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December 17, 1997

VIA HAND DELIVERY

Magalie Roman Salas, Esquire
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RECEIVED

DEC 17 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Federal-State Joint Board on Universal Service*
CC Docket No. 96-45
Consumers Union/Consumer Federal of America Petition for
Rulemaking
CSB Docket No. RM 9167
EX PARTE PRESENTATION

Dear Ms. Salas:

On Tuesday, December 16, 1997, Ralph J. Roberts, Chairman, Brian L. Roberts, President, Joseph Waz, Vice President of External Affairs and James Coltharp, Senior Director, Public Policy, all of Comcast Corporation met with the following Commission officials: Chairman William E. Kennard, Tom Power, Legal Advisor Office of Chairman Kennard; Commissioner Susan Ness, Anita Walgren, Legal Advisor Office of Commissioner Susan Ness; Commissioner Harold Furchtgott-Roth, Helgi Walker, Legal Advisor Office of Harold Furchtgott-Roth, Paul Misener, Chief of Staff and Legal Advisor Office of Commissioner Furchtgott-Roth; Commissioner Michael K. Powell, Jane Mago, Senior Legal Advisor Office of Commissioner Powell and Paul Jackson Legal Advisor Office of Commissioner Powell; Commissioner Gloria Tristani, Rick Chessen, Senior Legal Advisor Office of Commissioner Tristani and Paul Gallant, Legal Advisor Office of Commissioner Tristani. In addition, Comcast met with Meredith Jones, Chief, Cable Services Bureau, William H. Johnson, Deputy Chief, Cable Services Bureau, John Logan, Acting Deputy Chief, Cable Services Bureau, Barbara Esbin, Associate Chief of the Cable Services Bureau, and JoAnn Lucanik, Division Chief, Policy and Rules Division, Cable Services Bureau.

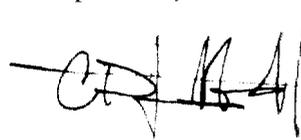
In its discussion with Commission staff, Comcast described its efforts to fulfill the pro-competitive purposes of the Telecommunications Act of 1996. Comcast discussed its positions in the above-referenced dockets including the pricing of its cable services and recent and anticipated increases in programming costs for the coming year. Comcast also

Magalie Roman Salas, Esquire
December 17, 1997
Page 2

discussed Microsoft's recent investment in Comcast nonvoting stock and Comcast's efforts to upgrade its facilities to deploy new services such as high-speed cable modem services, Internet services and packet data services including Internet Protocol ("IP") telephony. Comcast reiterated its position that the deployment of Internet services and IP telephony depends upon regulatory stability. Finally, Comcast addressed the level of competition in the video marketplace, particularly with respect to satellite services, the Commission's regulation of commercial mobile radio services and the Commission universal service regime. The enclosed materials were used in the meetings with Commission staff.

This letter is being filed in original with two duplicates pursuant to the Commission's rules. If you have any questions related to this ex parte, please do not hesitate to contact the undersigned.

Respectfully submitted,



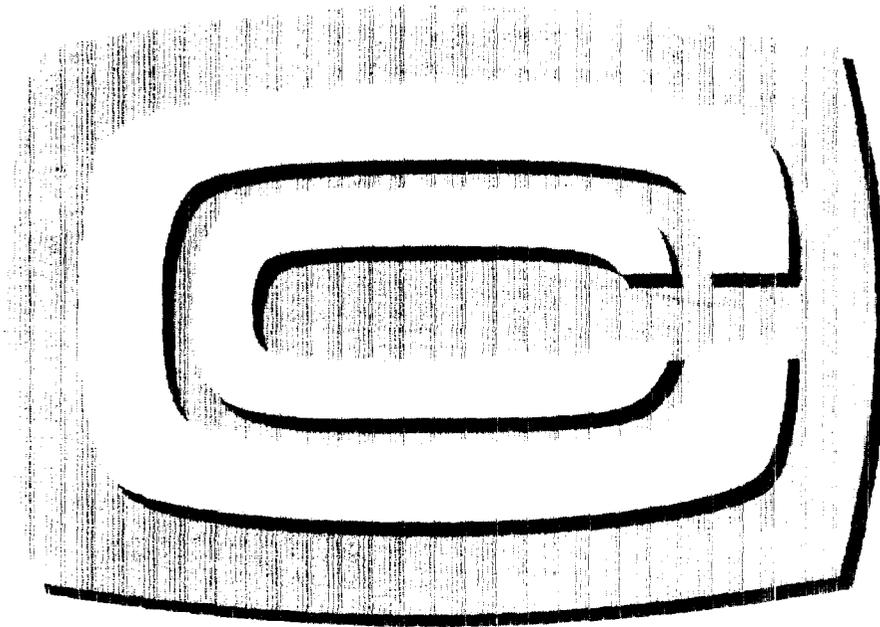
Christopher D. Libertelli
Counsel for Comcast Corporation

Enclosure

cc: Mr. Ralph Roberts
Mr. Brian Roberts
Joseph W. Waz, Jr., Esquire
Honorable William E. Kennard
Honorable Harold Furchtgott-Roth
Honorable Susan Ness
Honorable Michael K. Powell
Honorable Gloria Tristani
Mr. Thomas Power
Ms. Anita Walgren
Ms. Helgi Walker

Mr. Paul Misener
Ms. Jane Mago
Mr. Paul Jackson
Mr. Rick Chessen
Mr. Paul Gallant
Ms. Meredith Jones
Mr. William H. Johnson
Ms. Barbara Esbin
Mr. John Logan
Ms. JoAnn Lucanik

An Introduction to Comcast Corporation



Ralph J. Roberts, Chairman
Brian L. Roberts, President

About Comcast

- ▶ Founded 1963 with a single 1200 customer system in Tupelo, MS . . . today:
 - ◆ \$4.038 billion in revenues (1996)
 - ◆ 369th on FORTUNE 500 Listing
 - ◆ 20th on *Variety's* "Global 50"
- ▶ 16,400 Employees
- ▶ Publicly traded under the symbols CMCSA and CMCSK on the NASDAQ market



Major Lines of Business

- ◆ **Wired communications including cable television and telephone services.**
 - ◆ 4.3 million customers in 21 states.
 - ◆ Typically large systems in urban and suburban areas. 80% of our customers are in 10 geographic clusters of 100,000+ customers.
 - ◆ Customer service: 99.5% on-time service record (1996).
 - ◆ Cable modem service: over 7100 customers in six markets.
 - ◆ Telephony: residential local exchange, toll, IXC services primarily to cable MDU customers in MD, FL.
- ◆ **Wireless communications including cellular, personal communications services and satellite television.**
 - ◆ Over 800,000 cellular customers in PA, NJ, DE, and northern MD.
 - ◆ First U.S. cellular carrier offering 100% digital on entire network.
 - ◆ Our region has 2nd highest wireless penetration in the nation and is among the lowest in pricing and revenue per subscriber.
 - ◆ Investor in Sprint PCS, Primestar.



Major Lines of Business (continued)

◆ Content

- ◆ Principal owner QVC, the world's premier electronic retailer available in 59 million U.S. homes; E! Entertainment Television, serving 42 million U.S. homes; and C3 (Comcast Content and Communications).
- ◆ Majority owner of Comcast-Spectacor, including the Philadelphia Flyers, Sixers, and Phantoms, the CoreStates Center and Spectrum, and Comcast SportsNet, Philadelphia's first regional sports network for basic cable.
- ◆ Other programming investments: Speedvision, the Golf Channel, Viewers Choice, Outdoor Life, Music Choice, the Sunshine Network.
- ◆ @Home Internet Services.



Comcast Major Events 1997

◆ New Technology and Services

- ◆ Microsoft Corporation Investment
 - Non-voting equity investment in Comcast of \$1 billion
 - Investment to promote the buildout of broadband plant
- ◆ Residential Cable Modem Services
 - Offering high-speed cable modem services to homes in six markets
- ◆ Commercial Cable Modem Deployment
 - Launched Comcast Commercial Internet Service, the first cable modem based turnkey Internet access and communications solution for businesses with up to 100 workstations
- ◆ Cable System upgrades: Investment of \$1.2 billion to offer 550 MHz (80 channels before adding a digital box) or greater to 70% of customers by end of 1997, 80% by end of 1998.
- ◆ Customer Call Centers: 24-hour/7-day customer service.
- ◆ QVC Studio Park: state-of-the-art studio facility and tourist attraction.
- ◆ Digital Cellular Launch.

◆ Corporate Development

- ◆ Acquired controlling interest in E! Entertainment.
- ◆ Launched Comcast SportsNet serving over 2.6 million homes in the Philadelphia region.



Comcast Connects with Education

- ◆ Comcast works with schools offering solutions not just a pipeline.
 - ◆ Led industry commitment to donate cable modem service to schools: *The High Speed Education Connection*.
 - ◆ Expect 175 schools to be connected by Comcast Cable Modems by end of 1997.
- ◆ FCC Social Contract: Comcast will provide cable modems to 250 public libraries.
- ◆ Keeping with commitment to the President's Summit for America's Future, Comcast will provide basic Internet training for teachers, media specialists and librarians.
- ◆ MercerNet
 - ◆ Innovative wireless broadband service to 14 school districts in NJ.
- ◆ Comcast@Towson State University (MD)
 - ◆ High speed cable modem service to over 1700 residential and dormitory rooms (more than 3,000 students).
- ◆ Comcast Online Schoolyard: Award Winning K-12 website.
 - ◆ Links to over 600 of the best education sites on the Internet.
 - ◆ Commendations from Philadelphia Inquirer, USA Today, CNN Headline News, among others.



Comcast Connects with Education

The screenshot shows a Netscape browser window with the title "Netscape: Comcast Home in your school". The address bar contains "http://staging.onlineschoolyard.com/default.asp". Navigation buttons include Back, Forward, Home, Reload, Images, Open, Print, Find, and Stop. A search bar is present with buttons for "What's New?", "What's Cool?", "Destinations", "Net Search", "People", and "Software".

COMCAST
Home
EVENTS
Computers
English
Languages
Math
PE/Health
Science
Social Sciences
Special Subj
Auditorium
Library
Playground
Faculty
FEEDBACK

COMCAST ONLINE SCHOOLYARD

The Smithsonian Institute can help you turn your garden into a place Where the Butterflies Roam

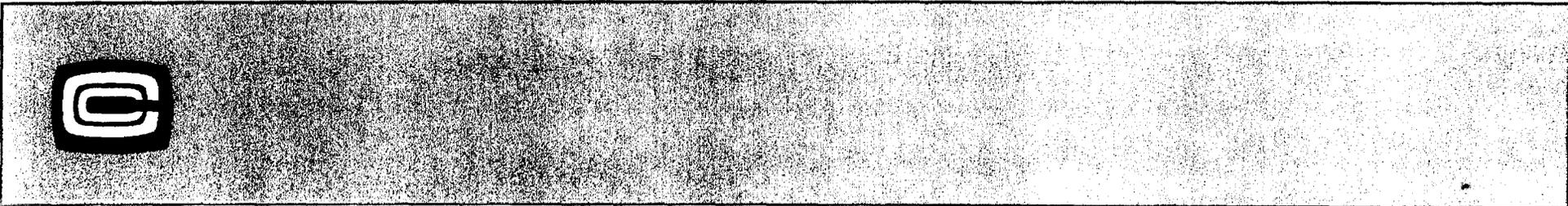
It's summertime! Butterflies are back!

Thursday, June 5, 1997

Are you Too Cool for Grownups? Check out this cool, new e-zine for kids only! TCFG

History is cool! Wait till you see all the neat things going on at The History Channel Online

Grammar Rock, Multiplication Rock, America Rock and Science Rock... Does your School House Rock?



Cable Packet Data Businesses

◆ Comcast@Home

- ◆ High-speed interactive services to homes using hybrid fiber coaxial distribution architecture.
- ◆ Delivers rich graphics, audio and video; with rapid response times (up to 100 times faster than standard phone lines, 50 times faster than ISDN)
- ◆ Markets: Baltimore and Howard Counties, MD; Sarasota, FL; Central and Southern NJ; suburban Philadelphia, PA; suburban Detroit, MI; and portions of Orange County, CA.
- ◆ Over 7100 residential customers.

◆ Comcast Commercial Internet Service

- ◆ First cable modem-based turnkey Internet access for businesses with up to 100 workstations.

◆ Internet Protocol (IP) Telephony

- ◆ Packet switched network uses Internet protocol to send voice telephony (in packetized form) over the cable network.
- ◆ May allow service to develop without touching the local exchange telephone network.
- ◆ Service is still in developmental stage, but holds great promise.



Cable's Competitive Environment

◆ Competition

- ◆ Comcast faces terrestrial (telephone, wireless cable, etc.) competition in over 40% of our markets and DBS competition in 100% of our markets.
- ◆ Nationally, 1 in 8 customers receives their multichannel video service from some source other than a traditional cable operator.

◆ Current Regulation

- ◆ Comcast's pricing practices are fully consistent with the Commission's rules.
- ◆ Current rules allow price changes for inflation, as well as for increased programming costs and certain system upgrades.
- ◆ Since the second rate rollback (April 1993), the cable CPI has increased more slowly (2.2% per year) than inflation, based on the overall CPI (2.7% per year).
- ◆ Important to distinguish between regulated services and optional, new product services.
- ◆ Price per channel for customers has remained relatively stable.
- ◆ Cost per customer is rising for programming tailored to smaller, regional audiences.



Public Policy Agenda

◆ Internet

- ◆ Minimum regulation for packet data and Internet service in order to allow the market to develop.

◆ Universal Service

- ◆ Comcast supports extending universal service subsidy to schools and libraries, provided it is done in a competitively neutral fashion.
- ◆ The competitive bidding process must remain open for all competing service providers if schools and libraries are to benefit -- and in order to reduce the subsidy pool.
- ◆ As contributors to the USF, we believe subsidy funds should be targeted to necessary recipients. Implementation processes should cause similar competitors to contribute based on similar revenue estimates.

◆ Video Competition

- ◆ We need a period of regulatory stability to maintain investor confidence and facilitate investment.

◆ Wireless Issues

- ◆ Compared to LECs, wireless services have lower market share and overall penetration, more competition, and non-guaranteed rates of return.
- ◆ The Commission should review competitive inequities resulting from disparate policy treatment between wireless and wireline services.



Comcast Policy Goals

- ▶ We are investing to develop new services to fulfill the purposes of the 1996 Telecommunications Act.
- ▶ As to our primary market -- multichannel video -- we believe the fundamental structures of the Act and the Commission's implementing rules are working.
- ▶ We want to keep an open line as the agency continues to implement the 1996 Act.



"This is the most comprehensive resource page for children or adults that I have ever encountered! I can't wait to have my third graders use this resource."

— Ann Arbor, MI

"This is a great site with wonderful content. This is definitely a great tool for kids, parents and teachers."

— San Francisco, CA

"I teach sixth graders at an inner-city school, and am relatively new to the whole concept of computer usage! I have run off many pages to assist with this year's lesson plans. And the resources are never ending. Thank you for organizing and implementing such a terrific site!"

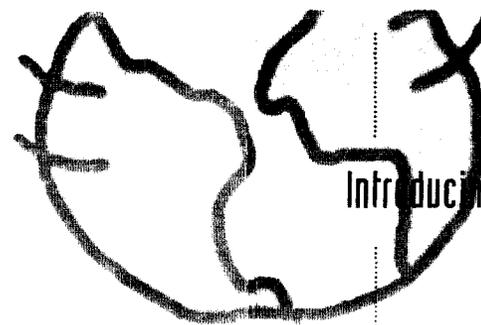
— Scott, LA

"It's way cool!"

— Wayne, PA, Student, Age 8

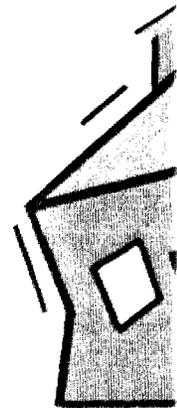
"We just got our computer and I have visited many websites. I'm thrilled to find this for my children. I'm amazed at all the wonderful and safe information they can access in this site. Thank you very much and keep up the excellent work!"

— Port Angeles, WA



Introducing Comcast OnlineSchoolyard . .

where the
fun begins
and the
learning never
ends.



 **COMCAST**
www.comcast.com

QuickTime™ is a trademark of Apple Computer, Inc.

 **COMCAST**



Comcast's commitment to education now includes a revolutionary new educational tool. Comcast OnlineSchoolyard is an easy-to-use, point-and-click website that links teachers and students to some of the best education sites on the World Wide Web.

Whatever The Subject, OnlineSchoolyard Has It Covered

OnlineSchoolyard leads teachers and students to exciting websites that cover traditional subjects such as Arts, Computers, English, Foreign Languages, Math, Physical Education/Health, Science and Social Sciences. The site also features original material developed by Comcast and its education partners.

Look Beyond Traditional Subjects For Other Enlightening Discoveries

There are also Miscellaneous subjects including College Prep, Vocational Studies, Metal and Woodworking and Home Economics. The Auditorium section includes Audio, Video, and QuickTime™ Virtual Reality links, that serve to enhance traditional education. A Library section provides links to reference material, and a Playground section promotes educational fun.

All Sites Are Teacher- and Kid-Friendly

Anyone can master OnlineSchoolyard, regardless of age, Internet experience or technical know-how. All sites are evaluated for appropriateness and content, and included only if they are considered to have educational value.

There's Even A Special Area Designated For Faculty

This section includes comprehensive resources on Technology Training, Grants, Lesson Plans and more. In addition, teachers can find articles and links for professional development and classroom management.

A Perfect Match With High Velocity Cable Modem Technology

The features of OnlineSchoolyard, coupled with Comcast's high velocity cable modem technology and unlimited Internet access, make it possible to effectively integrate the educational benefits of the internet into classroom time — a goal that, until recently, has been difficult for most schools to achieve.



With A Little Awareness, Everyone Will Flock To OnlineSchoolyard

Once teachers know about OnlineSchoolyard — how easy it is to use and how enriching the content is — they will refer to it again and again, both in and out of the classroom. Students will find the colorful graphics and animation engaging, and will turn to OnlineSchoolyard for help in countless assignments.

There's Something New For Everyone At OnlineSchoolyard

Maybe you haven't visited your old schoolyard for years, but you shouldn't miss visiting this one. Take a trip to the Galapagos Islands to study the environment or visit a physics lab at a major university. Whether you want to learn about 20th Century novelists or the latest nutritional guidelines, OnlineSchoolyard can take you on a compelling adventure of the mind. Visit OnlineSchoolyard today, where learning has never been so much fun.



www.OnlineSchoolyard.com

A black and white photograph of a man in a dark suit and glasses sitting on a wooden chair. He is holding a small object, possibly a remote control, in his right hand. Behind him is a large, tilted screen or projection surface. A small, dark, cone-shaped object is suspended in the air above the screen. The background is plain white.

running
a tight
ship

Financial Highlights Comcast Corporation and Subsidiaries

(Dollars in millions)	1996 ⁽¹⁾	1995 ⁽¹⁾
Revenues	\$ 4,038.4	\$3,362.9
Operating cash flow	1,207.2	1,018.8
Net loss	(53.5)	(43.9)
Cash and short-term investments	539.6	910.1
Total assets	12,088.6	9,580.3
Long-term debt	7,102.7	6,943.8

⁽¹⁾ Consolidated financial results for the year ended December 31, 1996 include a full year of operations for QVC and two months of operations for Scripps Cable. Consolidated financial results for the year ended December 31, 1995 include eleven months of operations for QVC. The QVC acquisition closed in February 1995 and the Scripps Cable acquisition closed in November 1996.

This Summary Annual Report provides basic financial information on our Company in a condensed format. Comprehensive financial reporting is contained in Comcast's Annual Report on Form 10-K and in our Proxy Statement. We invite you to refer to those documents for a more detailed discussion of our performance.

“Why are these men smiling?” A mutual friend saw this photo and suggested the tongue-in-cheek caption. After all, wasn’t 1996 supposed to be a calamitous year for companies in the cable industry? Wouldn’t our roof collapse from the pressure of competition and the weight of increased capital costs? Hadn’t our prospects for growth diminished greatly?



Ralph J. Roberts, Chairman; Brian L. Roberts, President

Unfortunately, like most of us, our friend spends too much time reading newspaper headlines rather than digging below the surface for the details. True, increased competition has changed our businesses. Certainly, our languid stock price has given us little to smile about (a matter, we can assure you, that we take very seriously). However, we believe 1996 will be marked as a watershed year in our history for far more positive reasons.

We achieved excellent operating performance while investing in new and existing businesses to drive future growth

Comcast has proven that not only do we know how to respond to the challenges of today’s rapidly changing communications industry; we have learned how to thrive on them. Through a balanced but aggressive strategy, we have continued to achieve excellent operating performance, while investing in new and existing businesses to drive our future growth. We refer to this strategy as “running a tight ship,” the theme we’ve adopted for this year’s summary annual report. And, while many pundits said it couldn’t be done, we can demonstrate our success with concrete results.

Adjusted for acquisitions, revenues increased 14.2% and operating cash flow increased 13.7%

For the second year, we achieved double-digit revenue and cash flow growth. For the year ended December 31, 1996, Comcast Corporation reported consolidated revenues of \$4.038 billion, a 20.1% increase over the \$3.363 billion reported in 1995. Consolidated operating cash flow was \$1.207 billion, an 18.5% increase compared with \$1.019 billion the previous year. On a pro forma basis, excluding the cable operations acquired from The E.W. Scripps Company in November 1996, but including QVC revenues for all of 1995 and 1996, consolidated revenues rose 14.2% to \$3.970 billion, compared with \$3.477 billion in 1995. Pro forma consolidated operating cash flow increased 13.7% to \$1.179 billion, compared with \$1.037 billion in 1995.

Each of our core businesses contributed to these gains. Despite strong competition from direct-broadcast satellite (DBS) companies and new cable service providers, our Cable division added 72,000 customers, a gain of 2.1%, excluding Scripps' cable operations. Combined with the addition of 66,000 subscribers to *PrimeStar by Comcast*, our direct-to-home satellite television subsidiary, we provided multichannel video services to an additional 138,000 customers in 1996, a record year and a 4.0% increase in customers over 1995.

**Comcast added
over 138,000
video customers**

QVC, the world's preeminent electronic retailer, continued to expand its loyal customer base in 1996, recording sales of more than \$1.836 billion, an increase of 13.4% compared with a full year's sales in 1995. QVC's operating cash flow for the same period grew 17.6% to \$300.3 million. Our Cellular division added more than 68,000 customers in 1996, increasing revenues and operating cash flow by 13.7% and 16.3% to \$426.1 million and \$160.2 million, respectively, over the prior year. Comcast Cellular holds a dominant market share in its regional service area, increasing its penetration to 9.3% in 1996, one of the highest in the country.

**Cellular penetration
reached 9.3%**

**Comcast invested
nearly \$300 million in
its cable technical
platform**

The rebuilding of our cable television technology platform is on track, clearing the way for new product launches. In addition to achieving good operating results, we continued to invest in our future. Through the careful allocation of capital, we've accomplished both of these objectives in all of our businesses, maximizing value for our shareholders. We invested nearly \$300 million in our cable networks in 1996 and we plan to double that investment in 1997. The majority of this investment relates to the upgrade of our cable television architecture from a traditional coaxial cable system to an advanced, hybrid fiber-coaxial cable network. We expect that the increased investment in 1997 will result in approximately 70% of our customers being served by systems having capacity in excess of 80 channels.

**70% of all cable
customers will be
in high-channel
capacity systems by
the end of 1997**

This new technology platform will enable us to provide better signal quality and reliability, and to increase the number of analog and digital channels we provide to customers. It will also provide expanded capacity to launch exciting new products, including Comcast@Home high-speed cable modem service, which debuted in our Baltimore and Sarasota markets in December 1996, and digital

cable television, which we will begin to roll out later in 1997. Both new services provide us with new revenue opportunities, and will help us to build distinct competitive advantages.

We continue to build our content and programming businesses. As the number of providers of multichannel delivery systems increases, the demand for high-quality content continues to grow. QVC's outstanding performance illustrates the value of sound programming investments. Since we gained control of the world's largest electronic retailer in February 1995, QVC's operating cash flow has increased almost 50%. In December 1996, we launched QVC Germany, expanding our worldwide audience to more than 70 million households.

In March 1996, we strengthened our content portfolio by forming and acquiring a majority interest in Comcast-Spectacor. This joint venture owns and operates the Philadelphia 76ers basketball team, the Philadelphia Flyers and Phantoms hockey teams, and two indoor arenas, the CoreStates Spectrum and the new, state-of-the-art CoreStates Center. We believe Comcast-Spectacor is one of the premier sports franchise and arena operations in the country, and will produce many new revenue and cross-promotional opportunities. In April 1996, Comcast-Spectacor quickly demonstrated this potential by announcing the creation of a new regional, all-sports cable television channel which will broadcast regional sports programming, including the games of the Philadelphia Flyers and Phillies later this year.

Most recently, in January 1997, we teamed with The Walt Disney Company to purchase a majority interest in E! Entertainment Television, which reaches 42 million U.S. households. C3 (Comcast Content & Communications), our programming venture launched in September 1995, will supervise the management of E! Entertainment's operations. E! is a valuable programming franchise and a nationally recognized brand. We believe that many opportunities exist to enhance the entertainment channel's revenue potential through new programming, increased domestic distribution and expansion into international markets. During 1996, C3 also announced agreements to produce original programming for the ABC, NBC and Fox networks, and for domestic TV syndication.

The remarkable performance of QVC exemplifies the benefit of sensible investments in programming

Comcast-Spectacor will launch a new all-sports channel in 1997

Comcast acquired control of E! Entertainment, a valuable cable network reaching 42 million homes

We have increased our financial flexibility and access to capital by reducing our leverage

In addition to expanding our businesses, we have increased our financial flexibility and access to capital by strengthening our balance sheet through reduced leverage. The principal means by which we reduced our leverage in 1996 was through the issuance of 93 million shares of common stock in connection with the acquisition of The E.W. Scripps Company's cable operations. Evaluated on a pro forma basis, as if the acquisition had closed on January 1, 1996, our net debt-to-cash flow ratio would have been 5.2 to 1 at December 31, 1996. Concurrent with the announcement of the Scripps acquisition in October 1995, our Board of Directors authorized a common stock repurchase plan for up to \$500 million. Through the end of 1996, we expended nearly \$200 million under this program.

We own a substantial portfolio of nonstrategic assets of significant value to Comcast and our shareholders

We also own a valuable portfolio of investments that will enhance our financial flexibility as we proceed to be in a position to monetize these assets. Among these investments are equity positions in Sprint PCS (personal communications services), Teleport Communications Group (local telecommunications services), PRIMESTAR Partners (national direct-to-home satellite television) and Nextel Communications (specialized mobile radio services). While each of these investments was initially made for reasons that were integral to our long-term vision for the Company, changes in regulation and market conditions have caused us to reevaluate their current strategic fit with the Company's plans.

By many accounts, increased competition was supposed to break our backs. Instead, it has made us better and stronger competitors. It has also helped us to become tougher managers, keenly focused on the needs of our businesses.

At every level of our organization we have become more responsive, listening to the needs and desires of consumers, and investing in the personnel, training programs and systems to deliver outstanding customer service.

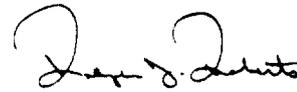
Our investments in personnel, training and systems have resulted in outstanding customer service

**Comcast shows its
commitment to social
responsibility in
hundreds of ways**

One value that remains constant, however, is our commitment to social responsibility and to good corporate citizenship. We support hundreds of local public service projects in the communities we serve. For the second straight year, QVC and the Fashion Footwear Association of New York teamed up for "QVC Presents FFANY Shoes on Sale," which raised nearly \$1.3 million to benefit breast cancer research and education. Through a special holiday promotion, Comcast Cellular raised \$285,000 for the Ronald McDonald Houses of greater Philadelphia. In February 1997, the annual Philadelphia Flyers' Wives Fight for Lives Carnival raised more than \$850,000 for leukemia research and local charities. Through our participation in "Cable in the Classroom," Comcast Cable has wired more than 4,000 schools for cable TV, providing a valuable service to more than 2.5 million students nationwide.

Learning from our past, we are well positioned for the future. During the 35 years since we started in business, we have built a great foundation from which to grow further. We have always welcomed new technologies and embraced creative ways to build new businesses around these changes. Our financial results have been among the best in our industry. This enables us to maintain the strong support of the numerous financial institutions that work closely with the Company's management.

"Running a tight ship" means many things. We believe it means continuously moving forward, operating with controlled efficiency, employing and associating with bright people who have knowledge and foresight, vision and technical expertise ... balanced with the financial wherewithal to make it all work to the best interest of our shareholders, employees and the communities we serve. Knowing we are doing this well is what keeps those smiles on our faces.



Ralph J. Roberts
Chairman



Brian L. Roberts
President

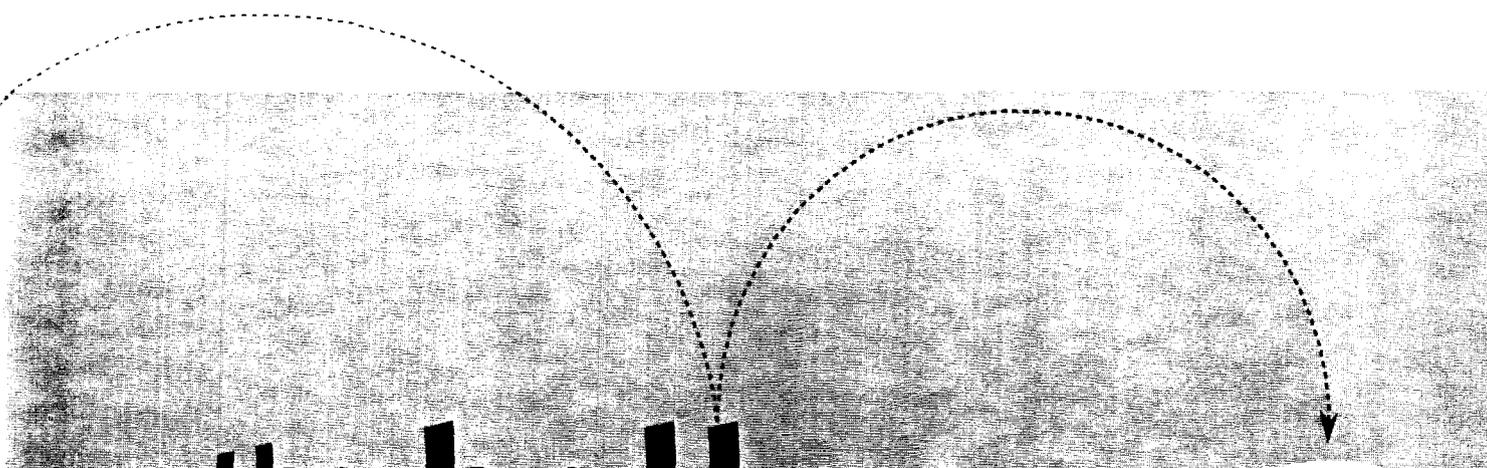


eye
keeping our

Ask anyone in our cable television operations "what's new?" and be prepared for a long conversation. That's because Comcast Cable has undergone a dramatic transformation, as we have moved quickly to upgrade our cable systems, expand our customer service capabilities and create exciting new avenues for growth. With an unblinking eye for opportunity, our cable division continues to grow, producing record revenues and operating cash flow in 1996.

new customers Comcast Cable grew to 4.3 million customers in 1996, making us the fourth largest cable television operator in the United States. Despite competition from satellite TV and new cable providers, we added 138,000 multichannel video customers to our existing operations (including 66,000 *Primestar by Comcast* customers), a 4.0% increase in customers over 1995.

We acquired 800,000 customers by purchasing the cable television operations of The E.W. Scripps Company in November 1996. Nearly 60% of these customers are concentrated in two attractive "clusters" of at least 200,000 subscribers each. We believe these markets offer excellent growth potential, through new sales and increased sell-through of enhanced products and services.



on the **ball**

expanding our core cable business

- ◆ *Added 72,000 cable customers*
- ◆ *Added 66,000 *Primestar by Comcast* customers*
- ◆ *Increased revenues 9.2% and operating cash flow by 9.8% before Scripps acquisition*
- ◆ *Launched Comcast@Home in two markets*
- ◆ *Opened new regional service centers offering 24-hour customer service*
- ◆ *Will expand advanced cable networks to 70% of customers during 1997*

We're upgrading our cable systems to a new hybrid fiber-coaxial technology platform to provide more services, better signal quality and improved reliability to all of our customers. By the end of 1996, nearly 50% of our customers were served by advanced systems. Additional construction during 1997 will bring the number of customers served by these advanced systems to 70%.

In December 1996, we launched Comcast@Home, our high-speed cable modem service, in Baltimore and Sarasota. Comcast@Home delivers 24-hour, unlimited Internet access and exclusive local and national content at speeds many times faster than traditional telephone modems. In early 1997, we expanded this service into northern New Jersey, and we will offer Comcast@Home in additional markets later this year. We're also developing a commercial cable modem service to provide expanded bandwidth and high-speed data services to businesses, schools and government organizations.

Our new digital cable television service will debut during 1997. The service will offer over 150 analog and digital channels of entertainment, news and music, crystal-clear digital video and sound, and an on-screen "navigator" that will allow our customers to review programming choices and to order movies and other pay-per-view selections right on the TV screen. Programming will continue to include local network and independent broadcast stations. Unlike some competitive products, we expect our customers will be able to subscribe to our new digital service without significant up-front costs.