Class A	Class B	Additional Capital	Accumulated Deficit	Unrealized Gains on Marketable Securities	Cumulative Translation Adjustments	Total
BALANCE, JANUARY 1, 1997	$31 9		$609.4	$34.0	$8.8	$2,000.5	($2,127 1)	$0.1	($6.0)	$551.6
Comprehensive income (loss):										
Net loss							(238.7)			
Unrealized gains on marketable securities, net of deferred taxes of $75.8								140.6		
Cumulative translation adjustments									(5.6)	
Total comprehensive loss										(103.7)
Issuance of common stock			49.8			450.5				500.3
Issuance of preferred stock		500.0								500.0
Exercise of options			2.0			13.8				15.8
Conversion of convertible subordinated debt to common stock			16.8			201.7				218.5
Retirement of common stock			(3.4)	(2.2)		(19.5)	(17.7)			(42.8)
Cash dividends, common, $.0467 per share							(32.4)			(32 4)
Cash dividends, Series A preferred						(1.6)				(1.6)
Series B preferred dividends		13.2				(13.2)				
Temporary equity related to put options						38.2				38 2
Proceeds from sales and extensions of put options						2.6				2.6
BALANCE, DECEMBER 31, 1997	31.9	513.2	674.6	31.8	8.8	2,673.0	(2,415.9)	140.7	(11.6)	1,646.5
Comprehensive income:										
Net income							972.1			
Unrealized gains on marketable securities, net of deferred taxes of $489.4								908.8		
Cumulative translation adjustments									11.8	
Total comprehensive income										1,892 7
Conversion of convertible subordinated debt to common stock			20.8			336.8				357.6
Exercise of options			3.4		0.6	31.8				35.8
Retirement of common stock			(0.4)	(0.1)		(2.4)	(10.0)			(12.9)
Cash dividends, common, $.0467 per share							(34.4)			(34.4)
Cash dividends, Series A preferred						(1.6)				(1.6)
Series B preferred dividends		27.5				(27.5)				
Temporary equity related to put options						(79.8)				(79.8)
Proceeds from sales of put options						11.4				11.4
BALANCE, DECEMBER 31, 1998	31.9	540.7	698.4	31.7	9.4	2,941.7	(1,488.2)	1,049.5	0.2	3,815 3
Comprehensive income:										
Net income							1,065.7			
Unrealized gains on marketable securities, net of deferred taxes of $2,730.2								5,070.3		
Cumulative translation adjustments									(7.3)	
Total comprehensive income										6,128.7
Acquisition			8.5			283.2				291.7
Exercise of options			2.2			23.7				25.9
Conversion of Series A preferred	(31.9)		2.7			29.2				
Retirement of common stock				(0.8)		(4.6)	(25.3)			(30.7)
Cash dividends, Series A preferred						(0.8)				(0.8)
Series B preferred dividends		28.9				(28.9)				
Share exchange			4.6	(4.9)		172 3	(172.0)			
Temporary equity related to put options						111.2				111 2
BALANCE, DECEMBER 31, 1999	$	$569.6	$716.4	$26.0	$9.4	$3,527.0	($619.8)	$6,119.8	($7.1)	$10,341 3

See notes to consolidated financial statements.

1. BUSINESS

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

The Company's cable communications business is principally involved in the development, management and operation of broadband cable networks in the United States ("US"). The Company's consolidated cable operations served approximately 5.7 million subscribers and passed approximately 9.5 million homes as of December 31, 1999.

Commerce is provided through the Company's consolidated subsidiary, QVC, Inc. ("QVC"). Through QVC, an electronic retailer, the Company markets a wide variety of products directly to consumers primarily on merchandise-focused television programs. QVC was available, on a full and part-time basis, to over 72 million homes in the US, over 8 million homes in the United Kingdom ("UK") and Ireland and over 17 million homes in Germany as of December 31, 1999.

Content is provided through the Company's consolidated subsidiaries including Comcast-Spectacor, Comcast SportsNet and E! Entertainment Television, Inc. ("E! Entertainment"), and through other programming investments including The Golf Channel, Speedvision and Outdoor Life. Comcast SportsNet is a 24-hour regional sports programming network which provides sports related programming, including the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and the Philadelphia Phillies MLB baseball team to approximately 2.7 million subscribers in the Philadelphia region. E! Entertainment is a 24-hour network with programming dedicated to the world of entertainment with distribution to approximately 60 million subscribers as of December 31, 1999.

Stock Split
On March 3, 1999, the Company's board of directors authorized an increase in the number of authorized shares of the Company's Class A Special Common Stock from 500 million shares to 2.5 billion shares. On that date, the Company's board of directors also authorized a two-for-one stock split in the form of a 100% stock dividend (the "Stock Split") payable on May 5, 1999 to shareholders of record on April 20, 1999. The dividend was paid in Class A Special Common Stock to the holders of Class A Common, Class A Special Common and Class B Common Stock. The average number of shares outstanding and related prices, per share amounts, share conversions and stock option data have been retroactively restated to reflect the Stock Split. The Company's board of directors also eliminated the quarterly cash dividend of $.0117 per share on all classes of its common stock. The last quarterly cash dividend was paid in March 1999.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER ITEMS

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and all wholly owned or controlled subsidiaries. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

Management's Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values
The estimated fair value amounts presented in these notes to consolidated financial statements have been determined by the Company using available market information and appropriate methodologies. However,

considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Such fair value estimates are based on pertinent information available to management as of December 31, 1999 and 1998, and have not been comprehensively revalued for purposes of these consolidated financial statements since such dates.

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

Inventories – Electronic Retailing
Inventories, consisting primarily of products held for sale, are stated at the lower of cost or market. Cost is determined by the average cost method, which approximates the first-in, first-out method.

Investments
Investments consist principally of equity securities and US Government obligations, commercial paper, repurchase agreements and certificates of deposit with maturities of greater than three months when purchased.

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

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

Restricted publicly traded investments and investments in privately held companies are stated at cost, adjusted for any known diminution in value (see Note 4).

Property and Equipment
Property and equipment are stated at cost. Depreciation is provided by the straight-line method over estimated useful lives as follows:

Buildings and improvements	8-40 years
Operating facilities	5-20 years
Other equipment	2-10 years

Improvements that extend asset lives are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts and the gain or loss on disposition is recognized as a component of depreciation expense.

Capitalized Costs
Interest is capitalized as part of the historical cost of acquiring qualifying assets, including investments in equity method investees while the investee has activities in progress necessary to commence its planned principal operations. Capitalized interest for the year ended December 31, 1997 was $18.0 million. The costs associated with

the construction of cable transmission and distribution facilities and new cable service installations are capitalized. Costs include all direct labor and materials as well as certain indirect costs.

Deferred Charges
Franchise and license acquisition costs are amortized on a straight-line basis over their legal or estimated useful lives of 3 to 40 years. The excess of cost over the fair value of net assets acquired is being amortized on a straight-line basis over estimated useful lives of 20 to 40 years.

Valuation of Long-Lived Assets
The Company periodically evaluates the recoverability of its long-lived assets, including property and equipment and deferred charges, using objective methodologies whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such methodologies include evaluations based on the cash flows generated by the underlying assets, profitability information, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset.

Foreign Currency Translation
Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into US dollars at the December 31 exchange rate. The related translation adjustments are recorded as a component of other comprehensive income. Revenues and expenses are translated using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in other (income) expense.

Revenue Recognition
Service income is recognized as service is provided. Credit risk is managed by disconnecting services to cable customers who are delinquent. Net sales from electronic retailing are recognized at the time of shipment to customers. The Company's policy is to allow customers to return merchandise for credit up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience.

Stock-Based Compensation
The Company accounts for stock-based compensation in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Compensation expense for restricted stock awards is recorded annually based on the quoted market price of the Company's stock at the date of the grant and the vesting period. Compensation expense for stock appreciation rights is recorded annually based on the changes in quoted market prices of the Company's stock or other determinants of fair value at the end of the year (see Note 6).

Postretirement and Postemployment Benefits
The estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, are accrued and recorded as a charge to operations during the years the employees provide services.

Investment Income
Investment income includes interest income and gains, net of losses, on the sales of marketable securities and long-term investments. Gross realized gains and losses are recognized using the specific identification method (see Note 4). Investment income also includes impairment losses resulting from adjustments to the net realizable value of certain of the Company's long-term investments.

Income Taxes
The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment.

Derivative Financial Instruments
The Company uses derivative financial instruments, including interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars") to manage its exposure to fluctuations in interest rates, and common stock option contracts to manage its exposure to fluctuations in the price of its Class A Special Common Stock ("Comcast Put Options"). The Company also enters into call options on certain of its investments in equity securities ("Covered Call Options").

Swaps, Caps and Collars are matched with either fixed or variable rate debt and periodic cash payments are accrued on a settlement basis as an adjustment to interest expense. Any premiums associated with these instruments are amortized over their term and realized gains or losses as a result of the termination of the instruments are deferred and amortized over the remaining term of the underlying debt. Unrealized gains and losses as a result of these instruments are recognized when the underlying hedged item is extinguished or otherwise terminated.

Proceeds from sales of Comcast Put Options are recorded in stockholders' equity and an amount equal to the redemption price of the common stock is reclassified from permanent equity to temporary equity. Subsequent changes in the market value of Comcast Put Options are not recorded. Covered Call Options are marked to market on a current basis with the result included in investment (income) expense in the Company's consolidated statement of operations.

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

The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments (see Note 5). The credit risks associated with the Company's derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

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

New Accounting Pronouncement
In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivatives and hedging activities. Upon the adoption of SFAS No. 133, all derivatives are required to be recognized in the statement of financial position as either assets or liabilities and measured at fair value. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral

of the Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133" deferring the effective date for implementation of SFAS No. 133 to fiscal years beginning after June 15, 2000. The Company is currently evaluating the impact the adoption of SFAS No. 133 will have on its financial position and results of operations.

Earnings (Loss) for Common Stockholders Per Common Share
Earnings (loss) for common stockholders per common share is computed by dividing net income (loss), after deduction of preferred stock dividends, when applicable, by the weighted average number of common shares outstanding during the period on a basic and diluted basis. The following table reconciles the numerator and denominator of the computations of diluted earnings (loss) for common stockholders per common share ("Diluted EPS") for the years ended December 31, 1999, 1998 and 1997, respectively.

	(Amounts in millions, except per share data) Year Ended December 31,		
	1999	1998	1997
Net income (loss) for common stockholders	$1,036.0	$943.0	($253.5)
Dilutive securities effect on net income (loss) for common stockholders		1.0	
Preferred dividends	29.7	29.1	
Net income (loss) for common stockholders used for Diluted EPS	$1,065.7	$973.1	($253.5)
Weighted average number of common shares outstanding	749.1	733.0	678.0
Dilutive securities:			
1 1/8% discount convertible subordinated debentures, redeemed March 1998		5.0	
Series A and B convertible preferred stock	44.0	45.2	
Stock option and restricted stock plans	26.8	22.8	
Diluted weighted average number of common shares outstanding	819.9	806.0	678.0
Diluted earnings (loss) for common stockholders per common share	$1.30	$1.21	($.37)

Comcast Put Options on a weighted average 2.7 million shares and 2.9 million shares of its Class A Special Common Stock (see Note 6) were outstanding during the years ended December 31, 1999 and 1998 but were not included in the computation of Diluted EPS as the Comcast Put Options' exercise price was less than the average market price of the Company's Class A Special Common Stock during the periods.

For the year ended December 31, 1997, the Company's potential common shares of 106.4 million shares have an antidilutive effect on loss for common stockholders per common share and, therefore, have not been used in determining the total weighted average number of common shares outstanding.

Reclassifications
Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 1999.

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

Acquisition of Lenfest Communications, Inc.
In January 2000, the Company acquired Lenfest Communications, Inc. ("Lenfest"), a cable communications company serving approximately 1.3 million subscribers primarily in the Philadelphia area from AT&T Corp. ("AT&T") and the Lenfest stockholders for approximately 121.4 million shares of the Company's Class A Special Common Stock with a value of $6.077 billion. In connection with the acquisition, the Company assumed approximately $1.777 billion of debt.

Acquisition of CalPERS' Interest in Jointly Owned Cable Properties
In February 2000, the Company acquired the California Public Employees Retirement System's ("CalPERS") 45% interest in Comcast MHCP Holdings, L.L.C. ("Comcast MHCP"), a 55% owned consolidated subsidiary of the Company which serves approximately 642,000 cable subscribers in Michigan, New Jersey and Florida pursuant to an agreement entered into in December 1999. In February 2000, the acquisition closed and, as a result, the Company now owns 100% of Comcast MHCP. The consideration was $750.0 million in cash.

Jones Intercable Agreement
In May 1998, the Company agreed to purchase from BCI Telecom Holding ("BTH") 6.4 million Class A Common Shares in Jones Intercable, Inc. ("Jones Intercable"), and a 49% interest in the BTH subsidiaries which were to continue to own BTH's remaining 6.4 million shares of Jones Intercable Class A Common Stock. At the same time, the Company agreed to acquire approximately 2.9 million shares of Common Stock of Jones Intercable (the "Control Shares"), if and when acquired by BTH from affiliates of Jones Intercable's controlling shareholder under an existing option (the "Control Option") to acquire such shares (which absent extraordinary circumstances would not have been exercisable until December 2001). The Company was to purchase the remaining 51% of the BTH subsidiaries when the Control Shares were acquired. The Company, BTH, Jones Intercable and Jones Intercable's controlling shareholder agreed in August 1998 to accelerate the Control Option to permit its early exercise and the early closing of the transactions with BTH. The transaction closed in April 1999. The Company paid $706.3 million in cash to acquire the 12.8 million shares of Jones Intercable Class A Common Stock and the Control Shares. In connection with the acquisition, the Company assumed $1.499 billion of Jones Intercable debt (see Note 5). In June 1999, the Company purchased an additional 1.0 million shares of Jones Intercable Class A Common Stock for $50.0 million through a private transaction. As a result, the Company controls 39.6% of the economic and 48.3% of the voting interest in Jones Intercable. In addition, the Control Shares represent shares having the right to elect approximately 75% of the Board of Directors of Jones Intercable. The share acquisitions were funded with available cash and cash equivalents. Jones Intercable is a public company, which owns cable operations serving approximately 1.1 million subscribers. The acquisition was accounted for under the purchase method of accounting. As such, the operating results of Jones Intercable have been included in the Company's consolidated statement of operations from the acquisition date. The allocation of the purchase price to the assets and liabilities of Jones Intercable is preliminary pending completion of final appraisals.

In December 1999, the Company entered into a definitive merger agreement with Jones Intercable to acquire all of the remaining shares of Jones Intercable not currently owned by the Company. Under the terms of the merger agreement, Jones Intercable shareholders will receive 1.4 shares of the Company's Class A Special Common Stock for each share of Jones Intercable Class A Common Stock and Common Stock. As a result of the merger, the Company will own 100% of Jones Intercable. The Company expects that the merger, which is subject to shareholder approval, will close in the first quarter of 2000.

Time Warner Agreement
In November 1999, the Company entered into an agreement to exchange certain of the Company's cable communications systems with Time Warner Cable ("Time Warner"), a division of Time Warner Entertainment Company, L.P. Under the terms of the agreement, the Company will receive cable communications systems serving approximately 120,000 subscribers. In exchange, Time Warner will receive systems that the Company currently

owns serving approximately 133,000 subscribers. At closing, Time Warner will pay the Company an equalizing payment of $31.2 million, reflecting the agreed upon difference in fair value of the Time Warner assets and the Company's assets to be exchanged, subject to adjustment. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close in the second quarter of 2000.

Prime Communications Agreement
In December 1998, the Company agreed to invest in Prime Communications LLC ("Prime"), a cable communications company serving approximately 430,000 subscribers. Pursuant to the terms of this agreement, in December 1998 the Company acquired from Prime a $50.0 million 12.75% subordinated note due 2008 issued by Prime. In July 1999, the Company made a loan to Prime in the form of a $733.5 million 6% ten year note, convertible into 90% of the equity of Prime. In November 1999, the Company made an additional $20.0 million loan to Prime (on the same terms as the original loan), and delivered a notice of the Company's intention to convert the 6% note. The note will be converted upon receipt of customary closing conditions and required regulatory approvals, which are expected to be obtained in the second quarter of 2000. The owners of Prime have agreed that at the time of conversion, they will sell their remaining 10% equity interest in Prime to the Company, for approximately $82.0 million, plus accrued interest from July 1999 at 7% per annum. As a result, the Company would then own 100% of Prime and assume management control of Prime's operations. Upon closing, the Company will assume approximately $550 million of Prime's debt.

Sale of Comcast Cellular Corporation
In July 1999, the Company sold Comcast Cellular Corporation ("Comcast Cellular") to SBC Communications, Inc. for $361.1 million in cash and the assumption of $1.315 billion of Comcast Cellular debt, and recognized a gain on the sale of $355.9 million, net of income tax expense. The results of operations of Comcast Cellular have been presented as a discontinued operation in accordance with Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." During the year ended December 31, 1999, the Company recognized losses from discontinued operations of $20.1 million.

Acquisition of Greater Philadelphia Cablevision, Inc.
In June 1999, the Company acquired Greater Philadelphia Cablevision, Inc. ("Greater Philadelphia"), a cable communications company serving approximately 79,000 subscribers in Philadelphia, Pennsylvania, from Greater Media, Inc. for approximately 8.5 million shares of the Company's Class A Special Common Stock with a value of $291.7 million. The acquisition was accounted for under the purchase method of accounting. As such, the operating results of Greater Philadelphia have been included in the Company's consolidated statement of operations from the acquisition date. The allocation of the purchase price to the assets and liabilities of Greater Philadelphia is preliminary pending a final appraisal. As the consideration given in exchange for Greater Philadelphia was shares of the Company's Class A Special Common Stock, the Greater Philadelphia acquisition had no significant impact on the Company's consolidated statement of cash flows.

AT&T Agreement
In May 1999, the Company entered into an agreement with AT&T to exchange various cable communications systems. Under the terms of the agreement, the Company will receive cable communications systems serving approximately 1.5 million subscribers. In exchange, AT&T will receive systems that the Company currently owns or will acquire serving 750,000 subscribers. At closing, the Company will pay AT&T an equalizing payment of approximately $3.4 billion (subject to adjustment based on the actual number of net subscribers acquired and the per subscriber price of certain subscribers) for the 750,000 net subscribers to be acquired as a result of the exchanges. The Company will pay for the net subscribers acquired in connection with the exchanges with shares of AT&T common stock that the Company currently owns or may acquire and other securities or assets which would permit the exchanges to be tax-free to the maximum extent possible. The agreed upon value of any AT&T common stock used in the exchange that was owned by the Company at the time of the agreement is $54.41 per share.

Under the terms of the agreement, the Company also agreed to offer AT&T-branded residential wireline telephony in the Company's cable communications system markets, provided AT&T has concluded separate residential telephony agreements with at least two other non-AT&T affiliated multi-system cable operators. AT&T has agreed to grant the Company the most favorable terms AT&T has reached with any of those or other multi-system cable operators.

The majority of the exchanges are contingent upon the completion of AT&T's acquisition of MediaOne Group, Inc. ("MediaOne"), which is expected to close in 2000, subject to customary closing conditions and regulatory approvals.

Adelphia Agreement
In May 1999, the Company entered into an agreement to exchange certain cable communications systems with Adelphia Communications ("Adelphia"). Under the terms of the agreement, the Company will receive approximately 464,000 cable subscribers from Adelphia. In exchange, Adelphia will receive cable communications systems currently owned by the Company serving approximately 440,000 subscribers. All of the systems involved in the system exchanges will be valued based upon independent appraisals with any difference in relative value to be funded with cash or additional cable communications systems. The transaction is subject to customary closing and regulatory approvals and is expected to close in the third quarter of 2000.

MediaOne Agreement
In March 1999, the Company entered into an Agreement and Plan of Merger with MediaOne pursuant to which MediaOne was to be merged with the Company. Under the terms of that agreement, MediaOne could terminate the agreement under certain conditions, provided that it pay the Company a termination fee of $1.5 billion in cash. In April 1999, AT&T submitted an offer to purchase MediaOne. In May 1999, the MediaOne board of directors notified the Company that it had determined that the AT&T offer was superior to the Company's offer. MediaOne then terminated the agreement and paid the Company the termination fee. The termination fee is included in other income in the Company's consolidated statement of operations, net of transaction costs, for the year ended December 31, 1999.

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

In December 1997, Entertainment Holdings extended its carriage agreement and acquired the 10.4% interest in E! Entertainment held by Cox Communications, Inc. ("Cox") for $57.1 million. The acquisition was funded by cash contributions to Entertainment Holdings by the Company and Disney of $28.6 million and $28.5 million, respectively. As of December 31, 1999 and 1998, Entertainment Holdings owns a 79.2% interest in E! Entertainment.

The Company accounted for the acquisitions under the purchase method of accounting. As such, the operating results of E! Entertainment have been included in the Company's consolidated statement of operations from the acquisition date.

Microsoft Investment
In June 1997, the Company and Microsoft Corporation ("Microsoft") completed a Stock Purchase Agreement. Microsoft purchased and the Company issued approximately 49.2 million shares of the Company's Class A Special

Common Stock at $10.15 per share, for $500.0 million and 500,000 shares of the Company's 5.25% Series B Mandatorily Redeemable Convertible Preferred Stock, par value $1,000 per share (the "Series B Preferred Stock"), for $500.0 million (see Note 6).

4. INVESTMENTS

	December 31, 1999	December 31, 1998
	(Dollars in millions)	
Fair value method	$11,972.1	$4,170.0
Cost method	1,134.6	74.7
Equity method	48.1	11.1
Total investments	13,154.8	4,255.8
Less, current investments	7,606.0	3,653.4
Non-current investments	$5,548.8	$602.4

Fair Value Method
The Company holds unrestricted equity investments in certain publicly traded companies, with an historical cost (including $1.999 billion of pre-tax gains recognized during 1999 and 1998, respectively) of $2.558 billion and $2.555 billion as of December 31, 1999 and 1998, respectively. The unrealized pre-tax gains on these investments as of December 31, 1999 and 1998 of $9.414 billion and $1.615 billion, respectively, have been reported in the Company's consolidated balance sheet as a component of other comprehensive income, net of related deferred income tax expense of $3.294 billion and $565.1 million, respectively.

Sprint PCS. The Company, Cox, Tele-Communications, Inc. ("TCI," and together with the Company and Cox, the "Cable Partners") and Sprint Corporation ("Sprint") engaged in the wireless communications business through a limited partnership known as "Sprint PCS."

In November 1998, Sprint assumed ownership and management control of Sprint PCS and issued a new class of Sprint stock (the "Sprint PCS Stock") to track the performance of Sprint's combined wireless operations. In exchange for its 15% interest in Sprint PCS, the Company received approximately 47.2 million shares of unregistered Series 2 Sprint PCS common stock, 61,726 shares of Sprint PCS preferred stock (convertible into approximately 2.0 million shares of unregistered Series 2 Sprint PCS common stock) and a warrant to purchase approximately 3.0 million shares of unregistered Series 2 Sprint PCS common stock at $24.02 per share. As a result of the exchange, the Company recognized a pre-tax gain of $758.5 million during the year ended December 31, 1998 representing the difference between the aggregate fair value of the Sprint PCS common stock, convertible preferred stock and warrant, and the Company's basis in Sprint PCS. This gain is included in other income in the Company's consolidated statement of operations. The Company has registration rights, subject to customary restrictions, which will allow the Company to sell the Sprint PCS Stock received.

The Sprint PCS Stock is divided into three categories: (i) Series 1 (one vote per share) to be held by the public, (ii) Series 2 (1/10 vote per share other than in class votes) to be held by the Cable Partners, and (iii) Series 3 (one vote per share) to be held by two of Sprint's major shareholders. If the Series 2 shares are transferred by a Cable Partner, the transferred shares become full vote Series 1 shares.

As of December 31, 1999 and 1998, the Company has recorded its investment in Sprint PCS at its estimated fair value of $4.234 billion and $1.195 billion, respectively (see Note 5).

Equity Price Risk
During the year ended December 31, 1999, the Company entered into cashless collar agreements (the "Equity Collars") covering $1.365 billion notional amount of investment securities accounted for at fair value. The Equity Collars limit the Company's exposure to and benefits from price fluctuations in the underlying equity securities. The Equity Collars mature between 2001 and 2003. As the Company accounts for the Equity Collars as a hedge, changes in the value of the Equity Collars are substantially offset by changes in the value of the underlying investment securities which are also marked-to-market through accumulated other comprehensive income in the Company's consolidated balance sheet.

AT&T. In July 1998, AT&T merged with Teleport Communications Group Inc. ("Teleport") with AT&T as the surviving corporation. Upon closing of the transaction, the Company received approximately 36.3 million shares of unregistered AT&T common stock (as adjusted for AT&T's 3-for-2 stock split in April 1999) in exchange for the approximately 25.6 million shares of Teleport Class B Common Stock held by the Company. As a result of the exchange, the Company recognized a pre-tax gain of $1.092 billion during the year ended December 31, 1998, representing the difference between the fair value of the AT&T stock received and the Company's basis in Teleport. Such gain is included in other income in the Company's consolidated statement of operations. The Company has registration rights, subject to customary restrictions, which allow the Company to effect a registration of the AT&T shares received.

In March 1999, AT&T merged with TCI, with AT&T as the surviving corporation (the "AT&T/TCI Merger"). Upon closing of the AT&T/TCI Merger, the Company received approximately 3.6 million shares (as adjusted for AT&T's 3-for-2 stock split in April 1999) of AT&T common stock in exchange for the approximately 3.1 million shares of TCI Class A Common Stock held by the Company and the Company received approximately 3.6 million shares of Class A Liberty Media Group Tracking Shares for the approximately 2.3 million shares of TCI Ventures Group, Inc. ("TCI Ventures") common stock and the approximately 2.4 million shares of Liberty Media Group Class A Common Stock held by the Company. As a result of the exchange, the Company recognized a pre-tax gain of $187.6 million during the year ended December 31, 1999, representing the difference between the fair value of the stock received and the Company's basis in TCI and TCI Ventures. Such gain is included in investment income in the Company's consolidated statement of operations.

As of December 31, 1999 and 1998, the Company has recorded its investment in AT&T at its estimated fair value of $2.026 billion and $1.830 billion, respectively.

Internet Capital Group. In August 1999, Internet Capital Group ("ICG"), an investee of the Company previously accounted for under the cost method, completed an initial public offering of its common stock. ICG is an Internet holding company engaged in managing and operating a network of business-to-business e-commerce companies. As of December 31, 1999, the Company holds approximately 23.7 million shares of ICG common stock and warrants and options to purchase approximately 0.6 million shares of ICG common stock. As of December 31, 1999, the Company has recorded its investment in ICG at its estimated fair value of $4.127 billion.

Excite@Home. Excite@Home provides Internet services to subscribers and businesses over the cable communications infrastructure in a limited number of cities in the US. As of December 31, 1999 and 1998 (as adjusted for Excite@Home's two-for-one stock split in May 1999), the Company holds approximately 29.1 million shares of Excite@Home Series A Common Stock (the "Excite@Home Series A Stock") and warrants and options to purchase an additional 0.6 million shares of Excite@Home Series A Stock. As of December 31, 1999 and 1998, 30% and 55% of the Excite@Home Series A shares held by the Company were contractually restricted shares (the "Restricted Shares") and 70% and 45% of the Excite@Home Series A shares held by the Company were unrestricted shares (the "Unrestricted Shares"). The Company has recorded the Restricted Shares at their historical cost of $0.6 million and $1.1 million, respectively, and the Unrestricted Shares and warrants, which are classified as available for sale, at their estimated fair value of $918.0 million and $486.4 million, respectively, as of December 31, 1999 and 1998.

NTL Incorporated. In October 1998, the Company received approximately 4.8 million shares of NTL Incorporated ("NTL") common stock, an alternative telecommunications company in the UK, in exchange for all of the shares of Comcast UK Cable Partners Limited ("Comcast UK Cable"), a consolidated subsidiary of the Company, held by the Company. As a result of the exchange, the Company recognized a pre-tax gain of $148.3 million during the year ended December 31, 1998, representing the difference between the fair value of the NTL common stock received and the Company's basis in Comcast UK Cable. Such gain is included in other income in the Company's consolidated statement of operations. As of December 31, 1998, the Company recorded its investment in NTL at its estimated fair value of $272.1 million. During the year ended December 31, 1999, the Company sold all 5.8 million shares (as adjusted for NTL's 5-for-4 stock split in October 1999) of its NTL common stock for total proceeds of $498.3 million and recognized a pre-tax gain of $284.2 million. Such gain is included in investment income in the Company's consolidated statement of operations.

During the years ended December 31, 1999 and 1997, the Company recognized pre-tax gains of $323.0 million and $33.3 million, respectively, on sales of certain of its other fair value method investments. These gains were recorded as a reclassification from other comprehensive income to investment income.

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

Equity Method

The Company records its proportionate interests in the net income (loss) of certain of its equity method investees three months in arrears. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $78.0 million as of December 31, 1999 (primarily related to the investment in The Golf Channel). Such excess is being amortized to equity in net income or loss, primarily over a period of 20 years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled $235.6 million and $215.3 million as of December 31, 1999 and 1998, respectively. Summarized financial information is not presented for Sprint PCS, Teleport or Birmingham Cable Corporation Limited and Cable London, PLC (together, the "UK Investees") as of December 31, 1999 and 1998 or for the year ended December 31, 1999, as such investments are no longer accounted for under the equity method. Summarized financial information for the Company's equity method investees for the years ended December 31, 1998 and 1997 is as follows (dollars in millions).

	Sprint PCS	Teleport	UK Investees	Comcast Spectacor	Other	Combined
Year Ended December 31, 1998:						
Combined Results of Operations						
Revenues, net	$1,136.5	$605.8	$197.8		$638.6	$2,578.7
Operating, selling, general and administrative expenses	2,587.6	558.7	153.3		653.8	3,953.4
Depreciation and amortization	749.5	163.4	69.7		69.1	1,051.7
Operating loss	(2,200.6)	(116.3)	(25.2)		(84.3)	(2,426.4)
Net loss (a)	(2,572.8)	(190.6)	(78.8)		(134.2)	(2,976.4)
Company's Equity in Net Loss						
Equity in current period net loss	($385.9)	($27.2)	($28.9)		($66.4)	($508.4)
Amortization expense	(3.5)		(0.5)		(3.5)	(7.5)
Total equity in net loss	($389.4)	($27.2)	($29.4)		($69.9)	($515.9)
Year Ended December 31, 1997:						
Combined Results of Operations						
Revenues, net	$111.5	$431.3	$197.5	$140.8	$743.9	$1,625.0
Operating, selling, general and administrative expenses	959.4	398.5	168.4	117.9	820.9	2,465.1
Depreciation and amortization	194.2	133.9	76.0	46.5	66.2	516.8
Operating loss	(1,042.1)	(101.1)	(46.9)	(23.6)	(143.2)	(1,356.9)
Net loss (a)	(1,187.3)	(192.9)	(92.2)	(39.6)	(189.3)	(1,701.3)
Company's Equity in Net Loss						
Equity in current period net loss	($178.1)	($30.5)	($34.6)	($26.2)	($65.3)	($334.7)
Amortization expense	(1.5)	(0.2)	(0.6)	(5.4)	(1.4)	(9.1)
Total equity in net loss	($179.6)	($30.7)	($35.2)	($31.6)	($66.7)	($343.8)

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

Comcast-Spectacor. Effective January 1, 1998, the Company began consolidating the accounts of Comcast-Spectacor, an affiliate previously accounted for under the equity method, due to certain call rights held by the Company which became exercisable effective January 1998.

Other. The Company's other equity investees include investments in cable communications and programming content providers. The Company does not consider these other equity method investments to be individually significant to its consolidated financial position, results of operations or liquidity.

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.

Impairment Losses
During the years ended December 31, 1999, 1998 and 1997, the Company recorded pre-tax losses of $35.5 million, $152.8 million and $2.5 million, respectively, on certain of its investments based on a decline in value that was considered other than temporary. Such pre-tax losses are included in investment (income) expense in the Company's consolidated statement of operations.

Gain from Equity Offering of Affiliate
For the years ended December 31, 1998 and 1997, Teleport issued shares of its Class A Common Stock. As a result of these stock issuances, the Company recognized $157.8 million and $7.7 million increases in its proportionate share of Teleport's net assets, respectively, as gain from equity offering of affiliate. The Company recorded its increase in proportionate share of Teleport's net assets one quarter in arrears. In March 1997, the Company received 2.76 million shares of Teleport Class A Common Stock from Teleport in exchange for the Company's shares of an alternate access provider. In May 1997, the Company sold all of its shares of Teleport Class A Stock for $68.9 million and recognized a $68.9 million pre-tax gain, which is included in other income in the Company's consolidated statement of operations.

5. LONG-TERM DEBT

	December 31, 1999	December 31, 1998
	(Dollars in millions)	
Notes payable to banks and insurance companies, due in installments through 2005	$2,324.0	$1,690.8
9-5/8% Senior notes, due 2002	200.0	
8-1/8% Senior notes, due 2004	299.8	299.8
8-3/8% Senior notes, due 2007	596.8	596.5
8-7/8% Senior notes, due 2007	248.9	
6.20% Senior notes, due 2008	798.1	797.9
7-5/8% Senior notes, due 2008	196.8	
8-7/8% Senior notes, due 2017	545.7	545.6
8-1/2% Senior notes, due 2027	249.6	249.6
10-1/4% Senior subordinated debentures, due 2001	100.4	125.0
9-3/8% Senior subordinated debentures, due 2005	172.5	234.1
9-1/8% Senior subordinated debentures, due 2006	144.7	223.7
10-1/2% Senior subordinated debentures, due 2008	100.0	
9-1/2% Senior subordinated debentures, due 2008	198.5	200.0
10-5/8% Senior subordinated debentures, due 2012	257.0	282.5
7% Disney Notes, due 2007 (see Note 3)	132.8	132.8
24.1 million ZONES at principal amount, due 2029	1,806.8	
Non-cash adjustment to carrying value	666.0	
Other debt, due in installments	186.3	199.4
	9,224.7	5,577.7
Less current portion	517.5	113.5
	$8,707.2	$5,464.2

Maturities of long-term debt outstanding as of December 31, 1999 for the four years after 2000 are as follows (dollars in millions):

2001	$371.9
2002	761.6
2003	823.0
2004	548.0

ZONES

In November 1999, the Company issued approximately 8.0 million 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES II") for gross proceeds of $657.1 million. In October 1999, the Company issued approximately 16.1 million 2.0% Exchangeable Subordinated Debentures due 2029 for gross proceeds of $1.15 billion (the "ZONES I", and together with the ZONES II, the "ZONES") resulting in combined proceeds of $1.807 billion. The ZONES II mature on November 15, 2029. The ZONES I mature on October 15, 2029. At maturity, holders of the ZONES are entitled to receive in cash an amount equal to the higher of (a) the principal amount of the ZONES, or (b) the market value of Sprint PCS Stock.

Prior to maturity, each ZONES is exchangeable at the holders option for an amount of cash equal to 95% of the market value of Sprint PCS Stock. Prior to maturity, the Company may redeem all of the ZONES for cash at the higher of the original principal amount of ZONES or the then current market value of the Sprint PCS Stock, plus, in either case, a per ZONES premium of (a) 4.5% if redeemed prior to the first anniversary of the ZONES issuance date, (b) 3.0% if redeemed prior to the second anniversary of the ZONES issuance date, (c) 1.5% if redeemed prior to the third anniversary of the ZONES issuance date, or (d) zero if redeemed on or after the third anniversary of the ZONES issuance date.

Interest on the ZONES is payable quarterly (subject to deferral at the Company's option) equal to 2.0% per year of the original principal amount, plus the amount of the quarterly cash dividend paid on a share of Sprint PCS Stock. The principal amount of the ZONES will be adjusted if Sprint PCS changes the dividend paid on its stock or if there are special distributions on or in respect of the Sprint PCS Stock.

The ZONES are unsecured, subordinated obligations ranking equally with all of the Company's existing and future subordinated debt and trade obligations.

The ZONES are being accounted for as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS Stock. Therefore, the carrying value of the ZONES was increased by $666.0 million during 1999 to reflect the fair value of the underlying Sprint PCS Stock with the change included in expense related to indexed debt in the Company's consolidated statement of operations. The Company's investment in Sprint PCS is accounted for as available for sale, with changes in fair value being reflected in accumulated other comprehensive income (see Note 4).

Jones Intercable Assumed Debt
In April 1999, as part of the acquisition of a controlling interest in Jones Intercable, the Company assumed $1.499 billion of debt held by Jones Intercable. As of December 31, 1999, borrowings under credit facilities of certain of Jones Intercable's subsidiaries totaling $922.0 million and senior notes totaling $745.7 million, with interest rates ranging between 7 5/8% to 10 1/2%, and maturities between 2002 and 2008 were outstanding.

PHONES
In March 1999, the Company issued 8.7 million 3.35% Exchangeable Extendable Subordinated Debentures due 2029 (the "PHONES") for gross proceeds of $718.3 million. At maturity, holders of the PHONES were entitled to receive in cash an amount equal to the higher of (a) the principal amount of the PHONES, or (b) the market value of AT&T common stock.

In July 1999, the Company redeemed all $718.3 million principal amount of the PHONES. The Company redeemed the PHONES due to its transaction with AT&T in which it intends to use AT&T shares as consideration for the purchase of cable systems from AT&T (see Note 3). In connection with the PHONES redemption, the Company incurred debt extinguishment costs of $32.3 million and wrote-off unamortized debt issue costs of $15.0 million, resulting in an extraordinary loss, net of tax, of $30.8 million during the year ended December 31, 1999.

Senior Notes
In November 1998, Comcast Cable Communications, Inc. ("Comcast Cable"), a wholly owned subsidiary of the Company, sold $800.0 million of 6.20% nonrecourse public debt due 2008. Comcast Cable used substantially all of the net proceeds from the offering to repay existing intercompany borrowings to the Company and for general corporate purposes.

In May 1997, Comcast Cable sold a total of $1.7 billion of nonrecourse public debt with interest rates ranging from 8 1/8% to 8 7/8% and maturity dates from 2004 to 2027. Comcast Cable used the net proceeds from the offerings to repay existing borrowings by its subsidiaries.

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

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

Redemption of Debt
During 1999, the Company repurchased certain senior subordinated debentures having a principal amount of $192.2 million. In connection with the repurchases of these senior subordinated debentures, the Company incurred debt extinguishment costs of $19.8 million and wrote-off unamortized debt issue costs of $1.8 million, resulting in an extraordinary loss, net of tax of $14.0 million during the year ended December 31, 1999.

In December 1999, the Company repaid $200.0 million in notes payable to insurance companies having an interest rate of 8.6%. In connection with this repayment, the Company incurred debt extinguishment costs of $9.2 million and wrote-off unamortized debt issue costs of $0.3 million, resulting in an extraordinary loss, net of tax of $6.2 million during the year ended December 31, 1999.

In March 1998, the Company completed the redemption of its $541.9 million principal amount 1 1/8% discount convertible subordinated debentures due 2007 (the "1 1/8% Debentures"). The Company issued 20.8 million shares of its Class A Special Common Stock upon conversion of $540.2 million principal amount of 1 1/8% Debentures while $1.7 million principal amount of 1 1/8% Debentures was redeemed for cash at a redemption price of 67.112% of the principal amount, together with accrued interest thereon. Stockholders' equity was increased by the full amount of 1 1/8% Debentures converted plus accrued interest, less unamortized debt issue costs. Unamortized debt issue costs related to the 1 1/8% Debentures redeemed for cash were not significant. The issuance of the Company's Class A Special Common Stock upon conversion of the 1 1/8% Debentures had no impact on the Company's consolidated statement of cash flows due its noncash nature.

Extraordinary Items
Extraordinary items for the years ended December 31, 1999, 1998 and 1997 of $51.0 million, $4.2 million and $30.2 million, respectively, consist of unamortized debt issue costs and debt extinguishment costs, net of related tax benefits, expensed principally in connection with the redemption and refinancing of certain indebtedness.

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

Prime rate to prime plus 0.75%;
Federal Funds rate plus 0.5% to 1.5%; and
LIBOR plus 0.375% to 1.875%.

As of December 31, 1999 and 1998, the Company's effective weighted average interest rate on its variable rate bank debt outstanding was 6.67% and 5.80%, respectively.

Interest Rate Risk Management
The Company is exposed to market risk including changes in interest rates. To manage the volatility relating to these exposures, the Company enters into various derivative transactions pursuant to the Company's policies in areas such as counterparty exposure and hedging practices. Positions are monitored using techniques including market value and sensitivity analyses.

The use of interest rate risk management instruments, such as Swaps, Caps and Collars, is required under the terms of certain of the Company's outstanding debt agreements. The Company's policy is to manage interest costs using a mix of fixed and variable rate debt. Using Swaps, the Company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Caps are used to lock in a maximum interest rate should variable rates rise, but enable the Company to otherwise pay lower market rates. Collars limit the Company's exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The following table summarizes the terms of the Company's existing Swaps, Caps and Collars as of December 31, 1999 and 1998 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 1999				
Variable to Fixed Swaps	$1,111.8	2000-2003	5.6%	$16.9
Fixed to Variable Swaps	300.0	2004	7.7%	(3.9)
Caps	140.0	2000	6.8%	
Collar	50.0	2000	6.3%/4.0%	0.1
As of December 31, 1998				
Variable to Fixed Swaps	$1,061.8	1999-2008	5.7%	($13.3)
Caps	240.0	1999	7.0%	
Collar	50.0	2000	6.3%/4.0%	

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1999, 1998 and 1997 was not significant.

Estimated Fair Value
The Company's long-term debt had estimated fair values of $9.231 billion and $5.995 billion as of December 31, 1999 and 1998, respectively. The estimated fair value of the Company's publicly traded debt is based on quoted market prices for that debt. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

Debt Covenants
Certain of the Company's subsidiaries' loan agreements contain restrictive covenants which limit the subsidiaries' ability to enter into arrangements for the acquisition of property and equipment, investments, mergers and the incurrence of additional debt. Certain of these agreements require that certain ratios and cash flow levels be maintained and contain certain restrictions on dividend payments and advances of funds to the Company. The Company and its subsidiaries were in compliance with such restrictive covenants for all periods presented. In addition, the stock of certain subsidiary companies is pledged as collateral for the notes payable to banks and insurance companies.

As of December 31, 1999, $277.1 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements. Restricted net assets of the Company's subsidiaries were approximately $3.2 billion as of December 31, 1999.

Lines and Letters of Credit
As of December 31, 1999, certain subsidiaries of the Company had unused lines of credit of $1.063 billion, $463.0 million of which is restricted by the covenants of the related debt agreements and to subsidiary general purposes and dividend declaration.

As of December 31, 1999, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling $65.9 million to cover potential fundings associated with several projects.

6. STOCKHOLDERS' EQUITY

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

In June 1997, in connection with Microsoft's investment in the Company (see Note 3), the Company issued the Series B Preferred Stock. The Series B Preferred Stock has a 5.25% pay-in-kind annual dividend. Dividends will be paid quarterly through the issuance of additional shares of Series B Preferred Stock (the "Additional Shares") and will be cumulative from the issuance date (except that dividends on the Additional Shares will accrue from the date such Additional Shares are issued). The Series B Preferred Stock, including the Additional Shares, is convertible, at the option of Microsoft, into 42.4 million shares of the Company's Class A Special Common Stock, subject to adjustment in certain limited circumstances, which equals an initial conversion price of $11.77 per share, increasing as a result of the Additional Shares to $16.96 per share on June 30, 2004. The Series B Preferred Stock is mandatorily redeemable on June 30, 2017, or, at the option of the Company beginning on June 30, 2004 or at the option of Microsoft on June 30, 2004 or on June 30, 2012. Upon redemption, the Company, at its option, may redeem the Series B Preferred Stock with cash, Class A Special Common Stock or a combination thereof. As the Company currently intends to redeem the Series B Preferred Stock with Class A Special Common Stock upon redemption, the Series B Preferred Stock has been classified as a component of stockholders' equity as of December 31, 1999. The Series B Preferred Stock is generally non-voting.

Series A Preferred Stock Conversion
In July 1999, the Company exercised its right to convert all 6,370 shares of its Series A Preferred Stock into approximately 2.7 million shares of its Class A Special Common Stock.

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

Repurchase Program
Based on the trade date for stock repurchases, during the years ended December 31, 1999, 1998 and 1997, the Company repurchased 0.8 million shares, 0.6 million shares and 4.6 million shares, respectively, of its common stock for aggregate consideration of $30.7 million, $12.9 million and $36.2 million, respectively, pursuant to its Board-authorized repurchase programs.

As part of the repurchase programs, the Company sold Comcast Put Options on 5.5 million and 4.0 million shares, during the years ended December 31, 1998 and 1997.

The Comcast Put Options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. All Comcast Put Options sold during 1998 and 1997 expired unexercised. The amount the

Company would have been obligated to pay to repurchase such shares upon exercise of the Comcast Put Options, totaling $111.2 million was reclassified from additional capital to common equity put options in the Company's December 31, 1998 consolidated balance sheet. Upon expiration in 1999, the Company reclassified such amount from common equity put options to additional capital in the Company's consolidated balance sheet. The difference between the proceeds from the sale of these put options and their estimated fair value was not significant as of December 31, 1998.

Share Exchange
During the year ended December 31, 1999, the Company issued approximately 4.6 million shares of its Class A Special Common Stock valued at $172.1 million in exchange for approximately 4.9 million shares of its Class A Common Stock. The Class A Common Stock was subsequently retired.

Stock-Based Compensation Plans
As of December 31, 1999, the Company and its subsidiaries have several stock-based compensation plans for certain employees, officers, directors and other persons designated by the applicable compensation committees of the boards of directors of the Company and its subsidiaries. These plans are described below.

Comcast Option Plan. The Company maintains qualified and nonqualified stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is generally not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plan"). Under the Comcast Option Plan, 54.2 million shares of Class A Special Common Stock were reserved as of December 31, 1999. Option terms are generally from five to 10½ years, with options generally becoming exercisable between two and 9½ years from the date of grant.

A summary of the activity of the Comcast Option Plan as of and for the years ended December 31, 1999, 1998 and 1997 is presented below (options in thousands):

	1999		1998		1997	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Special Common Stock						
Outstanding at beginning of year	43,002	$11.09	32,220	$7.75	29,702	$7.27
Granted	7,403	34.16	16,350	16.53	5,198	9.74
Exercised	(7,527)	6.76	(3,970)	6.60	(1,590)	4.98
Canceled	(2,462)	12.90	(1,598)	10.48	(1,090)	8.20
Outstanding at end of year	40,416	16.01	43,002	11.09	32,220	7.75
Exercisable at end of year	10,947	8.19	15,390	$7.30	15,386	$6.96
Class B Common Stock						
Outstanding at beginning of year			658	$2.85	658	$2.85
Exercised			(658)	2.85		
Outstanding at end of year					658	$2.85
Exercisable at end of year					658	$2.85

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plan as of December 31, 1999 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/99	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/99	Weighted-Average Exercise Price
$3.17 to $6.04	4,763	1.9 years	$5.43	3,962	$5.44
$6.71 to $11.00	12,758	4.5 years	9.09	6,626	9.39
$11.04 to $18.63	15,335	8.3 years	16.27	294	12.74
$20.80 to $50.13	7,560	9.3 years	33.83	65	33.99
	40,416			10,947	

The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plan during 1999, 1998 and 1997 was $20.41, $8.54 and $5.09, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0-%, .44% and .52% for 1999, 1998 and 1997, respectively; expected volatility of 36.1%, 31.3% and 30.1% for 1999, 1998 and 1997, respectively; risk-free interest rate of 5.8%, 5.6% and 6.5% for 1999, 1998 and 1997, respectively; expected option lives of 9.9 years for all years; and a forfeiture rate of 3.0% for all years.

QVC Tandem Plan. QVC established a qualified and nonqualified combination stock option/Stock Appreciation Rights ("SAR") plan (collectively, the "QVC Tandem Plan") during 1995 for employees, officers, directors and other persons designated by the Compensation Committee of QVC's Board of Directors. Under the QVC Tandem Plan, the option price is generally not less than the fair value, as determined by an independent appraisal, of a share of the underlying common stock of QVC ("QVC Common Stock") at the date of grant. As of the latest valuation date, the fair value of a share of QVC Common Stock was $1,081.00. If the SAR feature of the QVC Tandem Plan is elected by the eligible participant, the participant receives 75% of the excess of the fair value of a share of QVC Common Stock over the exercise price of the option to which it is attached at the exercise date. Option holders have stated an intention not to exercise the SAR feature of the QVC Tandem Plan. Because the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the QVC Tandem Plan, option/SAR terms are ten years from the date of grant, with options/SARs generally becoming exercisable over four years from the date of grant. As of December 31, 1999, 200,000 shares of QVC Common Stock were reserved under the plan. Compensation expense of $450,000, $1.0 million and $3.4 million was recorded under the QVC Tandem Plan during the years ended December 31, 1999, 1998 and 1997, respectively.

A summary of the activity of the QVC Tandem Plan as of and for the years ended December 31, 1999, 1998 and 1997 is presented below (options/SARs in thousands):

	1999		1998		1997	
	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price	Options/ SARs	Weighted-Average Exercise Price
Outstanding at beginning of year	206	$500.82	180	$363.99	164	$192.16
Granted	42	832.73	72	664.76	74	601.28
Exercised	(42)	651.84	(41)	186.01	(55)	177.05
Canceled	(6)	637.05	(5)	511.01	(3)	262.20
Outstanding at end of year	200	618.02	206	500.82	180	363.99
Exercisable at end of year	80	$505.86	37	$397.46	20	$205.42

The following table summarizes information about the options/SARs outstanding under the QVC Tandem Plan as of December 31, 1999 (options/SARs in thousands):

	Options/SARs Outstanding		Options/SARs Exercisable
Exercise Prices	Number Outstanding at 12/31/99	Weighted-Average Remaining Contractual Life	Number Exercisable at 12/31/99
$177.05	29	5.5 years	23
522.31	3	6.5 years	2
585.19	3	7.0 years	2
634.25	61	7.8 years	31
651.84	45	8.7 years	18
688.14	10	8.2 years	2
741.79	20	9.1 years	2
865.47	28	9.6 years	
1,081.00	1	9.9 years	
	200		80

The weighted-average fair value at date of grant of a QVC Common Stock option/SAR granted during 1999, 1998 and 1997 was $407.58, $296.67 and $331.93, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: no dividend yield for all years; expected volatility of 20% for all years; risk-free interest rate of 6.1%, 4.9% and 6.2% for 1999, 1998 and 1997, respectively; expected option lives of 10 years for all years; and a forfeiture rate of 3.0% for all years.

E! Tandem Plan. Effective December 22, 1999, E! established a qualified and nonqualified combination stock option/Stock Appreciation Rights ("SAR") Plan (collectively, the "E! Tandem Plan") for employees, officers and directors of E!. Under the E! Tandem Plan, the option price is generally not less than the fair market value, as determined by an independent appraisal, of a share of the underlying common stock of E! ("E! Common Stock") at the date of grant. As of the latest valuation date, the fair value of a share of E! Common Stock was $841.36. If the SAR feature of the E! Tandem Plan is elected by the eligible participant, the participant receives 75% of the excess of the fair value of a share of E! Common Stock over the exercise price of the option to which it is attached at the exercise date. Because the Company believes the exercise of the option component is more likely than the exercise of the SAR feature, compensation expense is measured based on the stock option component. Under the E! Tandem Plan, option/SAR terms are ten years from date of grant, with options/SARs generally becoming exercisable over five years from the date of grant. As of December 31, 1999, 59,350 shares of E! Common Stock were reserved under the E! Tandem Plan. Compensation expense of $219,000 was recorded under the E! Tandem Plan during the year ended December 31, 1999.

During 1999, approximately 27,000 options/SARs with an exercise price of $841.36 were granted under the E! Tandem Plan. At December 31, 1999, all options/SARs granted remained outstanding, of which approximately 4,100 were exercisable. The weighted-average remaining contractual life of options/SARs outstanding and options/SARs exercisable as of December 31, 1999 was 10 years.

The weighted-average fair value at date of grant of E! Common Stock options/SAR granted during 1999 was $432.96. The fair value of each 1999 option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: no dividend yield; expected volatility of 20%; risk free interest rate of 6.8%; expected option life of 10 years; and a forfeiture rate of 3%.

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

	1999	1998	1997
Net income (loss) – As reported	$1,065.7	$972.1	($238.7)
Net income (loss) – Pro forma	1,005.5	936.4	(252.0)
Net income (loss) for common stockholders – As reported	$1,036.0	$943.0	($253.5)
Net income (loss) for common stockholders – Pro forma	975.8	907.3	(266.7)
Basic earnings (loss) for common stockholders per common share – As reported	$1.38	$1.29	($.38)
Basic earnings (loss) for common stockholders per common share - Pro forma	1.30	1.24	(.40)
Diluted earnings (loss) for common stockholders per common share – As reported	1.30	$1.21	($.38)
Diluted earnings (loss) for common stockholders per common share - Pro forma	1.23	1.17	(.40)

The pro forma effect on net income (loss) and net income (loss) per share for the years ended December 31, 1999, 1998 and 1997 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration pro forma compensation expense related to awards made prior to January 1, 1995 and since additional awards in future years are anticipated.

Other Stock-Based Compensation Plans

The Company maintains a restricted stock program under which management employees may be granted restricted shares of the Company's Class A Special Common Stock. The shares awarded vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting or dividend rights until vesting occurs.

At December 31, 1999, there were 1.6 million unvested shares granted under the program, of which 304,000 vested in January 2000. During the years ended December 31, 1999, 1998 and 1997, 170,000, 656,000 and 416,000 shares were granted under the program, respectively, with a weighted-average grant date market value of $43.22, $17.33 and $8.68 per share, respectively. Compensation expense recognized during the years ended December 31, 1999, 1998 and 1997 under this program was $4.7 million, $5.3 million and $7.1 million, respectively. There was no significant difference between the amount of compensation expense recognized by the Company during the years ended December 31, 1999, 1998 and 1997 and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

The Company and QVC have SAR plans for certain employees, officers, directors and other persons (the "QVC SAR Plans"). Under the QVC SAR Plans, eligible participants are entitled to receive a cash payment from the Company or QVC equal to 100% of the excess, if any, of the fair value of a share of QVC Common Stock at the exercise date over the fair value of such a share at the grant date. The SARs have a term of ten years from the date of grant and become exercisable over four to five years from the date of grant. During the years ended December 31, 1999, 1998 and 1997, 2,000, 5,000 and 4,000 SARs were awarded, respectively, and 18,000 SARs were outstanding at December 31, 1999, of which 10,000 were exercisable. Compensation expense related to the QVC SAR Plans of $6.4 million, $3.2 million and $3.4 million was recorded during the years ended December 31, 1999, 1998 and 1997, respectively. There was no significant difference between the amount of compensation expense recognized and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

E! Entertainment had a SAR plan for certain of its employees and officers (the "E! SAR Plan"). By written agreement between the participants and E! Entertainment, the E! SAR Plan was terminated effective December 31, 1998 in exchange for a lump-sum payment of a negotiated amount which was paid in February 1999. Terms of the agreement also included the complete and full release of E! Entertainment from any further liability associated with the E! SAR Plan. Compensation expense related to the E! SAR Plan was $11.6 million and $7.0 million during the years ended December 31, 1998 and 1997, respectively. There was no significant difference between the amount of compensation expense recognized and the amount that would have been recognized had compensation expense been determined under the provisions of SFAS No. 123.

7. INCOME TAXES

The Company joins with its 80% or more owned subsidiaries (the "Consolidated Group") in filing consolidated federal income tax returns. QVC, E! Entertainment, Jones Intercable and Comcast Communications Properties, Inc., an indirect majority owned subsidiary of the Company, each file separate consolidated federal income tax returns. Income tax expense consists of the following components:

	Year Ended December 31,		
	1999	1998	1997
	(Dollars in millions)		
Current expense			
Federal	$606.7	$135.5	$94.4
State	188.4	27.5	24.7
Foreign	2.0		
	797.1	163.0	119.1
Deferred expense (benefit)			
Federal	(65.2)	424.6	(47.5)
State	(8.2)	6.4	(1.2)
	(73.4)	431.0	(48.7)
Income tax expense	$723.7	$594.0	$70.4

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

	Year Ended December 31,		
	1999	1998	1997
	(Dollars in millions)		
Federal tax at statutory rate	$525.0	$545.1	($66.1)
Non-deductible depreciation and amortization	49.8	41.0	42.6
State income taxes, net of federal benefit	117.1	22.0	15.3
Foreign (income) losses and equity in net losses of affiliates	(2.0)	(11.2)	53.1
Other	33.8	(2.9)	25.5
Income tax expense	$723.7	$594.0	$70.4

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

	December 31, 1999	December 31, 1998
	(Dollars in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$240.0	$324.7
Reserves for bad debts, obsolete inventory and sales returns	106.9	94.4
Differences between book and tax basis of indexed debt securities	223.1	
Other	153.5	89.6
Less: Valuation allowance	(178.2)	(282.5)
	545.3	226.2
Deferred tax liabilities:		
Temporary differences, principally book and tax basis of property and equipment and deferred charges	1,854.5	1,558.1
Differences between book and tax basis in investments	3,959.9	1,201.4
	5,814.4	2,759.5
Net deferred tax liability	$5,269.1	$2,533.3

The Company recorded approximately $400.0 million of deferred income tax liabilities in 1999 in connection with the acquisitions of Jones Intercable and Greater Philadelphia. The Company recorded approximately $2.730 billion and $489.4 million of deferred income taxes in 1999 and 1998, respectively, in connection with unrealized gains on marketable securities which are included in other comprehensive income.

The Company has recorded net deferred tax liabilities of $2.119 billion and $1.033 billion, as of December 31, 1999 and 1998, respectively, which have been included in current liabilities, related primarily to current investments. Subsidiaries which are not consolidated with the Company for income tax reporting purposes have aggregate net operating loss carryforwards of approximately $500.0 million which expire primarily in periods through 2019. A valuation allowance has been recorded for certain of these losses due to uncertainty as to their realization.

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $529.2 million, $418.9 million and $467.2 million during the years ended December 31, 1999, 1998 and 1997, respectively.

The Company made cash payments for income taxes of $190.5 million, $129.2 million and $113.7 million during the years ended December 31, 1999, 1998 and 1997, respectively.

9. COMMITMENTS AND CONTINGENCIES

Commitments

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

Disney, in certain circumstances, is entitled to cause Entertainment Holdings to purchase Disney's entire interest in Entertainment Holdings at its then fair market value (as determined by an appraisal process). If Entertainment Holdings elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in Entertainment Holdings or all of the shares of stock of E! Entertainment held by Entertainment Holdings in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes (see Notes 3 and 5) may be replaced with a three year note due to Disney.

Liberty Media Group ("Liberty"), a majority owned subsidiary of AT&T, may, at certain times following February 9, 2000, trigger the exercise of certain exit rights with respect to its investment in QVC. If the exit rights are triggered, the Company has first right to purchase Liberty's stock in QVC at Liberty's pro rata portion of the fair market value (on a going concern or liquidation basis, whichever is higher, as determined by an appraisal process) of QVC. The Company may pay Liberty for such stock, subject to certain rights of Liberty to consummate the purchase in the most tax-efficient method available, in cash, the Company's promissory note maturing not more than three years after issuance, the Company's equity securities or any combination thereof. If the Company elects not to purchase the stock of QVC held by Liberty, then Liberty will have a similar right to purchase the stock of QVC held by the Company. If Liberty elects not to purchase the stock of QVC held by the Company, then Liberty and the Company will use their best efforts to sell QVC.

Minimum annual rental commitments for office space, equipment and transponder service agreements under noncancellable operating leases as of December 31, 1999 are as follows:

	(Dollars in millions)
2000	$61.1
2001	53.7
2002	46.7
2003	44.7
2004	40.6
Thereafter	165.5

Rental expense of $71.1 million, $64.8 million and $65.8 million for 1999, 1998 and 1997, respectively, has been charged to operations.

Contingencies

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

10. FINANCIAL DATA BY BUSINESS SEGMENT

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

	Cable	Commerce	Corporate and Other(1)	Total
1999				
Revenues	$2,929.3	$2,847.4	$432.5	$6,209.2
Operating income (loss) before depreciation and amortization (2)	1,353.0	538.8	(11.8)	1,880.0
Depreciation and amortization	1,026.6	117.2	72.2	1,216.0
Operating income (loss)	326.4	421.6	(84.0)	664.0
Interest expense	353.0	39.6	145.7	538.3
Assets	10,855.3	2,243.6	15,586.7	28,685.6
Long-term debt	4,735.3	476.7	3,495.2	8,707.2
Capital expenditures	739.6	80.1	74.1	893.8
1998				
Revenues	$2,277.4	$2,402.7	$465.2	$5,145.3
Operating income (loss) before depreciation and amortization (2)	1,096.6	434.2	(34.1)	1,496.7
Depreciation and amortization	674.2	126.1	139.3	939.6
Operating income (loss)	422.4	308.1	(173.4)	557.1
Interest expense	223.6	51.1	192.0	466.7
Assets	6,449.4	2,101.8	6,159.3	14,710.5
Long-term debt	3,462.1	626.8	1,375.3	5,464.2
Capital expenditures	711.1	67.2	120.6	898.9
1997				
Revenues	$2,073.0	$2,082.5	$312.2	$4,467.7
Operating income (loss) before depreciation and amortization (2)	987.7	337.7	(32.3)	1,293.1
Depreciation and amortization	626.1	115.0	85.4	826.5
Operating income (loss)	361.6	222.7	(117.7)	466.6
Interest expense	227.9	56.3	174.7	458.9
Assets	6,057.8	2,175.8	3,000.7	11,234.3
Long-term debt	2,554.9	768.8	2,010.4	5,334.1
Capital expenditures	497.8	97.3	200.4	795.5

(1) Other includes segments not meeting certain quantitative guidelines for reporting. Other includes certain operating businesses and programming investments, including Comcast-Spectacor (effective January 1, 1998), E! Entertainment (effective March 31, 1997), the Company's consolidated UK cable and telecommunications operations (prior to October 29, 1998), the Company's DBS operations (prior to April 1, 1998) and elimination entries related to the segments presented. Corporate and other assets consist primarily of the Company's investments (see Note 4).

(2) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by the Company's management to measure the operating performance of its businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1999, 1998 and 1997 (Concluded)

11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (4)	Total Year
	(Dollars in millions, except per share data)				
1999 (1)					
Revenues	$1,374.0	$1,478.6	$1,525.0	$1,831.6	$6,209.2
Operating income before depreciation and amortization (2)	425.1	457.3	463.9	533.7	1,880.0
Operating income	186.6	149.8	151.0	176.6	664.0
Income (loss) from continuing operations before extraordinary items	101.8	826.3	20.4	(167.6)	780.9
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	.13	1.10	.02	(.23)	1.00
Net income (loss)	.10	1.10	.44	(.24)	1.38
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	.12	1.01	.03	(.23)	.95
Net income (loss)	.10	1.01	.41	(.24)	1.30
Cash dividends per common share (5)					
1998 (3)					
Revenues	$1,254.5	$1,205.9	$1,238.0	$1,446.9	$5,145.3
Operating income before depreciation and amortization (2)	348.8	353.4	373.2	421.3	1,496.7
Operating income	109.4	124.1	132.9	190.7	557.1
Income (loss) from continuing operations before extraordinary items	(68.9)	(79.9)	723.7	432.8	1,007.7
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(.11)	(.12)	.98	.58	1.34
Net income (loss)	(.12)	(.12)	.97	.57	1.29
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(.11)	(.12)	.90	.53	1.25
Net income (loss)	(.12)	(.12)	.89	.52	1.21
Cash dividends per common share (5)	.0117	.0117	.0117	.0117	.0467

(1) Results of operations for 1999 were affected by the acquisition of a controlling interest in Jones Intercable and the receipt of the MediaOne termination fee in the second quarter, and the ZONES fair value adjustment in the fourth quarter (see Notes 3 and 5).

(2) See Note 10, note 2.

(3) Results of operations include the results of Comcast UK Cable through October 29, 1998. Results of operations were affected by the gain on the AT&T/Teleport merger in the third quarter and the gains on the sale of Comcast UK Cable and the Sprint PCS restructuring in the fourth quarter (see Note 4).

(4) The Company's consolidated results of operations for the fourth quarter of 1999 and 1998 are also affected by the seasonality of the Company's commerce operations.

(5) The Company's board of directors eliminated the quarterly cash dividend of $.0117 per share on all classes of its common stock in March 1999 (see Note 1).

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The information called for by Item 10, Directors and Executive Officers of the Registrant (except for the information regarding executive officers called for by Item 401 of Regulation S-K which is included in Part I hereof as Item 4A in accordance with General Instruction G(3)), Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management, and Item 13, Certain Relationships and Related Transactions, is hereby incorporated by reference to our definitive Proxy Statement for our Annual Meeting of Shareholders presently scheduled to be held in June 2000, which shall be filed with the Securities and Exchange Commission within 120 days of the end of our latest fiscal year.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following consolidated financial statements of ours are included in Part II, Item 8:

(b) (i) The following financial statement schedules required to be filed by Items 8 and 14(d) of Form 10-K are included in Part IV:

Schedule I - Condensed Financial Information of Registrant Unconsolidated (Parent Only)
Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required or the required information is included in the consolidated financial statements or notes thereto.

(c) Reports on Form 8-K:

(i) We filed a Current Report on Form 8-K under Item 5 on October 14, 1999 relating to our announcement that we had entered into an underwriting pursuant to which Salomon Smith Barney, Inc. agreed to purchase 13,982,103 of the Company's 2.0% Exchangeable Subordinated Debentures due 2029.

(ii) We filed a Current Report on Form 8-K under Item 5 on November 3, 1999 relating to our announcement that we had entered into an underwriting pursuant to which Salomon Smith Barney, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated agreed to purchase 7,000,000 of the Company's 2.0% Exchangeable Subordinated Debentures due 2029.

(iii) We filed a Current Report on Form 8-K under Item 5 on November 17, 1999 relating to our announcement that we had entered into an agreement to exchange certain cable systems with Time Warner Cable, a division of Time Warner Entertainment Company, L.P.

(iv) We filed a Current Report on Form 8-K under Item 5 on November 17, 1999 relating to our announcement that we had entered into an agreement to acquire Lenfest Communications, Inc.

(v) We filed a Current Report on Form 8-K under Item 5 on December 13, 1999 which included our Agreement and Plan of Merger with Lenfest Communications, Inc.

(vi) We filed a Current Report on Form 8-K under Item 2 on December 17, 1999 which included our Unaudited Pro Forma Condensed Consolidated Financial Statements giving effect to the acquisition of Lenfest Communications, Inc. as of and for the nine months ended September 30, 1999 and for the year ended December 31, 1998.

(vii) We filed a Current Report on Form 8-K under Item 5 on December 23, 1999 relating to our announcement that we had entered into an agreement to acquire the remaining interest in Jones Intercable, Inc. that we do not already own.

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

3.1(a)	Amended and Restated Articles of Incorporation filed on July 24, 1990 (incorporated by reference to Exhibit 3.1(a) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(b)	Amendment to Restated Articles of Incorporation filed on July 14, 1994 (incorporated by reference to Exhibit 3.1(b) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(c)	Amendment to Restated Articles of Incorporation filed on July 12, 1995 (incorporated by reference to Exhibit 3.1(c) to our Annual Report on Form 10-K for the year ended December 31, 1995).
3.1(d)	Amendment to Restated Articles of Incorporation filed on June 24, 1996 (incorporated by reference to Exhibit 4.1(d) to our Registration Statement on Form S-3, as amended, filed on July 16, 1996).
3.1(e)	Form of Statement of Designations, Preferences and Rights of Series B Convertible Preferred Stock of the Company (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1997).
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
4.1	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 2(a) to our Registration Statement on Form S-7 filed on September 17, 1980, File No. 2-69178).
4.2	Specimen Class A Special Common Stock Certificate (incorporated by reference to Exhibit 4(2) to our Annual Report on Form 10-K for the year ended December 31, 1986).
4.3	Indenture, dated as of October 17, 1991, between the Company and Bank of Montreal/Harris Trust (successor to Morgan Guaranty Trust Company of New York), as Trustee (incorporated by reference to Exhibit 2 to our Current Report on Form 8-K filed on October 31, 1991).
4.4	Form of Debenture relating to our 10-1/4% Senior Subordinated Debentures due 2001 (incorporated by reference to Exhibit 4(19) to our Annual Report on Form 10-K for the year ended December 31, 1991).
4.5	Form of Debenture relating to our $300,000,000 10-5/8% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 4(17) to our Annual Report on Form 10-K for the year ended December 31, 1992).
4.6	Form of Debenture relating to our $200,000,000 9-1/2% Senior Subordinated Debentures due 2008 (incorporated by reference to Exhibit 4(18) to our Annual Report on Form 10-K for the year ended December 31, 1992).
4.7	Indenture, dated as of February 20, 1991, between us and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S-3 (File No. 33-32830), filed on January 11, 1990).
4.8	Form of Debenture relating to our $250.0 million 9-3/8% Senior Subordinated Debentures due 2005 (incorporated by reference to Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1995).
4.9	Form of Debenture relating to our $250.0 million 9-1/8% Senior Subordinated Debentures due 2006 (incorporated by reference to Exhibit 4.13 to our Annual Report on Form 10-K for the year ended December 31, 1995).
10.1*	Comcast Corporation 1986 Non-Qualified Stock Option Plan, as amended and restated, effective December 10, 1996 (incorporated by reference to Exhibit 10.3 to our Annual Report on Form 10-K for the year ended December 31, 1996).
10.2*	Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 15, 1998 (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K for the year ended December 31, 1998).
10.3*	Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

* Constitutes a management contract or compensatory plan or arrangement.

10.4* Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.5* Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.6* 1992 Executive Split Dollar Insurance Plan (incorporated by reference to Exhibit 10(12) to our Annual Report on Form 10-K for the year ended December 31, 1992).

10.7* Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.8* Comcast Corporation 1996 Executive Cash Bonus Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.9* Compensation and Deferred Compensation Agreement by and between Comcast Corporation and Ralph J. Roberts, as amended and restated, effective August 31, 1998 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

10.10 The Comcast Corporation Retirement-Investment Plan, as amended and restated effective January 1, 1993 (revised through September 30, 1995) (incorporated by reference to Exhibit 10.1 to our Registration Statement on Form S-8 filed on October 5, 1995).

10.11 Defined Contribution Plans Master Trust Agreement, between Comcast Corporation and State Street Bank and Trust Company (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-8 filed on October 5, 1995).

10.12 Tax Sharing Agreement, dated as of December 2, 1992, among Storer Communications, Inc., TKR Cable I, Inc., TKR Cable II, Inc., TKR Cable III, Inc., Tele-Communications, Inc., the Company and each of the Departing Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 4 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.13* Comcast Corporation 1997 Deferred Stock Option Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.14 Tax Sharing Agreement, dated December 2, 1992, between the Company and Comcast Storer, Inc. (incorporated by reference to Exhibit 9 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.15 Amended and Restated Stockholders Agreement, dated as of February 9, 1995, among the Company, Comcast QVC, Inc., QVC Programming Holdings, Inc., Liberty Media Corporation, QVC Investment, Inc. and Liberty QVC, Inc. (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).

10.16(a) Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein (incorporated by reference to Exhibit (b)(6) to Amendment No. 21 to the Tender Offer Statement on Schedule 14D-1 filed on February 17, 1995 by QVC Programming Holdings, Inc., the Company and Tele-Communications, Inc. with respect to the tender offer for all outstanding shares of QVC, Inc.).

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

10.17 Comcast MHCP Holdings, L.L.C. Amended and Restated Limited Liability Company Agreement, dated as of December 18, 1994, among Comcast Cable Communications, Inc., The California Public Employees' Retirement System and, for certain limited purposes, the Company (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 6, 1995).

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* Constitutes a management contract or compensatory plan or arrangement.

10.18	Credit Agreement, dated as of December 22, 1994, among Comcast MH Holdings, Inc., the banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and the Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents and NationsBank of Texas, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 6, 1995).
10.19	Pledge Agreement, dated as of December 22, 1994, between Comcast MH Holdings, Inc. and NationsBank of Texas, N.A., as the secured party (incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on January 6, 1995).
10.20	Pledge Agreement, dated as of December 22, 1994, between Comcast Communications Properties, Inc. and NationsBank of Texas, N.A., as the Secured Party (incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on January 6, 1995).
10.21	Affiliate Subordination Agreement (as the same may be amended, modified, supplemented, waived, extended or restated from time to time, this "Agreement"), dated as of December 22, 1994, among the Company, Comcast MH Holdings, Inc., (the "Borrower"), any affiliate of the Borrower that shall have become a party thereto and NationsBank of Texas, N.A., as Administrative Agent under the Credit Agreement dated as of December 22, 1994, among the Borrower, the Banks listed therein, The Chase Manhattan Bank (National Association), NationsBank of Texas, N.A. and The Toronto-Dominion Bank, as Arranging Agents, The Bank of New York, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce and Morgan Guaranty Trust Company of New York, as Managing Agents, and the Administrative Agent (incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on January 6, 1995).
10.22**	Credit Agreement, dated as of November 15, 1996, among Comcast SCH Holdings, Inc., the banks listed therein, Nationsbank of Texas, N.A., as Documentation Agent, The Chase Manhattan Bank, as Syndication Agent, The Bank of New York, The Chase Manhattan Bank and Nationsbank of Texas, N.A., as Managing Agents, and The Bank of New York, as Administrative Agent.
10.23	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, 8-1/2% Notes due 2027 and 6.20% Notes due 2008 (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.).
10.24	Purchase and Sale Agreement dated as of January 19, 1999 among SBC Communications Inc., Comcast Cellular Holdings Corporation, Comcast Financial Corporation and Comcast Corporation (incorporated by reference to Exhibit 10.34 to our Annual Report on Form 10-K for the year ended December 31, 1998).
10.25	Agreement and Plan of Merger, dated as of November 16, 1999, by and among Comcast Corporation, Comcast LCI Holdings, Inc., a wholly owned subsidiary of Comcast, Lenfest Communications, Inc. ("Lenfest") and Lenfest's stockholders as named therein. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 13, 1999).
21	List of Subsidiaries.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of KPMG LLP.
27.1	Financial Data Schedule.
99.1	Report of Independent Public Accountants to QVC, Inc., as of December 31, 1998 and for the years ended December 31, 1998 and 1997.

* Constitutes a management contract or compensatory plan or arrangement.

** Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Philadelphia, Pennsylvania on February 29, 2000.

Comcast Corporation

By: /s/ Brian L. Roberts

Brian L. Roberts
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ralph J. Roberts Ralph J. Roberts	Chairman of the Board of Directors; Director	February 29, 2000
/s/ Julian A. Brodsky Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	February 29, 2000
/s/ Brian L. Roberts Brian L. Roberts	President; Director (Principal Executive Officer)	February 29, 2000
/s/ John R. Alchin John R. Alchin	Executive Vice President, Treasurer (Principal Financial Officer)	February 29, 2000
/s/ Lawrence J. Salva Lawrence J. Salva	Senior Vice President (Principal Accounting Officer)	February 29, 2000
/s/ Gustave G. Amsterdam Gustave G. Amsterdam	Director	February 29, 2000
/s/ Sheldon M. Bonovitz Sheldon M. Bonovitz	Director	February 29, 2000
/s/ Joseph L. Castle II Joseph L. Castle II	Director	February 29, 2000
/s/ Bernard C. Watson Bernard C. Watson	Director	February 29, 2000
/s/ Irving A. Wechsler Irving A. Wechsler	Director	February 29, 2000
/s/ Anne Wexler Anne Wexler	Director	February 29, 2000

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2000

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®

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

PENNSYLVANIA (State or other jurisdiction of incorporation or organization)	23-1709202 (I.R.S Employer Identification No.)
1500 Market Street, Philadelphia, PA (Address of principal executive offices)	19102-2148 (Zip Code)

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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Class A Special Common Stock, $1.00 par value
Class A Common Stock, $1.00 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [ ]

As of December 31, 2000, the aggregate market value of the Class A Special Common Stock and Class A Common Stock held by non-affiliates of the Registrant was $37.421 billion and $862.3 million, respectively.

As of December 31, 2000, there were 908,015,192 shares of Class A Special Common Stock, 21,832,250 shares of Class A Common Stock and 9,444,375 shares of Class B Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III - The Registrant's definitive Proxy Statement for its Annual Meeting of Shareholders presently scheduled to be held in June 2001.

COMCAST CORPORATION
2000 FORM 10-K ANNUAL REPORT
TABLE OF CONTENTS
PART I

This Annual Report on Form 10-K is for the year ended December 31, 2000. This Annual Report modifies and supersedes documents filed prior to this Annual Report. The SEC allows us to "incorporate by reference" information that we file with them, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report. In this Annual Report, "Comcast," "we," "us" and "our" refer to Comcast Corporation and its subsidiaries.

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

Factors Affecting Future Operations

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

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

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

PART I

ITEM 1 BUSINESS

We are principally involved in three lines of business:

- Cable–through the development, management and operation of broadband communications networks,
- Commerce–through QVC, our electronic retailing subsidiary, and
- Content–through our consolidated subsidiaries Comcast Spectacor, Comcast SportsNet and E! Entertainment Television, and through our other programming investments, including The Golf Channel, Speedvision and Outdoor Life.

We are currently the third largest cable operator in the United States and are in the process of deploying digital cable applications and high-speed cable modem service to expand the products available on our cable communications networks.

Our consolidated cable operations served approximately 7.7 million subscribers and passed approximately 12.9 million homes in the United States as of December 31, 2000. We have entered into an agreement to acquire, subject to receipt of necessary regulatory and other approvals, up to 700,000 cable subscribers from AT&T Corp. Upon completion of this pending transaction, which is expected to close by the end of the second quarter of 2001, we will serve approximately 8.4 million subscribers.

Through QVC, we market a wide variety of products directly to consumers primarily on merchandise-focused television programs. As of December 31, 2000, QVC was available, on a full and part-time basis, to over 77.9 million homes in the United States, over 8.9 million homes in the United Kingdom and over 22.5 million homes in Germany.

We are a Pennsylvania corporation that was organized in 1969. We have our principal executive offices at 1500 Market Street, Philadelphia, PA 19102-2148. Our telephone number is (215) 665-1700. We also have a world wide web site at http://www.comcast.com. The information posted on our web site is not incorporated into this Annual Report.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

You should see Note 10 to our consolidated financial statements in Item 8 of this Annual Report for information about our operations by industry segment.

GENERAL DEVELOPMENTS OF OUR BUSINESS

We entered into a number of significant transactions in 2000 which have closed or are expected to close in 2001. We have summarized these transactions below and have more fully described them in Note 3 to our consolidated financial statements in Item 8 of this Annual Report.

Pending Transactions as of December 31, 2000

Adelphia Cable Systems Exchange

On January 1, 2001, we completed our previously announced cable systems exchange with Adelphia Communications pursuant to which we received cable communications systems serving approximately 460,000 subscribers from Adelphia. In exchange, Adelphia received certain of our cable communications systems serving approximately 440,000 subscribers.

AT&T Cable Systems Acquisition

In August 2000, we entered into an agreement with AT&T to acquire cable communications systems serving up to 700,000 subscribers from AT&T in exchange for AT&T common stock that we currently own or may acquire, in a transaction intended to qualify as tax-free to both us and to AT&T. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close by the end of the second quarter 2001.

Completed Transactions During 2000

Acquisition of Lenfest Communications, Inc.

In January 2000, we acquired Lenfest Communications, Inc., a cable communications company serving approximately 1.1 million subscribers primarily in the Philadelphia area from AT&T and the other Lenfest stockholders for approximately 120.1 million shares of our Class A Special Common Stock with a value of $6.014 billion. In connection with the acquisition, we assumed approximately $1.326 billion of debt.

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

Comcast Cablevision of Garden State, L.P., formerly Garden State Cablevision L.P., a cable communications company serving approximately 216,000 subscribers in New Jersey, is a partnership which was owned 50% by Lenfest and 50% by us. We had accounted for our interest in Garden State Cable under the equity method. As a result of the acquisition of Lenfest Communications, Inc., we now own 100% of Garden State Cable. As such, the operating results of Garden State Cable have been included in our consolidated statement of operations from the date of our acquisition of Lenfest.

Acquisition of CalPERS' Interest in Jointly Owned Cable Properties

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

Acquisition of Remaining Interest in Jones Intercable, Inc.

In March 2000, we acquired from the public shareholders the approximate 60% interest in Jones Intercable, Inc. not previously held by us for approximately 35.6 million shares of our Class A Special Common Stock with a value of $1.727 billion. Jones Intercable was formerly a 40% owned consolidated subsidiary of ours.

Acquisition of Prime Communications LLC

In August 2000, we acquired Prime Communications LLC, a cable communications company serving approximately 406,000 subscribers, for cash and through our conversion to equity of previously made loans to Prime. Upon closing, we assumed and immediately repaid $532.0 million of Prime's debt with proceeds from borrowings under existing credit facilities.

AT&T Cable Systems Exchange

On December 31, 2000, we completed our previously announced cable systems exchange with AT&T Corp. pursuant to which we received cable communications systems serving approximately 770,000 subscribers. In exchange, AT&T received certain of our cable communications systems serving approximately 700,000 subscribers.

DESCRIPTION OF OUR BUSINESSES

Cable Communications

Technology and Capital Improvements

Our cable communications networks receive signals by means of:

- special antennae,
- microwave relay systems,
- earth stations, and
- coaxial and fiber optic cables.

Products and Services

We offer a variety of services over our cable communications networks, including traditional analog video and new services such as digital cable and high-speed cable modem service. Available service offerings depend on the bandwidth capacity of the cable communications system. Bandwidth, expressed in megahertz (MHz), is a measure of information-carrying capacity. It is the range of usable frequencies that can be carried by a cable communications system. The greater the bandwidth, the greater the capacity of the system. As of January 31, 2001, approximately 84% of our cable subscribers were served by a system with a capacity of at least 550-MHz and approximately 70% of our cable subscribers were served by a system with a capacity of at least 750-MHz.

Digital compression technology enables us to substantially increase the number of channels our cable communications systems can carry. Digital compression technology converts up to twelve analog signals into a digital format and compresses such signals into the bandwidth normally occupied by one analog signal. At the home, a set-top video terminal converts the digital signal into analog signals that can be viewed on a normal television set. Digital compression technology enables us to provide a significant number of additional programming choices to our subscribers.

We are deploying fiber optic cable and upgrading the technical quality of our cable communications networks.

As a result, the reliability and capacity of our systems have increased, aiding in the delivery of additional video programming and other services such as enhanced digital video, high-speed cable modem service and, in some areas, telephony.

We will incur significant capital expenditures in the future for the upgrading and rebuilding of the cable communications systems acquired or to be acquired by us as a result of our acquisitions of Lenfest Communications and Jones Intercable, the systems exchanges with AT&T and Adelphia, as well as the pending systems acquisition from AT&T.

Franchises

Cable communications systems are constructed and operated under non-exclusive franchises granted by state or local governmental authorities for varying lengths of time and are subject to federal, state and local legislation and regulation. Our franchises typically provide for periodic payment of fees to franchising authorities of up to 5% of "revenues" (as defined by each franchise agreement). We normally pass those fees on to subscribers. In many cases, we need the consent of the franchising authority to transfer our franchises.

Although franchises historically have been renewed, renewals may include less favorable terms and conditions. Under existing law, franchises should continue to be renewed for companies that have provided adequate service and have complied generally with franchise terms. The franchising authority may choose to award additional franchises to competing companies at any time. As of January 31, 2001, we served approximately 1,776 franchise areas in the United States.

Traditional Analog Video Services

We receive the majority of our revenues from subscription services. Subscribers typically pay us on a monthly basis and generally may discontinue services at any time. Monthly subscription rates and related charges vary according to the type of service selected and the type of equipment used by subscribers.

We offer a full range of traditional analog video services. We tailor both our basic channel line-up and our additional channel offerings to each system according to demographics, programming preferences, competition, price sensitivity and local regulation. Our service offerings include the following programming packages:

- basic programming,
- expanded basic programming,
- premium services, and
- pay-per-view programming.

All of our video subscribers receive our basic cable service. This service generally consists of national television networks, local broadcast television, locally-originated programming, including governmental and public access, and limited satellite-delivered programming.

Our expanded basic cable service includes a group of satellite-delivered or non-broadcast channels such as Entertainment and Sports Programming Network (ESPN), Cable News Network (CNN) and MTV Networks (MTV), in addition to the basic channel line-up.

For an additional monthly fee, subscribers can also subscribe to our premium services either individually or in packages of several channels. Our premium services generally offer, without commercial interruption, feature motion pictures, live and taped sporting events, concerts and other special features. The charge for premium services depends upon the type and level of service selected by the subscriber. Our premium services may include offerings such as:

- Home Box Office®,
- Cinemax®,
- Showtime®,
- The Movie Channel™,
- Encore®, and
- Starz®.

Our pay-per-view service permits our subscribers to order, for a separate fee, individual feature motion pictures and special event programs, such as professional boxing, professional wrestling and concerts on an unedited, commercial-free basis.

New Service Offerings

The high bandwidth capacity of our cable communications networks enables us to deliver substantially more channels and/or new and advanced products and services to our subscribers. A variety of emerging technologies and the rapid growth of the Internet have presented us with substantial opportunities to provide new or expanded products and services to our subscribers and to expand our sources of revenue. As a result, we have introduced the following new services for the benefit of both our residential and commercial subscribers:

- digital cable television service, and

- high-speed cable modem service installed in personal computers.

We have and will continue to upgrade our cable communications systems so that we can provide these and other new services such as video on demand, commonly known as VOD, interactive television and cable telephony more rapidly to our subscribers.

Digital Cable Service

We offer digital cable television services to subscribers in substantially all of our cable communications systems.

Subscribers to our digital cable service may receive a mix of additional television programming, an interactive program guide and multiple channels of digital music. The additional programming falls into four categories:

- additional expanded basic channels,
- additional premium channels,
- "multiplexes" of premium channels to which a subscriber previously subscribed, such as multiple channels of Home Box Office or Showtime, which are varied as to time of broadcast or programming content theme, and
- additional pay-per-view programming, such as more pay-per-view options and/or frequent showings of the most popular films to provide near video-on-demand.

Subscribers typically pay us on a monthly basis for digital cable services and generally may discontinue services at any time. Monthly subscription rates vary generally according to the level of service and the number of digital converters selected by the subscriber. We expect that purchases of these services by our subscribers will increase in the future.

High-Speed Cable Modem Service

We market Excite@Home's high-speed cable modem services as Comcast@Home in areas served by certain of our cable communications systems. Residential subscribers can connect their personal computers via cable modems to a high-speed national network developed and managed by Excite@Home. Subscribers can then access online information, including the Internet, at faster speeds than that of conventional modems. We also provide businesses with Internet connectivity solutions and networked business applications. We provide national and local content and sell advertising to businesses.

Other Revenue Sources

We also generate revenues from advertising sales, installation services, commissions from electronic retailing and other services. We generate revenues from the sale of advertising time to local, regional and national advertisers on non-broadcast channels.

Sales and Marketing

Our sales efforts are primarily directed toward generating incremental revenues in our franchise areas and increasing the number of subscribers we serve. We sell our products and services through:

- telemarketing,
- direct mail advertising,
- door-to-door selling,
- cable television advertising,
- local media advertising, and
- retail outlets.

Programming

We generally pay a monthly fee per subscriber per channel. Our programming costs are increased by:

- increases in the number of subscribers,
- expansion of the number of channels provided to customers, and
- increases in contract rates from programming suppliers.

We attempt to secure long-term programming contracts with volume discounts and/or marketing support and incentives from programming suppliers. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. We have experienced increases in our cost of programming and we anticipate that future contract renewals will result in programming costs that are higher than our costs today, particularly for sports programming.

We utilize interactive programming guides to provide our subscribers with current programming information, as well as advertising and other content. We recently formed a joint venture with other companies, including various cable companies, to develop additional sources for the interactive guide.

Customer Service

We manage most of our cable communications systems in geographic clusters. Clustering improves our ability to sell advertising, enhances our ability to efficiently introduce and market new products, and allows us to more efficiently and effectively provide customer service and support. As part of our clustering strategy, we have consolidated our local customer service operations into large regional call centers. These regional call centers have technologically advanced telephone systems that provide 24-hour per day, 7-day per week call answering capability, telemarketing and other services.

Our Cable Communications Systems

The table below summarizes certain subscriber information for our cable communications systems as of December 31 (homes, subscribers and subscriptions in thousands):

	2000(9)	1999(9)	1998	1997	1996
Cable					
Homes Passed (1)	12,679	9,522	7,382	7,138	6,975
Subscribers (2)	7,607	5,720	4,511	4,366	4,280
Penetration (3)	60.0%	60.1%	61.1%	61.2%	61.4%
Digital Cable					
"Digital Ready" Subscribers (4)	7,258	4,637	1,570		
Subscriptions (5)	1,354	515	78		
Penetration (6)	18.7%	11.1%	5.0%		
Comcast@Home					
"Modem Ready" Homes Passed (7)	6,360	3,259	1,804	866	
Subscribers	400	142	51	10	
"Modem Ready" Penetration (8)	6.3%	4.4%	2.8%	1.2%	

(1) A home is "passed" if we can connect it to our distribution system without further extending the transmission lines.
(2) A dwelling with one or more television sets connected to a system counts as one cable subscriber.
(3) Cable penetration means the number of cable subscribers as a percentage of cable homes passed.
(4) A subscriber is "digital ready" if the subscriber is in a market where we have launched our digital cable service.
(5) Each digital converter box counts as one digital cable subscription.
(6) Digital cable penetration means the number of digital cable subscriptions as a percentage of "digital ready" subscribers. Certain subscribers may have multiple digital cable subscriptions.
(7) A home passed is "modem ready" if we can connect it to our Internet service connection system without further upgrading the transmission lines.
(8) "Modem ready" penetration means the number of Comcast@Home subscribers as a percentage of "modem ready" homes passed.
(9) In April 1999, we acquired a controlling interest in Jones Intercable, Inc. In January 2000, we acquired Lenfest Communications, Inc. and began consolidating the results of Comcast Cablevision of Garden State, L.P. In August 2000, we acquired Prime Communications LLC. On January 1, 2001 and December 31, 2000, we completed our cable systems exchanges with Adelphia Communications and AT&T Corp., respectively. The subscriber information as of December 31, 2000 excludes the effects of our exchanges with Adelphia and AT&T.

Competition

Our cable communications systems compete with a number of different sources which provide news, information and entertainment programming to consumers, including:

- local television broadcast stations that provide off-air programming which can be received using a roof-top antenna and television set,
- program distributors that transmit satellite signals containing video programming, data and other information to receiving dishes of varying sizes located on the subscriber's premises,
- satellite master antenna television systems, commonly known as SMATV, which generally serve condominiums, apartment and office complexes and residential developments,
- other operators who build and operate communications systems in the same communities that we serve,

- interactive online computer services,
- newspapers, magazines and book stores,
- movie theaters,
- live concerts and sporting events, and
- home video products.

In order to compete effectively, we strive to provide, at a reasonable price to subscribers:

- superior technical performance,
- superior customer service,
- a greater variety of video programming, and
- new products and services.

Federal law allows local telephone companies to provide, directly to subscribers, a wide variety of services that are competitive with our cable communications services. Some local telephone companies provide or plan to provide video services within and outside their telephone service areas through a variety of methods, including cable networks, satellite program distribution and wireless transmission facilities.

A local telephone company, Ameritech, and facilities-based competitors such as RCN Corporation and Knology Holdings, Inc., among others, are now offering cable and other communications services in various areas where we hold franchises. We anticipate that facilities-based competitors will develop in other franchise areas that we serve.

Local telephone companies and other businesses construct and operate communications facilities that provide access to the Internet and distribute interactive computer-based services, data and other non-video services to homes and businesses. These competitors are not required, in certain circumstances, to comply with some of the material obligations imposed upon our cable communications systems under our franchises. We are unable to predict the likelihood of success of competing video or cable service ventures by local telephone companies or other businesses. Nor can we predict the impact these competitive ventures might have on our business and operations.

We operate each of our cable communications systems pursuant to a non-exclusive franchise that is issued by the community's governing body such as a city council, a county board of supervisors or a state regulatory agency. Federal law prohibits franchising authorities from unreasonably denying requests for additional franchises, and it permits franchising authorities to operate cable systems. Companies that traditionally have not provided cable services and that have substantial financial resources (such as public utilities that own certain of the poles to which our cables are attached) may also obtain cable franchises and may provide competing communications services.

In the past few years, Congress has enacted legislation and the Federal Communications Commission, commonly known as the FCC, has adopted regulatory policies intended to provide a more favorable operating environment for existing and new technologies that provide, or have the potential to provide, substantial competition to our cable communications systems. These technologies include direct broadcast satellite service, commonly known as DBS, among others. According to recent government and industry reports, conventional, medium and high-power satellites currently provide video programming to over 14.5 million individual households, condominiums, apartment and office complexes in the United States. DBS providers with high-power satellites typically offer to their subscribers more than 300 channels of programming, including programming services substantially similar to those provided by cable communications systems.

DBS service can be received virtually anywhere in the continental United States through the installation of a small roof top or side-mounted antenna. DBS systems use video compression technology to increase channel capacity and digital technology to improve the quality of the signals transmitted to their subscribers. Our digital cable service is competitive with the programming, channel capacity and the digital quality of signals delivered to subscribers by DBS systems. We are and will continue to deploy digital cable service in the communities that we serve.

Two major companies, DirecTV and Echostar, are currently offering nationwide high-power DBS services. Federal legislation establishes, among other things, a permanent compulsory copyright license that permits satellite carriers to retransmit local broadcast television signals to subscribers who reside inside the local television station's market. These companies are transmitting local broadcast signals in many markets which we serve. As a result, satellite carriers are more competitive to cable communications system operators like us because they offer programming which more closely resembles what we offer. These companies and others are also developing ways to bring advanced communications services to their customers. They are currently offering satellite-delivered high-speed Internet access services with a telephone return path and are beginning to provide true two-way interactivity. We are unable to predict the effects these competitive developments might have on our business and operations.

Our cable communications systems also compete for subscribers with SMATV systems. SMATV system operators typically are not subject to regulation like local franchised cable communications system operators. SMATV systems offer subscribers both improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable communications systems. In addition, some SMATV operators are developing and/or offering packages of telephony, data and video services to private residential and commercial developments. SMATV system operators often enter into exclusive service agreements with building owners or homeowners' associations, although some states have enacted laws to provide cable communications systems access to these complexes. Courts have reviewed challenges to these laws and have reached varying results.

Many of our cable communications systems are currently offering high-speed cable modem services to subscribers. These systems compete with a number of other companies, many of whom have substantial resources, such as:

- existing Internet service providers, commonly known as ISPs,
- local telephone companies, and
- long distance telephone companies.

A number of companies, including telephone companies and ISP's, have asked local, state and federal governments to mandate that cable communications systems operators provide capacity on their broadband infrastructure so that these companies and others may deliver high-speed Internet access and interactive television services directly to customers over cable facilities.

The deployment of Digital Subscriber Line technology, known as DSL, allows Internet access to subscribers at data transmission speeds equal to or greater than that of modems over conventional telephone lines. Numerous companies, including telephone companies, have introduced DSL service and certain telephone companies are seeking to provide high-speed broadband services without regard to present service boundaries and other regulatory restrictions. We are unable to predict the likelihood of success of competing online services offered by our competitors or what impact these competitive ventures may have on our business and operations.

We expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment to occur in the future. We refer you to page 10 for a detailed discussion of legislative and regulatory factors. Other new technologies and services may develop and may compete with services that our cable communications systems offer. Consequently, we are unable to predict the effect that ongoing or future developments might have on our business and operations.

Commerce

QVC is a domestic and international electronic media general merchandise retailer which produces and distributes merchandise-focused television programs, via satellite, to affiliated video program distributors for retransmission to subscribers. At QVC, program hosts describe and demonstrate the products and viewers place orders directly with QVC. We own 57% of QVC.

Revenue Sources

QVC sells a variety of consumer products and accessories including jewelry, housewares, electronics, apparel and accessories, collectibles, toys and cosmetics. QVC purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based on the volume of the transactions. QVC intends to continue introducing new products and product lines. QVC does not depend upon any one particular supplier for any significant portion of its inventory.

Viewers place orders to purchase QVC merchandise by calling a toll-free telephone number. QVC uses automatic call distributing equipment to distribute calls to its operators. The majority of all payments for purchases are made with a major credit card or QVC's private label credit card. QVC's private label credit card program is serviced by an unrelated third party. QVC ships merchandise promptly from its distribution centers, typically within 24 hours after receipt of an order. QVC's return policy permits customers to return, within 30 days, any merchandise purchased for a full refund of the purchase price and original shipping charges.

Distribution Channels

In the United States, QVC is transmitted live 24 hours a day, 7 days a week, to 62.7 million cable television homes. An additional 0.7 million cable television homes receive QVC on a less than full time basis and 14.5 million home satellite dish users receive QVC programming. The QVC program schedule consists of one-hour and multi-hour program segments. Each program theme is devoted to a particular category of product or lifestyle. From time to time, special program segments are devoted to merchandise associated with a particular celebrity, event, geographical region or seasonal interest.

QVC sells products by means of electronic media in Germany and the United Kingdom. In the UK, this service currently reaches over 8.9 million cable television and home satellite dish-served homes. In Germany, this service currently is available to over 22.6 million cable television and home satellite dish-served homes. However, we estimate that only 9.5 million homes in Germany have programmed their television sets to receive this service.

QVC also offers an interactive shopping service, iQVC, on the Internet. The iQVC service offers a diverse array of merchandise, on-line, 24 hours a day, 7 days a week. iQVC also maintains a mailing list which e-mails product news to subscribers.

QVC Transmission

A transponder on a communications satellite transmits the QVC domestic signal. QVC subleases transponders for the transmission of its signals to the UK and Germany and has made arrangements for redundant coverage through other satellites in case of a failure. QVC has never had an interruption in programming due to transponder failure. We cannot offer assurances that there will not be an interruption or termination of satellite transmission due to transponder failure. Interruption or termination could have a material adverse effect on QVC's future results of operations.

Program Distributors

QVC has entered into affiliation agreements with video program distributors in the US to carry QVC programming. Generally, there are no charges to the programming distributors for the distribution of QVC. In return for carrying QVC, each programming distributor receives an allocated portion, based upon market share, of up to five percent of the net sales of merchandise sold to customers located in the programming distributor's service area. QVC has entered into multi-year affiliation agreements with various cable and satellite system operators for carriage of QVC programming. The terms of most affiliation agreements are automatically renewable for one-year terms unless terminated by either party on at least 90 days notice prior to the end of the term. Most of the affiliation agreements provide for the programming distributor to broadcast commercials regarding QVC on other channels and to distribute QVC's advertising material to subscribers. As of December 31, 2000, 9.5% of the total homes reached by QVC were attributable to QVC's affiliation agreements with us and 20.0% with AT&T's Liberty Media Group, the owner of a 43% interest in QVC, and their respective affiliated companies.

QVC's business depends on its affiliation with programming distributors for the transmission of QVC programming. If a significant number of homes are no longer served because of termination or non-renewal of affiliation agreements, our financial results could be adversely affected. QVC has incentive programs to induce programming distributors to enter into or extend affiliation agreements or to increase the number of homes under existing affiliation agreements. These incentives include various forms of marketing, carriage and launch support. QVC will continue to recruit additional programming distributors and seek to enlarge its audience.

Competition

QVC operates in a highly competitive environment. As a general merchandise retailer, QVC competes for consumer expenditures with the entire retail industry, including department, discount, warehouse and specialty stores, mail order and other direct sellers, shopping center and mall tenants and conventional retail stores. On television, QVC competes with other programs for channel space and viewer loyalty against similar electronic retailing programming, as well as against alternative programming supplied by other sources, including news, public affairs, entertainment and sports programmers. The use of digital compression provides programming distributors with greater channel capacity. While greater channel capacity increases the opportunity for QVC to be distributed, it also may adversely impact on QVC's ability to compete for television viewers to the extent it results in higher channel position, in placement of QVC in separate programming tiers, or in the addition of competitive channels.

Content

We have made investments in cable television networks and other programming-related enterprises as a means of generating additional revenues and subscriber interest. Our programming investments as of December 31, 2000 include:

Investment	Description	Ownership Percentage
Comcast Spectacor	Live sporting events, concerts and other events	66.0%
Comcast SportsNet	Regional sports programming and events	53.1%
E! Entertainment	Entertainment-related news and original programming	39.7%
Style	Fashion-related programming	39.7%
CN8-The Comcast Network	Regional and local programming	100.0%
Comcast Sports Southeast	Regional sports programming and events	72.4%
The Golf Channel	Golf-related programming	60.3%
Outdoor Life	Outdoor activities	16.8%
Speedvision	Automotive, marine and aviation	14.5%
The Sunshine Network	Regional sports and public affairs	15.6%
In Demand	Pay-per-view programming	11.1%
Home Team Sports	Regional sports programming and events	(a)

(a) The Company acquired 100% of Home Team Sports in February 2001. Home Team Sports is a regional sports programming network which provides sports related programming, including the Baltimore Orioles MLB baseball team, the Washington Wizards NBA basketball team, the Washington Capitals NHL hockey team and the Carolina Hurricanes NHL hockey team. Home Team Sports serves approximately 4.8 million subscribers in the Mid-Atlantic region.

Consolidated Programming Investments

Comcast Spectacor

Comcast Spectacor is our family of businesses that perform and/or host live sporting events, concerts and other special events. Comcast Spectacor consists principally of the Philadelphia Flyers NHL Hockey Team, the Philadelphia 76ers NBA Basketball Team, two large multi-purpose arenas in Philadelphia and Comcast SportsNet, our regional sports programming network.

Comcast SportsNet

Comcast SportsNet is a 24-hour regional sports programming network which provides sports-related programming, including the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and the Philadelphia Phillies MLB baseball team to approximately 2.7 million subscribers in the Philadelphia region. Comcast SportsNet is delivered to affiliates terrestrially.

E! Entertainment

E! Entertainment is a 24-hour network with programming dedicated to the world of entertainment. Programming formats include behind-the-scenes specials, original movies and series, news, talk shows and comprehensive coverage of entertainment industry awards shows and film festivals worldwide. The network has approximately 67 million subscribers.

Style

Style, an affiliate of E! Entertainment, is our 24-hour cable network dedicated to fashion, home design, beauty, health, fitness and more, with distribution to approximately 10 million subscribers. We launched Style in October 1998.

CN8-The Comcast Network

CN8-The Comcast Network, our regional programming service is delivered to approximately 3.9 million cable subscribers in Pennsylvania, New Jersey, Delaware and Maryland. CN8 provides original programming, including local and regional news and public affairs, regional sports, health, cooking and family-oriented programming. We intend to continue to introduce similar programming in other areas we serve.

Comcast Sports Southeast

Comcast Sports Southeast ("CSS") was created in September 1999. CSS is delivered to approximately 2.0 million cable subscribers primarily in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. CSS is a satellite-delivered service that provides original sports programming and sports news geared toward the Southeast.

Other Programming Investments

The Golf Channel

The Golf Channel is a 24-hour network devoted exclusively to golf programming with distribution to approximately 37 million subscribers. The programming schedule includes live tournaments, golf instruction programs and golf news.

Outdoor Life

Outdoor Life is a 24-hour network devoted exclusively to adventure and the outdoor lifestyle. Its programming focuses on a wide range of outdoor activities including expeditions, skiing, cycling, surfing and camping.

Speedvision

Speedvision is a 24-hour network devoted to automotive, aviation and marine enthusiasts. Its programming includes original consumer news, motorsports coverage, lifestyle and instructional programs and historical documentaries.

The Sunshine Network

The Sunshine Network is a regional sports and public affairs network, which focuses its programming specifically on teams, events and programs from Florida. Programming rights include over 20 local teams and properties, including the Orlando Magic and Miami Heat NBA basketball teams and the Tampa Bay Lightning NHL hockey team.

In Demand

In Demand is the brand-name of a cable operator-controlled buying cooperative for pay-per-view programming.

LEGISLATION AND REGULATION

Cable

The Communications Act of 1934, as amended, establishes a national policy to regulate the development and operation of cable communications systems. The Communications Act allocates responsibility for enforcing federal policies among the FCC, state and local governmental authorities. The courts, especially the federal courts, play an important oversight role as these statutory and regulatory provisions are interpreted and enforced by the various federal, state and local governmental units.

We expect that court actions and regulatory proceedings will continue to refine the rights and obligations of various parties, including the government, under the Communications Act. The results of these judicial and administrative proceedings may materially affect our business operations. In the following paragraphs, we summarize the principal federal laws and regulations materially affecting the growth and operation of the cable communications industry. We also provide a brief description of certain state and local laws applicable to our businesses.

The Communications Act and FCC Regulations

The Communications Act and the regulations and policies of the FCC affect significant aspects of our cable system operations, including:

- subscriber rates,
- the content of programming we offer our subscribers, as well as the way we sell our program packages to subscribers and other video program distributors,
- the use of our cable systems by local franchising authorities, the public and other unrelated third parties,
- our franchise agreements with governmental authorities,
- cable system ownership limitations and prohibitions, and
- our use of utility poles and conduit.

Subscriber Rates

The Communications Act and the FCC's regulations and policies limit the ability of cable systems to raise rates for basic services and equipment in communities that are not subject to effective competition, as defined by federal law. Where there is no effective competition, federal law gives franchising authorities the power to regulate the monthly rates charged by the operator for:

- the lowest level of programming service, typically called basic service, which generally includes local broadcast channels and public access or governmental channels required by the operator's franchise, and

- the installation, sale and lease of equipment used by subscribers to receive basic service, such as converter boxes and remote control units.

The FCC has adopted detailed rate regulations, guidelines and rate forms that we and the franchising authority must use in connection with the regulation of our basic service and equipment rates. If the franchising authority concludes that our rates are not in accordance with the FCC's rate regulations, it may require us to reduce our rates and to refund overcharges to subscribers, with interest. We may appeal adverse rate decisions to the FCC.

The Communications Act and the FCC's regulations also:

- prohibit regulation of rates charged by cable operators for programming offered on a per channel or per program basis, and for multi-channel groups of non-basic programming,
- require operators to charge uniform rates throughout each franchise area that is not subject to effective competition,
- prohibit regulation of non-predatory bulk discount rates offered by operators to subscribers in commercial and residential developments, and
- permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

Content Requirements

The Communications Act and the FCC's regulations contain broadcast signal carriage requirements that allow certain local commercial television broadcast stations:

- to elect once every three years to require a cable communications system to carry the station, subject to certain exceptions, or
- to negotiate with us on the terms by which we carry the station on our cable communications system, commonly called retransmission consent.

The Communications Act and the FCC's regulations require a cable operator to devote up to one-third of its activated channel capacity for the mandatory carriage of local commercial television stations. The Communications Act also gives local non-commercial television stations mandatory carriage rights; however, such stations are not given the option to negotiate retransmission consent for the carriage of their signals by cable systems. Additionally, cable systems must obtain retransmission consent for:

- all "distant" commercial television stations (except for commercial satellite-delivered independent "superstations" such as WGN),
- commercial radio stations, and
- certain low-power television stations.

The FCC recently adopted regulations which require us to carry the signals of local digital-only broadcast stations (both commercial and non-commercial) and the digital signals of those local broadcast stations that return their analog spectrum to the government and convert to a digital broadcast format. The FCC's rules give the digital-only broadcast stations the discretion to elect whether the operator will carry the station's signal in a digital or converted analog format and to tie the carriage of their digital signals with the carriage of their analog signals as a retransmission consent condition. We are unable to predict the ultimate outcome of this proceeding or the impact any new carriage requirements might have on the operations of our cable systems.

The Communications Act requires our cable systems to permit subscribers to purchase video programming on a per channel or a per program basis without the necessity of subscribing to any tier of service, other than the basic cable service tier. However, we are not required to comply with this requirement until 2002 for any of our cable systems that do not have addressable converter boxes or that have other substantial technological limitations. A limited number of our systems do not have the technological capability to offer programming in the manner required by the statute and thus currently are exempt from complying with this requirement.

To increase competition between cable operators and other video program distributors, the Communications Act:

- precludes any satellite video programmer affiliated with a cable company, or with a common carrier providing video programming directly to its subscribers, from favoring an affiliated company over competitors,
- requires such programmers to sell their satellite-delivered programming to other video program distributors, and
- limits the ability of such programmers to offer exclusive programming arrangements to their affiliates.

The FCC has concluded that the program access rules do not apply to certain terrestrially-delivered programming, such as Comcast SportsNet. The FCC decision is currently under appeal.

The Communications Act contains restrictions on the transmission by cable operators of obscene or indecent programming. The Communications Act requires the cable operator, upon the request of the subscriber, to scramble or otherwise fully block any channel the subscriber does not wish to receive. A three-judge federal district court determined that certain restrictions on channels primarily dedicated to sexually oriented programming were unconstitutional. The United States Supreme Court recently affirmed the lower court's ruling.

The FCC actively regulates other aspects of our programming, involving such areas as:

- our use of syndicated and network programs and local sports broadcast programming,
- advertising in children's programming,
- political advertising,
- origination cablecasting,
- sponsorship identification, and
- closed captioning of video programming.

Use of Our Cable Systems by The Government and Unrelated Third Parties

The Communications Act allows franchising authorities and unrelated third parties to have access to our cable systems' channel capacity. For example, it:

- permits franchising authorities to require cable operators to set aside channels for public, educational and governmental access programming, and
- requires a cable system with 36 or more activated channels to designate a significant portion of its channel capacity for commercial leased access by third parties to provide programming that may compete with services offered by the cable operator.

The FCC regulates various aspects of third party commercial use of channel capacity on our cable systems, including the rates and certain terms and conditions of the commercial use.

Recently, a number of companies, including telephone companies and ISPs have asked local, state and federal governments to mandate that cable communications systems operators provide capacity on their broadband infrastructure so that these companies and others may deliver high-speed Internet access and interactive television services directly to customers over cable facilities. Some cable operators, including us, have initiated litigation challenging municipal efforts to unilaterally impose so-called "open access" requirements. The few court decisions dealing with this issue have been inconsistent. The FCC recently initiated a regulatory proceeding to consider "open access" and related regulatory issues and, in connection with its review of the recent AOL-Time Warner merger, imposed, together with the Federal Trade Commission, "open access," technical performance and other requirements related to the merged company's Internet and Instant Messaging platforms. Whether the policy framework reflected in these agencies' merger reviews will be imposed on an industry-wide basis is uncertain. We cannot predict the ultimate outcome of this administrative proceeding or the impact of any new access requirements on the operation of our cable systems.

Franchise Matters

Although franchising matters are normally regulated at the local level through a franchise agreement and/or a local ordinance, the Communications Act provides oversight and guidelines to govern our relationship with local franchising authorities. For example, the Communications Act:

- affirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions,
- generally prohibits us from operating in communities without a franchise,
- encourages competition with our existing cable systems by:
    - allowing municipalities to operate cable systems without franchises, and
    - preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area,
- permits local authorities, when granting or renewing our franchises, to establish requirements for certain cable-related facilities and equipment, but prohibits franchising authorities from establishing requirements for specific video programming or information services other than in broad categories,
- permits us to obtain modification of our franchise requirements from the franchise authority or by judicial action if warranted by changed circumstances,

- generally prohibits franchising authorities from:
  - imposing requirements during the initial cable franchising process or during franchise renewal that require, prohibit or restrict us from providing telecommunications services,
  - imposing franchise fees on revenues we derive from providing telecommunications services over our cable systems, or
  - restricting our use of any type of subscriber equipment or transmission technology, and
- limits our payment of franchise fees to the local franchising authority to 5% of our gross revenues derived from providing cable services over our cable system.

The Communications Act contains procedures designed to protect us against arbitrary denials of the renewal of our franchises, although a franchising authority under various conditions can deny us a franchise renewal. Moreover, even if our franchise is renewed, the franchising authority may seek to impose upon us new and more onerous requirements such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of our cable system or franchise, the franchising authority may attempt to impose more burdensome or onerous franchise requirements on us in connection with a request for such consent. Historically, cable operators providing satisfactory services to their subscribers and complying with the terms of their franchises have typically obtained franchise renewals. We believe that we have generally met the terms of our franchise agreements and have provided quality levels of service. We anticipate that our future franchise renewal prospects generally will be favorable.

Various courts have considered whether franchising authorities have the legal right to limit the number of franchises awarded within a community and to impose certain substantive franchise requirements (e.g. access channels, universal service and other technical requirements). These decisions have been inconsistent and, until the United States Supreme Court rules definitively on the scope of cable operators' constitutional and statutory protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

Ownership Limitations

The Communications Act generally prohibits us from owning or operating a SMATV or wireless cable system in any area where we provide franchised cable service. We may, however, acquire and operate SMATV systems in our franchised service areas if the programming and other services provided to SMATV subscribers are offered according to the terms and conditions of our franchise agreement.

The Communications Act also authorizes the FCC to impose nationwide limits on the number of subscribers under the control of a cable operator and on the number of channels that can be occupied on a cable system by video programmers in which the cable operator has an attributable ownership interest. The FCC has adopted cable ownership regulations and established:

- a 30% nationwide subscriber ownership limit,
- subscriber ownership information reporting requirements, and
- attribution rules that identify when the ownership or management by us or third parties of other communications businesses, including cable systems, television broadcast stations and local telephone companies, may be imputed to us for purposes of determining our compliance with the FCC's ownership restrictions.

Although a federal appellate court rejected constitutional challenges to the statutory ownership limitations and the United States Supreme Court recently declined to review that case, an appeal challenging the FCC's adoption of its cable ownership regulations is currently pending in federal court. We are unable to predict the outcome of this judicial proceeding or the impact any ownership restrictions might have on our business and operations.

The Communications Act eliminated the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same market. While the FCC has eliminated its regulations which precluded the cross-ownership of a national broadcasting network and a cable system, it has retained other regulations which prohibit the common ownership of other broadcasting interests and cable systems in the same geographical areas.

The 1996 amendments to the Communications Act made far-reaching changes in the relationship between local telephone companies and cable service providers. These amendments:

- eliminated federal legal barriers to competition in the local telephone and cable communications businesses, including allowing local telephone companies to offer video services in their local telephone service areas,

- preempted state and local laws and regulations which impose barriers to telecommunications competition,
- set basic standards for relationships between telecommunications providers, and
- generally limited acquisitions and prohibited certain joint ventures between local telephone companies and cable operators in the same market.

Local telephone companies may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," subject to certain conditions, including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors on a non-discriminatory basis. A federal appellate court overturned various parts of the FCC's open video rules, including the FCC's preemption of local franchising requirements for open video operators. The FCC has modified its open video rules to comply with the federal court's decision. We are unable to predict the impact these rule modifications may have on our business and operations.

Pole Attachment Regulation

The Communications Act requires the FCC to regulate the rates, terms and conditions imposed by public utilities for cable systems' use of utility pole and conduit space unless state authorities demonstrate to the FCC that they adequately regulate pole attachment rates, as is the case in certain states in which we operate. In the absence of state regulation, the FCC administers pole attachment rates on a formula basis. The FCC's original rate formula governs the maximum rate certain utilities may charge for attachments to their poles and conduit by cable operators providing only cable services. The FCC also adopted a second rate formula that became effective in February 2001 and governs the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators.

Any resulting increase in attachment rates due to the FCC's new rate formula will be phased in over a five-year period in equal annual increments, beginning in February 2001. Several parties have requested the FCC to reconsider its new regulations and several parties challenged the new rules in court. A federal appellate court upheld the constitutionality of the new statutory provision which requires that utilities provide cable systems and telecommunications carriers with nondiscriminatory access to any pole, conduit or right-of-way controlled by the utility. However, the same court determined in a separate case that the FCC did not have authority to regulate the rates, terms and conditions of cable operators' pole attachments that are simultaneously used to provide high-speed Internet access and cable services. Based upon this decision, a number of companies that control utility poles in areas served by us have already announced and unilaterally implemented significant changes in contract terms and increases in the rates charged for cable pole attachments. We have joined in several complaints filed at the FCC by various state cable associations challenging certain utilities' rate increases and the unilateral imposition of new contract terms. Although the adverse appellate court decision has been stayed pending review by the United States Supreme Court, if the decision is not reversed, the contract terms imposed by utilities on cable operators for pole attachments will likely be more onerous. We are unable to predict the outcome of the legal challenge to the FCC's new regulations or the ultimate impact any revised FCC rate formula, any new pole attachment rate regulations or any elimination or modification of the FCC's regulatory authority might have on our business and operations.

Other Regulatory Requirements of the Communications Act and the FCC

The Communications Act also includes provisions, among others, regulating:

- customer service,
- subscriber privacy,
- marketing practices,
- equal employment opportunity, and
- technical standards and equipment compatibility.

The FCC actively regulates other parts of our cable operations and has adopted regulations implementing its authority under the Communications Act.

The FCC may enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of FCC licenses needed to operate certain transmission facilities often used in connection with cable operations. The FCC has ongoing rulemaking proceedings that may change its existing rules or lead to new regulations. We are unable to predict the impact that any further FCC rule changes may have on our business and operations.

Other bills and administrative proposals pertaining to cable communications have previously been introduced in Congress or have been considered by other governmental bodies over the past several years. It is probable that further attempts will be made by Congress and other governmental bodies relating to the regulation of cable communications services.

Copyright

Our cable communications systems provide our subscribers with local and distant television and radio broadcast signals which are protected by the copyright laws. We generally do not obtain a license to use this programming directly from the owners of the programming; instead we comply with an alternative federal copyright licensing process. In exchange for filing certain reports and contributing a percentage of our revenues to a federal copyright royalty pool, we obtain blanket permission to retransmit copyrighted material.

In a report to Congress, the U.S. Copyright Office recommended that Congress make major revisions to both the cable television and satellite compulsory licenses. Congress recently modified the satellite compulsory license in a manner that permits DBS providers to become more competitive with cable operators like us. The possible simplification, modification or elimination of the cable communications compulsory copyright license is the subject of continuing legislative review. The elimination or substantial modification of the cable compulsory license could adversely affect our ability to obtain suitable programming and could substantially increase the cost of programming that remains available for distribution to our subscribers. We are unable to predict the outcome of this legislative activity.

Our cable communications systems often utilize music in the programs we provide to subscribers including local advertising, local origination programming and pay-per-view events. The right to use this music is controlled by music performing rights organizations who negotiate on behalf of their members for license fees covering each performance. The cable industry and one of these organizations have agreed upon a standard licensing agreement covering the performance of music contained in programs originated by cable operators and in pay-per-view events. Negotiations on a similar licensing agreement are in process with another music performing rights organization. Rate courts established by a federal court exist to determine appropriate copyright coverage and payments in the event the parties fail to reach a negotiated settlement. We are unable to predict the outcome of these proceedings or the amount of any license fees we may be required to pay for the use of music. We do not believe that the amount of such fees will be significant to our financial position, results of operations or liquidity.

State and Local Regulation

Our cable systems use local streets and rights-of-way. Consequently, we must comply with state and local regulation which is typically imposed through the franchising process. The terms and conditions of our franchises vary materially from jurisdiction to jurisdiction. Each franchise generally contains provisions governing:

- cable service rates,
- franchise fees,
- franchise term,
- system construction and maintenance obligations,
- system channel capacity,
- design and technical performance,
- customer service standards,
- franchise renewal,
- sale or transfer of the franchise,
- service territory of the franchisee,
- indemnification of the franchising authority,
- use and occupancy of public streets, and
- types of cable services provided.

A number of states subject cable systems to the jurisdiction of state governmental agencies. Those states in which we operate that have enacted such state level regulation are Connecticut, New Jersey and Delaware. State and local franchising jurisdiction is not unlimited, however; it must be exercised consistently with federal law. The Communications Act immunizes franchising authorities from monetary damage awards arising from the regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The summary of certain federal and state regulatory requirements in the preceding pages does not describe all present and proposed federal, state and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable systems operate. We are unable to predict the outcome of these proceedings or their impact upon our cable operations at this time.

Commerce and Content

The FCC does not directly regulate the content or transmission of programming services like those offered by QVC and E! Entertainment. The FCC does, however, exercise regulatory authority over the satellites and uplink facilities which transmit programming services such as those provided by QVC and E! Entertainment. The FCC has granted, subject to periodic reviews, permanent licenses to QVC for its uplink facilities (and for backup equipment of certain of these facilities) at sufficient power levels for transmission of the QVC service. The FCC has licensing authority over satellites from which QVC and E! Entertainment obtain transponder capacity, but does not regulate their rates, terms or conditions of service. The FCC could, however, alter the regulatory obligations applicable to satellite service providers. The QVC programming services offered in the UK and Germany are regulated by the media authorities in those countries.

EMPLOYEES

As of December 31, 2000, we had approximately 35,000 employees. Of these employees, approximately 18,000 were associated with cable communications, approximately 11,000 were associated with commerce and approximately 6,000 were associated with other divisions. We believe that our relationships with our employees are good.

ITEM 2 PROPERTIES

Cable

A central receiving apparatus, distribution cables, servers, analog and digital converters, cable modems, customer service call centers and local business offices are the principal physical assets of a cable communications system. We own or lease the receiving and distribution equipment of each system and own or lease parcels of real property for the receiving sites, customer service call centers and local business offices. In order to keep pace with technological advances, we are maintaining, periodically upgrading and rebuilding the physical components of our cable communications systems.

Commerce

Television studios, customer service call centers, business offices, product warehouses and distribution centers are the principal physical assets of our commerce operations. These assets include QVC's studios and offices, Studio Park, located in West Chester, Pennsylvania. QVC owns the majority of these assets. In order to keep pace with technological advances, QVC is maintaining, periodically upgrading and rebuilding the physical components of our commerce operations. QVC's warehousing and distribution facilities will continue to be upgraded over the next several years.

Content

Two large multi-purpose arenas, television studios and business offices are the principal physical assets of our content operations. We own the arenas and own or lease the television studios and business offices of our content operations.

We believe that substantially all of our physical assets are in good operating condition.

ITEM 3 LEGAL PROCEEDINGS

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

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 4A EXECUTIVE OFFICERS OF THE REGISTRANT

The current term of office of each of our officers expires at the first meeting of our Board of Directors following the next Annual Meeting of Shareholders, presently scheduled to be held in June 2001, or as soon thereafter as each of their successors is elected and qualified. The following table sets forth certain information concerning our executive officers, including their ages, positions and tenure as of December 31, 2000:

Name	Age	Officer Since	Position with Comcast
Ralph J. Roberts	80	1969	Chairman of the Board of Directors; Director
Julian A. Brodsky	67	1969	Vice Chairman of the Board of Directors; Director
Brian L. Roberts	41	1986	President; Director
Lawrence S. Smith	53	1988	Executive Vice President
John R. Alchin	52	1990	Executive Vice President; Treasurer
Stanley L. Wang	60	1981	Executive Vice President - Law and Administration
Lawrence J. Salva	44	2000	Senior Vice President

Ralph J. Roberts has served as a Director and as our Chairman of the Board of Directors for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts has been the President and a Director of Sural Corporation ("Sural"), a privately-held investment company and our controlling shareholder, for more than five years. Mr. Roberts also presently serves as a Director of Comcast Cable Communications, Inc. Mr. Roberts is the father of Brian L. Roberts.

Julian A. Brodsky has served as a Director and as our Vice Chairman of the Board of Directors for more than five years. Mr. Brodsky devotes a major portion of his time to our business and affairs. Mr. Brodsky presently serves as the Treasurer and as a Director of Sural. Mr. Brodsky is also a Director of RBB Fund, Inc. and NDS Group plc.

Brian L. Roberts has served as our President and as a Director for more than five years. Mr. Roberts devotes a major portion of his time to our business and affairs. Mr. Roberts presently serves as Vice President and as a Director of Sural. As of December 31, 2000, our shares owned by Sural constituted approximately 87% of the voting power of the two classes of our voting common stock combined. Mr. Roberts has sole voting power over stock representing a majority of voting power of all Sural stock and, therefore, has voting control over Comcast. Mr. Roberts is our Principal Executive Officer. Mr. Roberts also presently serves as a Director of Comcast Cable Communications, Inc. and The Bank of New York. Mr. Roberts is a son of Ralph J. Roberts.

Lawrence S. Smith has served as an Executive Vice President for more than five years. For more than five years prior to January 2000, Mr. Smith served as our Principal Accounting Officer. Mr. Smith also presently serves as a Director of Comcast Cable Communications, Inc.

John R. Alchin was named an Executive Vice President in February 2000. Prior to that time, Mr. Alchin served as our Treasurer and as a Senior Vice President for more than five years. Mr. Alchin is our Principal Financial Officer.

Stanley L. Wang was named Executive Vice President - Law and Administration in February 2000. Prior to that time, Mr. Wang served as a Senior Vice President and as our Secretary and General Counsel for more than five years. Mr. Wang also presently serves as a Director of Comcast Cable Communications, Inc.

Lawrence J. Salva joined the Company in January 2000 as Senior Vice President and Chief Accounting Officer. Prior to that time, Mr. Salva was a national accounting consulting partner in the public accounting firm of PricewaterhouseCoopers for more than five years. Mr. Salva has served as our Principal Accounting Officer since January 2000.

PART II

ITEM 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Class A Special Common Stock is included on Nasdaq under the symbol CMCSK and our Class A Common Stock is included on Nasdaq under the symbol CMCSA. There is no established public trading market for our Class B Common Stock. Our Class B Common Stock can be converted, on a share for share basis, into Class A Special or Class A Common Stock. The following table sets forth, for the indicated periods, the closing price range of our Class A Special and Class A Common Stock as furnished by Nasdaq (as adjusted for our two-for-one stock split in the form of a 100% stock dividend in May 1999).

	Class A Special		Class A	
	High	Low	High	Low
2000				
First Quarter	$54 9/16	$38 5/16	$51 7/16	$36 1/4
Second Quarter	44 3/16	29 3/4	41 3/4	29 3/4
Third Quarter	41 1/16	31 1/16	40 11/16	30 3/4
Fourth Quarter	43 15/16	34	43 15/16	33 7/8
1999				
First Quarter	$38 9/16	$29 5/8	$37 11/32	$28 15/16
Second Quarter	42	29 7/16	39 11/16	28 3/8
Third Quarter	41 9/16	32 5/8	38 9/16	29 7/16
Fourth Quarter	56 1/2	35 11/16	53 1/8	32 1/16

We began paying quarterly cash dividends on our Class A Common Stock in 1977. From 1978, we paid equal dividends on shares of both our Class A Common Stock and our Class B Common Stock. From December 1986, when the Class A Special Common Stock was issued, through March 1999 we paid equal dividends on shares of our Class A Special, Class A and Class B Common Stock. We declared dividends of $.0467 for the year ended December 31, 1998 on shares of our Class A Special, Class A and Class B Common Stock (as adjusted for our two-for-one stock split in the form of a 100% stock dividend in May 1999). Our Board of Directors eliminated the quarterly cash dividend on all classes of our common stock in March 1999. We do not intend to pay dividends on our Class A Special, Class A or Class B Common Stock for the foreseeable future.

If you hold shares of our Class A Special Common Stock, you cannot vote in the election of directors or otherwise, except where class voting is required by law. In that case, if you hold Class A Special Common Stock, you have one vote per share. Generally, if you hold Class A Common Stock, you have one vote per share. If you hold Class B Common Stock, you have 15 votes per share. Generally, including the election of directors, holders of Class A Common Stock and Class B Common Stock vote as one class except where class voting is required by law. If you hold Class A Common Stock or Class B Common Stock, you have cumulative voting rights.

As of December 31, 2000, there were 4,066 record holders of our Class A Special Common Stock, 1,597 record holders of our Class A Common Stock and one record holder of our Class B Common Stock.

ITEM 6 SELECTED FINANCIAL DATA

	Year Ended December 31,				
	2000(1)	1999(1)	1998(1)	1997	1996
	(Dollars in millions, except per share data)				
Statement of Operations Data:					
Revenues (2)	$8,218.6	$6,529.2	$5,419.0	$4,700.4	$3,813.8
Operating (loss) income	(161.0)	664.0	557.1	466.6	465.9
Income (loss) from continuing operations before extraordinary items	2,045.1	780.9	1,007.7	(182.9)	(6.4)
Discontinued operations (3)		335.8	(31.4)	(25.6)	(46.1)
Extraordinary items	(23.6)	(51.0)	(4.2)	(30.2)	(1.0)
Net income (loss)	2,021.5	1,065.7	972.1	(238.7)	(53.5)
Basic earnings (loss) for common stockholders per common share (4)					
Income (loss) from continuing operations before extraordinary items	$2.27	$1.00	$1.34	($.29)	($.01)
Discontinued operations (3)		.45	(.04)	(.04)	(.10)
Extraordinary items	(.03)	(.07)	(.01)	(.04)	
Net income (loss)	$2.24	$1.38	$1.29	($.37)	($.11)
Diluted earnings (loss) for common stockholders per common share (4)					
Income (loss) from continuing operations before extraordinary items	$2.16	$.95	$1.25	($.29)	($.01)
Discontinued operations (3)		.41	(.03)	(.04)	(.10)
Extraordinary items	(.03)	(.06)	(.01)	(.04)	
Net income (loss)	$2.13	$1.30	$1.21	($.37)	($.11)
Cash dividends declared per common share (4)			$.0467	$.0467	$.0467
Balance Sheet Data (at year end):					
Total assets	$35,744.5	$28,685.6	$14,710.5	$11,234.3	$10,660.4
Working capital (deficit)	1,102.2	4,226.3	2,497.0	13.6	(12.6)
Long-term debt (5)	10,517.4	8,707.2	5,464.2	5,334.1	5,998.3
Stockholders' equity	14,086.4	10,341.3	3,815.3	1,646.5	551.6
Supplementary Financial Data:					
Operating income before depreciation and amortization (6)	$2,470.3	$1,880.0	$1,496.7	$1,293.1	$1,047.0
Net cash provided by (used in) (7)					
Operating activities	1,219.3	1,249.4	1,067.7	844.6	644.5
Financing activities	(271.4)	1,341.4	809.2	283.9	(88.0)
Investing activities	(1,218.6)	(2,539.3)	(1,415.3)	(1,045.8)	(749.5)

(1) You should see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report for a discussion of events which affect the comparability of the information reflected in this financial data.

(2) We have adjusted these amounts in accordance with Emerging Issues Task Force No. 00-10, "Accounting for Shipping and Handling Fees and Costs" (see Note 2 to our consolidated financial statements in Item 8 of this Annual Report).

(3) In July 1999, we sold Comcast Cellular Corporation to SBC Communications, Inc. Comcast Cellular is presented as a discontinued operation for all periods presented (see Note 3 to our consolidated financial statements in Item 8 of this Annual Report).

(4) We have adjusted these for our two-for-one stock split in the form of a 100% stock dividend in May 1999 (see Note 6 to our consolidated financial statements in Item 8 of this Annual Report).

(5) Includes a $666.0 million adjustment to carrying value at December 31, 1999 (see Note 5 to our consolidated financial statements in Item 8 of this Annual Report).

(6) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by our management to measure the operating performance of our businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

(7) This represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in our consolidated statement of cash flows which is included in Item 8 of this Annual Report.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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

We have acquired and we anticipate acquiring cable communications systems in new communities in which we do not have established relationships with the franchising authority, community leaders and cable subscribers. Further, a substantial number of new employees are being and must continue to be integrated into our business practices and operations. Our previously announced cable systems exchanges with AT&T Corp. ("AT&T") and Adelphia Communications ("Adelphia") closed on December 31, 2000 and January 1, 2001, respectively. Our previously announced cable systems acquisition from AT&T, which is subject to customary closing conditions and regulatory approvals, is expected to close by the end of the second quarter of 2001. Our results of operations may be significantly affected by our ability to efficiently and effectively manage these changes.

General Developments of Business

See "General Developments of Business" in Part I and Note 3 to our consolidated financial statements in Item 8.

Liquidity and Capital Resources

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

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

Cash, Cash Equivalents and Short-term Investments

We have traditionally maintained significant levels of cash, cash equivalents and short-term investments to meet our short-term liquidity requirements. Our cash equivalents and short-term investments are recorded at fair value. Cash, cash equivalents and short-term investments as of December 31, 2000 were $3.711 billion, substantially all of which is unrestricted. See Note 4 to our consolidated financial statements included in Item 8.

Capital Expenditures

During 2001, we expect to incur approximately $1.65 billion of capital expenditures in our cable, commerce and content businesses, including approximately $1.45 billion for our cable operations.

Cable

We expect our 2001 cable capital expenditures will include approximately $550 million for the upgrading and rebuilding of certain of our cable communications systems, approximately $550 million for the deployment of cable modems, digital converters and new service offerings, and the remainder for recurring capital projects.

The amount of such capital expenditures for years subsequent to 2001 will depend on numerous factors, some of which are beyond our control including:

- competition,
- cable system capacity of newly acquired systems, and
- the timing and rate of deployment of new services.

National manufacturers are the primary source of supplies, equipment and materials utilized in the construction, rebuild and upgrade of our cable communications systems. Costs have increased during recent years and are expected to continue to increase as a result of the need to construct increasingly complex systems, overall demand for labor and other factors. Future increases in such costs may be significant to our financial position, results of operations and liquidity.

Commerce

During 2001, we expect to incur approximately $150 million for our majority-owned electronic retailing subsidiary, QVC, Inc. ("QVC"), primarily for the upgrading of QVC's warehousing facilities, distribution facilities and information systems.

New Business Initiatives

During 2001, we expect to incur \$275 million to \$325 million of capital expenditures in our new business initiatives primarily for the construction of our domestic wireline business and the construction of our international wireless operations. The amount of such capital expenditures for 2001 will depend on the timing and rate at which we elect to deploy resources in the targeted service areas.

We anticipate capital expenditures for years subsequent to 2001 will continue to be significant. As of December 31, 2000, we do not have any significant contractual obligations for capital expenditures.

Financing

See Notes 5 and 6 to our consolidated financial statements included in Item 8.

The \$1.587 billion increase in our long-term debt, including current portion, results principally from the \$2.146 billion of aggregate debt that we assumed in connection with our acquisitions of Lenfest Communications, Inc. ("Lenfest") in January 2000 and Prime Communications LLC ("Prime") in August 2000 (see Notes 3 and 5 to our consolidated financial statements included in Item 8), \$107.0 million of borrowings, net of retirements and repayments, and the \$666.0 million reduction to the carrying value of our 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES") during the year ended December 31, 2000 (see Note 5 to our consolidated financial statements included in Item 8).

As of December 31, 2000 and 1999, our long-term debt, including current portion, was \$10.811 billion and \$9.225 billion, respectively. Excluding the effects of interest rate risk management instruments, 28.5% and 25.4% of our long-term debt as of December 31, 2000 and 1999, respectively, was at variable rates.

In January 2001, our indirect wholly owned subsidiary, Comcast Cable Communications, Inc. ("Comcast Cable") sold an aggregate of \$1.5 billion of public debt consisting of \$500.0 million of 6.375% Senior Notes due 2006 and \$1.0 billion of 6.75% Senior Notes due 2011. In January 2001, we issued an additional \$192.8 million principal amount at maturity of our Zero Coupon Convertible Debentures due 2020 (the "Zero Coupon Debentures" - see Note 5 to our consolidated financial statements included in Item 8). We used substantially all of the net proceeds from the offerings to repay a portion of the amounts outstanding under Comcast Cable's commercial paper program and bank credit facility. After giving effect to these subsequent transactions, and excluding the effects of interest rate risk management instruments, 13.5% of our long-term debt was at variable rates.

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

Interest Rate Risk Management

We are exposed to the market risk of adverse changes in interest rates. To manage the volatility relating to these exposures, we maintain a mix of fixed and variable rate debt and enter into various derivative transactions pursuant to our policies. Positions are monitored using techniques including market value and sensitivity analyses. We do not hold or issue any derivative financial instruments for trading purposes and are not a party to leveraged instruments. The credit risks associated with our derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although we may be exposed to losses in the event of nonperformance by the counterparties, we do not expect such losses, if any, to be significant.

Using interest rate exchange agreements ("Swaps"), we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest rate cap agreements ("Caps") are used to lock in a maximum interest rate should variable rates rise, but enable us to otherwise pay lower market rates. Interest rate collar agreements ("Collars") limit our exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 2000 (dollars in millions):

	Expected Maturity Date							Fair Value at
	2001	2002	2003	2004	2005	Thereafter	Total	12/31/00
Debt								
Fixed Rate	$107.9	$208.6	$7.9	$308.6	$705.9	$6,386.2	$7,725.1	$7,165.3
Average Interest Rate	10.2%	9.6%	8.0%	8.1%	8.3%	5.3%	5.9%	
Variable Rate	$186.0	$239.4	$61.3	$0.1	$2,597.6	$1.8	$3,086.2	$3,086.2
Average Interest Rate	6.8%	6.4%	6.4%	7.9%	6.8%	7.9%	6.8%	
Interest Rate Instruments								
Variable to Fixed Swaps	$197.5	$143.5	$36.7				$377.7	$3.7
Average Pay Rate	5.5%	4.9%	4.9%				5.2%	
Average Receive Rate	6.4%	6.0%	6.0%				6.2%	
Fixed to Variable Swaps				$300.0		$150.0	$450.0	$3.2
Average Pay Rate				7.5%		7.9%	7.7%	
Average Receive Rate				8.1%		8.3%	8.2%	

The notional amounts of interest rate instruments, as presented in the table above, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. Interest rates on variable debt are estimated by us using the average implied forward London Interbank Offer Rate ("LIBOR") rates for the year of maturity based on the yield curve in effect at December 31, 2000, plus the borrowing margin in effect for each credit facility at December 31, 2000. Average receive rates on the Variable to Fixed Swaps are estimated by us using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at December 31, 2000. While Swaps, Caps and Collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 2000, 1999 and 1998 was not significant.

Equity Price Risk Management

During the year ended December 31, 1999, we entered into cashless collar agreements (the "Equity Collars") covering $1.365 billion notional amount of investment securities which were accounted for at fair value. The Equity Collars limit our exposure to and benefits from price fluctuations in the underlying equity securities. The Equity Collars mature between 2001 and 2003. As we have accounted for the Equity Collars as a hedge, changes in the value of the Equity Collars were substantially offset by changes in the value of the underlying investment securities which were also marked-to-market through accumulated other comprehensive income in our consolidated balance sheet.

We adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, on January 1, 2001, as required by the new statement. We refer you to page 29 for a discussion of the expected impact the adoption of the new statement will have on our consolidated financial position and results of operations.

Statement of Cash Flows

Cash and cash equivalents decreased $270.7 million as of December 31, 2000 from December 31, 1999. The decrease in cash and cash equivalents resulted from cash flows from operating, financing and investing activities as explained below.

Net cash provided by operating activities from continuing operations amounted to $1.219 billion for the year ended December 31, 2000 due principally to our operating income before depreciation and amortization (see "Results of Operations"), offset by changes in working capital as a result of the timing of receipts and disbursements and the effects of net interest and current income tax expense.

Net cash used in financing activities from continuing operations, which includes borrowings and repayments of debt, as well as the issuances and repurchases of our equity securities, was $271.4 million for the year ended December 31, 2000. During the year ended December 31, 2000, we borrowed $5.435 billion, consisting of $2.150 billion of borrowings under Comcast Cable's commercial paper program, $2.283 billion of borrowings under subsidiary revolving lines of credit and $1.002 billion through the issuance of our $1.285 billion principal amount at maturity of Zero Coupon Debentures. During the year ended December 31, 2000, we repaid $5.357 billion of our long-term debt, consisting primarily of $3.861 billion of repayments on certain of our revolving credit facilities, $826.7 million of repayments under Comcast Cable's commercial paper program and $615.7 million of aggregate repurchases of various of our senior notes and of our senior subordinated debentures. In addition, during the year ended December 31, 2000, we received proceeds of $30.5 million related to issuances of our common stock and the sale of put options on our common stock, we repurchased $324.9 million of our common stock, and we incurred $55.8 million of deferred financing costs.

Net cash used in investing activities from continuing operations was $1.219 billion for the year ended December 31, 2000. Net cash used in investing activities includes the effects of acquisitions, net of cash acquired, of $187.3 million, consisting of our acquisition of certain cable communications systems, investments of $1.011 billion, capital expenditures of $1.637 billion and additions to deferred charges of $409.2 million, offset by net proceeds from sales of short-term investments of $1.028 billion and proceeds from sales of investments of $997.3 million.

Results of Operations

The effects of our recent acquisitions were to increase our revenues and expenses, resulting in increases in our operating income before depreciation and amortization. The increases in our property and equipment, deferred charges and long-term debt (see Notes 5 and 8 to our consolidated financial statements included in Item 8) and the corresponding increases in depreciation expense, amortization expense and interest expense from 1999 to 2000 and from 1998 to 1999 are primarily due to the effects of our acquisitions of Jones Intercable, Inc. ("Jones Intercable"), Lenfest and Prime in April 1999, January 2000 and August 2000, respectively, as well as our increased levels of capital expenditures.

During 2001, we expect to incur $110 million to $150 million of operating losses before depreciation and amortization, primarily in connection with the expansion of our new domestic wireline and international wireless business initiatives. The amount of such operating losses will depend on the timing and rate at which we elect to deploy resources in the targeted service areas.

Our depreciation expense and amortization expense for years subsequent to 2000 will increase significantly as a result of our cable systems exchanges with AT&T and Adelphia which closed on December 31, 2000 and January 1, 2001, respectively.

Our summarized consolidated financial information for the three years ended December 31, 2000 is as follows (dollars in millions, "NM" denotes percentage is not meaningful):

	Year Ended December 31, 2000	Year Ended December 31, 1999	Increase/(Decrease) $	Increase/(Decrease) %
Revenues	$8,218.6	$6,529.2	$1,689.4	25.9%
Cost of goods sold from electronic retailing	2,284.9	2,060.0	224.9	10.9
Operating, selling, general and administrative expenses	3,463.4	2,589.2	874.2	33.8
Operating income before depreciation and amortization (1)	2,470.3	1,880.0	590.3	31.4
Depreciation	837.3	572.0	265.3	46.4
Amortization	1,794.0	644.0	1,150.0	NM
Operating (loss) income	(161.0)	664.0	(825.0)	NM
Interest expense	691.4	538.3	153.1	28.4
Investment income	(983.9)	(629.5)	354.4	56.3
(Income) expense related to indexed debt	(666.0)	666.0	1,332.0	NM
Equity in net losses (income) of affiliates	21.3	(1.4)	(22.7)	NM
Other income	(2,825.5)	(1,409.4)	1,416.1	NM
Income tax expense	1,441.3	723.7	717.6	99.2
Minority interest	(115.3)	4.6	(119.9)	NM
Income from continuing operations before extraordinary items	$2,045.1	$780.9	$1,264.2	NM

	Year Ended December 31, 1999	Year Ended December 31, 1998	Increase/(Decrease) $	Increase/(Decrease) %
Revenues	$6,529.2	$5,419.0	$1,110.2	20.5%
Cost of goods sold from electronic retailing	2,060.0	1,735.7	324.3	18.7
Operating, selling, general and administrative expenses	2,589.2	2,186.6	402.6	18.4
Operating income before depreciation and amortization (1)	1,880.0	1,496.7	383.3	25.6
Depreciation	572.0	463.9	108.1	23.3
Amortization	644.0	475.7	168.3	35.4
Operating income	664.0	557.1	106.9	19.2
Interest expense	538.3	466.7	71.6	15.3
Investment (income) expense	(629.5)	187.8	(817.3)	NM
Expense related to indexed debt	666.0		666.0	NM
Equity in net (income) losses of affiliates	(1.4)	515.9	517.3	NM
Gain from equity offering of affiliate		(157.8)	(157.8)	NM
Other income	(1,409.4)	(2,012.9)	(603.5)	(30.0)
Income tax expense	723.7	594.0	129.7	21.8
Minority interest	4.6	44.3	(39.7)	(89.6)
Income from continuing operations before extraordinary items	$780.9	$1,007.7	($226.8)	(22.5%)

(1) Operating income before depreciation and amortization is commonly referred to in our businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of our businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in our industries, although our measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by our management to measure the operating performance of our businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of our performance. See "Statement of Cash Flows" above for a discussion of net cash provided by operating activities.

Operating Results by Business Segment

The following represent the operating results of our significant business segments, including: "Cable" and "Commerce." The remaining components of our operations are not independently significant to our consolidated financial position or results of operations (see Note 10 to our consolidated financial statements included in Item 8).

Cable

The following table presents financial information for the years ended December 31, 2000, 1999 and 1998 for our cable segment (dollars in millions):

	Year Ended December 31, 2000	Year Ended December 31, 1999	Increase $	Increase %
Analog video	$3,536.8	$2,558.0	$978.8	38.3%
Digital video	114.5	30.9	83.6	NM
Cable modem	114.4	44.5	69.9	NM
Advertising sales	290.2	190.3	99.9	52.5
Other	129.1	105.6	23.5	22.3
Service income	4,185.0	2,929.3	1,255.7	42.9
Operating, selling, general and administrative expenses	2,285.4	1,576.3	709.1	45.0
Operating income before depreciation and amortization (a)	$1,899.6	$1,353.0	$546.6	40.4%

	Year Ended December 31, 1999	Year Ended December 31, 1998	Increase $	Increase %
Analog video	$2,558.0	$2,036.6	$521.4	25.6%
Digital video	30.9	2.2	28.7	NM
Cable modem	44.5	14.3	30.2	NM
Advertising sales	190.3	138.7	51.6	37.2
Other	105.6	85.6	20.0	23.4
Service income	2,929.3	2,277.4	651.9	28.6
Operating, selling, general and administrative expenses	1,576.3	1,180.8	395.5	33.5
Operating income before depreciation and amortization (a)	$1,353.0	$1,096.6	$256.4	23.4%

(a) See footnote (1) on page 25.

Of the $978.8 million increase from 1999 to 2000 in analog video service income, which consists of our basic, expanded basic, premium and pay-per-view services, $885.9 million is attributable to the effects of our acquisitions of Jones Intercable, Lenfest and Prime in April 1999, January 2000 and August 2000, respectively, and $92.9 million relates principally to changes in rates and subscriber growth in our historical operations, offset by slightly lower pay-per-view revenue. The increase from 1999 to 2000 in digital video service income is due primarily to the addition of approximately 839,000 digital subscriptions during the year ended December 31, 2000 and, to a lesser extent, to the effects of a new, higher-priced digital service offering made in the second half of 2000. The increase from 1999 to 2000 in cable modem service income is primarily due to the addition of approximately 258,000 cable modem subscribers during the year ended December 31, 2000. Approximately one-half of the increase from 1999 to 2000 in advertising sales revenue is attributable to the effects of our acquisition of Lenfest, with the remaining increase attributable to the effects of the 2000 political campaigns and increased cable viewership. The increase from 1999 to 2000 in other service income, which includes installation revenues, guide revenues, commissions from electronic retailing and other product offerings, is primarily attributable to our acquisitions of Lenfest and Jones Intercable.

Of the $521.4 million increase from 1998 to 1999 in analog video service income, $378.5 million is attributable to the effects of our acquisitions of Jones Intercable and Greater Philadelphia Cablevision, Inc. in April 1999 and June 1999, respectively, and $142.9 million relates principally to changes in rates and subscriber growth in our historical operations and higher pay-per-view revenue. The increase from 1998 to 1999 in digital video service income is due primarily to the addition of approximately 437,000 digital subscriptions during the year ended December 31, 1999. The increase from 1998 to 1999 in cable modem service income is primarily due to the addition of approximately 91,000 cable modem subscribers during the year ended December 31, 1999. The increase from 1998 to 1999 in advertising sales revenue is primarily attributable to our acquisition of Jones Intercable, strong economic conditions and increased cable viewership. The increase from 1998 to 1999 in other service income is primarily attributable to our acquisition of Jones Intercable.

The increases in operating, selling, general, and administrative expenses from 1999 to 2000 and from 1998 to 1999 are primarily due to the effects of our acquisitions of Jones Intercable, Lenfest and Prime, increases in the costs of cable programming as a result of changes in rates, subscriber growth and additional channel offerings, the effects of cable modem subscriber growth, and, to a lesser extent, to increases in labor costs and other volume related expenses in our historical operations. We anticipate the cost of cable programming will increase in the future as cable programming rates increase and additional sources of cable programming become available.

Commerce

The following table sets forth the operating results for our commerce segment, which consists of QVC, Inc. and subsidiaries (dollars in millions):

	Year Ended December 31, 2000	Year Ended December 31, 1999	Increase $	Increase %
Net sales from electronic retailing	$3,535.9	$3,167.4	$368.5	11.6%
Cost of goods sold from electronic retailing	2,284.9	2,060.0	224.9	10.9
Operating, selling, general and administrative expenses	631.8	568.6	63.2	11.1
Operating income before depreciation and amortization (a)	$619.2	$538.8	$80.4	14.9%
Gross margin	35.4%	35.0%		

	Year Ended December 31, 1999	Year Ended December 31, 1998	Increase $	Increase %
Net sales from electronic retailing	$3,167.4	$2,676.4	$491.0	18.3%
Cost of goods sold from electronic retailing	2,060.0	1,735.7	324.3	18.7
Operating, selling, general and administrative expenses	568.6	506.5	62.1	12.3
Operating income before depreciation and amortization (a)	$538.8	$434.2	$104.6	24.1%
Gross margin	35.0%	35.1%		

(a) See footnote (1) on page 25.

The increase in net sales from electronic retailing from 1999 to 2000 is primarily attributable to the effects of 4.7%, 10.0% and 41.0% increases in the average number of homes receiving QVC services in the United States ("US"), United Kingdom ("UK") and Germany, respectively; increases of 5.5% and 9.4% in net sales per home in the US and Germany (in Deutschemarks), respectively, and a 10.6% decrease in net sales per home in the UK (in British pounds); and the negative effects of fluctuations in foreign currency exchange rates during the year.

The increase in net sales from electronic retailing from 1998 to 1999 is primarily attributable to the effects of 4.1%, 11.4% and 35.2% increases in the average number of homes receiving QVC services in the US, UK and Germany, respectively; increases of 8.5%, 8.4% and 90.9% in net sales per home in the US, UK (in British pounds) and Germany (in Deutschemarks), respectively; and the negative effect of fluctuations in the Deutschemark exchange rate during the year.

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

In connection with new accounting guidance issued during the year ended December 31, 2000 (see discussion of EITF 00-10 in Note 2 to our consolidated financial statements included in Item 8), QVC reclassified shipping and handling revenue from cost of goods sold from electronic retailing to net sales from electronic retailing for all periods presented. This reclassification had no effect on QVC's reported operating income before depreciation and amortization and no significant effect on growth in net sales from electronic retailing. The effect of the reclassification was to increase QVC's net sales from electronic retailing by approximately 11% and to decrease gross margin by approximately four percentage points, respectively, for the years ended December 31, 1999 and 1998 as compared to the amounts previously reported.

The increases in operating, selling, general and administrative expenses from 1999 to 2000 and from 1998 to 1999 are primarily attributable to higher variable costs and personnel costs associated with the increases in sales volume.

Consolidated Analysis

Interest Expense

The increases in interest expense from 1999 to 2000 and from 1998 to 1999 are primarily due to the effects of our acquisitions of Lenfest in January 2000 and Jones Intercable in April 1999 and the issuance of the ZONES in October and November 1999, offset, in part, by the net effects of our borrowings and repayments and retirements of debt. We anticipate that, for the foreseeable future, interest expense will be a significant cost to us.

Investment (Income) Expense

During the years ended December 31, 2000, 1999 and 1998, we recognized pre-tax gains of $824.6 million, $323.0 million and $0.7 million, respectively, on sales of certain of our investments.

During the years ended December 31, 2000 and 1999, in connection with certain mergers of publicly traded companies held by us and accounted for as investments available for sale, we recognized pre-tax gains of $62.1 million and $187.6 million, respectively, representing the difference between the fair value of the securities received by us and our basis in the securities exchanged. Such gains were recorded as reclassifications from accumulated other comprehensive income to investment income.

During the years ended December 31, 1999 and 1998, we recorded investment expense of $18.1 million and $105.5 million, respectively, related to changes in the value of and the settlement of call options on certain of our unrestricted equity investments, all of which expired by November 1999.

During the years ended December 31, 2000, 1999 and 1998, we recorded pre-tax losses of $74.4 million, $35.5 million and $152.8 million, respectively, on certain of our investments based on a decline in value that was considered other than temporary.

(Income) Expense Related to Indexed Debt

The ZONES have been accounted for as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS Stock. During the years ended December 31, 2000 and 1999, we recorded (income) expense related to indexed debt of ($666.0) million and $666.0 million, respectively, to reflect the (decrease) increase in fair value of the underlying Sprint PCS Stock during the respective periods.

Equity in Net Losses (Income) of Affiliates

Equity in net losses of affiliates for the year ended December 31, 1998 consists primarily of our proportionate share of the net losses of Sprint PCS, Comcast UK Cable Partners Limited ("Comcast UK Cable") and Teleport Communications, Inc. ("Teleport"). As a result of the restructuring of Sprint PCS, the sale of our interest in Comcast UK Cable and the merger of Teleport into AT&T during the year ended December 31, 1998 (see "Other Income" below), we no longer accounted for these investments under the equity method.

Gain From Equity Offering of Affiliate

During the year ended December 31, 1998, in connection with Teleport's issuance of shares of its Class A Common Stock, we recognized a $157.8 million increase in our proportionate share of Teleport's net assets as a gain from equity offering of affiliate.

Other Income

In December 2000, in connection with our cable systems exchange with AT&T pursuant to which we received cable communications systems serving approximately 770,000 subscribers in exchange for certain of our cable communications systems serving approximately 700,000 subscribers, we recorded a pre-tax gain of $1.711 billion, representing the difference between the estimated fair value as of the closing date of the transaction and our cost basis in the systems exchanged.

In August 2000, we obtained the right to exchange our Excite@Home Series A Common Stock with AT&T and we waived certain of our Excite@Home Board level and shareholder rights under a stockholders agreement (see Note 4 to our consolidated financial statements included in Item 8). In connection with the transaction, we recorded a pre-tax gain of $1.045 billion, representing the estimated fair value of the investment as of the closing date.

In August 2000, we exchanged all of the capital stock in a wholly owned subsidiary which held certain wireless licenses for approximately 3.2 million shares of AT&T common stock. In connection with the exchange, we recognized a pre-tax gain of $98.1 million, representing the difference between the fair value of the AT&T common stock received of $100.0 million and our cost basis in the subsidiary.

Other income for the year ended December 31, 1999 is primarily attributable to the receipt of a $1.5 billion termination fee as liquidated damages from MediaOne Group, Inc. ("MediaOne"), net of transaction costs, in May 1999 as a result of MediaOne's termination of its Agreement and Plan of Merger with us dated March 1999.

In November 1998, we recognized a pre-tax gain of $758.5 million on the restructuring of the ownership and management control of Sprint PCS, representing the difference between the aggregate fair value of the Sprint PCS common stock, convertible preferred stock and warrant received by us and our cost basis in our partnership interest in Sprint PCS.

In October 1998, we recognized a pre-tax gain of $148.3 million on the exchange of our interest in Comcast UK Cable for approximately 4.8 million shares of NTL Incorporated ("NTL") common stock, representing the difference between the fair value of the NTL common stock received by us and our cost basis in Comcast UK Cable.

In July 1998, AT&T completed its merger with Teleport. Upon closing of the merger, we received 36.3 million shares (as adjusted for AT&T's 3-for-2 stock split in April 1999) of AT&T common stock in exchange for the 25.6 million shares of Teleport Class B Common Stock held by us. As a result of the exchange, we recognized a pre-tax gain of $1.092 billion, representing the difference between the fair value of the AT&T common stock received by us and our cost basis in Teleport.

Income Tax Expense

The increases in income tax expense from 1999 to 2000 and from 1998 to 1999 are primarily the result of the effects of changes in our income before taxes and minority interest, and non-deductible goodwill amortization.

Minority Interest

The changes in minority interest from 1999 to 2000 and from 1998 to 1999 are attributable to the effects of our acquisition of a controlling interest in Jones Intercable in April 1999, our acquisition of the California Public Employees Retirement System's 45% interest in Comcast MHCP Holdings L.L.C. in February 2000 and to changes in the net income or loss of our other less than 100% owned consolidated subsidiaries.

Extraordinary Items

Extraordinary items for the years ended December 31, 2000, 1999 and 1998 consist of unamortized debt issue costs and debt extinguishment costs, net of related tax benefits, expensed in connection with the redemption and refinancing of certain indebtedness.

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

Expected Impact of Adoption of SFAS No. 133

We adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, on January 1, 2001, as required by the new statement. This statement establishes accounting and reporting standards for derivatives and hedging activities (see Note 2 to our consolidated financial statements included in Item 8). Adoption of the new statement will affect our accounting for our indexed debt instruments, equity option agreements, cashless collar agreements on investment securities, equity warrant agreements, and interest rate exchange agreements.

Under the new statement, our derivative instruments, which are comprised solely of derivative financial instruments, must be recorded at fair value on our consolidated balance sheet with changes in fair value recorded, except under specific circumstances, to our consolidated statement of operations. Recording changes in the fair value of our derivative instruments to our consolidated statement of operations represents a change from our current accounting whereby generally these changes are recorded as a component of stockholders' equity. When specific circumstances exist, hedge accounting is permitted when the derivative instrument is designated as a hedge. Hedge accounting permits changes in the fair value of our derivative instruments to be either substantially offset in our consolidated statement of operations by changes in the fair value of the hedged item or deferred as a component of stockholders' equity until the hedged item is recognized in our consolidated statement of operations.

On January 1, 2001, in connection with our adoption of the new statement, we reclassified our investment in Sprint PCS from an available for sale security to a trading security. In connection with this reclassification, we expect to record pre-tax investment income of approximately $1.1 billion, representing the accumulated unrealized gain on our investment in Sprint PCS previously recorded as a component of stockholders' equity. Further, beginning in the first quarter of 2001, we will record changes in the fair value of our investment in Sprint PCS to investment income or expense in our consolidated statement of operations. These adjustments will be substantially offset by the changes in the fair values of the Equity Collars described on page 23 and the derivative component of our indexed debt instruments described below.

Upon adoption of the new statement, the balance of our indexed debt instruments, included in long-term debt, will be reduced by approximately $400 million. The new statement requires that we split our indexed debt instruments into their derivative and debt components. We will record the debt component at a discount from its value at maturity. Over the term of the indexed debt instruments, increases in the value of the debt component will be recorded to interest expense in our consolidated statement of operations. Changes in the fair value of the derivative component will be recorded to investment income or expense in our consolidated statement of operations.

Our right to exchange our Excite@Home common stock with AT&T is a hedge of our investment in Excite@Home. Therefore, although we have exercised our right to exchange our investment with AT&T, beginning in the first quarter of 2001 we will record changes in the fair value of this investment and of our investment in Excite@Home common stock to investment income or expense in our consolidated statement of operations until the transaction closes.

In connection with the adoption of the new statement, we expect to recognize as income a cumulative effect of change in accounting principle, net of tax, of approximately $400 million in the first quarter of 2001. This gain will consist of the $400 million adjustment related to our indexed debt instruments previously described and approximately $200 million principally related to the reclassification of gains previously recognized as a component of other comprehensive income on our equity derivative instruments, net of related deferred income taxes.

The adoption of the new statement will also result in a decrease in other comprehensive income as a result of the reclassification to our consolidated statement of operations of pre-tax gains of approximately $1.3 billion, primarily related to our investment in Sprint PCS as discussed above. The decrease will be recorded in the first quarter of 2001, net of related deferred income taxes, of approximately $450 million.

Adoption of the new statement will likely result in volatility from period to period in investment (income) expense as reported on our consolidated statement of operations. We are unable to predict the effects this volatility may have on our future earnings.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Comcast Corporation
Philadelphia, Pennsylvania

We have audited the accompanying consolidated balance sheet of Comcast Corporation and its subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the consolidated financial statements of QVC, Inc. ("QVC") (a consolidated subsidiary) as of December 31, 1998 and for the year then ended, which statements reflect total revenues constituting 49% of the Company's consolidated revenues for the year ended December 31, 1998. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included in the Company's consolidated financial statements for QVC, is based solely upon the report of such other auditors.

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

In our opinion, based on our audits and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of Comcast Corporation and its subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Philadelphia, Pennsylvania
February 23, 2001

COMCAST CORPORATION AND SUBSIDIARIES

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

	December 31, 2000	December 31, 1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$651 5	$922.2
Investments	3,059.7	7,606.0
Accounts receivable, less allowance for doubtful accounts of $141.7 and $136.6	891.9	673 3
Inventories, net	438.5	402 8
Other current assets	102.8	100 1
Total current assets	5,144 4	9,704.4
INVESTMENTS	2,661 9	5,548.8
PROPERTY AND EQUIPMENT	6,799.2	5,153 2
Accumulated depreciation	(1,596 5)	(1,700 9)
Property and equipment, net	5,202.7	3,452.3
DEFERRED CHARGES		
Franchise and license acquisition costs	16,594.4	5,155 7
Excess of cost over net assets acquired and other	10,271.5	7,566.4
	26,865.9	12,722 1
Accumulated amortization	(4,130.4)	(2,742 0)
Deferred charges, net	22,735 5	9,980.1
	$35,744.5	$28,685 6
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2,852.9	$2,737.5
Accrued interest	105 5	104 5
Deferred income taxes	789.9	2,118 6
Current portion of long-term debt	293.9	517.5
Total current liabilities	4,042.2	5,478 1
LONG-TERM DEBT, less current portion (including adjustment to carrying value of zero and $666.0 million)	10,517.4	8,707.2
DEFERRED INCOME TAXES	5,786.7	3,150.5
MINORITY INTEREST AND OTHER	1,257.2	1,008.5
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
COMMON EQUITY PUT OPTIONS	54 6	
STOCKHOLDERS' EQUITY		
Preferred stock - authorized, 20,000,000 shares		
5.25% series B mandatorily redeemable convertible, $1,000 par value; issued, 59,450 and 569,640 at redemption value	59 5	569 6
Class A special common stock, $1 par value - authorized, 2,500,000,000 shares, issued, 931,340,103 and 716,442,482; outstanding, 908,015,192 and 716,442,482	908 0	716.4
Class A common stock, $1 par value - authorized, 200,000,000 shares; issued, 21,832,250 and 25,993,380	21 8	26.0
Class B common stock, $1 par value - authorized, 50,000,000 shares; issued, 9,444,375	9 4	9 4
Additional capital	11,598 8	3,527 0
Retained earnings (accumulated deficit)	1,056 5	(619 8)
Accumulated other comprehensive income	432.4	6,112 7
Total stockholders' equity	14,086 4	10,341 3
	$35,744 5	$28,685.6

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(Amounts in millions, except per share data)

	Year Ended December 31, 2000	1999	1998
REVENUES			
Service income	$4,682.7	$3,361.8	$2,742.6
Net sales from electronic retailing	3,535.9	3,167.4	2,676.4
	8,218.6	6,529.2	5,419.0
COSTS AND EXPENSES			
Operating	2,212.5	1,663.1	1,410.3
Cost of goods sold from electronic retailing	2,284.9	2,060.0	1,735.7
Selling, general and administrative	1,250.9	926.1	776.3
Depreciation	837.3	572.0	463.9
Amortization	1,794.0	644.0	475.7
	8,379.6	5,865.2	4,861.9
OPERATING (LOSS) INCOME	(161 0)	664 0	557.1
OTHER (INCOME) EXPENSE			
Interest expense	691.4	538.3	466.7
Investment (income) expense	(983.9)	(629.5)	187.8
(Income) expense related to indexed debt	(666.0)	666.0	
Equity in net losses (income) of affiliates	21.3	(1.4)	515 9
Gain from equity offering of affiliate			(157.8)
Other income	(2,825.5)	(1,409.4)	(2,012.9)
	(3,762.7)	(836.0)	(1,000.3)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX EXPENSE, MINORITY INTEREST AND EXTRAORDINARY ITEMS	3,601.7	1,500 0	1,557.4
INCOME TAX EXPENSE	1,441.3	723 7	594.0
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST AND EXTRAORDINARY ITEMS	2,160.4	776.3	963 4
MINORITY INTEREST	(115 3)	4 6	44.3
INCOME FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEMS	2,045.1	780.9	1,007.7
GAIN (LOSS) FROM DISCONTINUED OPERATIONS, net of income tax expense (benefit) of $166.1 million in 1999 and ($19 1) million in 1998		335.8	(31.4)
INCOME BEFORE EXTRAORDINARY ITEMS	2,045.1	1,116.7	976.3
EXTRAORDINARY ITEMS	(23.6)	(51 0)	(4.2)
NET INCOME	2,021.5	1,065.7	972.1
PREFERRED DIVIDENDS	(23.5)	(29.7)	(29.1)
NET INCOME FOR COMMON STOCKHOLDERS	$1,998.0	$1,036.0	$943.0
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income from continuing operations before extraordinary items	$2.27	$1.00	$1.34
Discontinued operations		.45	(.04)
Extraordinary items	(.03)	(.07)	(01)
Net income	$2.24	$1.38	$1.29
BASIC WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	890.7	749.1	733 0
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE			
Income from continuing operations before extraordinary items	$2.16	$.95	$1.25
Discontinued operations		.41	(.03)
Extraordinary items	(.03)	(06)	(.01)
Net income	$2.13	$1.30	$1.21
DILUTED WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	948.7	819.9	806.0

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	Year Ended December 31, 2000	1999	1998
OPERATING ACTIVITIES			
Net income	$2,021.5	$1,065.7	$972 1
Adjustments to reconcile net income to net cash provided by operating activities from continuing operations:			
Depreciation	837.3	572.0	463 9
Amortization	1,794.0	644.0	475 7
Non-cash interest (income) expense, net	(22.6)	(27.8)	29.2
Non-cash (income) expense related to indexed debt	(666 0)	666.0	
Equity in net losses (income) of affiliates	21.3	(1 4)	515.9
Gain from equity offering of affiliate			(157 8)
Gains on investments and other income, net	(3,679.3)	(1,917.0)	(1,758.5)
Minority interest	115.3	(4.6)	(44.3)
Discontinued operations		(335.8)	[illegible]
Extraordinary items	23 6	51.0	4.2
Deferred income taxes and other	1,102 3	(31.9)	418.2
	1,547 4	680.2	950.0
Changes in working capital	(328 1)	569.2	117 7
Net cash provided by operating activities from continuing operations	1,219.3	1,249 4	1,067 7
FINANCING ACTIVITIES			
Proceeds from borrowings	5,435.3	2,786.6	1,938.0
Retirements and repayments of debt	(5,356 5)	(1,368 2)	(1,113 4)
Issuances of common stock and sales of put options on common stock	30 5	17.1	41.8
Repurchases of common stock	(324.9)	(30.7)	(12.9)
Dividends		(9.4)	(36.0)
Deferred financing costs	(55 8)	(51 0)	(16.3)
Other		(3.0)	8.0
Net cash (used in) provided by financing activities from continuing operations.	(271.4)	1,341.4	809.2
INVESTING ACTIVITIES			
Acquisitions, net of cash acquired	(187.3)	(755.2)	(309.7)
Proceeds from termination fee, net		1,460.0	
Proceeds from sales of (purchases of) short-term investments, net	1,028.1	(1,035.5)	145 9
Capital contributions to and purchases of investments	(1,010.7)	(2,012.2)	(202 1)
Proceeds from sales of investments	997.3	599.8	23.6
Proceeds from investees' repayments of loans			74.7
Capital expenditures	(1,636 8)	(893.8)	(898.9)
Sale of subsidiaries, net of cash sold		361.1	(140.4)
Additions to deferred charges	(409.2)	(263 5)	(108.4)
Net cash used in investing activities from continuing operations	(1,218.6)	(2,539 3)	(1,415.3)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS – CONTINUING OPERATIONS	(270.7)	51.5	461.6
CASH AND CASH EQUIVALENTS, beginning of year	922.2	870.7	409.1
CASH AND CASH EQUIVALENTS, end of year	$651 5	$922.2	$870 7

See notes to consolidated financial statements.

COMCAST CORPORATION AND SUBSIDIARIES

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

	Preferred Stock		Common Stock					Accumulated Other Comprehensive Income (Loss)		
	Series A	Series B	Class A Special	Class A	Class B	Additional Capital	Retained Earnings (Accumulated Deficit)	Unrealized Gains on Marketable Securities	Cumulative Translation Adjustments	Total
BALANCE, JANUARY 1, 1998	$31.9	$513.2	$674.6	$31.8	$8.8	$2,673.0	($2,415.9)	$140.7	($11.6)	$1,646.5
Comprehensive income:										
Net income							972.1			
Unrealized gains on marketable securities, net of deferred taxes of $489.4								908.8		
Cumulative translation adjustments									11.8	
Total comprehensive income										1,892.7
Conversion of convertible subordinated debt to common stock			20.8			336.8				357.6
Exercise of options			3.4		0.6	31.8				35.8
Retirement of common stock			(0.4)	(0.1)		(2.4)	(10.0)			(12.9)
Cash dividends, common, $.0467 per share							(34.4)			(34.4)
Cash dividends, Series A preferred						(1.6)				(1.6)
Series B preferred dividends		27.5				(27.5)				
Temporary equity related to put options						(79.8)				(79.8)
Proceeds from sales of put options						11.4				11.4
BALANCE, DECEMBER 31, 1998	31.9	540.7	698.4	31.7	9.4	2,941.7	(1,488.2)	1,049.5	0.2	3,815.3
Comprehensive income:										
Net income							1,065.7			
Unrealized gains on marketable securities, net of deferred taxes of $2,730.2								5,070.3		
Cumulative translation adjustments									(7.3)	
Total comprehensive income										6,128.7
Acquisition			8.5			283.2				291.7
Exercise of options			2.2			23.7				25.9
Conversion of Series A preferred	(31.9)		2.7			29.2				
Retirement of common stock				(0.8)		(4.6)	(25.3)			(30.7)
Cash dividends, Series A preferred						(0.8)				(0.8)
Series B preferred dividends		28.9				(28.9)				
Share exchange			4.6	(4.9)		172.3	(172.0)			
Temporary equity related to put options						111.2				111.2
BALANCE, DECEMBER 31, 1999		569.6	716.4	26.0	9.4	3,527.0	(619.8)	6,119.8	(7.1)	10,341.3
Comprehensive income:										
Net income							2,021.5			
Unrealized losses on marketable securities, net of deferred taxes of $3,055.3								(5,674.1)		
Cumulative translation adjustments									(6.2)	
Total comprehensive loss										(3,658.8)
Acquisitions			155.7			7,585.2				7,740.9
Exercise of options			2.6			53.9	(27.7)			28.8
Retirement of common stock			(6.0)	(3.1)		(42.3)	(273.5)			(324.9)
Conversion of Series B preferred		(533.6)	38.3			495.3				
Series B preferred dividends		23.5				(23.5)				
Share exchange			1.0	(1.1)		44.1	(44.0)			
Temporary equity related to put options						(40.9)				(40.9)
BALANCE, DECEMBER 31, 2000	$	$59.5	$908.0	$21.8	$9.4	$11,598.8	$1,056.5	$445.7	($13.3)	$14,086.4

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

1. BUSINESS

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

The Company's cable business is principally involved in the development, management and operation of broadband communications networks in the United States ("US"). The Company's consolidated cable operations served approximately 7.7 million subscribers and passed approximately 12.9 million homes as of December 31, 2000.

Commerce is provided through the Company's consolidated subsidiary, QVC, Inc. ("QVC"). Through QVC, an electronic retailer, the Company markets a wide variety of products directly to consumers primarily on merchandise-focused television programs. QVC was available, on a full and part-time basis, to over 77.9 million homes in the US, over 8.9 million homes in the United Kingdom ("UK") and over 22.6 million homes in Germany as of December 31, 2000.

Content is provided through the Company's consolidated subsidiaries including Comcast Spectacor, Comcast SportsNet and E! Entertainment Television, Inc. ("E! Entertainment"), and through other programming investments including The Golf Channel, Speedvision and Outdoor Life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER ITEMS

Basis of Consolidation
The consolidated financial statements include the accounts of the Company and all wholly owned or controlled subsidiaries. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

Management's Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values
The estimated fair value amounts presented in these consolidated financial statements have been determined by the Company using available market information and appropriate methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Such fair value estimates are based on pertinent information available to management as of December 31, 2000 and 1999, and have not been comprehensively revalued for purposes of these consolidated financial statements since such dates.

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

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

Investments
Investments consist principally of equity securities and US Government obligations, commercial paper, repurchase agreements and certificates of deposit with maturities of greater than three months when purchased.

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

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

Restricted publicly traded investments and investments in privately held companies are stated at cost, adjusted for any known diminution in value (see Note 4).

Property and Equipment
Property and equipment are stated at cost. Depreciation is provided by the straight-line method over estimated useful lives as follows:

Buildings and improvements	8-40 years
Operating facilities	5-20 years
Other equipment	2-10 years

Improvements that extend asset lives are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to assets sold or retired are removed from the accounts and the gain or loss on disposition is recognized as a component of depreciation expense.

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

Deferred Charges
Franchise and license acquisition costs are amortized on a straight-line basis over their legal or estimated useful lives ranging principally from 3 to 20 years. The excess of cost over the fair value of net assets acquired is being amortized on a straight-line basis over estimated useful lives ranging principally from 20 to 30 years. QVC and certain of the Company's content subsidiaries have entered into multi-year affiliation agreements with various cable and satellite system operators for carriage of their respective programming. In connection with these affiliation agreements, the Company's subsidiaries generally pay a fee to the cable or satellite operator based on the number of subscribers. Cable or satellite distribution rights are capitalized and amortized on a straight-line basis over the term of the related distribution agreements ranging principally from 6 to 12 years.

Valuation of Long-Lived Assets
The Company periodically evaluates the recoverability of its long-lived assets, including property and equipment and deferred charges, using objective methodologies whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such methodologies include evaluations based on the cash flows generated by the underlying assets, profitability information, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the

carrying amount of the asset, a loss is recognized for the difference between the fair value and the carrying value of the asset.

Foreign Currency Translation
Assets and liabilities of the Company's foreign subsidiaries, where the functional currency is the local currency, are translated into US dollars at the December 31 exchange rate. The related translation adjustments are recorded as a component of other comprehensive income. Revenues and expenses are translated using average exchange rates prevailing during the year. Foreign currency transaction gains and losses are included in other (income) expense.

Revenue Recognition
Service income is recognized as service is provided. Credit risk is managed by disconnecting services to cable customers who are delinquent. Net sales from electronic retailing are recognized at the time of shipment to customers. The Company's policy is to allow customers to return merchandise for up to thirty days after date of shipment. An allowance for returned merchandise is provided as a percentage of sales based on historical experience. Advertising sales revenue is recognized at estimated realizable values when the advertising is aired.

Stock-Based Compensation
The Company accounts for stock-based compensation in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations, as permitted by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. Compensation expense for restricted stock awards is recorded annually based on the quoted market price of the Company's stock at the date of the grant and the vesting period. Compensation expense for stock appreciation rights is recorded annually based on the changes in quoted market prices of the Company's stock or other determinants of fair value at the end of the year (see Note 6).

Postretirement and Postemployment Benefits
The estimated costs of retiree benefits and benefits for former or inactive employees, after employment but before retirement, are accrued and recorded as a charge to operations during the years the employees provide services.

Investment Income
Investment income includes interest income, dividend income and gains, net of losses, on the sales of marketable securities and long-term investments. Gross realized gains and losses are recognized using the specific identification method (see Note 4). Investment income also includes impairment losses resulting from adjustments to the net realizable value of certain of the Company's investments.

Income Taxes
The Company recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities and expected benefits of utilizing net operating loss carryforwards. The impact on deferred taxes of changes in tax rates and laws, if any, applied to the years during which temporary differences are expected to be settled, are reflected in the consolidated financial statements in the period of enactment.

Derivative Financial Instruments
The Company employs derivative financial instruments for a number of purposes. The Company manages its exposure to fluctuations in interest rates by entering into interest rate exchange agreements ("Swaps"), interest rate cap agreements ("Caps") and interest rate collar agreements ("Collars"). The Company manages the cost of its share repurchases through the sale of equity put option contracts ("Comcast Put Options"). The Company manages its exposure to fluctuations in the value of certain of its investments by entering into equity collar agreements ("Equity Collars") and equity put option agreements ("Equity Put Options"). The Company makes investments in businesses, to some degree, through the purchase of equity call option or call warrant agreements ("Equity Warrants"). The

Company has issued indexed debt instruments whose value, in part, is derived from the market value of Sprint PCS common stock. The Company has also sold call options on certain of its investments in equity securities ("Covered Call Options").

Swaps, Caps and Collars are matched with either fixed or variable rate debt and periodic cash payments are accrued on a settlement basis as an adjustment to interest expense. Any premiums associated with these instruments are amortized over their term and realized gains or losses as a result of the termination of the instruments are deferred and amortized over the remaining term of the underlying debt. Unrealized gains and losses as a result of these instruments are recognized when the underlying hedged item is extinguished or otherwise terminated.

Proceeds from sales of Comcast Put Options are recorded in stockholders' equity and an amount equal to the redemption price of the common stock is reclassified from permanent equity to temporary equity. Subsequent changes in the market value of Comcast Put Options are not recorded. Equity Collars, Equity Put Options and Equity Warrants are marked to market on a current basis with the result included in accumulated other comprehensive income in the Company's consolidated balance sheet. Covered Call Options are marked to market on a current basis with the result included in investment (income) expense in the Company's consolidated statement of operations.

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

The Company does not hold or issue any derivative financial instruments for trading purposes and is not a party to leveraged instruments (see Note 5). The credit risks associated with the Company's derivative financial instruments are controlled through the evaluation and monitoring of the creditworthiness of the counterparties. Although the Company may be exposed to losses in the event of nonperformance by the counterparties, the Company does not expect such losses, if any, to be significant.

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

SFAS No. 133, as Amended
In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivatives and hedging activities. The new standard requires that all derivative instruments be reported on the balance sheet at their fair values. For derivative instruments designated and effective as fair value hedges, changes in the fair value of the derivative instrument will be substantially offset in the statement of operations by changes in the fair value of the hedged item. For derivative instruments designated as cash flow hedges, the effective portion of any hedge is reported in other comprehensive income until it is recognized in earnings during the same period in which the hedged item affects earnings. The ineffective portion of all hedges will be recognized in current earnings each period. Changes in the fair value of derivative instruments that are not designated as a hedge will be recorded each period in current earnings.

In July 1999, the FASB issued SFAS No. 137 which deferred the effective date for implementation of SFAS No. 133 to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138 which addressed certain issues causing implementation difficulties for entities that apply SFAS No. 133. The Company adopted SFAS No. 133, as amended, on January 1, 2001. Instruments that the Company has entered into that will be accounted for under SFAS No. 133, as amended, include indexed debt instruments, Swaps, Equity Warrants, Equity Put Options, and Equity Collars. See Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of the Company's Annual Report on Form 10-K for a discussion of the expected impact the adoption of SFAS No. 133 will have on the Company's consolidated financial position and results of operations.

SFAS No. 140
In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 140 replaces SFAS No. 125 and addresses certain issues not previously addressed in SFAS No. 125. SFAS 140 is effective for transfers and servicing occurring after March 31, 2001. SFAS No. 140 is effective for disclosures about securitizations and collateral and for the recognition and reclassification of collateral for fiscal years ending after December 15, 2000. The adoption of SFAS No. 140 did not have a material impact on the Company's financial position or results of operations.

SAB No. 101, as Amended
In December 1999, the staff of the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance in applying generally accepted accounting principles to selected revenue recognition issues. In March 2000 and June 2000, the staff of the SEC amended SAB No. 101 to delay the required implementation date of SAB No. 101 to the fourth quarter of fiscal years beginning after December 15, 1999. The Company adopted SAB No. 101, as amended, on October 1, 2000. The adoption of SAB No. 101, as amended, did not have a material impact on the Company's results of operations.

EITF 00-10
In May, July and September 2000, the Emerging Issues Task Force (the "EITF") reached a consensus on EITF Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs." EITF No. 00-10 requires that all amounts billed to a customer in a sale transaction for shipping and handling be classified as revenue. QVC previously classified shipping and handling revenue as an offset to cost of goods sold from electronic retailing. The Company has reclassified shipping and handling revenue from cost of goods sold from electronic retailing to net sales from electronic retailing for all periods presented in the accompanying consolidated statement of operations.

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

Earnings for Common Stockholders Per Common Share

Earnings for common stockholders per common share is computed by dividing net income, after deduction of preferred stock dividends, when applicable, by the weighted average number of common shares outstanding during the period on a basic and diluted basis. The following table reconciles the numerator and denominator of the computations of diluted earnings for common stockholders per common share ("Diluted EPS") for the years ended December 31, 2000, 1999 and 1998, respectively.

	(Amounts in millions, except per share data) Year Ended December 31,		
	2000	1999	1998
Net income for common stockholders	$1,998.0	$1,036.0	$943.0
Dilutive securities effect on net income for common stockholders			1.0
Preferred dividends	23.5	29.7	29.1
Net income for common stockholders used for Diluted EPS	$2,021.5	$1,065.7	$973.1
Basic weighted average number of common shares outstanding	890.7	749.1	733.0
Dilutive securities:			
1 1/8% discount convertible subordinated debentures, redeemed March 1998			5.0
Series A and B convertible preferred stock	42.5	44.0	45.2
Stock option and restricted stock plans	15.4	26.8	22.8
Put options on Class A Special Common Stock	0.1		
Diluted weighted average number of common shares outstanding	948.7	819.9	806.0
Diluted earnings for common stockholders per common share	$2.13	$1.30	$1.21

Comcast Put Options on a weighted average 1.5 million shares, 2.7 million shares and 2.9 million shares of its Class A Special Common Stock (see Note 6) were outstanding during the years ended December 31, 2000, 1999 and 1998, respectively. Comcast Put Options outstanding during the years ended December 31, 1999 and 1998 were not included in the computation of Diluted EPS as the Comcast Put Options' exercise price was less than the average market price of the Company's Class A Special Common Stock during the periods.

In December 2000, the Company issued $1.285 billion principal amount at maturity of Zero Coupon Convertible Debentures due 2020 (the "Zero Coupon Debentures") (see Note 5). Holders may surrender the Zero Coupon Debentures for conversion at any time prior to maturity, unless previously redeemed, but only if the closing sale price of the Company's Class A Special Common Stock is greater than 110% of the accreted conversion price for at least 20 trading days of the 30 trading days prior to conversion. As the weighted average closing sale price of the Company's Class A Special Common Stock was not greater than 110% of the accreted conversion price during the period from the date of issuance of the Zero Coupon Debentures through December 31, 2000, the Zero Coupon Debentures have been excluded from Diluted EPS.

Reclassifications
Certain reclassifications have been made to the prior years' consolidated financial statements to conform to those classifications used in 2000.

3. ACQUISITIONS AND OTHER SIGNIFICANT EVENTS

AT&T Cable Systems Exchange
On December 31, 2000, the Company completed its previously announced cable systems exchange with AT&T Corp. ("AT&T") pursuant to which the Company received cable communications systems serving approximately 770,000 subscribers. In exchange, AT&T received certain of the Company's cable communications systems serving approximately 700,000 subscribers. In connection with the exchange, the Company recorded to other income a pre-tax gain of $1.711 billion, representing the difference between the estimated fair value as of the closing date of the transaction and the Company's cost basis in the systems exchanged.

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

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

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

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

Acquisition of Lenfest Communications, Inc.
In January 2000, the Company acquired Lenfest Communications, Inc. ("Lenfest"), a cable communications company serving approximately 1.1 million subscribers primarily in the Philadelphia area from AT&T and the other Lenfest stockholders for approximately 120.1 million shares of the Company's Class A Special Common Stock with a value of $6.014 billion (the "Lenfest Acquisition"). In connection with the Lenfest Acquisition, the Company assumed approximately $1.326 billion of debt (see Note 5).

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

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

The acquisitions completed by the Company during the years ended December 31, 2000 and 1999 were accounted for under the purchase method of accounting. As such, the operating results of the acquired systems have been included in the Company's consolidated statement of operations from the acquisition date. The Company recorded the final purchase price allocation related to the Company's acquisitions of Lenfest, Garden State Cable, CalPERS' interest in Comcast MHCP and of the public shareholders' interest in Jones Intercable during the fourth quarter of 2000. The allocation of the purchase price for the acquisition of Prime and the AT&T cable systems exchange, is preliminary pending completion of final appraisals. As the consideration given in exchange for Jones Intercable, Greater Philadelphia, Lenfest and the additional 50% interest in Garden State Cable was shares of the Company's Class A Special Common Stock, and in the case of Prime was primarily the conversion of convertible notes, the acquisitions of such interests had no significant impact on the Company's consolidated statement of cash flows during the years ended December 31, 2000 and 1999, respectively (see Note 8).

Unaudited Pro Forma Information
The following unaudited pro forma information for the years ended December 31, 2000, 1999 and 1998 has been presented as if the Jones Merger and the acquisitions of Lenfest, CalPERS' interest in Comcast MHCP and Prime, the consolidation of Garden State Cable and the cable systems acquired through the exchange with AT&T each occurred on January 1, 1999, and the acquisition of a controlling interest in Jones Intercable and the acquisition of Greater Philadelphia occurred on January 1, 1998. This information is based on historical results of operations, adjusted for acquisition costs, and, in the opinion of management, is not necessarily indicative of what the results would have been had the Company operated Jones Intercable, Greater Philadelphia, Lenfest, Garden State Cable, Comcast MHCP, Prime and the AT&T cable systems received in the exchange since such dates.

	(Amounts in millions, except per share data) Year Ended December 31,		
	2000	1999	1998
Revenues	$8,397.3	$7,566.5	$5,922.7
Income before extraordinary items	$1,938.3	$252.2	$925.3
Net income	$1,914.7	$201.2	$921.1
Diluted EPS	$1.98	$0.21	$1.13

Sale of Comcast Cellular Corporation
In July 1999, the Company sold Comcast Cellular Corporation ("Comcast Cellular") to SBC Communications, Inc. for $361.1 million in cash and the assumption of $1.315 billion of Comcast Cellular debt, and recognized a gain on the sale of $355.9 million, net of income tax expense. The results of operations of Comcast Cellular have been presented as a discontinued operation in accordance with Accounting Principles Board ("APB") Opinion 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." During the year ended December 31, 1999, the Company recognized losses from discontinued operations of $20.1 million.

Other Income
In August 2000, the Company obtained the right to exchange its Excite@Home Corporation ("Excite@Home") Series A Common Stock (the "Excite@Home Stock") with AT&T and waived certain of its Excite@Home Board level and shareholder rights under a stockholders agreement. The Company also agreed to cause its existing appointee to the Excite@Home Board of Directors to resign (see Note 4). In connection with the transaction, the Company recorded to other income a pre-tax gain of $1.045 billion, representing the estimated fair value of the investment as of the closing date.

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

During the year ended December 31, 1999, the Company received a $1.5 billion termination fee as liquidated damages from MediaOne Group, Inc. ("MediaOne") as a result of MediaOne's termination of its Agreement and Plan of Merger with the Company dated March 1999. The termination fee, net of transaction costs, was recorded to other income in the Company's consolidated statement of operations.

Adelphia Cable Systems Exchange
On January 1, 2001, the Company completed its previously announced cable systems exchange with Adelphia Communications ("Adelphia") pursuant to which the Company received cable communications systems serving approximately 460,000 subscribers from Adelphia. In exchange, Adelphia received certain of the Company's cable communications systems serving approximately 440,000 subscribers. In connection with the exchange, the Company expects to record a gain and the acquisition will be accounted for as a purchase.

AT&T Cable Systems Acquisition
In August 2000, the Company entered into an agreement with AT&T to acquire cable communications systems serving up to 700,000 subscribers from AT&T in exchange for AT&T common stock that the Company currently owns or may acquire, in a transaction intended to qualify as tax-free to both the Company and to AT&T. Pursuant to the agreement, the agreed upon value of the cable communications systems to be acquired by the Company from AT&T is up to $3.2 billion (subject to adjustment based on the actual number of subscribers acquired). Also pursuant to the agreement, approximately 39.6 million shares of the AT&T common stock currently owned by the Company will be valued at $54.41 per share. The transaction is subject to customary closing conditions and regulatory approvals, will be accounted for as a purchase, and is expected to close by the end of the second quarter of 2001 (see Note 4).

4. INVESTMENTS

	December 31, 2000	December 31, 1999
	(Dollars in millions)	
Fair value method		
AT&T Corp.	$1,174.3	$2,025.5
Excite@Home Corporation	1,479.1	918.0
Internet Capital Group, Inc.	71.5	4,127.2
Sprint Corp. PCS Group	2,149.8	4,234.0
Other	322.4	667.4
	5,197.1	11,972.1
Cost method	128.4	1,134.6
Equity method	396.1	48.1
Total investments	5,721.6	13,154.8
Less, current investments	3,059.7	7,606.0
Non-current investments	$2,661.9	$5,548.8

Fair Value Method
The Company holds unrestricted equity investments in certain publicly traded companies, with an historical cost of $4.490 billion and $2.558 billion as of December 31, 2000 and 1999, respectively. The unrealized pre-tax gains on these investments as of December 31, 2000 and 1999 of $707.1 million and $9.414 billion, respectively, have been reported in the Company's consolidated balance sheet principally as a component of other comprehensive income, net of related deferred income tax expense of $240.0 million and $3.294 billion, respectively.

AT&T. In July 1998, AT&T merged with Teleport Communications Group Inc. ("Teleport") with AT&T as the surviving corporation. Upon closing of the transaction, the Company received approximately 36.3 million shares of unregistered AT&T common stock (as adjusted for AT&T's 3-for-2 stock split in April 1999) in exchange for the approximately 25.6 million shares of Teleport Class B Common Stock held by the Company. As a result of the exchange, the Company recorded to other income a pre-tax gain of $1.092 billion during the year ended December 31, 1998, representing the difference between the fair value of the AT&T stock received and the Company's basis in Teleport.

In March 1999, AT&T merged with Tele-Communications, Inc. ("TCI"), with AT&T as the surviving corporation (the "AT&T/TCI Merger"). Upon closing of the AT&T/TCI Merger, the Company received approximately 3.6 million shares (as adjusted for AT&T's 3-for-2 stock split in April 1999) of AT&T common stock in exchange for the approximately 3.1 million shares of TCI Class A Common Stock held by the Company and the Company received approximately 3.6 million shares of Class A Liberty Media Group Tracking Shares for the approximately 2.3 million shares of TCI Ventures Group, Inc. ("TCI Ventures") common stock and the approximately 2.4 million shares of Liberty Media Group Class A Common Stock held by the Company. As a result of the exchange, the Company recorded to other income a pre-tax gain of $187.6 million during the year ended December 31, 1999, representing the difference between the fair value of the stock received and the Company's basis in TCI and TCI Ventures.

As of December 31, 2000 and 1999, the Company holds approximately 68.0 million and 39.9 million shares of AT&T common stock. As of December 31, 2000 and 1999, the Company has recorded its investment in AT&T at its estimated fair value of $1.174 billion and $2.026 billion, respectively (see Note 3).

Excite@Home. Excite@Home provides Internet services to subscribers and businesses over the cable communications infrastructure in a limited number of cities in the United States. The Company holds approximately

29.1 million shares of Excite@Home Stock and, as of December 31, 2000 and 1999, has earned warrants to purchase an additional 2.1 million shares and 0.6 million shares, respectively, of Excite@Home Stock. As of December 31, 2000 and 1999, 10% and 30% of the Excite@Home shares held by the Company were contractually restricted shares (the "Restricted Shares") and 90% and 70% of the Excite@Home shares held by the Company were unrestricted shares (the "Unrestricted Shares"). The Company has recorded the Restricted Shares at their historical cost of $0.3 million and $0.6 million and the Unrestricted Shares and warrants, which are classified as available for sale, at their estimated fair value of $151.8 million and $918.0 million, respectively, as of December 31, 2000 and 1999. The investment in the Excite@Home Stock is included in current investments as of December 31, 2000.

On March 28, 2000 (the "Announcement Date"), Excite@Home and its principal cable partners, including the Company (the "Founding Cable Stockholders"), entered into an agreement (the "Letter Agreement") pursuant to which Excite@Home and the Founding Cable Stockholders agreed to enter into certain transactions which were completed on August 28, 2000. AT&T granted the Company the right to exchange its Excite@Home Stock with AT&T at any time between January 1, 2001and June 4, 2002 at a price equal to the higher of $48 per share or the average per share trading price for a 30-day trading period (as defined). The aggregate value of the Excite @Home Stock that AT&T would be required to purchase from the Company is limited to approximately $1.5 billion. The Company has the right to elect payment in the form of cash or in shares of AT&T common stock. The Company accounts for this right as an investment, classified as available for sale, at its estimated fair value with unrealized gains or losses resulting from changes between measurement dates recorded as a component of accumulated other comprehensive income. As of December 31, 2000, the Company has recorded this investment, which is included in current investments in the Company's consolidated balance sheet, at its estimated fair value of $1.327 billion. In January 2001, the Company exercised its right to exchange all of its Excite@Home Corporation Series A Common Stock with AT&T at $48 per share for approximately 69.6 million shares of AT&T common stock. Under the terms of such exercise, the transaction is expected to close by March 31, 2001.

The Company agreed to enter into a new non-exclusive distribution agreement with Excite@Home for the period from June 2002 through June 2006. The Company may elect to terminate its existing exclusive distribution agreement with Excite@Home (which would otherwise expire in June 2002) or the new distribution agreement at any time beginning June 2001 on at least six months notice. In addition, unearned warrants previously held by the Company were amended to eliminate any previous performance vesting conditions and the Company received additional new warrants with an exercise price of $29.54 per share to purchase two shares of Excite@Home Stock for each home passed by the Company's cable communications systems at the Announcement Date. The new warrants and the unearned previously held warrants vest in installments every six months beginning in June 2001 and will be fully vested in June 2006 provided that the Company has not elected to earlier terminate its existing or the new distribution agreement. The new warrants include customary registration rights and will expire in March 2015. The Company's right to sell its Excite@Home Stock to AT&T is not dependent upon its election to either continue or terminate its existing or the new distribution agreement.

Internet Capital Group. In August 1999, Internet Capital Group ("ICG"), an investee of the Company previously accounted for under the cost method, completed an initial public offering of its common stock. ICG is an Internet holding company engaged in managing and operating a network of business-to-business e-commerce companies. During the year ended December 31, 2000, the Company sold approximately 2.3 million shares of its ICG common stock for proceeds of $327.1 million and recognized a pre-tax gain of $325.9 million. Such gain was recorded as a reclassification from accumulated other comprehensive income to investment income. As of December 31, 2000 and 1999, the Company holds approximately 21.4 million and 23.7 million shares of ICG common stock and warrants and options to purchase approximately 0.6 million shares of ICG common stock, respectively. As of December 31, 2000 and 1999, the Company has recorded its investment in ICG at its estimated fair value of $71.5 million and $4.127 billion, respectively.

Sprint PCS. In November 1998, in connection with the restructuring of the ownership and management control of Sprint PCS, the Company recorded to other income a pre-tax gain of $758.5 million, representing the difference between the aggregate fair value of the Sprint PCS common stock, convertible preferred stock and warrant received by the Company and the Company's cost basis in its partnership interest in Sprint PCS. As of December 31, 2000 and 1999, as adjusted for Sprint PCS' 2–for-1 stock split in February 2000, the Company holds approximately 88.2 million shares and 93.8 million shares of unregistered Sprint PCS common stock, 123,452 shares of Sprint PCS convertible preferred stock (convertible into approximately 4.0 million shares of unregistered Sprint PCS common stock) and a warrant to purchase approximately 6.0 million shares of unregistered Sprint PCS common stock at $12.01 per share (the "Sprint PCS Stock"). The Company has registration rights, subject to customary restrictions, which will allow the Company to sell its Sprint PCS Stock. During the year ended December 31, 2000, the Company sold approximately 5.6 million of its shares of Sprint PCS common stock for proceeds of $312.0 million and recognized a pre-tax gain of $265.3 million. Such gain was recorded as a reclassification from accumulated other comprehensive income to investment income. As of December 31, 2000 and 1999, the Company has recorded its investment in Sprint PCS at its estimated fair value of $2.150 billion and $4.234 billion, respectively (see Note 5).

Equity Price Risk
During the year ended December 31, 1999, the Company entered into Equity Collars covering $1.365 billion notional amount of investment securities which are accounted for at fair value. The Equity Collars limit the Company's exposure to and benefits from price fluctuations in the underlying equity securities. The Equity Collars mature between 2001 and 2003. As the Company has accounted for the Equity Collars as a hedge, changes in the value of the Equity Collars were substantially offset by changes in the value of the underlying investment securities which were also marked-to-market through accumulated other comprehensive income in the Company's consolidated balance sheet.

NTL Incorporated. In October 1998, the Company received approximately 4.8 million shares of NTL Incorporated ("NTL") common stock, an alternative telecommunications company in the UK, in exchange for all of the shares of Comcast UK Cable Partners Limited ("Comcast UK Cable"), a consolidated subsidiary of the Company, held by the Company. As a result of the exchange, the Company recorded to other income a pre-tax gain of $148.3 million during the year ended December 31, 1998, representing the difference between the fair value of the NTL common stock received and the Company's basis in Comcast UK Cable. During the year ended December 31, 1999, the Company sold all 5.8 million shares (as adjusted for NTL's 5-for-4 stock split in October 1999) of its NTL common stock for total proceeds of $498.3 million and recorded to investment income a pre-tax gain of $284.2 million.

Sales of Other Investments
During the years ended December 31, 2000, 1999 and 1998, the Company recorded to investment income pre-tax gains of $233.4 million, $38.8 million and $0.7 million, respectively, on sales of certain of its other investments.

Impairment Losses
During the years ended December 31, 2000, 1999 and 1998, the Company recorded to investment expense pre-tax losses of $74.4 million, $35.5 million and $152.8 million, respectively, on certain of its investments based on declines in value that were considered other than temporary.

Investment Expense Related to Call Options
During the years ended December 31, 1999 and 1998, the Company recorded $18.1 million and $105.5 million, respectively, of investment expense related to changes in the value of and the settlement of call options on certain of the Company's fair value method investments, all of which expired by November 1999.

Equity Method

The Company records its proportionate interests in the net income (loss) of certain of its equity method investees in arrears. The Company's recorded investments exceed its proportionate interests in the book value of the investees' net assets by $336.3 million as of December 31, 2000 (related to the Company's investments in The Golf Channel and Susquehanna Cable). Such excess is being amortized to equity in net income or loss, over a period of twenty years, which is consistent with the estimated lives of the underlying assets. The original cost of investments accounted for under the equity method totaled $506.5 million and $235.6 million as of December 31, 2000 and1999, respectively. Summarized financial information is not presented for Sprint PCS, Teleport or Birmingham Cable Corporation Limited and Cable London, PLC (together, the "UK Investees") as of December 31, 2000 and 1999 or for the years ended December 31, 2000 and 1999, as such investments are no longer accounted for under the equity method. Summarized financial information for the Company's equity method investees for the year ended December 31, 1998 is as follows (dollars in millions).

	Sprint PCS	Teleport	UK Investees	Other	Combined
Year Ended December 31, 1998:					
Combined Results of Operations					
Revenues, net	$1,136.5	$605.8	$197.8	$638.6	$2,578.7
Operating, selling, general and administrative expenses	2,587.6	558.7	153.3	653.8	3,953.4
Depreciation and amortization	749.5	163.4	69.7	69.1	1,051.7
Operating loss	(2,200.6)	(116.3)	(25.2)	(84.3)	(2,426.4)
Net loss (a)	(2,572.8)	(190.6)	(78.8)	(134.2)	(2,976.4)
Company's Equity in Net Loss					
Equity in current period net loss	($385.9)	($27.2)	($28.9)	($66.4)	($508.4)
Amortization expense	(3.5)		(0.5)	(3.5)	(7.5)
Total equity in net loss	($389.4)	($27.2)	($29.4)	($69.9)	($515.9)

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

Golf Channel

During the year ended December 31, 2000, the Company exercised a call option to purchase shares held by certain founding members and members of management and purchased shares held by other minority shareholders of The Golf Channel for aggregate consideration of $137.8 million. The Company's current ownership after these transactions is 60.3%. The Company will continue to record its investment in The Golf Channel under the equity method due to certain veto rights that are held by one of the remaining minority partners.

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

Cost Method

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

Gain from Equity Offering of Affiliate
For the year ended December 31, 1998, Teleport issued shares of its Class A Common Stock. As a result of this stock issuance, the Company recognized a $157.8 million increase in its proportionate share of Teleport's net assets as gain from equity offering of affiliate.

5. LONG-TERM DEBT

	December 31, 2000	December 31, 1999
	(Dollars in millions)	
Commercial Paper	$1,323.5	
Notes payable to banks due in installments through 2009	1,751.4	$2,324.0
9-5/8% Senior notes, due 2002	200.0	200.0
8-1/8% Senior notes, due 2004	299.9	299.8
8-3/8% Senior notes, due 2005	696.3	
8-3/8% Senior notes, due 2007	597.2	596.8
8-7/8% Senior notes, due 2007	249.0	248.9
6.20% Senior notes, due 2008	798.2	798.1
7-5/8% Senior notes, due 2008	197.1	196.8
7-5/8% Senior notes, due 2008	147.4	
8-7/8% Senior notes, due 2017	545.8	545.7
8-1/2% Senior notes, due 2027	249.6	249.6
10-1/4% Senior subordinated debentures, due 2001	100.4	100.4
9-3/8% Senior subordinated debentures, due 2005		172.5
9-1/8% Senior subordinated debentures, due 2006		144.7
10-1/2% Senior subordinated debentures, due 2006	123.8	
8-1/4% Senior subordinated debentures, due 2008	149.1	
9-1/2% Senior subordinated debentures, due 2008		198.5
10-1/2% Senior subordinated debentures, due 2008		100.0
10-5/8% Senior subordinated debentures, due 2012	257.0	257.0
Zero Coupon Convertible Debentures, due 2020	1,002.0	
7% Disney Notes, due 2007	132.8	132.8
ZONES at principal amount, due 2029	1,806.8	1,806.8
Non-cash adjustment to carrying value		666.0
Other debt, due in installments	184.0	186.3
	10,811.3	9,224.7
Less current portion	293.9	517.5
	$10,517.4	$8,707.2

Maturities of long-term debt outstanding as of December 31, 2000 for the four years after 2001 are as follows (dollars in millions):

2002	$448.0
2003	69.2
2004	308.7
2005	3,303.5

Senior Notes Offerings
In January 2001, Comcast Cable sold an aggregate of $1.5 billion of public debt consisting of $500.0 million of 6.375% Senior Notes due 2006 and $1.0 billion of 6.75% Senior Notes due 2011. Comcast Cable used substantially all of the net proceeds from the offerings to repay a portion of the amounts outstanding under its commercial paper program and bank credit facility.

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

The Zero Coupon Debentures have a yield to maturity of 1.25%, computed on a semi-annual bond equivalent basis. The Zero Coupon Debentures may be converted, subject to certain restrictions, into shares of the Company's Class A Special Common Stock at the option of the holder at a conversion rate of 14.2566 shares per $1,000 principal amount at maturity, representing an initial conversion price of $54.67 per share. The Zero Coupon Debentures are senior unsecured obligations. The Company may redeem for cash all or part of the Zero Coupon Debentures on or after December 19, 2005. Holders may require the Company to repurchase the Zero Coupon Debentures on December 19, 2001, 2003, 2005, 2010 and 2015. The Company may choose to pay the repurchase price for 2001, 2003 and 2005 repurchases in cash or shares of its Class A Special Common Stock or a combination of cash and shares of its Class A Special Common Stock. The Company may pay the repurchase price for the 2010 and 2015 repurchases in cash only.

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

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

Comcast Cable Refinancing
In August 2000, the Company repaid and retired all amounts outstanding under the existing bank credit facilities of its cable communications subsidiaries, totaling approximately $2.4 billion, with the proceeds from a new senior bank credit facility and new commercial paper program. The Company's new senior bank credit facility consists of a $2.25 billion, five-year revolving credit facility and a $2.25 billion, 364-day revolving credit facility (together, the "Comcast Cable Revolver"). The 364-day revolving credit facility supports Comcast Cable's new commercial paper program. The Company borrowed $1.4 billion under the five-year facility and $1.0 billion under the commercial paper program to repay and retire the subsidiaries' credit facilities.

Amounts outstanding under the commercial paper program are classified as long-term in the Company's consolidated balance sheet as of December 31, 2000 as the Company refinanced a portion of these obligations on a long-term basis with proceeds from the Comcast Cable senior notes offerings in January 2001 and has both the ability and the intent to refinance these obligations, if necessary, on a long-term basis with amounts available under the Comcast Cable Revolver.

ZONES
During the fourth quarter of 1999, the Company issued 2.0% Exchangeable Subordinated Debentures due 2029 (the "ZONES") in the aggregate principal amount of $1.807 billion. At maturity, holders of the ZONES are entitled to receive in cash an amount equal to the higher of (a) the principal amount of the ZONES, or (b) the market value of two shares of Sprint PCS Stock. Prior to maturity, each ZONES is exchangeable at the holders option for an amount of cash equal to 95% of the market value of two shares of Sprint PCS Stock.

The ZONES have been accounted for as an indexed debt instrument since the maturity value is dependent upon the fair value of Sprint PCS Stock. Therefore, the carrying value of the ZONES was adjusted each balance sheet date to reflect the fair value of the underlying Sprint PCS Stock with the change included in (income) expense related to indexed debt in the Company's consolidated statement of operations. During the years ended December 31, 2000 and 1999, the Company recorded (income) expense related to indexed debt of ($666.0) million and $666.0 million, respectively. The Company's investment in Sprint PCS was accounted for as available for sale, with changes in fair value being reflected in accumulated other comprehensive income (see Note 4). As of December 31, 2000, the number of Sprint PCS shares held by the Company exceeded the number of ZONES outstanding.

Debt Assumed
In connection with the Lenfest Acquisition, the consolidation of Garden State Cable and the Prime Acquisition (see Note 3), the Company assumed aggregate debt of $2.146 billion with interest rates ranging between 6.95% and 10.5%, and maturities between 2001 and 2008.

Redemptions of Debt
During 2000, the Company repurchased certain senior subordinated debentures having an aggregate principal amount of $615.7 million. During 1999, the Company repurchased certain senior subordinated debentures having an aggregate principal amount of $192.2 million and repaid $200.0 million in notes payable to insurance companies having an interest rate of 8.6%. In March 1999, the Company issued 8.7 million 3.35% Exchangeable Extendable Subordinated Debentures due 2029 (the "PHONES") for gross proceeds of $718.3 million. At maturity, holders of the PHONES were entitled to receive in cash an amount equal to the higher of (a) the principal amount of the PHONES, or (b) the market value of AT&T common stock. In July 1999, the Company redeemed all $718.3 million principal amount of the PHONES. The Company redeemed the PHONES due to its transaction with AT&T in which it intends to use AT&T shares as consideration for the purchase of cable systems from AT&T (see Note 3).

In March 1998, the Company completed the redemption of its $541.9 million principal amount 1 1/8% discount convertible subordinated debentures due 2007 (the "1 1/8% Debentures"). The Company issued 20.8 million shares of its Class A Special Common Stock upon conversion of $540.2 million principal amount of 1 1/8% Debentures while $1.7 million principal amount of 1 1/8% Debentures was redeemed for cash at a redemption price of 67.112% of the principal amount, together with accrued interest thereon. Stockholders' equity was increased by the full amount of 1 1/8% Debentures converted plus accrued interest, less unamortized debt issue costs. Unamortized debt issue costs related to the 1 1/8% Debentures redeemed for cash were not significant. The issuance of the Company's Class A Special Common Stock upon conversion of the 1 1/8% Debentures had no impact on the Company's consolidated statement of cash flows due its noncash nature.

Extraordinary Items
Extraordinary items for the years ended December 31, 2000, 1999 and 1998 of $23.6 million, $51.0 million and $4.2 million, respectively, consist of unamortized debt issue costs and debt extinguishment costs, net of related tax

benefits, expensed principally in connection with the redemptions and refinancings of certain indebtedness described above.

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

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

As of December 31, 2000 and 1999, the Company's effective weighted average interest rate on its variable rate debt outstanding was 7.34% and 6.67%, respectively.

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

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

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

The following table summarizes the terms of the Company's existing Swaps, Caps and Collars as of December 31, 2000 and 1999 (dollars in millions):

	Notional Amount	Maturities	Average Interest Rate	Estimated Fair Value
As of December 31, 2000				
Variable to Fixed Swaps	$377.7	2001-2003	5.2%	$3.7
Fixed to Variable Swaps	450.0	2004-2008	7.7%	3.2
As of December 31, 1999				
Variable to Fixed Swaps	$1,111.8	2000-2003	5.6%	$16.9
Fixed to Variable Swaps	300.0	2004	7.7%	(3.9)
Caps	140.0	2000	6.8%	
Collar	50.0	2000	6.3%/4.0%	0.1

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. While Swaps, Caps and Collars represent an integral part of the Company's interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 2000, 1999 and 1998 was not significant.

Estimated Fair Value
The Company's long-term debt had estimated fair values of $10.251 billion and $9.231 billion as of December 31, 2000 and 1999, respectively. The estimated fair value of the Company's publicly traded debt is based on quoted

market prices for that debt. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for debt issues for which quoted market prices are not available.

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

As of December 31, 2000, $286.3 million of the Company's cash, cash equivalents and short-term investments is restricted to use by subsidiaries of the Company under contractual or other arrangements. Restricted net assets of the Company's subsidiaries were approximately $1.1 billion as of December 31, 2000.

Lines and Letters of Credit
As of December 31, 2000, certain subsidiaries of the Company had unused lines of credit of $2.182 billion under their respective credit facilities.

As of December 31, 2000, the Company and certain of its subsidiaries had unused irrevocable standby letters of credit totaling $138.6 million to cover potential fundings under various agreements.

6. STOCKHOLDERS' EQUITY

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

In June 1997, the Company issued the Series B Preferred Stock. The Series B Preferred Stock has a 5.25% pay-in-kind annual dividend. Dividends are paid quarterly through the issuance of additional shares of Series B Preferred Stock (the "Additional Shares") and are 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 the holder, into 42.4 million shares of the Company's Class A Special Common Stock, subject to adjustment in certain limited circumstances, which equals an initial conversion price of $11.77 per share, increasing as a result of the Additional Shares to $16.96 per share on June 30, 2004. The Series B Preferred Stock is mandatorily redeemable on June 30, 2017, or, at the option of the Company beginning on June 30, 2004 or at the option of the holder on June 30, 2004 or on June 30, 2012. Upon redemption, the Company, at its option, may redeem the Series B Preferred Stock with cash, Class A Special Common Stock or a combination thereof. The Series B Preferred Stock is generally non-voting. In December 2000, the Company issued approximately 38.3 million shares of its Class A Special Common Stock to the holder in connection with the holder's election to convert $533.6 million at redemption value of Series B Preferred Stock. As the Company intends to redeem the Series B Preferred Stock with Class A Special Common Stock upon redemption, the Series B Preferred Stock has been classified as a component of stockholders' equity as of December 31, 2000 and 1999.

Common Stock
The Company's Class A Special Common Stock is generally nonvoting and each share of the Company's Class A Common Stock is entitled to one vote. Each share of the Company's Class B Common Stock is entitled to fifteen

votes and is convertible, share for share, into Class A or Class A Special Common Stock, subject to certain restrictions.

Stock Split
In March 1999, the Company's board of directors authorized an increase in the number of authorized shares of the Company's Class A Special Common Stock from 500 million shares to 2.5 billion shares and also authorized a two-for-one stock split in the form of a 100% stock dividend (the "Stock Split") payable in May 1999. The dividend was paid in Class A Special Common Stock to the holders of Class A Common, Class A Special Common and Class B Common Stock. The average number of shares outstanding and related prices, per share amounts, share conversions and stock option data have been retroactively restated to reflect the Stock Split. The Company's board of directors also eliminated the quarterly cash dividend of $.0117 per share on all classes of its common stock. The last quarterly cash dividend was paid in March 1999.

Repurchase Program
Based on the trade date for stock repurchases, during the years ended December 31, 2000, 1999 and 1998, the Company repurchased 9.1 million shares, 1.0 million shares and 0.6 million shares, respectively, of its common stock for aggregate consideration of $324.9 million, $30.7 million and $12.9 million, respectively, pursuant to its Board-authorized repurchase programs.

As part of the repurchase program, during the years ended December 31, 2000, 1999 and 1998, the Company sold Comcast Put Options on 2.0 million shares, 5.5 million shares and 4.0 million shares of its Class A Special Common Stock, respectively. The Comcast Put Options give the holder the right to require the Company to repurchase such shares at specified prices on specific dates. All Comcast Put Options sold during 1999 and 1998 expired unexercised. Comcast Put Options on 0.7 million shares expired unexercised during the fourth quarter of 2000 with the remaining Comcast Put Options set to mature on specific dates during the first quarter of 2001. The amount the Company would be obligated to pay to repurchase such shares upon exercise of the outstanding Comcast Put Options, totaling $54.6 million, was reclassified from additional capital to common equity put options in the Company's December 31, 2000 consolidated balance sheet. The difference between the proceeds from the sale of the Comcast Put Options and their estimated fair value was not significant as of December 31, 2000.

Share Exchanges
During the years ended December 31, 2000 and 1999, the Company issued approximately 1.0 million shares and 4.6 million shares of its Class A Special Common Stock, respectively, in exchange for approximately 1.1 million shares and 4.9 million shares of its Class A Common Stock, respectively. The Class A Common Stock was subsequently retired.

Stock-Based Compensation Plans
As of December 31, 2000, the Company and its subsidiaries have several stock-based compensation plans for certain employees, officers, directors and other persons designated by the applicable compensation committees of the boards of directors of the Company and its subsidiaries. These plans are described below.

Comcast Option Plans. The Company maintains qualified and nonqualified stock option plans for certain employees, directors and other persons under which fixed stock options are granted and the option price is generally not less than the fair value of a share of the underlying stock at the date of grant (collectively, the "Comcast Option Plans"). Under the Comcast Option Plans, 59.3 million shares of Class A Special Common Stock were reserved as of December 31, 2000. Option terms are generally from five to 10½ years, with options generally becoming exercisable between two and 9½ years from the date of grant.

A summary of the activity of the Comcast Option Plans as of and for the years ended December 31, 2000, 1999 and 1998 is presented below (options in thousands):

	2000		1999		1998	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Class A Special Common Stock						
Outstanding at beginning of year	40,416	$16.01	43,002	$11.09	32,220	$7.75
Granted	15,300	39.43	7,403	34.16	16,350	16.53
Exercised	(4,805)	8.60	(7,527)	6.76	(3,970)	6.60
Canceled	(1,293)	25.98	(2,462)	12.90	(1,598)	10.48
Outstanding at end of year	49,618	23.69	40,416	16.01	43,002	11.09
Exercisable at end of year	13,267	11.35	10,947	8.19	15,390	$7.30
Class B Common Stock						
Outstanding at beginning of year					658	$2.85
Exercised					(658)	2.85
Outstanding at end of year						
Exercisable at end of year						

The following table summarizes information about the Class A Special Common Stock options outstanding under the Comcast Option Plans as of December 31, 2000 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/00	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/00	Weighted-Average Exercise Price
$4.17 to $10.58	13,088	3.4 years	$8.26	8,297	$8.14
$11.00 to $16.94	12,385	7.3 years	$16.19	4,182	$15.99
$17.09 to $37.56	13,066	8.6 years	$31.61	756	$19.42
$37.75 to $53.13	11,079	9.3 years	$40.96	32	$46.00
	49,618			13,267	

The weighted-average fair value at date of grant of a Class A Special Common Stock option granted under the Comcast Option Plans during 2000, 1999 and 1998 was $21.20, $20.41 and $8.54, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: dividend yield of -0-%, -0-% and .44% for 2000, 1999 and 1998, respectively; expected volatility of 35.8%, 36.1% and 31.3% for 2000, 1999 and 1998, respectively; risk-free interest rate of 6.3%, 5.8% and 5.6% for 2000, 1999 and 1998, respectively; expected option lives of 8.0 years, 9.9 years and 9.9 years for 2000, 1999 and 1998, respectively; and a forfeiture rate of 3.0% for all years.

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

The QVC Tandem Plan is the most significant of the Tandem Plans. Summary information related to the QVC Tandem Plan as of December 31, 2000, 1999 and 1998 is presented below (options/SARs in thousands):

	2000	1999	1998
Options/SARs outstanding at end of year	219	200	206
Weighted-average exercise price of options/SARs outstanding at end of year	$789.51	$618.02	$500.82
Options/SARs exercisable at end of year	79	80	37
Weighted-average exercise price of options/SARs exercisable at end of year	$606.92	$505.86	$397.46

As of the latest valuation date, the fair value of a share of QVC Common Stock was $1,216.00.

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

	2000	1999	1998
Net income – As reported	$2,021.5	$1,065.7	$972.1
Net income – Pro forma	1,918.1	1,005.5	936.4
Net income for common stockholders – As reported	$1,998.0	$1,036.0	$943.0
Net income for common stockholders – Pro forma	1,894.6	975.8	907.3
Basic earnings for common stockholders per common share – As reported	$2.24	$1.38	$1.29
Basic earnings for common stockholders per common share - Pro forma	2.13	1.30	1.24
Diluted earnings for common stockholders per common share – As reported	$2.13	$1.30	$1.21
Diluted earnings for common stockholders per common share - Pro forma	2.02	1.23	1.17

The pro forma effect on net income and net income per share for the years ended December 31, 2000, 1999 and 1998 by applying SFAS No. 123 may not be indicative of the pro forma effect on net income or loss in future years since SFAS No. 123 does not take into consideration pro forma compensation expense related to awards made prior to January 1, 1995 and since additional awards in future years are anticipated.

Other Stock-Based Compensation Plans
The Company maintains a restricted stock program under which management employees may be granted restricted shares of the Company's Class A Special Common Stock. The shares awarded vest annually, generally over a period not to exceed five years from the date of the award, and do not have voting or dividend rights until vesting occurs. At December 31, 2000, there were 1.2 million unvested shares granted under the program, of which 728,000 vested in January 2001. During the years ended December 31, 2000, 1999 and 1998, 504,000, 170,000 and 656,000 shares were granted under the program, respectively, with a weighted-average grant date market value of $37.80, $43.22 and $17.33 per share, respectively. Compensation expense recognized during the years ended December 31, 2000, 1999 and 1998 under this program was $9.2 million, $4.7 million and $5.3 million, respectively.

Certain of the Company's subsidiaries have SAR plans for certain employees, officers, directors and other persons (the "SAR Plans"). Under the SAR Plans, eligible participants are entitled to receive a cash payment equal to 100% of the excess, if any, of the fair value of a share of the underlying common stock at the exercise date over the fair value of such a share at the grant date. The SARs have a term of ten years from the date of grant and become exercisable over four to five years from the date of grant. Compensation expense related to the SAR Plans of $2.2 million, $6.4 million and $14.8 million was recorded during the years ended December 31, 2000, 1999 and 1998, respectively. Compensation expense during the year ended December 31, 1998 included $11.6 million related to the termination of a subsidiary SAR Plan.

7. INCOME TAXES

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

	Year Ended December 31, 2000	1999	1998
	(Dollars in millions)		
Current expense			
Federal	$321.4	$606.7	$135.5
State	42.8	188.4	27.5
Foreign	2.5	2.0	
	366.7	797.1	163.0
Deferred expense (benefit)			
Federal	998.6	(65.2)	424.6
State	76.0	(8.2)	6.4
	1,074.6	(73.4)	431.0
Income tax expense	$1,441.3	$723.7	$594.0

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

	Year Ended December 31, 2000	1999	1998
	(Dollars in millions)		
Federal tax at statutory rate	$1,260.6	$525.0	$545.1
Non-deductible depreciation and amortization	102.1	49.8	41.0
State income taxes, net of federal benefit	77.2	117.1	22.0
Foreign (income) losses and equity in net losses of affiliates	8.0	(2.0)	(11.2)
Other	(6.6)	33.8	(2.9)
Income tax expense	$1,441.3	$723.7	$594.0

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

	December 31, 2000	December 31, 1999
	(Dollars in millions)	
Deferred tax assets:		
Net operating loss carryforwards	$289.8	$240.0
Reserves for bad debts and obsolete inventory	109.0	106.9
Differences between book and tax basis of indexed debt securities		223.1
Other	163.5	153.5
Less: Valuation allowance		(178.2)
	562.3	545.3
Deferred tax liabilities:		
Temporary differences, principally book and tax basis of property and equipment and deferred charges	5,234.8	1,854.5
Differences between book and tax basis in investments	1,838.2	3,959.9
Differences between book and tax basis of indexed debt securities	65.9	
	7,138.9	5,814.4
Net deferred tax liability	$6,576.6	$5,269.1

The Company recorded $3.308 billion of deferred income tax liabilities in 2000 in connection with acquisitions principally related to basis differences in property and equipment and deferred charges. The Company recorded ($3.055) billion, $2.730 billion and $489.4 million of deferred income taxes in 2000, 1999 and 1998, respectively, in connection with unrealized (losses) gains on marketable securities which are included in other comprehensive income.

The Company has recorded net deferred tax liabilities of $789.9 million and $2.119 billion, as of December 31, 2000 and 1999, respectively, which have been included in current liabilities, related primarily to current investments. The Company has net operating loss carryforwards of approximately $470.0 million which expire primarily in periods through 2019.

8. STATEMENT OF CASH FLOWS - SUPPLEMENTAL INFORMATION

The Company made cash payments for interest of $705.8 million, $529.2 million and $418.9 million during the years ended December 31, 2000, 1999 and 1998, respectively.

The Company made cash payments for income taxes of $669.0 million, $190.5 million and $129.2 million during the years ended December 31, 2000, 1999 and 1998, respectively. The current tax payments principally relate to capital gains on security transactions, liquidated damages, and the income attributable to QVC.

During the year ended December 31, 2000, the Company acquired all of the capital stock and/or partnership interests not previously owned by the Company of Lenfest, Garden State Cable, Jones Intercable, Prime and Comcast MHCP, principally through the issuance of the Company's Class A Special Common Stock and the conversion of convertible notes. In addition, on December 31, 2000, the Company completed its cable systems exchange with AT&T (see Note 3). The fair values of the assets and liabilities acquired by the Company during the year ended December 31, 2000 are presented as follows (in millions):

Current assets	$198.1
Investments	437.3
Property, plant & equipment	1,030.9
Deferred charges	14,558.6
Current liabilities	(282.4)
Long-term debt	(2,146.5)
Deferred income taxes	(3,308.0)
Net assets acquired	$10,488.0

9. COMMITMENTS AND CONTINGENCIES

Commitments

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

The Walt Disney Company ("Disney"), in certain circumstances, is entitled to cause Comcast Entertainment Holdings LLC ("Entertainment Holdings"), which is owned 50.1% by the Company and 49.9% by Disney, to purchase Disney's entire interest in Entertainment Holdings at its then fair market value (as determined by an appraisal process). If Entertainment Holdings elects not to purchase Disney's interests, Disney has the right, at its option, to purchase either the Company's entire interest in Entertainment Holdings or all of the shares of stock of E! Entertainment held by Entertainment Holdings in each case at fair market value. In the event that Disney exercises its rights, as described above, a portion or all of the Disney Notes (see Note 5) may be replaced with a three year note due to Disney.

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

Minimum annual rental commitments for office space, equipment and transponder service agreements under noncancellable operating leases as of December 31, 2000 are as follows:

	(Dollars in millions)
2001	$73.0
2002	59.7
2003	55.9
2004	50.8
2005	41.5
Thereafter	228.0

Rental expense of $76.7 million, $71.1 million and $64.8 million for 2000, 1999 and 1998, respectively, has been charged to operations.

Contingencies

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

In connection with a license awarded to an affiliate, the Company is contingently liable in the event of nonperformance by the affiliate to reimburse a bank which has provided a performance guarantee. The amount of the performance guarantee is approximately $500 million; however the Company's current estimate of the amount of expenditures (principally in the form of capital expenditures) that will be made by the affiliate necessary to comply with the performance requirements will not exceed $150 million.

10. FINANCIAL DATA BY BUSINESS SEGMENT

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

	Cable	Commerce	Corporate and Other(1)	Total
2000				
Revenues	$4,185.0	$3,535.9	$497.7	$8,218.6
Operating income (loss) before depreciation and amortization (2)	1,899.6	619.2	(48.5)	2,470.3
Depreciation and amortization	2,417.7	125.9	87.7	2,631.3
Operating income (loss)	(518.1)	493.3	(136.2)	(161.0)
Interest expense	515.7	34.9	140.8	691.4
Assets	25,750.3	2,503.0	7,491.2	35,744.5
Long-term debt	6,711.0	302.0	3,504.4	10,517.4
Capital expenditures	1,248.1	155.9	232.8	1,636.8
1999				
Revenues	$2,929.3	$3,167.4	$432.5	$6,529.2
Operating income (loss) before depreciation and amortization (2)	1,353.0	538.8	(11.8)	1,880.0
Depreciation and amortization	1,026.6	117.2	72.2	1,216.0
Operating income (loss)	326.4	421.6	(84.0)	664.0
Interest expense	353.0	39.6	145.7	538.3
Assets	10,855.3	2,243.6	15,586.7	28,685.6
Long-term debt	4,735.3	476.7	3,495.2	8,707.2
Capital expenditures	739.6	80.1	74.1	893.8
1998				
Revenues	$2,277.4	$2,676.4	$465.2	$5,419.0
Operating income (loss) before depreciation and amortization (2)	1,096.6	434.2	(34.1)	1,496.7
Depreciation and amortization	674.2	126.1	139.3	939.6
Operating income (loss)	422.4	308.1	(173.4)	557.1
Interest expense	223.6	51.1	192.0	466.7
Assets	6,449.4	2,101.8	6,159.3	14,710.5
Long-term debt	3,462.1	626.8	1,375.3	5,464.2
Capital expenditures	711.1	67.2	120.6	898.9

(1) Other includes segments not meeting certain quantitative guidelines for reporting. Other includes certain operating businesses such as Comcast-Spectacor, E! Entertainment, the Company's domestic wireline telecommunications and international wireless operations, the Company's consolidated UK cable and telecommunications operations (prior to October 29, 1998), the Company's DBS operations (prior to April 1, 1998) and elimination entries related to the segments presented. Corporate and other assets consist primarily of the Company's investments (see Note 4).

(2) Operating income (loss) before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow (deficit)." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in the Company's industries, although the Company's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by the Company's management to measure the operating performance of its businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to such measurements as an indicator of the Company's performance.

11. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter (3)	Total Year
	(Dollars in millions, except per share data)				
2000 (1)					
Revenues	$1,938.9	$1,912.1	$1,960.0	$2,407.6	$8,218.6
Operating income before depreciation and amortization (2)	586.9	602.8	605.7	674.9	2,470.3
Operating income (loss)	41.2	(31.6)	(56.4)	(114.2)	(161.0)
Income (loss) from continuing operations before extraordinary items	(186.4)	198.8	1,249.1	783.6	2,045.1
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(.23)	.21	1.37	.87	2.27
Net income (loss)	(.24)	.20	1.37	.86	2.24
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	(.23)	.20	1.29	.81	2.16
Net income (loss)	(.24)	.19	1.29	.80	2.13
1999 (1)					
Revenues	$1,446.7	$1,549.2	$1,599.3	$1,934.0	$6,529.2
Operating income before depreciation and amortization (2)	425.1	457.3	463.9	533.7	1,880.0
Operating income	186.6	149.8	151.0	176.6	664.0
Income (loss) from continuing operations before extraordinary items	101.8	826.3	20.4	(167.6)	780.9
Basic earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	.13	1.10	.02	(.23)	1.00
Net income (loss)	.10	1.10	.44	(.24)	1.38
Diluted earnings (loss) for common stockholders per common share					
Income (loss) from continuing operations before extraordinary items	.12	1.01	.03	(.23)	.95
Net income (loss)	.10	1.01	.41	(.24)	1.30

(1) Results of operations for 2000 were affected by the Lenfest Acquisition in the first quarter, the Prime Acquisition and the gain recognized on the Excite@Home transaction in the third quarter, the gain on the AT&T cable systems exchange in the fourth quarter and the ZONES fair value adjustments throughout 2000 (see Notes 3 and 5). Results of operations for 1999 were affected by the acquisition of a controlling interest in Jones Intercable and the receipt of the MediaOne termination fee in the second quarter and the ZONES fair value adjustment in the fourth quarter (see Notes 3 and 5).

(2) See Note 10, note 2.

(3) The Company's consolidated results of operations for the fourth quarter of 2000 and 1999 are also affected by the seasonality of the Company's commerce operations.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The information called for by Item 10, Directors and Executive Officers of the Registrant (except for the information regarding executive officers called for by Item 401 of Regulation S-K which is included in Part I hereof as Item 4A in accordance with General Instruction G(3)), Item 11, Executive Compensation, Item 12, Security Ownership of Certain Beneficial Owners and Management, and Item 13, Certain Relationships and Related Transactions, is hereby incorporated by reference to our definitive Proxy Statement for our Annual Meeting of Shareholders presently scheduled to be held in June 2001, which shall be filed with the Securities and Exchange Commission within 120 days of the end of our latest fiscal year.

PART IV

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following consolidated financial statements of ours are included in Part II, Item 8:

(b) (i) The following financial statement schedules required to be filed by Items 8 and 14(d) of Form 10-K are included in Part IV:

Schedule I - Condensed Financial Information of Registrant Unconsolidated (Parent Only)
Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not required or the required information is included in the consolidated financial statements or notes thereto.

(c) Reports on Form 8-K:

None.

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

3.1(a) Amended and Restated Articles of Incorporation filed on July 24, 1990 (incorporated by reference to Exhibit 3.1(a) to our Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(b) Amendment to Restated Articles of Incorporation filed on July 14, 1994 (incorporated by reference to Exhibit 3.1(b) to our Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(c) Amendment to Restated Articles of Incorporation filed on July 12, 1995 (incorporated by reference to Exhibit 3.1(c) to our Annual Report on Form 10-K for the year ended December 31, 1995).

3.1(d) Amendment to Restated Articles of Incorporation filed on June 24, 1996 (incorporated by reference to Exhibit 4.1(d) to our Registration Statement on Form S-3, as amended, filed on July 16, 1996).

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

3.1(f) Amendment to Restated Articles of Incorporation.

3.2 Amended and Restated By-Laws (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).

4.1 Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 2(a) to our Registration Statement on Form S-7 filed on September 17, 1980).

4.2 Specimen Class A Special Common Stock Certificate (incorporated by reference to Exhibit 4(2) to our Annual Report on Form 10-K for the year ended December 31, 1986).

4.3 Indenture, dated as of October 17, 1991, between the Company and Bank of Montreal/Harris Trust (successor to Morgan Guaranty Trust Company of New York), as Trustee (incorporated by reference to Exhibit 2 to our Current Report on Form 8-K filed on October 31, 1991).

4.4 Form of Debenture relating to our 10-1/4% Senior Subordinated Debentures due 2001 (incorporated by reference to Exhibit 4(19) to our Annual Report on Form 10-K for the year ended December 31, 1991).

4.5 Form of Debenture relating to our $300,000,000 10-5/8% Senior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 4(17) to our Annual Report on Form 10-K for the year ended December 31, 1992).

4.6 Indenture, dated as of February 20, 1991, between us and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.3 to our Registration Statement on Form S-3, filed on January 11, 1990).

4.7 Form of Debenture relating to our $1,477,750,000 Principal Amount at Maturity of Zero Coupon Convertible Debentures due 2020.

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

10.2* Comcast Corporation 1987 Stock Option Plan, as amended and restated, effective December 15, 1998 (incorporated by reference to Exhibit 10.2 to our Annual Report on Form 10-K for the year ended December 31, 1998).

10.3* Comcast Corporation 1996 Stock Option Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.4* Comcast Corporation 1996 Deferred Compensation Plan, as amended and restated, effective December 19, 2000.

10.5* Comcast Corporation 1990 Restricted Stock Plan, as amended and restated, effective June 21, 1999 (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999).

10.6* 1992 Executive Split Dollar Insurance Plan (incorporated by reference to Exhibit 10(12) to our Annual Report on Form 10-K for the year ended December 31, 1992).

10.7* Comcast Corporation 1996 Cash Bonus Plan, as amended and restated, effective December 19, 2000.

10.8* Comcast Corporation 1996 Executive Cash Bonus Plan, as amended and restated, effective December 19, 2000.

10.9* Compensation and Deferred Compensation Agreement by and between Comcast Corporation and Ralph J. Roberts, as amended and restated (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

10.10* Compensation Agreement by and between Comcast Corporation and Brian L. Roberts (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

10.11 The Comcast Corporation Retirement-Investment Plan, as amended and restated (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2000).

10.12 Defined Contribution Plans Master Trust Agreement, between Comcast Corporation and State Street Bank and Trust Company (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form S-8 filed on October 5, 1995).

10.13 Tax Sharing Agreement, dated as of December 2, 1992, among Storer Communications, Inc., TKR Cable I, Inc., TKR Cable II, Inc., TKR Cable III, Inc., AT&T Corp. (as successor to Tele-Communications, Inc.), the Company and each of the Departing Subsidiaries that are signatories thereto (incorporated by reference to Exhibit 4 to our Current Report on Form 8-K filed on December 17, 1992, as amended by Form 8 filed January 8, 1993).

10.14* Comcast Corporation 1997 Deferred Stock Option Plan, as amended and restated, effective December 19, 2000.

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* Constitutes a management contract or compensatory plan or arrangement.

10.15 Amended and Restated Stockholders Agreement, dated as of February 9, 1995, among the Company, Comcast QVC, Inc., QVC Programming Holdings, Inc., Liberty Media Corporation, QVC Investment, Inc. and Liberty QVC, Inc. (incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).

10.16(a) Credit Agreement, dated as of February 15, 1995, among QVC, Inc. and the Banks listed therein (incorporated by reference to Exhibit (b)(6) to Amendment No. 21 to the Tender Offer Statement on Schedule 14D-1 filed on February 17, 1995 by QVC Programming Holdings, Inc., the Company and AT&T Corp. (as successor to Tele-Communications, Inc.) with respect to the tender offer for all outstanding shares of QVC, Inc.).

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

10.17 Indenture dated as of May 1, 1997, between Comcast Cable Communications, Inc. and The Bank of New York (as successor in interest to 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, 8-1/2% Notes due 2027, 6.20% Notes due 2008, 6.375% Notes due 2006 and 6.75% Notes due 2011 (incorporated by reference to Exhibit 4.1(a) to the Registration Statement on Form S-4 of Comcast Cable Communications, Inc.).

10.18 Purchase and Sale Agreement dated as of January 19, 1999 among SBC Communications Inc., Comcast Cellular Holdings Corporation, Comcast Financial Corporation and Comcast Corporation (incorporated by reference to Exhibit 10.34 to our Annual Report on Form 10-K for the year ended December 31, 1998).

10.19 Agreement and Plan of Merger, dated as of November 16, 1999, by and among Comcast Corporation, Comcast LCI Holdings, Inc., a wholly owned subsidiary of Comcast, Lenfest Communications, Inc. ("Lenfest") and Lenfest's stockholders as named therein. (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 13, 1999).

10.20 Asset Exchange Agreement, dated as of August 11, 2000, among AT&T Corp. and Comcast Corporation (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

10.21 Agreement and Plan of Reorganization, dated as of August 11, 2000, among Comcast Corporation, Comcast Cable Communications, Inc., Comcast CCCI II, LLC, Comcast Teleport, Inc., Comcast Heritage, Inc., Comcast Communications Properties, Inc., and AT&T Corp (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

10.22 Five-Year Revolving Credit Agreement, dated as of August 24, 2000, among Comcast Cable Communications, Inc. and the Financial Institutions Party Hereto, Banc of America Securities LLC and Chase Securities Inc., as Joint Lead Arrangers and Joint Book Managers, BNY Capital Markets, Inc. and Salomon Smith Barney Inc., as Co-Arrangers, Bank of America, N.A., as Administrative Agent, Swing Line Lender and Letter of Credit Issuing Lender, Chase Securities Inc., as Syndication Agent and Citibank, N.A. and The Bank of New York, as Co-Documentation Agents (incorporated by reference to Exhibit 10.4 to the Comcast Cable Communications, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

10.23 364-Day Revolving Credit Agreement, dated as of August 24, 2000, among Comcast Cable Communications, Inc. and the Financial Institutions Party Hereto, Banc of America Securities LLC and Chase Securities Inc., as Joint Lead Arrangers and Joint Book Managers, BNY Capital Markets, Inc. and Salomon Smith Barney Inc., as Co-Arrangers, Bank of America, N.A., as Administrative Agent, Chase Securities Inc., as Syndication Agent and Citibank, N.A. and The Bank of New York, as Co-Documentation Agents (incorporated by reference to Exhibit 10.5 to the Comcast Cable Communications, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).

** Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, the Registrant agrees to furnish a copy of the referenced agreement to the Commission upon request.

10.24	Asset Exchange Closing Agreement dated as of January 1, 2001 among Comcast Corporation, the Comcast Parties, Adelphia Communications Corporation and the Adelphia Parties.
21	List of Subsidiaries.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of KPMG LLP.
99.1	Report of Independent Public Accountants to QVC, Inc. for the year ended December 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Philadelphia, Pennsylvania on March 2, 2001.

Comcast Corporation

By: /s/ Brian L. Roberts

Brian L. Roberts
President and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ralph J. Roberts Ralph J. Roberts	Chairman of the Board of Directors; Director	March 2, 2001
/s/ Julian A. Brodsky Julian A. Brodsky	Vice Chairman of the Board of Directors; Director	March 2, 2001
/s/ Brian L. Roberts Brian L. Roberts	President; Director (Principal Executive Officer)	March 2, 2001
/s/ John R. Alchin John R. Alchin	Executive Vice President, Treasurer (Principal Financial Officer)	March 2, 2001
/s/ Lawrence J. Salva Lawrence J. Salva	Senior Vice President (Principal Accounting Officer)	March 2, 2001
/s/ Sheldon M. Bonovitz Sheldon M. Bonovitz	Director	March 2, 2001
/s/ Joseph L. Castle II Joseph L. Castle II	Director	March 2, 2001
/s/ Felix G. Rohatyn Felix G. Rohatyn	Director	March 2, 2001
/s/ Bernard C. Watson Bernard C. Watson	Director	March 2, 2001
/s/ Irving A. Wechsler Irving A. Wechsler	Director	March 2, 2001
/s/ Anne Wexler Anne Wexler	Director	March 2, 2001

EXHIBIT

D

McFARLAIN & CASSEDY, P.A.

Attorneys at Law

CHRISTOPHER BARKAS
P. DAVID BRANNON
MARSHALL R. CASSEDY, RETIRED
WILLIAM B. GRAHAM
DOUGLAS P. JONES
TERRELL C. MADIGAN
HAROLD R. MARDENBOROUGH, JR.
RICHARD C. McFARLAIN
H. LESTER McFATTER, JR.
ROBERT A. McNEELY
W. DOUGLAS MOODY
RICHARD N. SOX, JR.
H. DARRELL WHITE, JR.
WILLIAM B. WILEY

215 SOUTH MONROE STREET, SUITE 600 (32301)
POST OFFICE BOX 2174
TALLAHASSEE, FLORIDA 32316-2174

TELEPHONE (850) 222-2107
TELECOPIER (850) 222-8475

FROM THE DESK OF:
WILLIAM B. GRAHAM
e-mail: bgraham@mcfarlain.com

September 17, 2001

Paula Isler, Research Assistant
Bureau of Service Quality
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Fl 32399-0870

Re: Comcast MH Telephony Communications of Florida, Inc.; Certificate No. 3118

Dear Ms. Isler:

On June 29, 2001, we indicated to the Florida Public Service Commission that our client, Comcast MH Telephony Communications of Florida, Inc. was seeking the cancellation of Certificate No. 3118. Subsequently on August 9, 2001, you wrote to inform us that Comcast had a small past due balance for its regulatory assessment fee and had not paid its fee for the current year.

Enclosed herewith please find a completed Regulatory Assessment Fee Return form for Comcast MH Telephony Communications of Florida, Inc., as well as check no. 10005092 payable to the Florida Public Service Commission in the amount of $8.19. That sum represents the $4.05 late fee owed for the 2000 RAF and the $4.14 fee due in conjunction with the 2001 RAF.

This correspondence should conclude the certificate cancellation process. Please contact me at your convenience so that I may know that Certificate No. 3118 has been cancelled.

Yours very truly,

William B. Graham

WBG/ktc
Encls.

[illegible] THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE 01/30/2002

Alternative Local Exchange Company Regulatory Assessment Fee Return

STATUS:

_____ Actual Return
_____ Estimated Return
_____ Amended Return

PERIOD COVERED:
01/01/2001 TO 12/31/2001

Florida Public Service Commission

(See Filing Instructions on Back of Form)

TA009-01-0-R
Comcast MH Telephony Communications of Florida, Inc.
Centre Square East Tower
1500 Market Street
Philadelphia, PA 19102-2148

FOR PSC USE ONLY
Check# __________
$ __________ 0603906 / 063401
$ __________ P 0603906 / 064011
$ __________ I
Postmark Date __________
Initials of Preparer __________

Please Complete Below If Official Mailing Address Has Changed

__________ (Name of Company) __________ (Address) __________ (City/State) __________ (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	FLORIDA GROSS OPERATING REVENUE	INTRASTATE REVENUE
1.	Basic Local Services	$ 538.49	$ 538.49
2.	Long Distance Services (IntraLATA only)**	2,227.49	2,227.49
3.	Access Services		
4.	Private Line Services		
5.	Leased Facilities & Circuits Services		
6.	Miscellaneous Services		
7.	TOTAL REVENUES		$ 2,765.98
8.	LESS: Amounts Paid to Other Telecommunications Companies* (see "2. Fees" on back)		0
9.	Net Intrastate Operating Revenue for Regulatory Assessment Fee Calculation (Line 7 less Line 8)		$ 2,765.98
10.	Regulatory Assessment Fee Due (Multiply Line 9 by 0.0015)		$ 4.14
11.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)		
12.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)		
13.	TOTAL AMOUNT DUE		$ $4.14

* These amounts must be intrastate only and must be verifiable.
** Other long distance revenue must be listed on the Interexchange Regulatory Assessment Fee Return.

AS PROVIDED IN SECTION 364.336, FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS $50

CURRENT COMPANY STATUS

( ) Facilities-Based Provider
(X) Reseller
( ) Other: __________

BILLING INFORMATION

Complete below if billing agent is other than yourself.

__________ (Name) __________ (Address: City/State/Zip) ( ) __________ (Telephone)

COMPANY INFORMATION

Do you lease telecommunications' facilities? ( ) YES ( ) NO
If YES, who do you lease those facilities from? Name: __________

Address __________

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his/her duty shall be guilty of a misdemeanor of the second degree.

__________ (Signature of Company Official) Vice President (Title) 8/28/01 (Date)

WALLY BAKARE
(Preparer of Form - Please Print Name)

Telephone Number (856) 638-4033 Fax Number ( )

F.E.I. No. 23-2921021

COMCAST BUSINESS COMMUNICATIONS
1500 Market Street
Philadelphia, PA 19102-2195

No. 10005092

DATE: 31-AUG-01 CUST. ACCT. NO.

VENDOR NAME FLORIDA PUBLIC SERVICE VENDOR NO. 1789

INVOICE NO	INVOICE DATE	DESCRIPTION	DISCOUNT AMOUNT	NET AMOUNT
28-AUG-200	28-AUG-01	REGULATORY ASSESSMENT FEE	0.00	8.19
			0.00	8.19

REDACTED

PLEASE DETACH AND RETAIN THIS STATEMENT AS YOUR RECORD OF PAYMENT. *Thank You*

THIS CHECK CONTAINS SAFETY FEATURES FRONT AND BACK. DO NOT CASH UNLESS YOU CAN SEE THE WORD "SAFE" WHEN HOLDING AT AN ANGLE.

Comcast. BUSINESS COMMUNICATIONS
1500 Market Street, Philadelphia, PA 19102-2195

PNC Bank, National Association
Jeannette, PA
60-162 / 433

No. 10005092

CHECK DATE	CHECK NUMBER	CHECK AMOUNT
31-AUG-01	10005092	**********8.19

PAY Eight Dollars And 19 Cents**

TO THE ORDER OF

FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BLVD
TALLAHASEE, FL 32399
United States

2 SIGNATURES REQUIRED OVER $10,000.00