

STATE BOARD OF EQUALIZATION



Appeal Name: Comcast Cablevision Corp of CA, TP & Comcon
Production Services I, Inc., Assumer

Case ID: 424198 ITEM #. B1

Date: February 2, 2012 Exhibit No: 2.2

TP FTB DEPT PUBLIC COMMENT

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The Ability to Control is Not Per Se Unitary

Case	Court	% Owned	Why Not Unitary (Despite Voting Control)
<i>ASARCO, Inc. v. Idaho</i> (1982)	US S. Ct.	51.5 - 52.7%	HELD NOT UNITARY: Companies were independent and operated autonomously
<i>F.W. Woolworth Co. v. New Mexico</i> (1982)	US S. Ct.	52.7 - 100%	HELD NOT UNITARY: Occasional oversight exercised by Woolworth was nothing more than what any parent gives.
<i>Tenneco West, Inc. v. FTB</i> (1991)	Ca. Ct. of Appeals	100%	HELD NOT UNITARY: Degree of intercompany financing was no more than an investment function oversight was of the type that would exist in parent subsidiary relationship.
<i>In the Matter of Appeal of Daniel Industries, Inc.</i> (1980)	SBE	80 - 100%	HELD NOT UNITARY: Income from combined operations not materially different from what it would have been in the absence of the unitary characteristics.

Comcast / QVC - Assessment of Unitary Factors

Common Corporate Functions		Common Operational Functions		Intercompany Transactions	
Overlapping Directors	✓	Common Facilities	X	Common Suppliers	X
Overlapping Officers	X (1)	Common R&D	X	Common Vendors	X
Centralized Formation of Strategy	X	Shared Intangibles	X	Sole Source of Materials	X
Transfer of Personnel	X	Shared Expertise	X	Sole Source of Distribution	X
Centralized Accounting	X	Intercompany Loans	X	Intercompany Sales • Comcast - 10% of QVC's total subscribers • Commissions - 1% of Comcast's revenues and QVC's SG&A expenses	
Centralized Payroll	X	Loan Guarantees	X		
Centralized Tax	X	Dividends	X		
Centralized Legal	X				
Centralized Treasury	X				
Centralized Human Resources	X				
Centralized Treasury	X				
Common Insurance	X				
Common Advertising	X				

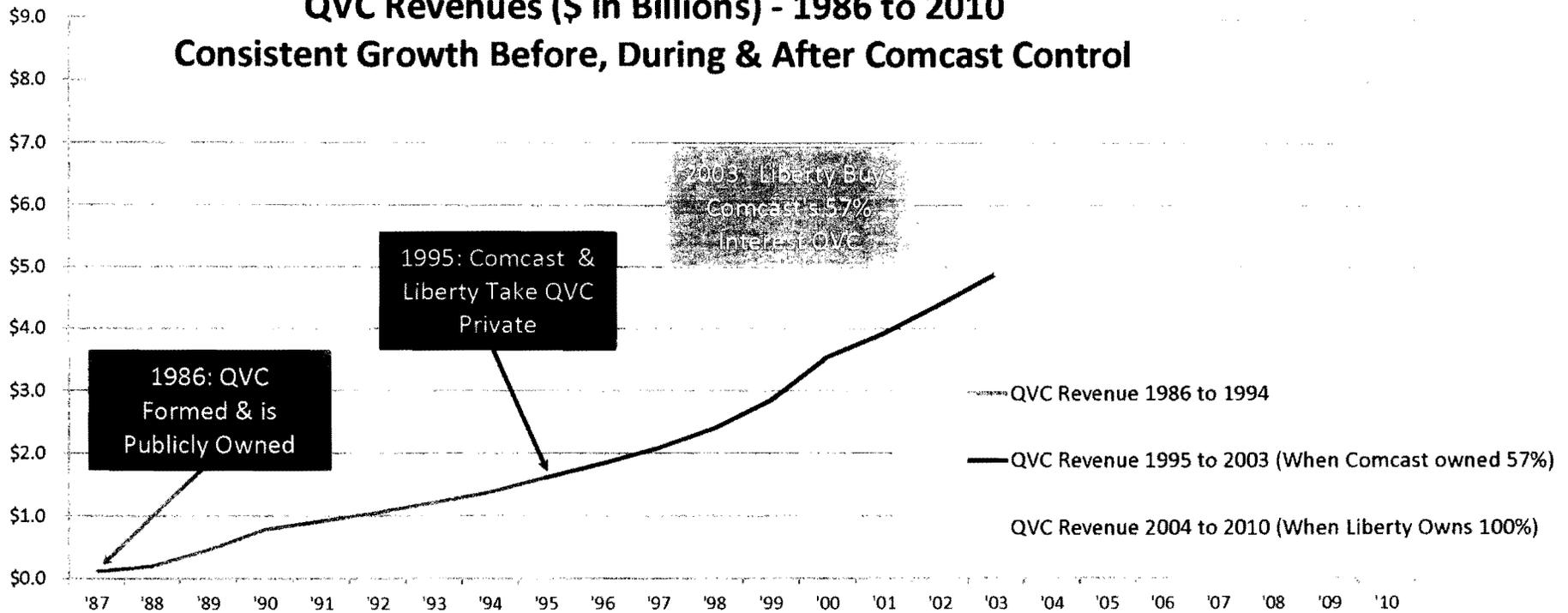
X = Not Present

✓ = Present

(1) Certain Comcast officers held ministerial assistant positions; these "assistant" officers did not engage in QVC's business operations

QVC Revenues (\$ in Billions) - 1986 to 2010

Consistent Growth Before, During & After Comcast Control



QVC Milestones

- 1986 June 13** - Joseph M. Segel, founder of The Franklin Mint, creates electronic retailer QVC.
- 1987 September 1:** QVC's 100,000 square foot Lancaster, PA distribution center opens.
October 15 - QVC's first Outlet store opens in Rockvale, PA.
- 1988 September 12:** QVC's Chesapeake, VA Customer Service facility opens, with space for 500 customer representatives.
October 8: QVC acquires the manufacturing facilities, proprietary technology and trade name rights from MSB Industries, Inc. for Diamonique®, a line of simulated gemstone jewelry, which accounts for \$18 million in sales that year.
October 22: Another QVC Outlet store opens in Frazer, PA.
- 1990 August 15:** The Suffolk, VA. distribution center expands to 750,000 square feet, shipping 80,000 packages each day.
- 1991 October 1:** The QVC Fashion Channel — a service devoted exclusively to apparel, fashion accessories, jewelry, and beauty products — begins its first live broadcast.
- 1992 June 29:** QVC's San Antonio, TX Customer Service facility, with 850 operator seats, takes its first phone call.
- 1993 October 1:** QVC teams with the UK's BSkyB to launch a London-based QVC. The Shopping Channel initially reaches 2.7 million homes.
- 1994 September 29:** The QVC Local, QVC's first custom-built state-of-the-art mobile studio, hits the road ...
- 1995 February 10:** Comcast Corporation and TCI's Liberty Media acquire QVC.
- 1996 September 15:** QVC launches its internet shopping site, iQVC.
December 1: QVC launches QVC in Germany.
- 1997 September 24:** QVC begins broadcasting live from Studio Park.
- 1998 October 1:** QVC UK officially launches its Internet site — www.qvcuk.com.
- 1999 November 4:** QVC begins construction on its new 1.1 million square-foot distribution center located in Rocky Mount, N.C.
- 2001 April 1:** QVC Japan premieres at 8 AM to 2.5 million SkyPerfect satellite homes and 1.2 million cable homes, broadcasting live for 15 hours each day.
- 2003 January 25:** QVC Germany's 600,000 square foot Hückelhoven distribution center becomes fully operational.

Transactional Test Under *Hoechst Celanese*

“[W]e reject the [FTB’s] attempt to define the relevant ‘transactions and activity’ as the purchase and sale of securities.... These investments did not result in *any taxable income* to Hoechst....”

Hoechst Celanese Corp. v. FTB, 25 Cal. 4th 508, 527 (2001) (emphasis in original).

The Functional Test

- The functional test contemplates the relationship of the income-generating property to the taxpayer's business:

To qualify as business income under the functional test, “[t]he property must be so *interwoven into the fabric of the taxpayer’s business operations* that it becomes ‘indivisible’ or inseparable from the taxpayer’s business activities with both ‘giving value’ to each other . . . Such a relationship exists when the taxpayer controls and uses the property to contribute materially to the taxpayer’s production of business income.” *Hoechst*, 25 Cal. 4th at 532 (emphasis added).

Application of Transactional Test: Contractual versus Litigation Proceeds

Contractual Proceeds	Litigation/Settlement Proceeds
<p>Test: what transaction or activity generated the taxable income?</p> <ul style="list-style-type: none"> ▪ <i>Hoechst</i>: <ul style="list-style-type: none"> ▪ The pension contract contemplated a reversion. ▪ Court held transaction or activity that generated the income was the reversion. ▪ <i>Atlantic Richfield</i>: <ul style="list-style-type: none"> • The merger contract contemplated the sale of business assets. • Court held transaction or activity generating the income was the sale of business assets. ▪ <i>Comcast</i>: <ul style="list-style-type: none"> • The merger contract contemplated a termination • Transaction or activity generating the income was the termination. 	<p>Test: in lieu of what was the income received?</p> <ul style="list-style-type: none"> ▪ <i>Pennzoil</i>: <ul style="list-style-type: none"> • Pennzoil received settlement proceeds following a litigation alleging tortious interference • Court held “that Pennzoil received the settlement proceeds in lieu of its agreement with Getty and that the agreement gave rise to the disputed income”

Potential to Control ≠ Actual Control

Potential to control is not the same as actual control – otherwise, all 50% owned subsidiaries would be unitary

Although the parent “*potentially has the authority to operate* these companies as integrated divisions of a single unitary business ... the ***potential to operate*** a company as part of a unitary business **is *not dispositive*** when, looking at the underlying economic realities of the unitary business, the ... unrelated business activity ... constitutes a discrete business enterprise.” *F.W. Woolworth Co. v. Taxation and Revenue Department of N.M.*, 458 U.S. 354, 362 (1982) (emphasis added).

Potential to Control ≠ Actual Control

Potential to control is not the same as actual control – otherwise, all 50% owned subsidiaries would be unitary

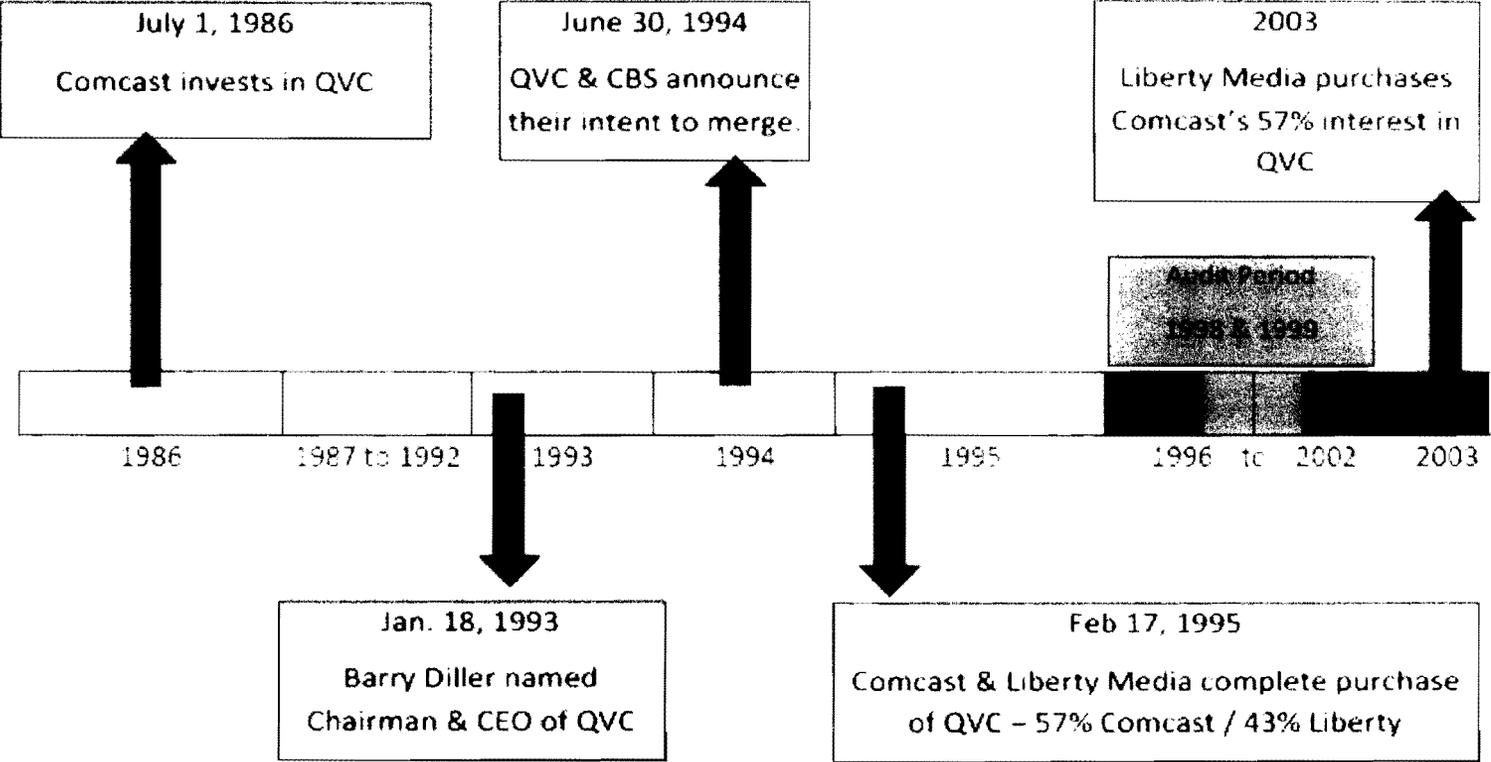
"[T]he management “set-up” between [the enterprise and its subsidiaries] was such as would exist between any parent and its subsidiaries. The court further found [the enterprise's] long-range planning demonstrated nothing more than the potential to operate its subsidiaries as divisions of a single unitary business.... Th[e] evidence showed the [enterprise's subsidiaries] had a high degree of autonomy and [the enterprise's] policy control was neither strong nor uniform."

Tenneco West, Inc. v. Franchise Tax Board, 234 Cal. App. 3d 1510, 1526 (1991) (emphasis added).

Comcast Relationship with QVC and Minority & Majority Ownership

Factor	Comcast 15%Ownership 1986 to 1994	Comcast 57% Ownership 1995 to 2003
Seats on QVC's board	2 of 8	6 of 6
No involvement in QVC's strategic decisions	NO CHANGE	
No involvement QVC's day-to-day management	NO CHANGE	
No centralized Human Resources function	NO CHANGE	
No centralized Accounting or Legal function	NO CHANGE	
No centralized Payroll function	NO CHANGE	
No centralized Tax function	NO CHANGE	
No centralized Risk Management function	NO CHANGE	
No centralized Marketing function	NO CHANGE	
No centralized Treasury function	NO CHANGE	
No shared technology or expertise	NO CHANGE	
No Intercompany loans	NO CHANGE	
Carriage agreement	NO CHANGE	
% Comcast's revenue from QVC <1%	NO CHANGE	

Comcast - QVC Time Line



QVC Options Timeline

- Feb 1995
 - Comcast and Liberty Media take QVC private.
- April 1996
 - QVC issues proportionate (57%/43%) options to Comcast and Liberty Media, attributing a portion of Comcast's options to Comcast's executives.
- Apr 1996
 - The Comcast Compensation Committee ratifies QVC's issuance of the options, finding their compensation to be "reasonable."
- Oct 1996
 - Comcast distributes options to Comcast executives, conditioned on continued employment by Comcast.
- Oct 1996
 - QVC provides options to a QVC executive, conditioned on continued employment by QVC.
- Dec 1997
 - Comcast assigns 5,000 of its options to B. Roberts, in recognition of Roberts' efforts over the past few years, noting "the Microsoft transaction which he initiated."
- Oct 2002
 - Comcast assigns 4,000 of its options to R. Roberts, in recognition of Roberts' "continued outstanding contributions" to Comcast.
- Sep 2003 – Upon Sale to Liberty Media
 - Comcast purchases the QVC stock held by its executives for cash;
 - Comcast provided its executives with cash and deferred cash compensation for vested and nonvested options, conditioned on continued employment by Comcast.

Comcast's 10-Ks Consistently Categorized QVC as a Retailer

Comcast categorized QVC as “Electronic Retailing” in 1998 and as “Commerce” in 1999. For example, in the Competition sections, the 1998 and 1999 10-Ks stated:

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.

(1998 10-K at page 9; 1999 10-K at page 8)

Comcast distinguishes QVC from its programming investments.

Comcast's 1998 10-K Listed Programming Investments as:

- CN8 – The Comcast Network
- Comcast SportsNet
- E! Entertainment
- The Golf Channel
- Outdoor Life
- Speedvision
- The Sunshine Network
- Viewer's Choice

(10-K at page 9)

Comcast's 1999 10-K Listed Programming Investments as:

- CN8 – The Comcast Network
- Comcast SportsNet
- Comcast Sports Southeast
- E! Entertainment
- Style
- The Golf Channel
- In Demand
- Outdoor Life
- Speedvision
- The Sunshine Network

(10-K at page 9)

COMCAST HOLDINGS CORP

FORM 10-K (Annual Report)

Filed 02/26/99 for the Period Ending 12/31/98

Address	1500 MARKET STREET PHILADELPHIA, PA 19102-2148
Telephone	2156651700
CIK	0000022301
SIC Code	4841 - Cable and Other Pay Television Services
Industry	Broadcasting & Cable TV
Sector	Services
Fiscal Year	12/31

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

COMCAST CORPORATION AND SUBSIDIARIES

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

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.

COMCAST CORPORATION AND SUBSIDIARIES

**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.

COMCAST HOLDINGS CORP

FORM 10-K (Annual Report)

Filed 03/03/98 for the Period Ending 12/31/97

Address	1500 MARKET STREET PHILADELPHIA, PA 19102-2148
Telephone	2156651700
CIK	0000022301
SIC Code	4841 - Cable and Other Pay Television Services
Industry	Broadcasting & Cable TV
Sector	Services
Fiscal Year	12/31

Operating Results by Business Segment

The following represent the operating results of the Company's significant business segments, including: "Domestic Cable Communications," the most significant of the Company's cable communications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's cellular/personal communications services telecommunications operations. The remaining components of the Company's operations are not independently significant to the Company's consolidated financial position or results of operations (see Note 10 to the Company's consolidated financial statements).

Domestic Cable Communications

As a result of the Scripps Acquisition, the Company commenced consolidating the financial results of Scripps Cable effective November 1, 1996. The following table presents actual financial information for the year ended December 31, 1997 and pro forma financial information for the years ended December 31, 1996 and 1995 as if the Scripps Acquisition occurred on January 1, 1995. Pro forma financial information is presented herein for purposes of analysis and may not reflect what actual operating results would have been had the Company owned Scripps Cable since January 1, 1995 (dollars in millions):

	Year Ended December 31,		Increase \$	%
	1997	Pro Forma 1996		
Service income.....	\$2,073.0	\$1,893.8	\$179.2	9.5%
Operating, selling, general and administrative expenses.....	1,085.3	979.1	106.2	10.8
Operating income before depreciation and amortization (a).....	\$987.7	\$914.7	\$73.0	8.0%
	=====	=====	=====	

	Year Ended December 31,		Increase \$	%
	Pro Forma 1996	Pro Forma 1995		
Service income.....	\$1,893.8	\$1,729.7	\$164.1	9.5%
Operating, selling, general and administrative expenses.....	979.1	892.6	86.5	9.7
Operating income before depreciation and amortization (a).....	\$914.7	\$837.1	\$77.6	9.3%
	=====	=====	=====	

(a) See footnote (1) on page 36.

Of the respective \$179.2 million and \$164.1 million increases in service income for the years ended December 31, 1997 and 1996, \$38.1 million and \$45.8 million are attributable to subscriber growth, \$122.8 million and \$101.0 million relate to changes in rates, \$11.0 million and \$5.5 million are attributable to growth in cable advertising sales and \$7.3 million and \$11.8 million relate to other product offerings.

Of the respective \$106.2 million and \$86.5 million increases in operating, selling, general and administrative expenses for the years ended December 31, 1997 and 1996, \$27.9 million and \$34.7 million are attributable to increases in the costs of cable programming as a result of subscriber growth, additional channel offerings and changes in rates, \$19.2 million and \$13.5 million are attributable to increases in costs associated with customer service, \$7.7 million and \$4.5 million are attributable to growth in cable advertising sales and \$51.4 million and \$33.8 million result from increases in the costs of labor, other volume related expenses and costs associated with new product offerings. It is anticipated that the Company's cost of cable programming will increase in the future as cable programming rates increase and additional sources of cable programming become available.

Electronic Retailing

As a result of the QVC Acquisition, the Company commenced consolidating the financial results of QVC effective February 1, 1995. The following table presents actual financial information for the years ended December 31, 1997 and 1996 and pro forma financial information for the year ended December 31, 1995 as if the QVC Acquisition occurred on January 1, 1995. Pro forma financial information is presented herein for purposes of analysis and may not reflect what actual operating results would have been had the Company owned QVC since January 1, 1995 (dollars in millions):

	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%		

	Year Ended December 31,		Increase	
	1996	Pro Forma 1995	\$	%
Net sales from electronic retailing.....	\$1,835.8	\$1,619.2	\$216.6	13.4%
Cost of goods sold from electronic retailing.....	1,114.2	978.8	135.4	13.8
Operating, selling, general and administrative expenses.....	421.3	385.0	36.3	9.4
Operating income before depreciation and amortization (a).....	\$300.3	\$255.4	\$44.9	17.6%
Gross margin.....	39.3%	39.6%		

(a) See footnote (1) on page 36.

The respective increases in net sales from electronic retailing of \$246.7 million and \$216.6 million for the years ended December 31, 1997 and 1996 are primarily attributable to the effects of 7.4% and 7.2% increases, respectively in the average number of homes receiving QVC services in the US and 13.7% and 36.5% 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, 1997, 1996 and 1995.

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 \$53.3 million and \$36.3 million for the years ended December 31, 1997 and 1996, \$25.5 million and \$6.0 million are attributable to start-up costs incurred by QVC in Germany, which began operations in the fourth quarter of 1996, and the remaining increases are primarily attributable to higher sales volume, increases in advertising costs and additional costs associated with new businesses, offset, in part, by the reduction in expenses realized upon consolidation of QVC's multichannel operations in 1996.

Cellular Communications

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

	Year Ended December 31,		Increase	
	1997	1996	\$	%
Service income.....	\$444.9	\$426.1	\$18.8	4.4%
Operating, selling, general and administrative expenses.....	269.5	265.9	3.6	1.4
Operating income before depreciation and amortization (a).....	\$175.4	\$160.2	\$15.2	9.5%
	=====	=====	=====	

	Year Ended December 31,		Increase	
	1996	1995	\$	%
Service income.....	\$426.1	\$374.9	\$51.2	13.7%
Operating, selling, general and administrative expenses.....	265.9	237.1	28.8	12.1
Operating income before depreciation and amortization (a).....	\$160.2	\$137.8	\$22.4	16.3%
	=====	=====	=====	

(a) See footnote (1) on page 36.

Of the respective \$18.8 million and \$51.2 million increases in service income for the years ended December 31, 1997 and 1996, \$18.2 million and \$69.6 million, respectively, are attributable to the Company's subscriber growth and \$15.4 million and \$500,000, respectively, are attributable to roamer growth. Offsetting the increases are decreases of \$14.8 million and \$18.9 million, respectively, resulting primarily from a reduction in the average rate per minute of use as a result of promotional and free minutes provided to customers.

The \$3.6 million increase in operating, selling, general and administrative expenses from 1996 to 1997 is primarily attributable to a \$10.5 million increase in fixed costs related to retail centers. Offsetting this increase is a decrease of \$6.9 million primarily attributable to expense reductions achieved through implementation of fraud management programs, improved bad debt experience as a result of stronger credit procedures and a reduction in commission costs resulting from fewer gross subscriber additions in 1997. The \$28.8 million increase in operating, selling, general and administrative expenses from 1995 to 1996 is primarily attributable to a \$24.3 million increase related to subscriber growth, including the costs to acquire and service subscribers. The remaining increase of \$4.5 million is primarily due to increases in customer service and administrative costs, partially offset by expense reductions achieved through implementation of fraud management programs.

Consolidated Analysis

The \$159.7 million increase in depreciation expense from 1996 to 1997 is primarily attributable to the effects of capital expenditures during 1996 and 1997 and the effects of the Scripps Acquisition. The \$25.3 million decrease in depreciation expense from 1995 to 1996 is primarily attributable to the effects of the rebuild of certain of the Company's cellular equipment in 1995 (see below), offset in part by the effects of capital expenditures during 1995 and 1996 and the effects of the Scripps Acquisition in 1996.

In 1995, the Company's cellular division purchased \$172.0 million of switching and cell site equipment which replaced the existing switching and cell site equipment (the "Cellular Rebuild"). The Company substantially completed the Cellular Rebuild during 1995. Accordingly, during 1995, the Company charged \$110.0 million to depreciation expense which represented the difference between the net book value of the equipment replaced and the residual value realized upon its disposal.

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995 (Continued)

obligations under the program are considered, for financial reporting purposes, to be financial instruments with off- balance sheet risk. The carrying value of accounts receivable, adjusted for the reserves described above, approximates fair value as of December 31, 1997 and 1996.

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, including: "Domestic Cable Communications," the most significant of the Company's cable communications operations; "Electronic Retailing," the most significant of the Company's content businesses; and "Cellular Communications," the most significant of the Company's cellular/PCS telecommunications operations. The remaining components of the Company's operations are not independently significant to the Company's consolidated financial position or results of operations and are included under the caption "Other" (dollars in millions).

	Domestic Cable Communications	Electronic Retailing	Cellular Communications	Corporate and Other(1)	Total
1997					
Revenues.....	\$2,073.0	\$2,082.5	\$444.9	\$312.2	\$4,912.6
Depreciation and amortization.....	626.1	115.0	109.8	85.5	936.4
Operating income (loss).....	361.6	222.7	65.6	(117.8)	532.1
Interest expense.....	227.9	56.3	111.3	169.4	564.9
Assets.....	6,057.8	2,268.3	1,480.8	2,997.3	12,804.2
Long-term debt.....	2,554.9	768.8	1,224.5	2,010.4	6,558.6
Capital expenditures.....	497.8	97.3	130.0	200.4	925.5
Equity in net losses of affiliates.....				(330.1)	(330.1)
1996					
Revenues.....	\$1,640.9	\$1,835.8	\$426.1	\$135.6	\$4,038.4
Depreciation and amortization.....	416.2	107.7	117.2	57.2	698.3
Operating income (loss).....	393.8	192.6	43.0	(120.5)	508.9
Interest expense.....	228.3	65.2	92.4	154.9	540.8
Assets.....	6,938.3	2,162.7	1,368.3	1,619.3	12,088.6
Long-term debt.....	3,078.1	842.6	1,104.4	2,077.6	7,102.7
Capital expenditures.....	290.9	63.6	116.0	199.9	670.4
Equity in net (losses) income of affiliates.....	(22.1)	0.2		(122.9)	(144.8)
1995					
Revenues.....	\$1,454.9	\$1,487.7	\$374.9	\$45.4	\$3,362.9
Depreciation and amortization.....	372.5	86.1	205.7	24.7	689.0
Operating income (loss).....	346.0	145.8	(67.9)	(94.1)	329.8
Interest expense.....	245.6	75.3	74.7	129.1	524.7
Assets.....	4,531.1	2,096.4	1,349.4	1,603.4	9,580.3
Long-term debt.....	2,984.2	911.3	928.9	2,119.4	6,943.8
Capital expenditures.....	237.8	28.1	228.7	128.4	623.0
Equity in net (losses) income of affiliates.....	(17.6)	0.3		(69.3)	(86.6)

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

COMCAST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997, 1996 and 1995 (Concluded)

I. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter (4)	Third Quarter	Fourth Quarter (5)	Total Year
(Dollars in millions, except per share data)					
1997					
Revenues.....	\$1,130.8	\$1,184.5	\$1,204.2	\$1,393.1	\$4,912.6
Operating income before depreciation and amortization (1).....	333.7	367.4	365.0	402.4	1,468.5
Operating income.....	121.3	117.4	123.7	169.7	532.1
Loss before extraordinary items (2).....	(64.7)	(14.6)	(52.1)	(77.1)	(208.5)
Extraordinary items (6).....		(22.8)	(3.1)	(4.3)	(30.2)
Net loss (2).....	(64.7)	(37.4)	(55.2)	(81.4)	(238.7)
Loss per share before extraordinary items	(.20)	(.05)	(.17)	(.24)	(.66)
Extraordinary items per share.....		(.07)	(.01)	(.01)	(.09)
Net loss per share.....	(.20)	(.12)	(.18)	(.25)	(.75)
Cash dividends per common share.....	.0233	.0233	.0233	.0233	.0933
1996					
Revenues.....	\$950.7	\$945.6	\$974.6	\$1,167.5	\$4,038.4
Operating income before depreciation and amortization (1).....	270.1	296.1	295.8	345.2	1,207.2
Operating income.....	113.3	128.7	129.1	137.8	508.9
(Loss) income before extraordinary item (3).....	(34.6)	17.8	(10.0)	(25.7)	(52.5)
Extraordinary item.....		(1.0)			(1.0)
Net (loss) income (3).....	(34.6)	16.8	(10.0)	(25.7)	(53.5)
(Loss) income per share before extraordinary item.....	(.14)	.07	(.04)	(.09)	(.21)
Extraordinary item per share.....					
Net (loss) income per share.....	(.14)	.07	(.04)	(.09)	(.21)
Cash dividends per common share.....	.0233	.0233	.0233	.0233	.0933

- (1) Operating income before depreciation and amortization is commonly referred to in the Company's businesses as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of the Company's businesses and the resulting significant level of non-cash depreciation 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.
- (2) Results of operations were affected by the gain on the sale of TCGI Class A stock in the second quarter of 1997 and the gain on the sale of Nextel common stock in the third quarter of 1997 (see Note 4).
- (3) Results of operations were affected by the TCGI IPO Gain and the sale of Nextel shares in the second quarter of 1996 (see Note 4).
- (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) Results of operations for the fourth quarter of 1996 include the results of operations of Scripps Cable, which have been consolidated effective November 1, 1996, and the gain on the Exchange (see Notes 3 and 4). The Company's consolidated results of operations for the fourth quarter of 1997 and 1996 are also affected by the seasonality of the Company's electronic retailing operations.
- (6) Extraordinary items consist of unamortized debt acquisition and debt extinguishment costs expensed in connection with the Cable Refinancing, the Cellular Refinancing and the redemption of the 10% debentures in the second quarter of 1997, the redemption of the Step Up Debentures in the third quarter of 1997 and the repayments made with the proceeds from the New Bank Facility in the fourth quarter of 1997 (see Note 5).

QVC is Not a Cable Network or Cable Company

QVC has the "DNA" of a Mail Order Retailer

Core Business Characteristics	QVC	QVC vs. Mail Order Retailers e.g., LLBean or Lands End	QVC vs. Cable Network e.g. A&E or Discovery	QVC vs. Comcast
Sells Tangible Goods	Yes	Same	Different	Different
Has physical outlet stores	Yes	Same	Different	Different
1997 NAICS 454 Nonstore Retailers	Yes	Same	Different	Different
Owns / Sells thru Internet web site	Yes	Same	Different	Different
Delivers goods via UPS & FedEx	Yes	Same	Different	Different
Owns Warehouses to Store Inventory for Sale	Yes	Same	Different	Different
Owns & Operates Manufacturing Plants	Yes	Same	Different	Different
Sells Services	No	Same	Different	Different
Significant Subscription Revenue	No	Same	Different	Different
Produces Content with Multiple Year Value	No	Same	Different	
Advertised on Comcast & Other MSOs & Satellite	Yes	Same	Different	
Receives payment FROM Comcast; MSOs; Satellite	No	Same	Different	

LIBERTY MEDIA CORPORATION

September 9, 2011

Mr. Tom Donnelly
Comcast Corporation
1701 John F. Kennedy Blvd.
Philadelphia, PA 19103-2838

Re: Liberty Media Corporation & Subsidiaries' California Audit for Tax Years Ending
12/31/03, 12/31/04 and 12/31/05

Dear Tom:

As you are aware, Liberty Media Corporation ("Liberty") acquired Comcast Corporation's approximate 56.5% ownership in QVC, Inc. ("QVC") on September 17, 2003. This acquisition increased Liberty's ownership of QVC to 98.3%.

The State of California recently audited Liberty's California income tax returns for the tax years ending 12/31/03, 12/31/04, and 12/31/05. Liberty's California returns for those years were filed on a unitary basis and did not include QVC or its subsidiaries. One audit issue was whether there was a unitary relationship between Liberty and QVC. We wanted to inform you that the audit was finalized and the State concluded that there was in fact no unitary relationship between Liberty and QVC.

I can be reached at (720) 875-4334 should you wish to discuss this further.

Sincerely,



Angela Moore
Tax Director

Transactional Test Under *Hoechst Celanese*

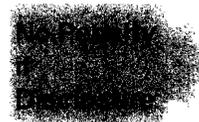
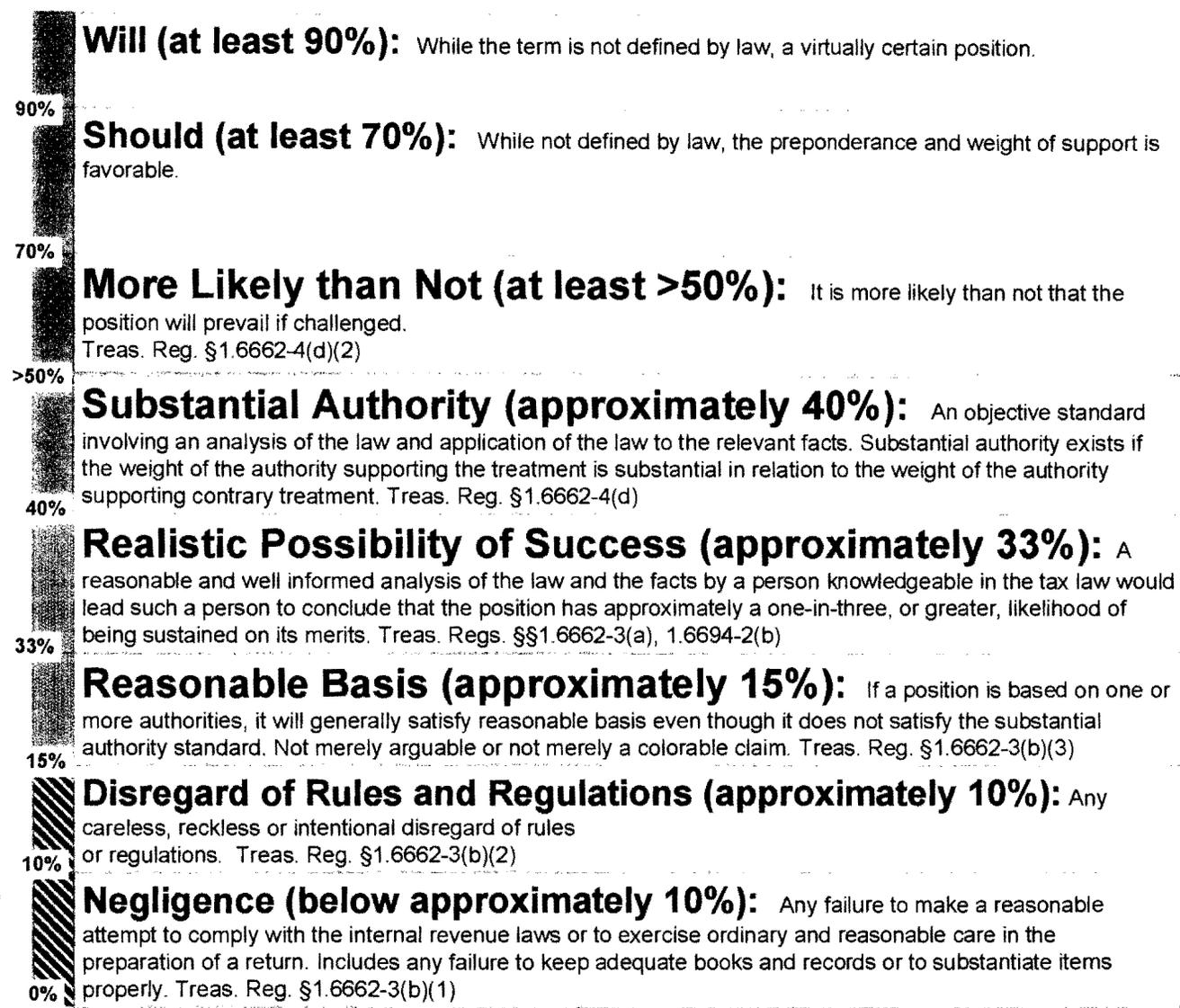
The Court reasoned that the reversion was the relevant transaction because the investments did not result in taxable income “until and unless”:

- (1) Hoechst generated more assets than necessary to fund its plans, and
- (2) Hoechst acted to recapture the surplus assets.

Transactional Test Under *Hoechst Celanese*

“Thus, the only transaction or activity that generated any ***taxable income*** for Hoechst was the reversion itself...the income from the reversion does not satisfy the transactional test.”

Hoechst Celanese Corp. v. FTB, 25 Cal. 4th 508, 527 (2001).



IRS Internal Revenue Manual (Section 4.2.3.4.2.1)

- 1. Given a specific set of facts, technical advice should be requested when:

The law and regulations are **not clear on the issue** under consideration, and there is **no published precedent** for determining the proper treatment of the issue;

There is a **lack of uniformity** regarding the disposition of an issue;

A **doubtful or contentious issue** is involved in a number of cases;

The issue is **unusual or complex** enough to warrant consideration by Headquarters; or

The director believes that securing technical advice from national office would be in the **best interest of the Service**.

QVC Options Timeline

- **April 1996 – Tab 1**
 - QVC issues proportionate (57%/43%) options to Comcast and Liberty Media, attributing a portion of Comcast's options to Comcast's executives.
- **June 1996 – Tab 2**
 - The Comcast Compensation Committee ratifies QVC's issuance of the options, finding their compensation to be "reasonable," and requiring the executives to extend their employment agreements.
- **Oct 1996 – Tab 3**
 - Comcast distributes options to Comcast executives, conditioned on continued employment by Comcast.
- **Oct 1996 – Tab 4**
 - QVC provides options to a QVC executive, conditioned on continued employment by QVC.
- **Dec 1997 – Tab 5**
 - Comcast assigns 5,000 of its options to B. Roberts, in recognition of Roberts' efforts over the past few years, noting "the Microsoft transaction which he initiated."
- **Oct 2002 – Tab 6**
 - Comcast assigns 4,000 of its options to R. Roberts, in recognition of Roberts' "continued outstanding contributions" to Comcast.
- **Sep 2003 – Upon Sale to Liberty Media – Tab 7**
 - Comcast purchases the QVC stock held by its executives for cash;
 - Comcast provided its executives with cash and deferred cash compensation for vested and nonvested options, conditioned on continued employment by Comcast.

QVC, INC.

**UNANIMOUS WRITTEN CONSENT OF
STOCK OPTION COMMITTEE**

Dated: April 18, 1996

The undersigned, constituting the entire Stock Option Committee of the Board of Directors of QVC, Inc., a Delaware corporation (the "Company"), by unanimous consent in writing without the formality of convening a meeting, do hereby consent to the following action of the Company:

RESOLVED, that non-qualified options to purchase shares of the Company's Common Stock ("Shares") under the QVC, Inc. 1995 Stock Option and Stock Appreciation Rights Plan (the "Plan") with stock appreciation rights ("SARs") attached, be and hereby are granted to the persons named below for the number of Shares (with an equal number of SARs attached) indicated beside his name, subject to the terms and conditions as hereinafter provided:

John R. Alchin	3,000 Shares and attached SARs
Julian A. Brodsky	4,000 Shares and attached SARs
Lawrence S. Smith	4,000 Shares and attached SARs; and
Brian L. Roberts	8,000 Shares and attached SARs; and

FURTHER RESOLVED, that each such option be and hereby is exercisable with respect to 20% of the number of shares subject thereto from and after the date hereof and an additional 20% from and after each of the December 31, 1996, 1997, 1998 and 1999; and

FURTHER RESOLVED, that the fair market value of a Share, as determined pursuant to the Plan, be and hereby is determined as \$460; and

FURTHER RESOLVED, that the option price per Share as determined pursuant to the Plan, be and hereby is \$460; and

FURTHER RESOLVED, that each option shall be evidenced by a "Non-Qualified Option and Stock Appreciation Rights Agreement" (an "Option Agreement"), in the standard form now in use by the Company; and

FURTHER RESOLVED, that

- (1) Upon the exercise of an option to acquire a Share, the attached SAR shall expire, and upon the exercise of an SAR, the option to acquire the Share to which such SAR was attached shall expire; and
- (2) The transfer of Shares to an optionee pursuant to the exercise of an option to acquire a Share shall be conditioned on the optionee's execution of a Stockholder's Agreement, in the standard form now in use by the Company; and

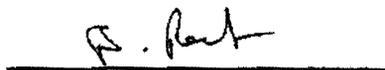
FURTHER RESOLVED, that an option, not pursuant to the Plan, be and hereby is granted to each of the persons named below, for the number of Shares (with an equal number of SARs attached) indicated beside its name, subject to the terms and conditions provided in the form of grant agreement attached hereto:

COMCAST QVC, INC.	9,000 Shares and attached SARs,
LIBERTY QVC, INC.	20,741 Shares and attached SARs; and

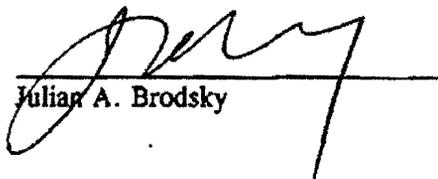
FURTHER RESOLVED, that the appropriate officers of the Company be and hereby are authorized and directed to reflect the foregoing grants in appropriate agreements between the Company and each optionee.



Ralph J. Roberts



Brian L. Roberts



Julian A. Brodsky

CONSTITUTING THE ENTIRE COMMITTEE

COMCAST CORPORATION

MEETING OF THE COMPENSATION COMMITTEE
JUNE 17, 1996

A meeting of the Compensation Committee (the "Committee") of the Board of Directors of Comcast Corporation (the "Company"), and of the Subcommittee on Performance-Based Compensation of the Committee, was convened at 9:30 AM on Tuesday, June 17, 1996 at the offices of the Company, Centre Square East, Philadelphia, PA pursuant to notice given prior to the meeting.

Present at the meeting were Committee members Gustave G. Amsterdam, Chairman, Sheldon M. Bonovitz and Joseph L. Castle, II, constituting all of the members of the Committee. In addition, in attendance at the meeting were Lawrence Smith, Executive Vice President of the Company, Stanley Wang, Senior Vice President and General Counsel of the Company, Richard Meisheid, of Towers Perrin, consultants to the Committee, and Mark K. Kessler and John H. Schapiro, of Wolf, Block, Schorr and Solis-Cohen, counsel to the Committee. Mr. Amsterdam served as Chairman of the meeting and asked Mr. Schapiro to serve as Secretary.

The Chairman advised that the purpose of the meeting was to consider matters relating to actions of the Committee originally taken at a meeting held on March 11, 1996 and to consider certain other matters presented by management of the

Company, including issues raised by the grant by QVC, Inc. of certain options to purchase stock of QVC, Inc. to officers of the Company and a related proposal by the Company to grant stock appreciation rights with respect to QVC, Inc. stock to certain other officers of the Company, such rights to be backed by additional options on QVC, Inc. stock granted to the Company.

I. March 11, 1996 Actions

The Committee and the Subcommittee reviewed a draft of the minutes of their meetings on March 11, 1996 which had been previously circulated. The Committee made two corrections to the actions taken by it as reflected in the draft minutes. With respect to the March 11 action extending Mr. Ralph J. Roberts' options to purchase shares of Class B Common Stock of the Company, the Committee clarified, first, that it was not a condition to extension of such options that Mr. Roberts not be an executive officer at the time of exercise of such option, although the Committee expected that to be the case, and second, that the term for which the options were to be extended was three years from their original expiration date. With respect to the March 11 actions approving additional split-dollar insurance benefits for Mr. Ralph J. Roberts, the Committee clarified that, in determining the after-tax cost to the Company of such benefits, certain benefits received by the Company on other insurance as a result of the purchase of split-dollar life insurance with respect

to Mr. Roberts should be taken into account. The Committee discussed these clarifications with Mr. Meisheid, who informed the Committee that they were reasonable and did not change his opinion that the actions taken at the March 11 meeting were reasonable.

The Subcommittee separately requested that the minutes of the March 11 meeting reflect the Subcommittee's adoption of an amendment to the Company's 1987 Stock Option Plan to permit transferability of nonqualified options equivalent to the provision adopted as part of the 1996 Stock Option Plan. It was the Subcommittee's understanding that it had been approving provisions permitting it to make existing options transferable as set forth in the 1996 Stock Option Plan, not just options issued in the future, and its March 11 actions had been discussed at the full Board of Directors meeting on March 13 on that basis. The Subcommittee also requested that the minutes of the March 11 meeting reflect actions taken by the Subcommittee with respect to option grants, awards of restricted stock and cash bonus grants which had been presented by Mr. Wang to the Subcommittee and subsequently presented to the Board of Directors on March 13. The Subcommittee also noted that all of such options had been reissued on April 17 by unanimous consent.

The Committee and the Subcommittee requested Mr. Kessler, as Secretary of the March 11 meeting, to amend the March 11 minutes to reflect these points and approved the March 11 minutes as so amended.

II. Review of Split-Dollar Insurance

The Committee discussed with Mr. Smith the various split-dollar insurance arrangements put in place for Mr. Ralph J. Roberts and Mr. Julian Brodsky over the past three years. The Committee requested that Mr. Smith provide the Committee with a comprehensive review of the split-dollar life insurance program when all elements have been put in place, including any associated tax benefits to the Company. The Committee will consider presenting this to the full Board of Directors.

III. Bonus Arrangement for John Robinson

Mr. Wang presented to the Subcommittee a proposal by the Company's management for a bonus arrangement for Mr. John Robinson, who had recently been hired as Manager of Corporate Accounts of the Cellular Division. Management proposed that, conditional upon his entering into an employment agreement in the Company's standard form, Mr. Robinson receive an award of 2,500 shares of restricted stock, to vest 375 shares per year in each of 1997-2001, and an additional 625 shares in 2001, and \$50,000 in cash, to vest \$5,000 immediately, \$5,000 in each of 1998-2001, and \$25,000 in 2001 based on achieving performance targets over the

period 1996-2000 which are the same as the performance targets for other similarly situated employees in the Cellular Division.

After discussion of the proposal with Mr. Wang and review of the particulars of Mr. Robinson's employment, the Subcommittee adopted the following resolutions:

RESOLVED, that in recognition of his value as an employee of the Company, an award of 2,500 shares of Class A Special Common Stock be and hereby is granted to John Robinson pursuant to the restrictions, terms and conditions set forth in the Company's Restricted Stock Plan and these resolutions.

FURTHER RESOLVED, that the award of restricted stock be, and hereby is, subject to the following terms and conditions:

- (1) shares of restricted stock shall not be subject to sale, transfer, pledge or assignment until the later of the date that the shares vest (as hereinafter provided) or the date that the shares are available to be delivered to the grantee pursuant to the terms of the grantee's deferral election with respect to such shares (as hereinafter provided);
- (2) shares of restricted stock shall vest 375 shares on each January 2, 1997-2000, and 1000 shares on January 2, 2001;
- (3) all unvested shares of restricted stock shall be forfeited upon the termination of the grantee's employment with the Company and all of its subsidiaries for any reason;
- (4) the grantee shall not have the right to vote or to receive dividends declared with respect to unvested shares of restricted stock or shares subject to a deferral election (as hereinafter provided);

- (5) the grantee may elect to defer the receipt of vested shares for five years from the date on which they vest by filing a deferral election with the Subcommittee in accordance with procedures to be established by the Subcommittee, provided that all deferred shares shall be delivered to the grantee, subject to the terms and conditions of the Restricted Stock Plan, within sixty days of his termination of employment for any reason, and provided further that the grantee may make additional deferral elections of previously deferred shares for additional five year periods (subject to earlier payment in the event of termination of employment) by filing a deferral election with the Subcommittee in accordance with procedures to be established by the Subcommittee.

FURTHER RESOLVED, that, subject to these resolutions, a Cash Bonus Grant of \$50,000 be, and it hereby is, awarded for the period commencing as of the date hereof and ending December 31, 2000, to John Robinson as follows:

- 10% of the Cash Bonus Grant is vested and payable immediately, subject to these resolutions.
- 40% of the Cash Bonus Grant will be paid in four equal installments payable by the end of the second payroll period of each of January 1998, 1999, 2000 and 2001, provided the employee remains an employee through December 31 of the prior year.
- Vesting of the other 50% of the Cash Bonus Grant (the "Contingent Award") is contingent on the Cellular Division achieving a compound annual growth rate in its consolidated operating cash flow, compared to its consolidated operating cash flow for 1995, equal to at least 15% (the "CAGR Target"), for each of the five years ending December 31, 2000. If the CAGR Target is met for a year and provided the employee remains employed through December 31 of such year, 20% of the total Contingent Award will be paid as soon as practicable following determination of cash flow for the year 2000, but in no event later than the second payroll in April 2001, provided the employee also

remains employed through December 31, 2000. If the CAGR Target is not met for a year or years but is met in any later year, any amounts that would have vested in such prior year (but which did not vest because of failure to meet the CAGR Target) will vest and be payable in 2001 as provided herein. Portions of the award which vest with respect to years prior to 2000 that are payable in 2001 cannot be lost because the CAGR Target is not met in a year or years subsequent to the years with respect to which vesting occurred.

FURTHER RESOLVED, that the grant of such restricted stock and cash bonus pursuant to these resolutions shall be conditioned upon the receipt by the Company of an executed Employment Agreement with the Company or any of its subsidiaries in form and substance acceptable to the Company.

IV. QVC Options

The Committee reviewed the grant of QVC options to Messrs. Brian L. Roberts, Brodsky, Smith, and Alchin. As of April 18, 1996, the Compensation Committee of QVC granted the following options under the QVC Stock Option and Stock Appreciation Rights Plan: Mr. Brian L. Roberts - 8,000 shares, Mr. Brodsky - 4,000 shares, Mr. Smith - 4,000 shares, and Mr. Alchin - 3,000 shares. Mr. Wang informed the Committee that Mr. Ralph J. Roberts at his request would not accept QVC options.

Mr. Meischeid, at the Committee's request, presented an analysis of such officers' total compensation from the Company, treating the QVC options as if they were compensation awarded by the Company at their fair market value, and taking

into account the Company's recent option grants annualized on a five-year basis. Mr. Meischeid expressed the view that such total compensation was reasonable.

The Committee then reviewed with Messrs. Wang and Kessler the history of the granting of the QVC options. The Committee discussed whether as a policy matter officers of the Company with Company-wide duties should receive incentives that are not tied to the overall performance of the Company or its publicly traded stock. The Committee determined that it should review any such incentives on a case-by-case basis, taking into account the issues raised by this type of incentive, but that the Committee would not adopt a policy that such incentives should never be awarded. The Committee expressed concern that its approval had not been sought in advance of the grant of QVC options, and directed that in the future any such incentives should be reviewed in advance. The Committee also determined that it should review the overall compensation of the officers who had received QVC options to determine whether adjustments were appropriate in light of their receipt of such options, taking into account Mr. Meischeid's analysis.

The Committee then discussed the value added by the individual officers receiving QVC options, and changes in the size of the Company since the current levels of compensation were determined. On a revenue basis, when the Scripps

transaction is completed the Company will have grown by over 50% since the analysis supporting the current levels of compensation was made.

The Committee discussed whether any element of other compensation for such officers ought to be reduced to reflect the additional compensation represented by the QVC options. The Committee determined that there was no need to reduce any existing element of compensation, but that (i) such officers' future cash bonuses as set forth in employment agreements should be made subject to appropriate performance criteria, (ii) certain additional changes (described below) in the employment arrangements for such officers should be made, and (iii) the QVC options should be taken into account in approving future stock option grants or other equity incentives to such persons.

Thereupon the Committee adopted the following resolutions:

RESOLVED, that the receipt by the above-named officers of the Company of options to purchase stock of QVC, Inc. be, and it hereby is ratified subject to these resolutions.

FURTHER RESOLVED, that the compensation of such officers shall not be reduced on account of the receipt of such options provided that, in the case of Messrs. Smith and Alchin, they enter into agreements with the Company to extend their employment contracts by one year and to extend the non-compete period following termination of their contracts by an additional year in form and substance acceptable to the Company, and, in the case of Messrs. Brian Roberts and Brodsky, they enter into non-competition agreements with the Company to cover a period of one year after termination of their employment in form and substance acceptable to the Company.

V. QVC Stock Appreciation Rights

The Subcommittee reviewed management's request, as described in Mr. Wang's May 21 memorandum, for approval of stock appreciation rights with respect to a total of 4,000 shares QVC stock to be granted to Messrs. Wang and Baxter and to seven other officers. These stock appreciation rights were proposed to be granted by the Company, and not as direct obligations of QVC or under or pursuant to the terms of any QVC plan. Mr. Wang explained that economically, they are backed by and coterminous with options granted by QVC to the Company on April 18, 1996.

At the Subcommittee's request, Mr. Meisheid presented an analysis of the effect of such rights on the total compensation of Messrs. Wang and Baxter. Mr. Meisheid expressed the opinion that such total compensation was reasonable, including the rights.

After discussion, during which the members of the Subcommittee reaffirmed the views expressed by all members of the Committee in discussing the QVC options, the Subcommittee adopted the following resolutions:

RESOLVED, that a stock appreciation right be, and it hereby is, granted as of April 18, 1996 to each of the persons set forth below, with respect to the number of shares of common stock of QVC, Inc. shown opposite such person's name, subject to the terms and conditions set forth herein and in an agreement of the Company with respect to such right:

Stanley Wang	1,000 shares
Thomas G. Baxter	1,000 shares

Arthur R. Block	600 shares
Robert B. Clasen	300 shares
Robert S. Pick	300 shares
Mark A. Coblitz	200 shares
Joseph J. Euteneuer	200 shares
C. Stephen Backstrom	200 shares
Joseph J. Waz, Jr.	200 shares

- (1) such right is not subject to sale, transfer, pledge or assignment by the employee other than by will or the laws of descent and distribution or be exercised during his life other than by such employee or for his benefit by his attorney-in-fact or guardian;
- (2) such right shall vest and become exercisable at the rate of 20% as of April 18, 1996 and an additional 20% on each January 1, 1997-2000 provided that vesting shall accelerate (and exercise be deemed to occur) upon a change in control of QVC, Inc. or its liquidation, and such right shall terminate if unexercised prior to the earlier of the tenth anniversary of the date of grant, or three months after termination of the employee's employment other than by reason of the employee's death or disability or one year after termination of such employment by reason of the employee's death or disability;
- (3) such right, if vested, may be exercised in whole or in part by the employee by notice to the Company or automatically as provided above;
- (4) upon exercise of such right, the Company shall pay to the employee in cash, subject to all applicable tax withholding, such amount as equals the excess of the fair market value on the date of exercise of that number of shares of common stock of QVC, Inc. as to which the stock appreciation right has been exercised (as determined pursuant to the QVC, Inc. 1995 Stock Option and Stock Appreciation Rights Plan) over the fair market value of such number of shares on the date of grant of such right;

- (4) such right shall be subject to equitable adjustment by this Subcommittee to preserve the value of such right in the event of any mergers, consolidations, reorganizations, stock dividends, stock split-ups, or other events involving changes in the capital structure of QVC, Inc. affecting the rights of stockholders of QVC, Inc., and in the event of any sale of shares of common stock of QVC, Inc. for less than the fair market value of such shares prior to any public offering of shares of common stock of QVC, Inc.;
- (5) the employee shall have no rights with respect to shares of common stock of QVC, Inc. by reason of such stock appreciation right.

FURTHER RESOLVED, that, in the case of Mr. Wang, such stock appreciation right shall not vest until he has entered into a non-competition agreement with the Company to cover a period of one year after termination of his employment in form and substance acceptable to the Company.

FURTHER RESOLVED, that the President or Executive Vice President of the Company be, and they hereby are, authorized and directed to execute and to deliver to each such employee an agreement setting forth the terms of such stock appreciation right as provided herein and containing such other terms and conditions, not inconsistent with these resolutions, as either of such officers shall deem appropriate in the best interests of the Company.

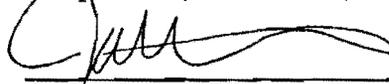
The Subcommittee also determined that such stock appreciation rights should be taken into account in approving future stock option grants or other equity incentives to the persons receiving them.

VI. Section 162(m) Issues

The Committee then discussed whether it was desirable to obtain shareholder approval of the employment contracts with Messrs. Smith and Alchin, and whether it was desirable to qualify the cash bonus programs for all senior-level executives to whom such bonuses may be paid as "performance-based compensation" under Internal Revenue Code Section 162(m), including submitting such programs for shareholder approval. The Committee requested that Wolf, Block prepare a memorandum outlining what would have to be done to qualify the bonus programs under Section 162(m).

Thereupon, the meeting was adjourned at approximately 11:30 AM.

Respectfully submitted,



John H. Schapiro
Secretary of the Meeting

**COMCAST®
CORPORATION**

1500 MARKET STREET • PHILADELPHIA, PA 19102-2148 • (215) 665-1700

April 18, 1996

Dear QVC Optionee:

Enclosed is the Non-Qualified Stock Option (the "Option") which was granted to you by QVC, Inc. ("QVC") under the QVC, Inc. 1995 Stock Option and Stock Appreciation Rights Plan (the "Plan").

The Option entitles you to buy shares of QVC's common stock (a "QVC Share") for the exercise price. The exercise price per QVC Share is equal to the fair market value of QVC Shares at the date of grant. Each QVC Share subject to the Option is "attached" to a stock appreciation right (an "SAR"). As an alternative to the exercise of the Option for a QVC Share, you may exercise an SAR. Each SAR entitles you to a cash payment from QVC of the excess, if any, of 75 percent of the fair market value of a QVC Share on the date you exercise the SAR over the fair market value of a QVC Share on the date of grant of the SAR. The fair market value of QVC Shares is determined semi-annually based on the advice of one or more independent valuation advisors, who are engaged to determine the value of QVC Shares under the Plan.

The SAR attached to each QVC Share for which the Option is exercised expires on such exercise. Similarly, the Option to buy a QVC Share expires on the exercise of the attached SAR.

The following is a summary of some of the principal provisions of the Plan and Option and the U.S. federal income tax implications of the Option. We suggest that you review the Option carefully, as this letter is not intended to fully describe all of its provisions.

1. The date of grant of your Option and the attached SARs is April 18, 1996.
2. The Option and the attached SARs may be exercised at any time on or after the vesting dates, as indicated in Paragraph 5 of the Option, until they expire, as summarized below, provided that you continue to be employed by Comcast Corporation ("Comcast") or a subsidiary of Comcast through such dates.
3. The Option is not transferable, except that on your death, the Option and the attached SARs, to the extent vested, may pass according to your will, or, if you have no will, according to the intestacy laws.

4. The unvested portion of your Option and the attached SARs expire on your termination of employment with Comcast for any reason. Generally, the vested portion of your Option and the attached SARs will expire on the earlier of the tenth anniversary of the date of grant, or three months after your termination of employment. If your employment terminates as the result of your death or disability, the vested portion of your Option and the attached SARs will expire one year after your termination of employment, but in no event later than the tenth anniversary of the date of grant of the SARs.

5. The fact that you have received the Option and the attached SARs does not mean that Comcast is bound to retain you in its employ for any time or for any term of employment.

6. You may exercise your Option by paying in cash, or, with the consent of QVC's Board of Directors or a committee of the Board, in QVC Shares having a market value on the date of exercise equal to the aggregate exercise price.

7. Under certain circumstances, your right to exercise the Option may be suspended to avoid violation of certain loan agreements between QVC and its lenders. QVC will advise you if the suspension applies to your Option. In addition, the delivery of QVC Shares to you following the exercise of the Option is subject to your delivery of a Stockholder's Agreement which provides rules regarding your right to sell the QVC Shares.

8. You agree that QVC's Board of Directors and/or a committee thereof have authority to interpret the Plan and your Option, to prescribe, amend and rescind rules and regulations relating to it, to resolve disputes which may arise under the Plan or your Option, and to make all determinations necessary or advisable for administration of the Plan. You agree to be bound by all such actions and determinations of the Board and/or the committee.

9. Comcast has been advised by its counsel that for federal income tax purposes, under present law, the following rules apply:

An optionee who receives a Non-Qualified Stock Option and attached SARs under the Plan will not recognize taxable income upon the grant of the Option and attached SARs.

Upon exercise of the Option, an optionee will recognize ordinary taxable income measured by the excess, if any, of the fair market value of the QVC Shares received on the exercise of the Option over the exercise price. The optionee's tax basis in the QVC Shares acquired on the exercise of the Option will be equal to the fair market value of the QVC Shares on the date of exercise. Upon the subsequent sale of the QVC Shares received on the exercise of the Option, the optionee will recognize capital gain or loss measured by the difference, if any, between the amount realized on the sale and the optionee's tax basis in the QVC Shares. The capital gain or loss will be short- or long-term capital gain or loss, depending on whether the optionee has held the QVC Shares for more than one year before the sale. Special rules may apply if the optionee pays all or part of the exercise price with previously-owned QVC Shares.

Upon the exercise of an SAR, an optionee will recognize ordinary taxable income measured by the amount paid by QVC for the SAR.

Applicable tax withholding will apply.

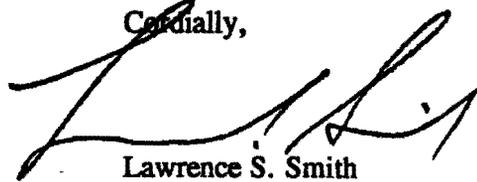
This discussion is intended to point out the general principles of present federal income tax law applicable to Non-Qualified Stock Options and SARs. It is suggested that you consult your own advisors concerning the tax consequences, if any, of the grant and exercise of your Option and attached SARs, and the sale of stock acquired on the exercise of your Option, as individual financial situations vary and taxation by foreign jurisdictions, states and localities may also be significant.

◆ ◆ ◆ ◆ ◆ ◆

We trust that the foregoing explanation will be helpful to you, and we will be glad to attempt to answer any other questions you may have as to other provisions of the Option. We will be happy to furnish you with the form of notice called for by Paragraph 8 of the Option at such times as you wish to exercise the Option. Your Option is a valuable document and should be kept in a safe place. You may also want to advise your family and your attorney of its existence and location.

Please indicate by your signature on the extra copy of this letter your receipt and acceptance of the Option granted to you and your agreement to comply with the above conditions and other terms and conditions of the Plan and Option. The signed copy should be returned to Arthur R. Block in the Law Department of Comcast.

Cordially,

A handwritten signature in black ink, appearing to read "L. S. Smith", written over a horizontal line.

Lawrence S. Smith

Enclosures

ACCEPTED: _____
Optionee Signature

DATED: _____

CONTROL NUMBER: 002

QVC, INC.

NON-QUALIFIED OPTION AND
STOCK APPRECIATION RIGHTS AGREEMENT

This is a Non-Qualified Option and Stock Appreciation Rights Agreement dated April 18, 1996, ("Agreement") between QVC, Inc. (the "Sponsor") and [REDACTED] ("Optionee").

1. Definitions. As used herein:

(a) "Affiliate" means, with respect to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person; provided that neither the Sponsor nor any of its subsidiaries shall be deemed an Affiliate of any of the Comcast Companies or the Liberty Companies. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

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

(c) "Change of Control" means any transaction or series of transactions as a result of which any Third Party (together with its Affiliates) owns in excess of 50 percent of the then outstanding securities of the Sponsor having the power to vote in the election of directors of the Sponsor.

(d) "Closing" means the closing of the acquisition and sale of the Shares as described in, and subject to the provisions of, Paragraph 11 hereof.

(e) "Closing Date" means the date of the Closing.

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

(g) "Comcast" means Comcast Corporation, a Pennsylvania corporation.

(h) "Comcast Companies" means Comcast Corporation, a Pennsylvania corporation, and any Affiliates thereof who own or hereafter acquire any shares of Common Stock.

(i) "Committee" means those members of the Board who have been designated pursuant to the Plan to act in that capacity.

(j) "Common Stock" means the common stock of the Sponsor.

(k) "Date of Exercise" means the date on which the notice required by Paragraph 8 hereof is hand-delivered, placed in the United States mail postage prepaid, or delivered to a telegraph or telex facility.

(l) "Date of Grant" means the date hereof, the date on which the Sponsor awarded the Option and SARs.

(m) "Employer" means Comcast or the Parent or Subsidiary for which Optionee is performing services on the Date of Exercise, or for which he was performing services at the time of his death, disability or other termination of employment.

(n) "Expiration Date" means the earliest of the following:

(i) If Optionee shall terminate employment with the Employer for any reason other than death or disability (as determined by the Committee) the date three months following such termination of employment;

(ii) If Optionee shall terminate employment with the Employer because of disability (as determined by the Committee) or death, the first anniversary of the date Optionee terminates employment because of such disability or death; or

(iii) The day before the tenth anniversary of the Date of Grant.

(o) "Fair Market Value" means the Fair Market Value of a Share, as determined pursuant to the Plan.

(p) "Liberty Companies" means Tele-Communications, Inc., a Delaware corporation, and Liberty Media Corporation, a Delaware corporation (or their respective successors (by merger, consolidation, sale of substantially all of their respective business and assets or otherwise) to all or substantially all of their respective business and assets) and any Affiliates thereof who own or hereafter acquire any shares of Common Stock.

(q) "Option" means the option hereby granted.

(r) "Option Price" means \$460 per Share, as calculated pursuant to the Plan.

(s) "Parent" means any corporation that, at the time in question, is a parent corporation of Comcast within the meaning of section 424(e) of the Code

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

(u) "Plan" means the QVC, Inc. Stock Option and Stock Appreciation Rights Plan attached as Exhibit A and incorporated herein by reference.

(v) "SARs" means the stock appreciation rights hereby granted. Each SAR gives Optionee the right, without payment to the Sponsor, to receive the Value of such SAR, as provided in Paragraphs 4 and 5 below.

(w) "Shares" means the 3,000 shares of Common Stock, which are the subject of the Option hereby granted.

(x) "Sponsor" means QVC, Inc., a Delaware corporation, including any successor thereto by merger, consolidation, acquisition of substantially all the assets thereof, or otherwise.

(y) "Stockholder's Agreement" means the Stockholder's Agreement between the Sponsor and an Optionee, attached as Exhibit B hereto and incorporated herein by reference.

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

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

- (i) the liquidation of the Sponsor; or
- (ii) a Change of Control.

(bb) "Third Party" means any Person other than any Comcast Company or Liberty Company.

(cc) "Value" of an SAR means 75 percent of the excess of (i) the Fair Market Value of a Share on the Date of Exercise over (ii) the Fair Market Value of a Share on the Date of Grant.

2. Grant of Option. Subject to the terms and conditions set forth herein and in the Plan, the Sponsor hereby grants to Optionee the Option to purchase any or all of the Shares.

3. Grant of SARs. The Sponsor also grants Optionee one SAR for each of the Shares subject to the Option, pursuant to which Optionee may elect to receive for each SAR, without payment to the Sponsor, as an alternative to the exercise of his option to purchase such Shares, cash in an amount equal to its Value.

4. Relationship of Option and SARs. Upon exercise of the Option as to any or all of the Shares, any SARs attached to that number of Shares for which the Option was so exercised shall automatically expire. Upon exercise of any SARs, the number of Shares subject to the Option shall be reduced by the number of SARs so exercised.

5. Time of Exercise of Options and SARs.

(a) Except as provided in Paragraph 5(b) and Paragraph 6, the Option and the SARs may be exercised after such time or times as set forth below, and shall remain exercisable until the Expiration Date, when the right to exercise shall terminate absolutely:

- 600 of the Shares subject to the Option or the attached SARs may be exercised on or after the Date of Grant.
- 600 of the Shares subject to the Option or the attached SARs may be exercised following December 31, 1996.
- 600 of the Shares subject to the Option or the attached SARs may be exercised following December 31, 1997.

600 of the Shares subject to the Option or the attached SARs may be exercised following December 31, 1998.

600 of the Shares subject to the Option or the attached SARs may be exercised following December 31, 1999.

(b) The Option shall not be exercisable if the issuance of Shares pursuant to the exercise of such Option would violate the provisions of any loan agreement to which the Sponsor is a party, provided that if no violation of such loan agreement would occur if the Optionee were to pledge the Shares issuable pursuant to the exercise of such Option in accordance with a pledge and security agreement in a form acceptable under such loan agreement and reasonably satisfactory to the Sponsor and the Optionee, the Optionee may elect to exercise such Option and pledge the Shares issuable pursuant to the exercise of such Option accordingly. If, as of an Expiration Date described in Paragraph 1(n)(i) or 1(n)(ii), an Option is not exercisable solely because the exercise of such Option would violate the provisions of any loan agreement to which the Sponsor is a party, (whether or not the Optionee were to pledge the Shares issuable pursuant to the exercise of such Option) such Expiration Date shall be extended to the close of the 30-day period beginning on the date on which the exercise of such Option would not violate the provisions of any loan agreement to which the Sponsor is a party, provided, however, that in no event shall an Option or attached SAR be exercisable after ten years from the Date of Grant.

6. Terminating Event.

(a) The Sponsor shall give Optionee at least fifteen (15) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. Upon receipt of such notice, and for a period of three (3) days thereafter (or such shorter period as the Board shall reasonably determine and so notify the Optionees), each Optionee shall be permitted to exercise the Option or attached SARs for the entire number of Shares covered thereby, whether or not the Option or attached SARs are then exercisable; provided that, in the event of a Terminating Event in which the Optionee would be required to participate pursuant to Section 2.7 of the Stockholder's Agreement were the Optionee then a party to such agreement, the Sponsor may accelerate the exercisability of the Option and require the Optionee to exercise the Option in full so as enable the Optionee to participate therein with respect to all Shares covered by the Option. In the event the Terminating Event is not

consummated, the Option and attached SARs shall be deemed not to have been exercised and shall be exercisable thereafter to the extent it would have been exercisable if no such notice had been given.

(b) Upon the close of the period described in Paragraph 6(a) during which an Option and attached SARs may be exercised in connection with a Terminating Event, such Option and attached SARs (including such portion thereof that is not exercisable) shall terminate to the extent that such Option and attached SARs have not theretofore been exercised.

(c) The Optionee hereby irrevocably appoints Comcast Corporation and Liberty Media Corporation, and each of them (individually and collectively, the "Representative"), the Stockholder's true and lawful agent and attorney-in-fact, with full powers of substitution, to act in the Optionee's name, place and stead, to do or refrain from doing all such acts and things, and to execute and deliver all such documents, as the Representative shall reasonably deem necessary or appropriate in connection with the enforcement of the Optionee's obligations hereunder including, without in any way limiting the generality of the foregoing, to exercise the Option or SARs attached thereto pursuant to Paragraph 6(a) or 6(b) and to engage in any acts in which the Representative is authorized by and on behalf of the holders of the Shares to engage in connection with the Terminating Event. In acting for the Stockholder pursuant to the appointment set forth in this Paragraph 6(c), the Representative shall not be responsible to the Optionee for any loss or damage the Stockholder may suffer by reason of the performance by the Representative of its duties under this Agreement, except for loss or damage arising from violation of law or negligence by the Representative in the performance of its duties hereunder. The appointment of the Representative shall be deemed coupled with an interest and as such shall be irrevocable and shall survive the death, incompetency, mental illness or insanity of the Optionee, and any person dealing with the Representative may conclusively and absolutely rely, without inquiry, upon any act of the Representative as the act of the Optionee in all matters referred to in this Paragraph 6(c).

7. Payment for Shares. Full payment for Shares purchased upon the exercise of an Option shall be made in cash or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in its sole discretion, approve; provided, however, that Shares may be surrendered in satisfaction of the

option price only if the Optionee has held such Shares for more than six months as of the date the Option is exercised.

8. Manner of Exercise. The Option and the SARs shall be exercised by giving written notice of exercise to the Committee, in care of QVC, Inc. at its main office in West Chester, Pennsylvania. Such notice shall be deemed to have been given when hand-delivered, telecopied or mailed, first class postage prepaid, and shall be irrevocable once given.

9. Nontransferability of Option and SARs. The Option and the SARs may not be transferred or assigned by Optionee otherwise than by will or the laws of descent and distribution or be exercised during his life other than by Optionee or for his benefit by his attorney-in-fact or guardian.

10. Securities Laws. The Committee may from time to time impose any conditions on the exercise of the Option and the SARs as it reasonably deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of the Securities and Exchange Commission Rule 16b-3 or any successor rule.

11. Issuance of Certificate at Closing; Payment of Cash. Subject to the provisions of this Paragraph 11, the Closing Date shall occur as promptly as is feasible after the exercise of the Option or attached SARs. The Value of any SARs shall be paid to Optionee in cash on the Closing Date. Subject to the provisions of Paragraphs 10 and 12 hereof, a certificate for the Shares issuable on the exercise of the Option shall be delivered to Optionee or to his personal representative, heir or legatee at the Closing, provided that no certificates for Shares will be delivered to Optionee or to his personal representative, heir or legatee unless the Option Price has been paid in full. The delivery of certificates for Shares is further conditioned upon the Sponsor's prior receipt from Optionee of a duly signed Stockholder's Agreement. In the event the initial exercise of the Option is an exercise in part only, then, in the event of any further exercise of the Option, the Optionee, in lieu of executing a new Stockholder's Agreement, shall re-execute the original Stockholder's Agreement, thereby reaffirming the representations, warranties, covenants and agreements contained in the Stockholder's Agreement as of the date of re-execution, with appropriate amendments to reflect the number of Shares then subject to the Stockholder's Agreement.

12. Rights Prior to Exercise. Optionee shall not have any right as a stockholder with respect to any Shares subject to his Options until:

(a) the Option shall have been exercised in accordance with the terms of the Plan and this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised; and

(b) the Optionee shall have delivered a fully executed Stockholder's Agreement to the Corporation.

13. Status of Option; Interpretation. The Option is intended to be a Non-Qualified Option. Accordingly, it is intended that the transfer of property pursuant to the exercise of the Option be subject to federal income tax in accordance with section 83 of the Code. The Option is not intended to qualify as an incentive stock option within the meaning of section 422 of the Code. The reasonable interpretation and construction of any provision of this Option or the Plan made by the Committee shall be final and conclusive and, insofar as possible, shall be consistent intention expressed in this Paragraph 13.

14. Option and SARs Not to Affect Employment. The Option and SARs granted hereunder shall not confer upon Optionee any right to continue in service as an employee, officer or director of the Sponsor or any subsidiary of the Sponsor.

15. Miscellaneous.

(a) The address for Optionee to which notice, demands and other communications to be given or delivered under or by reason of the provisions hereof shall be the address set forth below under Optionee's signature.

(b) This Agreement may be exercised in one or more counterparts all of which taken together will constitute one and the same instrument.

(c) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(d) Optionee hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Delaware and of the United States of America, in each case located in Wilmington, Delaware, for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby ("Litigation") and agrees not to commence any Litigation except in any such court, and further agrees that service of process, summons, notice or document by U.S. registered mail to its respective address shall be effective service of process for any Litigation

located in Wilmington, Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any Litigation brought in any such court has been brought in an inconvenient forum.

(e) At the request of the Committee, Optionee shall make a representation, in a form satisfactory to the Committee, as to Optionee's present intention to exercise either the Option described in Paragraph 2 or the SARs described in Paragraph 3.

16. Entire Agreement. This agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement in two counterparts as of the day and year first above written.

QVC, INC.

By: *Armen*

Optionee

QVC, INC.

INCENTIVE STOCK OPTION AND
STOCK APPRECIATION RIGHTS AGREEMENT

This is an Incentive Stock Option and Stock Appreciation Rights Agreement dated October 7, 1996, ("Agreement") between QVC, Inc. (the "Sponsor") and the undersigned individual ("Optionee").

1. Definitions. As used herein:

(a) "Affiliate" means, with respect to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person; provided that neither the Sponsor nor any of its subsidiaries shall be deemed an Affiliate of any of the Comcast Companies or the Liberty Companies. For purposes of this definition, the term "control," including its correlative terms "controlled by" and "under common control with," mean, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

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

(c) "Change of Control" means any transaction or series of transactions as a result of which any Third Party (together with its Affiliates) owns in excess of 50 percent of the then outstanding securities of the Sponsor having the power to vote in the election of directors of the Sponsor.

(d) "Closing" means the closing of the acquisition and sale of the Shares as described in, and subject to the provisions of, Paragraph 11 hereof.

(e) "Closing Date" means the date of the Closing.

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

(g) "Comcast Companies" means Comcast Corporation, a Pennsylvania corporation, and any Affiliates thereof who own or hereafter acquire any shares of Common Stock.

(h) "Committee" means those members of the Board who have been designated pursuant to the Plan to act in that capacity.

(i) "Common Stock" means the common stock of the Sponsor.

(j) "Date of Exercise" means the date on which the notice required by Paragraph 8 hereof is hand-delivered, placed in the United States mail postage prepaid, or delivered to a telegraph or telex facility.

(k) "Date of Grant" means the date hereof, the date on which the Sponsor awarded the Option and SARs.

(l) "Employer" means the Sponsor or the Subsidiary for which Optionee is performing services on the Date of Exercise, or for which he was performing services at the time of his death, disability or other termination of employment.

(m) "Expiration Date" means the earliest of the following:

(i) If Optionee shall terminate employment with the Employer for any reason other than death or disability (as determined by the Committee) the date three months following such termination of employment;

(ii) If Optionee shall terminate employment with the Employer because of disability (as determined by the Committee) or death, the first anniversary of the date Optionee terminates employment because of such disability or death; or

(iii) The day before the tenth anniversary of the Date of Grant.

(n) "Fair Market Value" means the Fair Market Value of a Share, as determined pursuant to the Plan.

(o) "Liberty Companies" means Tele-Communications, Inc., a Delaware corporation, and Liberty Media Corporation, a Delaware corporation (or their respective successors (by merger, consolidation, sale of substantially all of their respective business and assets or otherwise) to all or substantially all of their respective business and assets) and any Affiliates thereof who own or hereafter acquire any shares of Common Stock.

(p) "Option" means the option hereby granted.

(q) "Option Price" means \$806.70 per Share, as calculated pursuant to the Plan.

(r) "Person" shall mean an individual, a corporation, a partnership, an association, a trust or any other entity or organization.

(s) "Plan" means the QVC, Inc. Stock Option and Stock Appreciation Rights Plan attached as Exhibit A and incorporated herein by reference.

(t) "SARs" means the stock appreciation rights hereby granted. Each SAR gives Optionee the right, without payment to the Sponsor, to receive the Value of such SAR, as provided in Paragraphs 4 and 5 below.

(u) "Shares" means the 123 shares of Common Stock, which are the subject of the Option hereby granted.

(v) "Sponsor" means QVC, Inc., a Delaware corporation, including any successor thereto by merger, consolidation, acquisition of substantially all the assets thereof, or otherwise.

(w) "Stockholder's Agreement" means the Stockholder's Agreement between the Sponsor and an Optionee, attached as Exhibit B hereto and incorporated herein by reference.

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

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

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

(i) the liquidation of the Sponsor; or

(ii) a Change of Control.

(aa) "Third Party" means any Person other than any Comcast Company or Liberty Company.

(bb) "Value" of an SAR means 75 percent of the excess of (i) the Fair Market Value of a Share on the Date of Exercise over (ii) the Fair Market Value of a Share on the Date of Grant.

2. Grant of Option. Subject to the terms and conditions set forth herein and in the Plan, the Sponsor hereby grants to Optionee the Option to purchase any or all of the Shares.

3. Grant of SARs. The Sponsor also grants Optionee one SAR for each of the Shares subject to the Option, pursuant to which Optionee may elect to receive for each SAR, without payment to the Sponsor, as an alternative to the exercise of his option to purchase such Shares, cash in an amount equal to its Value.

4. Relationship of Option and SARs. Upon exercise of the Option as to any or all of the Shares, any SARs attached to that number of Shares for which the Option was so exercised shall automatically expire. Upon exercise of any SARs, the number of Shares subject to the Option shall be reduced by the number of SARs so exercised.

5. Time of Exercise of Options and SARs.

(a) Except as provided in Paragraph 5(b) and Paragraph 6, the Option and the SARs may be exercised after such time or times as set forth below, and shall remain exercisable until the Expiration Date, when the right to exercise shall terminate absolutely:

123 of the Shares subject to the Option or the attached SARs may be exercised following June 30, 2000.

(b) The Option shall not be exercisable if the issuance of Shares pursuant to the exercise of such Option would violate the provisions of any loan agreement to which the Sponsor is a party, provided that if no violation of such loan agreement would occur if the Optionee were to pledge the Shares issuable pursuant to the exercise of such Option in accordance with a pledge and security agreement in a form acceptable under such loan agreement and reasonably satisfactory to the Sponsor and the Optionee, the Optionee may elect to exercise such Option and pledge the Shares issuable pursuant to the exercise of such Option accordingly. If, as of an Expiration Date described in Paragraph 1(n)(i) or 1(n)(ii), an Option is not exercisable solely because the exercise of such Option would violate the provisions of any loan agreement to which the Sponsor is a party, (whether or not the Optionee were to pledge the Shares issuable pursuant to the exercise of such Option) such Expiration Date shall be extended to the close of the 30-day period beginning on

the date on which the exercise of such Option would not violate the provisions of any loan agreement to which the Sponsor is a party, provided, however, that in no event shall an Option or attached SAR be exercisable after five years from the date of grant in the case of a Ten Percent Shareholder, or after ten years from the Date of Grant in all other cases.

6. Terminating Event.

(a) The Sponsor shall give Optionee at least fifteen (15) days' notice (or, if not practicable, such shorter notice as may be reasonably practicable) prior to the anticipated date of the consummation of a Terminating Event. Upon receipt of such notice, and for a period of three (3) days thereafter (or such shorter period as the Board shall reasonably determine and so notify the Optionees), each Optionee shall be permitted to exercise the Option or attached SARs for the entire number of Shares covered thereby, whether or not the Option or attached SARs are then exercisable; provided that, in the event of a Terminating Event in which the Optionee would be required to participate pursuant to Section 2.7 of the Stockholder's Agreement were the Optionee then a party to such agreement, the Sponsor may accelerate the exercisability of the Option and require the Optionee to exercise the Option in full so as enable the Optionee to participate therein with respect to all Shares covered by the Option. In the event the Terminating Event is not consummated, the Option and attached SARs shall be deemed not to have been exercised and shall be exercisable thereafter to the extent it would have been exercisable if no such notice had been given.

(b) Upon the close of the period described in Paragraph 6(a) during which an Option and attached SARs may be exercised in connection with a Terminating Event, such Option and attached SARs (including such portion thereof that is not exercisable) shall terminate to the extent that such Option and attached SARs have not theretofore been exercised.

(c) The Optionee hereby irrevocably appoints Comcast Corporation and Liberty Media Corporation, and each of them (individually and collectively, the "Representative"), the Stockholder's true and lawful agent and attorney-in-fact, with full powers of substitution, to act in the Optionee's name, place and stead, to do or refrain from doing all such acts and things, and to execute and deliver all such documents, as the Representative shall reasonably deem necessary or appropriate in connection with the enforcement of the Optionee's obligations hereunder including, without in any way limiting the generality of the foregoing, to exercise the Option or SARs attached thereto pursuant to Paragraph 6(a) or 6(b) and to engage in any acts in which the Representative is authorized by and on behalf of the holders of the Shares to engage in connection with the Terminating Event. In acting for the Stockholder pursuant to the appointment set forth in this Paragraph 6(c), the Representative shall not be responsible to the Optionee for any loss or damage the Stockholder may suffer by reason of the performance by the Representative of its duties under this Agreement, except for loss or damage arising from violation of law or negligence by the Representative in the performance of its duties hereunder. The appointment of the Representative shall be deemed coupled with an interest and as such shall be irrevocable and shall survive the death, incompetency, mental illness or insanity of the Optionee, and any person dealing with the Representative may conclusively and absolutely rely, without inquiry, upon any act of the Representative as the act of the Optionee in all matters referred to in this Paragraph 6(c).

7. Payment for Shares. Full payment for Shares purchased upon the exercise of an Option shall be made in cash or, at the election of the Optionee and as the Committee may, in its sole discretion, approve, by surrendering Shares with an aggregate Fair Market Value equal to the aggregate option price, or by delivering such combination of Shares and cash as the Committee may, in its sole discretion, approve; provided, however, that Shares may be surrendered in satisfaction of the option price only if the Optionee has held such Shares for more than six months as of the date the Option is exercised.

8. Manner of Exercise. The Option and the SARs shall be exercised by giving written notice of exercise to the Committee, in care of QVC, Inc. at its main office in West Chester, Pennsylvania. Such notice shall be deemed to have been given when hand-delivered, telecopied or mailed, first class postage prepaid, and shall be irrevocable once given.

9. Nontransferability of Option and SARs. The Option and the SARs may not be transferred or assigned by Optionee otherwise than by will or the laws of descent and distribution or be exercised during his life other than by Optionee or for his benefit by his attorney-in-fact or guardian.

10. Securities Laws. The Committee may from time to time impose any conditions on the exercise of the Option and the SARs as it reasonably deems necessary or advisable to ensure that all rights granted under the Plan satisfy the requirements of the Securities and Exchange Commission Rule 16b-3 or any successor rule.

11. Issuance of Certificate at Closing; Payment of Cash. Subject to the provisions of this Paragraph 11, the Closing Date shall occur as promptly as is feasible after the exercise of the Option or attached SARs. The Value of any SARs shall be paid to Optionee in cash on the Closing Date. Subject to the provisions of Paragraphs 10 and 12 hereof, a certificate for the Shares issuable on the exercise of the Option shall be delivered to Optionee or to his personal representative, heir or legatee at the Closing, provided that no certificates for Shares will be delivered to Optionee or to his personal representative, heir or legatee unless the Option Price has been paid in full. The delivery of certificates for Shares is further conditioned upon the Sponsor's prior receipt from Optionee of a duly signed Stockholder's Agreement. In the event the initial exercise of the Option is an exercise in part only, then, in the event of any further exercise of the Option, the Optionee, in lieu of executing a new Stockholder's Agreement, shall re-execute the original Stockholder's Agreement, thereby reaffirming the representations, warranties, covenants and agreements contained in the Stockholder's Agreement as of the date of re-execution, with appropriate amendments to reflect the number of Shares then subject to the Stockholder's Agreement.

12. Rights Prior to Exercise. Optionee shall not have any right as a stockholder with respect to any Shares subject to his Options until:

(a) the Option shall have been exercised in accordance with the terms of the Plan and this Agreement and the Optionee shall have paid the full purchase price for the number of Shares in respect of which the Option was exercised; and

(b) the Optionee shall have delivered a fully executed Stockholder's Agreement to the Corporation.

13. Status of Option; Interpretation. The Option is intended to qualify as an incentive stock option within the meaning of section 422 of the Code. The reasonable interpretation and construction of any provision of this Option or the Plan made by the Committee shall be final and conclusive and, insofar as possible, shall be consistent with the requirements of an incentive stock option.

14. Option and SARs Not to Affect Employment. The Option and SARs granted hereunder shall not confer upon Optionee

any right to continue in service as an employee, officer or director of the Sponsor or any subsidiary of the Sponsor.

15. Miscellaneous.

(a) The address for Optionee to which notice, demands and other communications to be given or delivered under or by reason of the provisions hereof shall be the address set forth below under Optionee's signature.

(b) This Agreement may be exercised in one or more counterparts all of which taken together will constitute one and the same instrument.

(c) The validity, performance, construction and effect of this Agreement shall be governed by the laws of the State of Delaware, without giving effect to principles of conflicts of law.

(d) Optionee hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the courts of the State of Delaware and of the United States of America, in each case located in Wilmington, Delaware, for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby ("Litigation") and agrees not to commence any Litigation except in any such court, and further agrees that service of process, summons, notice or document by U.S. registered mail to its respective address shall be effective service of process for any Litigation brought against it in any such court. Each party hereby irrevocably and unconditionally waives any objection to the laying of venue of any Litigation in the courts of the State of Delaware or of the United States of America, in each located in Wilmington, Delaware, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any Litigation brought in any such court has been brought in an inconvenient forum.

(e) At the request of the Committee, Optionee shall make a representation, in a form satisfactory to the Committee, as to Optionee's present intention to exercise either the Option described in Paragraph 2 or the SARs described in Paragraph 3.

16. Entire Agreement. This agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement in two counterparts as of the day and year first above written.

QVC, INC.

By: _____

WITNESS:

Address:

6407.2

**COMBINED MEETING OF THE
COMPENSATION COMMITTEE AND SUBCOMMITTEE
ON PERFORMANCE-BASED COMPENSATION**

COMCAST CORPORATION

December 18, 1997

A combined meeting of the Compensation Committee (the "Committee") of the Board of Directors of Comcast Corporation (the "Company"), and of the Subcommittee on Performance-Based Compensation of the Committee (the "Subcommittee"), was convened at 2:40 PM on Thursday, December 18, 1997, at the Company's offices.

Present at the meeting were Committee members Gustave G. Amsterdam, Chairman, Sheldon M. Bonovitz and Joseph L. Castle, II (who attended by means of conference telephone), consisting of all members of the Committee (Messrs. Amsterdam and Castle are the members of the Subcommittee). In addition, in attendance at the meeting at the invitation of the Committee were Stanley Wang, Senior Vice President and General Counsel of the Company, Arthur Block, Vice President and Senior Deputy General Counsel of the Company, and John H. Schapiro, of Wolf, Block, Schorr and Solis-Cohen LLP, counsel to the Committee and Subcommittee. Mr. Amsterdam served as Chairman of the meeting and asked Mr. Schapiro to serve as Secretary. Portions of the meeting were attended, at the request of the Committee, by Lawrence Smith, Executive Vice President of the Company, Richard Meisheid of Towers Perrin, compensation consultants to the Committee, and Joseph DiTrolio, Assistant Controller of the Company.

The Chairman advised that the purpose of the meeting was to consider:

(1) Committee action on a proposed amendment to the Company's 1996 Deferred Compensation

Plan; (2) Subcommittee action on proposed clarifying amendments to the Company's 1997 Deferred Stock Option Plan; (3) Subcommittee consideration of certain modifications of outstanding stock options, restricted stock awards, and cash bonus awards to three executives, two of whom are terminating their employment with the Company and the third of whom is taking a leave of absence; (4) Subcommittee action on a proposed modification of options and related rights granted to senior Cable Division management employees at the Subcommittee's September 1997 meeting; (5) Committee consideration of a proposed assignment of a portion of an option held by the Company to Brian L. Roberts, the Company's President; and (6) Committee review of expenses incurred by the Company to date in connection with matters involving succession planning.

1. Amendment to Deferred Compensation Plan (Committee Action).

Mr. Block informed the Committee that the Company's Deferred Compensation Plan includes both base salary and cash bonuses in determining which employees meet the \$125,000 annual compensation threshold for participation in the Deferred Compensation Plan. Taking such bonuses into account is administratively difficult, and most employees receiving cash bonuses have base salaries in excess of \$125,000. Management is proposing that the Deferred Compensation Plan be amended to eliminate bonuses from calculation of the eligibility threshold. Management is also proposing a number of conforming and clarifying amendments to the language of the Deferred Compensation Plan.

Whereupon, after discussion and upon motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, that the Comcast Corporation 1996 Deferred Compensation Plan (the "Deferred Compensation Plan") be, and it hereby is, amended:

- (1) To exclude bonus grants and awards from the definition of compensation used to determine eligibility to participate in the Deferred Compensation Plan; and
- (2) To make other clarifying, conforming and editorial changes to the Deferred Compensation Plan.

FURTHER RESOLVED, that the Deferred Compensation Plan be, and it hereby is, amended and restated substantially in the form attached hereto, effective as of the date hereof, to reflect all of the amendments to the Deferred Compensation Plan adopted since the Deferred Compensation Plan was last amended and restated.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized to make such additional non-substantive revisions to the Deferred Compensation Plan, as so amended and restated, as they may deem necessary or appropriate to implement the amendments described above and incorporate such revisions in such amendment and restatement without further action of the Committee.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized and directed to take all such action as may be necessary to complete the adoption of the 1996 Deferred Compensation Plan, as so amended and restated.

2. Amendments to Deferred Stock Option Plan (Subcommittee Action).

Mr. Block then advised the Subcommittee that the Company's 1997 Deferred Stock Option Plan used the same definition of compensation for purposes of determining eligibility, and needed to be amended in the same respects and for the same reasons as the Deferred Compensation Plan. In addition, he noted that, when the Subcommittee adopted the Deferred Stock Option Plan at its September meeting, it inadvertently failed to make effective provision for deferral elections with respect to stock options that were exercised in the first six months of 1998, since the plan was adopted after the date set forth in the plan for elections with respect to such options.

Whereupon, after discussion and upon motion duly made and seconded, the Subcommittee adopted the following resolutions:

RESOLVED, that the Comcast Corporation 1997 Deferred Stock Option Plan (the "Deferred Stock Option Plan") be, and it hereby is, amended:

- (1) To exclude bonus grants and awards from the definition of compensation used to determine eligibility to participate in the Deferred Stock Option Plan;
- (2) To permit deferral elections made in 1997 to be effective with respect to options exercised after 1997, whether or not such options are exercised within six months of the date of the election; and
- (2) To make other clarifying, conforming and editorial changes to the Deferred Stock Option Plan.

FURTHER RESOLVED, that the Deferred Stock Option Plan be, and it hereby is, amended and restated substantially in the form attached hereto, effective as of the date hereof, to reflect all of the amendments to the Deferred Stock Option Plan adopted since the Deferred Stock Option Plan was adopted on September 16, 1997.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized to make such additional non-substantive revisions to the Deferred Stock Option Plan, as so amended and restated, as they may deem necessary or appropriate to implement the amendments described above and incorporate such revisions in such amendment and restatement without further action of the Subcommittee.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized and directed to take all such action as may be necessary to complete the adoption of the 1997 Deferred Stock Option Plan, as so amended and restated.

3. Actions Regarding Certain Executives (Subcommittee Action).

Messrs. Block and Wang discussed with the Subcommittee management's proposals with respect to termination arrangements regarding stock options and restricted stock for Robert Clasen and Richard Frank, both of whom are resigning their employment with the Company, and advised the Committee about the outcome of negotiations with Mr. Frank and the progress of comparable negotiations with Robert Crestani. They also advised the Committee and Subcommittee of management's approval of a leave of absence for Jack Markell, to permit him to run for political office in Delaware, and of management's proposals regarding his restricted stock and cash bonus.

Whereupon, after discussion and upon motion duly made and seconded, the Subcommittee adopted the following resolutions:

Robert Clasen

RESOLVED, that the shares of restricted stock previously awarded to Robert Clasen under the Comcast Corporation 1990 Restricted Stock Plan, and scheduled to vest January 2, 1998, shall vest and shall be delivered notwithstanding termination of Mr. Clasen's employment with the Company effective December 31, 1997.

FURTHER RESOLVED, that all options previously granted to Mr. Clasen under the Comcast Corporation 1987 Stock Option Plan and the Comcast Corporation 1996 Stock Option Plan that are scheduled to vest during calendar year 1998 shall vest and become exercisable on December 31, 1997.

FURTHER RESOLVED, that the portion of the stock appreciation right based on the common stock of QVC, Inc., previously granted to Mr. Clasen and scheduled to vest January 2, 1998, shall vest and shall be exercisable until January 15, 1998, notwithstanding termination of Mr. Clasen's employment with the Company effective December 31, 1997.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized to take such actions, including, without limitation, entering into agreements with Mr. Clasen and amending the terms of restricted stock awards, stock options, and stock appreciation rights as they may deem necessary or appropriate to implement these resolutions.

Richard Frank

RESOLVED, that a portion of the 20,000 shares of restricted stock previously awarded to Richard Frank under the Comcast Corporation 1990 Restricted Stock Plan, and scheduled to vest September 12, 1998, shall vest and shall be delivered notwithstanding termination of Mr. Frank's employment with the Company prior to September 12, 1998 on the date of termination of Mr. Frank's employment, such vested portion to be determined by multiplying 20,000 shares times the number of days after September 12, 1997 through the date of termination of his employment prior to September 12, 1998, divided by 365.

FURTHER RESOLVED, that the options to purchase 10,000 shares of Class A Special Common Stock previously granted to Mr. Frank under the Comcast Corporation 1987 Stock Option Plan that are scheduled to vest September 12, 1998, shall vest and become exercisable on December 31, 1997, and that all options to purchase such stock previously granted to Mr. Frank shall expire and shall no longer be exercisable at midnight, EST on March 31, 1998.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized to take such actions, including, without limitation, entering into agreements with Mr. Frank and amending the terms of restricted stock awards and stock options as they may deem necessary or appropriate to implement these resolutions.

Jack Markell

RESOLVED, that the shares of restricted stock previously awarded to Jack Markell under the Comcast Corporation 1990 Restricted Stock Plan, and scheduled to vest January 2, 1999, shall vest in part on such date and shall be delivered notwithstanding Mr. Markell's failure to remain continuously employed by the Company on a full time basis, the portion to vest and to be delivered to be determined by multiplying such number of shares times the number of days after January 2, 1998, through January 2, 1999, during which Mr. Markell is treated as a full-time employee of the Company, divided by 365.

FURTHER RESOLVED, that the vesting schedule for all options previously granted to Mr. Markell under the Comcast Corporation 1987 Stock Option Plan and the Comcast Corporation 1996 Stock Option Plan shall be suspended during the period of his leave of absence, and shall be reinstated following such leave of absence and vest and become exercisable (subject to all conditions contained in the relevant grants) in such amounts as were previously scheduled to vest on such dates as correspond to the original vesting dates for such options plus such number of days as Mr. Markell is not treated as a full-time employee by the Company during his leave of absence.

FURTHER RESOLVED, that the portion of the Cash Bonus Award previously granted to Mr. Markell that is scheduled to vest based on employment through December 31, 1998, shall vest and be payable in part when determined pursuant to the terms of such award, the portion to vest and to be payable to be determined by multiplying such portion of the Cash Bonus Award times the number of days in calendar year 1998 during which Mr. Markell is treated as a full-time employee of the Company, divided by 365.

FURTHER RESOLVED, that the foregoing resolutions be, and they hereby are, made conditional on Mr. Markell's resuming full time employment with the Company, as determined by the Company's General Counsel in his reasonable discretion, prior to December 31, 1998, and remaining a full-time employee on December 31, 1998.

FURTHER RESOLVED, that the appropriate officers of the Company be, and they hereby are, authorized to take such actions, including, without limitation, entering into agreements with Mr. Markell and amending the terms of restricted stock awards, cash bonus grants, and stock options as they may deem necessary or appropriate to implement these resolutions.

4. Amendment of September Option Grants (Subcommittee Action).

Mr. Block discussed with the Subcommittee management's proposal to amend the terms of the option grants with tandem cash rights awards granted to certain executives of the Cable Division in at the Subcommittee's September 16, 1997 meeting. The Company has become aware that the tandem rights feature would have negative accounting implications for the Company and the Cable Division. With the concurrence of the executives involved and the Company's auditors, management proposes to amend the grants to eliminate the tandem cash right and to accelerate the vesting schedule of the options.

Whereupon, after discussion and upon motion duly made and seconded, the Subcommittee adopted the following resolutions:

RESOLVED, that the resolutions adopted by the Subcommittee under the caption "Tandem Rights Plan for the Cable Division" at its September 16, 1997, meeting be, and they hereby are, amended and restated in their entirety to read as follows:

"RESOLVED, that a non-qualified stock option to purchase shares of the Company's Class A Special Common Stock ("Special Common") under the Comcast Corporation 1996 Stock Option Plan ("1996 Plan"), at an exercise price per share equal to the last quoted market price of the Special Common at the close of business on September 15, 1997, be and hereby is granted to the persons listed hereinbelow for the number of shares of Special Common appearing beside his name; each such option shall have a term of ten years and such option shall vest and become exercisable 20% on January 2, 1998 and on each of the next four anniversaries thereafter, provided the recipient of the award is continuously employed by the Company through the relevant vesting date, and further provided that, with regard to Messrs. Tallent and Dusto, the recipient has entered into an extension of his current employment agreement with the Company or any of its subsidiaries to December 31, 2002;

Employee

Michael S. Tallent	100,000 shares
Bradley P. Dusto	80,000
Michael A. Doyle	40,000
Stephen A. Burch	40,000
William R. Goetz	40,000
Gerald D. Campbell	40,000

"FURTHER RESOLVED, that, in addition to the stock options for the six employees referred to hereinabove, the resolution immediately preceding this resolution shall equally serve to authorize, grant and otherwise apply to 150,000 non-qualified stock options for issuance to Thomas G. Baxter; provided, however, that such options may be reduced, withdrawn or (upon application to this Subcommittee) further revised, at the decision of the President of the Company, prior to December 31, 1997."

5. Assignment of QVC option to Brian Roberts (Committee Action).

At this point, the Committee invited Mr. Lawrence Smith to join the meeting. Mr. Smith presented management's proposal to increase the compensation of Mr. Brian Roberts, the Company's President, by assigning to Mr. Roberts a portion of an option granted April 18, 1996, to the Company by QVC, Inc., to purchase 5,000 shares of common stock of QVC, Inc. at \$177.05 per share. Mr. Smith indicated that the current market value of the shares of QVC, Inc. is

approximately \$688 per share, and that another appraisal will be performed as of December 31, 1997. Management expects some appreciation in the value of the shares from that appraisal. As of January 2, 1998, the option will be 60% vested and exercisable. Management believes that Mr. Brian Roberts deserves the additional compensation based on his efforts over the past several years, including notably the Microsoft transaction which he initiated. Compensation in this form will give Mr. Brian Roberts equity-based compensation, but he will not have to sell shares of Comcast in order to realize its value. Mr. Smith then left the meeting.

The Committee then spoke by telephone with Mr. Richard Meischeid, of Towers Perrin, the Committee's compensation consultants. Mr. Meischeid stated that he believed the increased compensation to Mr. Brian Roberts was fair and appropriate. He presented an analysis of Mr. Roberts' compensation to the Committee, including the effects of assignment of the QVC, Inc. option normalized over its vesting period. Mr. Roberts' total cash compensation would remain substantially below the 50th percentile of CEO compensation in the media industry, and slightly above the 50th percentile of such compensation for general industry. His total direct compensation (including the QVC option at its Black-Scholes value, normalized) would be at approximately the 85th percentile for the media industry. While this exceeds the Committee's standard target of the 75th percentile, it appropriately reflects Mr. Roberts' performance, and the difference consists of compensation that is at risk for performance. Mr. Meischeid also noted that, if the embedded appreciation in the QVC option were included in Mr. Roberts' cash compensation, it would be approximately at the 75th percentile for the media industry.

The Committee then discussed Mr. Brian Roberts' compensation, and the benefits and risks of assigning him the QVC option. The Committee expressed its understanding that, as

with other QVC options granted to executives, the option was subject to regrant at market to the extent that shares acquired upon exercise of the option were sold by the optionee to QVC.

Upon motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, that the proper officers of the Company be, and they hereby are, authorized and directed to transfer and assign to Mr. Brian L. Roberts all of the Company's right, title and interest in the right to purchase 5,000 shares of the Common Stock of QVC, Inc., under an option granted to the Company April 18, 1996, the vesting schedule for such right to remain as currently in effect under such option, and to take all other actions as they deem appropriate to accomplish such transfer.

6. Transfer of Control Expenses (Committee Action).

Mr. Joseph DiTrolio joined the meeting to report on the expenses incurred by the Company through October 31, 1997, in connection with the transfer of control of the Company from Mr. Ralph Roberts to Mr. Brian Roberts and related transactions. Approximately \$806,400 in expenses have been incurred. Management has determined that \$41,792.63 of such expenses were for the personal benefit of Mr. Ralph Roberts, and are being treated as compensation to him. In the ordinary course, Mr. Roberts would be required to reimburse the Company for taxes withheld on account of such compensation.

The Committee reviewed all of the expenses, and discussed certain questions about the bills.

After discussion, and upon motion duly made and seconded, the Committee adopted the following resolutions (Mr. Bonovitz abstaining):

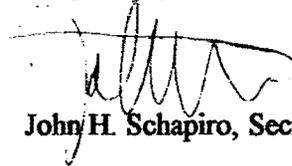
RESOLVED, that the expenses incurred by the Company through October 31, 1997, in connection with the transfer of control of the Company to Mr. Brian L. Roberts be, and they hereby are, approved, subject to resolution of the items identified by the Committee to the satisfaction of the proper officers of the Company.

FURTHER RESOLVED, that the allocation of \$41, 792.63 of such expenses to Mr. Ralph J. Roberts and the payment of such amount on behalf of Mr. Roberts be, and it hereby is, ratified and approved.

FURTHER RESOLVED, that the proper officers of the Company be, and they hereby are, authorized and directed to pay to Mr. Ralph J. Roberts a bonus for calendar year 1997, the amount of such bonus to be the amount of federal, state and local income taxes and the Medicaid portion of FICA taxes withheld by the Company on account of the payment by the Company in 1997 of expenses incurred for the personal benefit of Mr. Ralph J. Roberts in connection with the transfer of control of the Company to Mr. Brian L. Roberts, including such taxes withheld by the Company on account of the bonus authorized hereby, subject (with respect to such expenses incurred after October 31, 1997) to subsequent review and approval of such expenses by the Committee.

Whereupon, there being no further business before the Committee, the meeting of the Committee and Subcommittee was adjourned at 3:45 PM.

Respectfully submitted,



John H. Schapiro, Secretary of the Meeting

COMCAST CORPORATION

COMBINED MEETING OF THE COMPENSATION COMMITTEE
AND SUBCOMMITTEE ON PERFORMANCE-BASED COMPENSATION

October 28, 2002

A combined meeting of the Compensation Committee (the "Committee") of the Board of Directors of Comcast Corporation (the "Company") and of its Subcommittee on Performance-Based Compensation (the "Subcommittee") was duly convened at 12:00 Noon on Monday, October 28, 2002 at the Board Room on the 36th floor of the Company's headquarters, 1500 Market Street, Philadelphia, Pennsylvania upon notice duly given. Present at the meeting were Sheldon M. Bonovitz (Chairman of the Committee), Joseph L. Castle, II, Decker Anstrom and Bernard Watson, constituting all of the members of the Committee. Messrs. Castle and Watson constitute all of the members of the Subcommittee. Brian L. Roberts, President and a Director of the Company, was also in attendance at the meeting, as well as the following officers of the Company: Arthur R. Block, David L. Cohen, Lawrence S. Smith and Stanley Wang. In addition, Dennis Hersch, of Davis Polk & Wardwell, and Mark K. Kessler, of Wolf, Block, Schorr and Solis-Cohen LLP, were in attendance.

Mr. Bonovitz served as Chairman of the Committee and asked Mr. Kessler to serve as Secretary.

The following matters were considered at the meeting:

I. Minutes

The first matter to be presented to the Committee was approval of the minutes of the Combined meeting of the Committee and Subcommittee on July 9, 2002, which were

circulated to all members of the Committee and Subcommittee. Upon motion duly made, seconded and unanimously approved, it was:

RESOLVED, that the minutes of the Combined Meeting of the Committee and the Subcommittee on July 9, 2002 be and hereby are approved in the form distributed to each of the members of the Committee and Subcommittee.

II. Report of the President

Mr. Roberts brought the Committee up to date on the status of the AT&T Broadband transaction and various issues relating to compensation, which he said would likely be dealt with by a newly-constituted Compensation Committee after the merger. He also described certain ramifications of the Sarbanes-Oxley Act of 2002 on current compensation packages for executive officers. Next, he reviewed the impact of the stock market on the Company's programs for incentivizing executives through stock-based compensation. Finally, he noted that, as discussed previously with the Audit Committee, management had conducted a full review of the Company's policies concerning perquisites and other benefits, as to which management will report later in the meeting.

III. Action Items

The following matters were considered and acted upon :

- A. Amendment to the Company's Health and Welfare Plan to Exclude Participation by Employees of THOG Productions, LLC (a wholly-owned subsidiary of G4 Media, LLC) ("THOG")

Mr. Block advised that G4 Media has elected to offer THOG employees a very limited benefits package, the benefits of which are more generous than those typically offered by similar production companies, but not as generous as the Company-sponsored benefits package. He said that management's recommendation, therefore, provides for competitive benefits for similar services, while controlling costs.

Following discussion of this matter, upon motion duly made, seconded and unanimously approved, the following action was taken by the Committee:

WHEREAS, Comcast Corporation (the "Company") has adopted the Comcast Comprehensive Health and Welfare Benefit Plan, as amended and restated, effective August 1, 2002 (the "Plan");

WHEREAS, the Company wishes to exclude THOG Productions, LLC, a wholly-owned subsidiary of G4 Media, LLC, as a participating employer, effective the 28th day of October, 2002;

WHEREAS, pursuant to Section 9.1 of the Plan, the Board of Directors of the Company (the "Board") reserves the right to amend the Plan and to delegate such right to any other entity, person or committee; and

WHEREAS, the Board has delegated such right to amend the Plan to the Committee;

NOW, THEREFORE, BE IT HEREBY

RESOLVED, that Appendix D to the Plan shall be amended in its entirety in the form appended hereto.

- B. Amendment to the Company's Retirement-Investment Plan to Exclude Participation of Employees of THOG and to Include Certain Former Advertising Sales Employees of Time Warner Entities

Mr. Block explained that, for the same reasons as are set forth in A, above, the Committee is being asked to exclude THOG employees from the Company's Retirement-Investment Plan. He also stated that, during 2002, the Company entered into agreements with Time Warner covering ad sales services in markets where former Time Warner employees were hired by the Company. He stated that these employees should be given credit for their prior service with Time Warner in calculating Company benefits.

After discussion and upon motion duly made, seconded and unanimously approved by the Committee, it was:

RESOLVED, that effective as of the 28th day of October, 2002, the Comcast Corporation Retirement-Investment Plan (the "Plan") be and hereby is

amended as follows to exclude THOG Productions, LLC, a wholly-owned subsidiary of G4 Media, LLC, as a participating company:

"The definition of "Participating Company" in Article I of the Comcast Corporation Retirement-Investment Plan is revised in its entirety to read as follows:

"Participating Company" means the Company, each subsidiary of the Company which is eligible to file a consolidated federal income tax return with the Company, each other organization identified as a Participating Company in Articles XVI, XVII, XVIII, XIX, XX and XXI, and each other organization which is authorized by the Board of Directors to adopt this Plan by action of its board of directors or other governing body; provided that, effective the 28th day of October, 2002, the term "Participating Company" excludes THOG Productions, LLC, a wholly-owned subsidiary of G4 Media, LLC"; and

FURTHER RESOLVED, that the authorized officers and employees of the Company be and hereby are authorized to make such additional revisions to the Plan as they may deem necessary or appropriate to implement the preceding resolution and to incorporate such revision in an amendment to the Plan without further action of the Benefits Committee; and

FURTHER RESOLVED, that employees who transfer directly from the following Time Warner entities into the following entities as of the dates specified below will receive service credit for purposes of eligibility to participate and vesting under the Plan for prior service rendered to any such Time Warner entity:

TIME WARNER ENTITY & MARKET	COMCAST ENTITY	EFFECTIVE DATE
Time Warner Entertainment-Advance/Newhouse Partnership (a New York General Partnership, through its Indianapolis Division) Market: Indianapolis, IN	Comcast Cablevision of Indianapolis, L.P. (Delaware limited partnership)	05/27/02
Time Warner Entertainment-Advance/Newhouse Partnership (a New York General Partnership) Market: Detroit, MI	Comcast Cablevision of Detroit (Michigan general partnership)	06/01/01
Florida Cablevision Management Corporation (a Florida Corporation) Market: Cape Coral/Ft. Meyers, FL	Comcast Cablevision of the South (Colorado general partnership)	04/01/02

C. Merger of 401(k) Plan of The Golf Channel ("TGC") into the Company's Retirement-Investment Plan

Mr. Block stated that, at the request of TGC's management, the Company and Putnam Investments assumed the administration and investment management for TGC's 401(k) plan, effective August 1, 2002. Previously, TGC's plan was administered by Aetna. Merging the plan into the Company's plan is projected to save TGC administrative and fiduciary coverage expense and provides an opportunity to offer enhanced services to employees. Mr. Block noted that TGC's Board of Directors approved this proposal in July 2002.

Whereupon, after discussion and on motion duly made, seconded and unanimously approved, the Committee:

RESOLVED, that effective as of August 1, 2002, or such other date as is determined by the Benefits Committee established under the Company's Retirement-Investment Plan (the "Plan Merger Date"), the TGC, Inc. 401(k) Profit Sharing Plan (the "TGC Plan") be and hereby is merged with and into the Company's Retirement-Investment Plan (the "Comcast Plan");

FURTHER RESOLVED, that effective as of the Plan Merger Date, the Comcast Plan be and hereby is amended to permit all individuals who, as of such date, are eligible to participate in the TGC Plan to commence to participate in the Comcast Plan;

FURTHER RESOLVED, that the authorized officers and employees of the Company be and hereby are authorized to amend the Comcast Plan to reflect the merger of the TGC Plan with and into the Comcast Plan and to preserve any rights of participants under the TGC Plan that are protected from retroactive change or reduction pursuant to section 411(d)(6) of the Internal Revenue Code of 1986, as amended (the "Code") and section 204 of the Employee Retirement Income Security Act of 1974, as amended;

FURTHER RESOLVED, that the authorized officers and employees of the Company be and hereby are authorized to take all such action as may be necessary or appropriate to transfer the assets and liabilities under the TGC Plan to the Comcast Plan;

FURTHER RESOLVED, that the Trustee of the trust under the TGC Plan is removed as Trustee effective as of the Plan Merger Date;

FURTHER RESOLVED, that Putnam Fiduciary Trust Company be and hereby is authorized and directed to take such actions as may be necessary or appropriate to effectuate the transfer of the assets and liabilities of the TGC Plan to the Comcast Plan; and

FURTHER RESOLVED, that the Comcast Plan be and hereby is amended to reflect the elimination of annuity forms of payment, effective 90 days after provision of the required notice to affected participants.

D. Amendment to the Company's Retirement Investment Plan Concerning the Lenfest 401(k) Plan

Mr. Block advised that, on May 1, 2002, the former Lenfest 401(k) Plan was merged into the Comcast Plan. During the conversion, a feature allowing active employees to make withdrawals from their rollover account was discovered. Under ERISA, this withdrawal is a protected right. Although this right does not currently exist in the Comcast Plan, the Company is legally required to maintain it.

Whereupon, after discussion and on motion duly made, seconded and unanimously approved, the Committee:

RESOLVED, that the Company desires to reflect the availability of a right to in-service withdrawals of amounts previously designated as rollover contributions under the Lenfest Group Retirement Plan;

FURTHER RESOLVED, that the authorized officers and employees of the Company be and hereby are authorized to make such additional revisions to the TGC Plan and the Comcast Plan as they may deem necessary or appropriate to implement the preceding resolutions under C and D, above, and to incorporate such revisions in an amendment to the Comcast Plan and/or the TGC Plan, as applicable, without further action of the Benefits Committee;

FURTHER RESOLVED, that the authorized officers and employees of the Company be and hereby are authorized to submit to the Internal Revenue Service, for inclusion with the determination letter regarding the continuing qualification of the Comcast Plan under sections 401(a), 401(k) and 501(a) of the Code that is pending as of the date of these resolutions, an amendment to the Comcast Plan that reflects the preceding resolutions under C and D, above; and

FURTHER RESOLVED, that the proper officers of the Company be, and each of them hereby is, authorized and empowered, on behalf of the Company and in its name, to make all such arrangements, to do and perform all such acts and things, and to execute and deliver all such officers' certificates and such other instruments and documents as they may deem necessary or appropriate in order to effectuate fully the purpose of each and all of the foregoing resolutions under C and D, above; and any and all actions taken heretofore and hereafter to accomplish such purposes, all or singular, be, and they hereby are, approved, ratified and confirmed.

E. Transfer of Certain Stock Options by Lawrence S. Smith and Irving A. Wechsler to Qualifying Transferees

Mr. Block advised the Committee that Mr. Smith has requested the transfer of certain non-qualified options to his 2002 grantor retained annuity trust as a gift and without consideration in accordance with Paragraph 7(c) of the Company's 1996 Stock Option Plan. Mr. Block also noted that Irving A. Wechsler had similarly requested a transfer of certain non-qualified stock options to an irrevocable trust for the benefit of his children and grandchildren and/or their issue. He advised that this transfer, likewise, is without consideration and that each transferee is a member of Mr. Wechsler's "immediate family."

Wherefore, upon motion duly made, seconded and unanimously approved, the

Subcommittee:

RESOLVED, that the proposed transfer of the following non-qualified options for the Company's Class A Special Common Stock by Messrs. Lawrence S. Smith and Irving A. Wechsler to their respective qualifying transferees be and they hereby are approved:

Lawrence S. Smith

1. Options to acquire 160,000 shares having an exercise price of \$37.56 per share and an expiration date of June 2, 2010;
2. Options to acquire 46,125 shares having an exercise price of \$32.84 per share and an expiration date of May 3, 2009; and
3. Options to acquire 258,504 shares having an exercise price of \$16.93 per share and an expiration date of June 16, 2008;

Irving A. Wechsler

1. Options to acquire 10,800 shares having an exercise price of \$33.9922 per share and an expiration date of February 1, 2009;
2. Options to acquire 5,400 shares having an exercise price of \$46 per share and an expiration date of February 1, 2010;
3. Options to acquire 5,400 shares having an exercise price of \$42.8125 per share and an expiration date of February 1, 2011; and
4. Options to acquire 5,400 shares having an exercise price of \$35.53 per share and an expiration date of February 1, 2012.

F. Cancellation of Restricted Stock Plan and Cash Bonus Plan Grants to Lawrence J. Salva and Amendment of Executive Cash Bonus Plan Relating to Mr. Salva's Participation Therein

Mr. Block advised that, when Mr. Salva joined the Company, he received a Restricted Stock and Cash Bonus Plan grants that were not synchronized with the Company's ongoing grant program for senior executives. He stated that Mr. Salva, accordingly, was not moved into the Company's Executive Cash Bonus Plan on December 19, 2000 (for Plan Years commencing after 2000) when certain other senior executives were, and that management is recommending

that Mr. Salva be so included for years commencing after 2001. After discussion and upon motion duly made, seconded and unanimously approved, the Subcommittee:

RESOLVED, that Paragraph 3 of the Company's 1996 Executive Cash Bonus Plan ("Plan") be and hereby is amended to provide that Lawrence J. Salva be included as a Participant in the Plan for Plan Years beginning after 2001, conditioned upon Mr. Salva's relinquishment of the remaining portion of his Restricted Stock and Cash Bonus Plan grants with respect to 2002 and thereafter.

G. Stock Option Grant

Mr. Roberts advised that, under the agreement relating to the AT&T Broadband merger, the Company has remaining available for grant options with respect to approximately 1.33 million shares of the Class A Special Common Stock. He noted that many of the options held by the Company's top executives have either lost significant value or are "under water," and that it is imperative that the Company do all it can to incentivize and retain these executives.

After discussion and upon motion duly made, seconded and unanimously approved, the Subcommittee:

RESOLVED, that an incentive stock option (to the extent permitted), and otherwise a non-qualified stock option, to purchase shares of the Company's Class A Special Common Stock ("Special Common") under the Company's 1996 Stock Option Plan ("1996 Plan"), at an exercise price per share equal to the last quoted market price of the Special Common at the close of business on Monday, October 28, 2002, be and hereby is granted to each of the persons listed below for the number of shares of Special Common indicated beside his name; each such option shall have a term of ten years and such option (treating the incentive and non-qualified stock option as one option) shall vest and become exercisable as follows: as to up to the first 25,000 shares covered thereby and one-half of the excess over 25,000 shares covered thereby, 40% on the second anniversary of the date hereof and 20% on each of the third through the fifth anniversaries of the date hereof; and as to one-half of the excess (if any) over 25,000 shares covered thereby, 20% on the second anniversary of the date hereof, 10% on each of the third through the ninth anniversaries of the date hereof, and 10% on the nine year and six month anniversary of the date hereof:

	<u>No. of Shares</u>
Stephen Burke	400,000
Lawrence Smith	120,000
John Alchin	110,000
David Cohen	110,000
Michael Tallent	110,000
Arthur Block	100,000
Robert Pick	100,000
Lawrence Salva	100,000
David Watson	100,000
Terry Bienstock	80,000; and

FURTHER RESOLVED, that the appropriate officers of the Company be and hereby are authorized and directed to take all such action as may be necessary to effectuate the purposes of the last preceding resolution.

H. Review and Approval of Certain Perquisites of Ralph J. Roberts and Brian L. Roberts, Including on Account of Security Concerns

Mr. Block reported to the Committee with regard to benefits, both personal and Company-related, received by executives of the Company, as well as the Company's processes for ascertaining whether the benefits are primarily for the benefit of the Company or the individual; whether they are to be reimbursed in whole or in part by the executives; whether they are to be imputed as income to the executives; whether they are to be pre-approved and by whom; whether they have been properly disclosed; and recommendations on how to deal with such matters in the future. After extensive discussion, it was the sense of the Committee that management should develop a process whereby benefits received by executives of the Company are determined by management to be primarily for the benefit of the Company or for the benefit of the executive (or, perhaps, both, in which event an allocation should be made); whereupon, management should recommend to the Committee whether, in the event that a benefit is deemed to be in whole or in part for the benefit of the executive, whether any reimbursement shall be sought from the executive or whether any taxable income should be imputed to the executive (in which case, also whether the Company should compensate the executive with regard thereto).

The Committee noted that certain benefits, such as security protection for executives are, in its view, primarily for the benefit of the Company and should not be deemed as personal benefits.

I. Recommendation of Extension of Option Term of Non-Continuing Directors Following Closing of AT&T Broadband Transaction

Mr. Bonovitz noted that certain of the Company's directors will not be continuing as directors after the completion of the AT&T Broadband merger. He said that it is being recommended that the non-continuing directors be granted an extension of the period of time within which they must exercise any stock options held by them at the time of the closing of the AT&T Broadband transaction.

Wherefore, upon motion duly made, seconded and unanimously approved, the Subcommittee (Messrs. Anstrom and Bonovitz, the only continuing Directors, voting separately on this matter as well):

RESOLVED, it is recommended to the Board of Directors that it take such actions as may be required so that the term for exercise of all options held, upon the completion of the merger relating to the AT&T Broadband transaction, by directors of the Company who will not continue to be directors of AT&T Comcast Corporation after the merger, be extended to the full term of each of the respective options.

J. Revised Compensation Arrangement for Ralph J. Roberts

Mr. Bonovitz advised that the Committee, at its July 9, 2002 meeting, approved an "integration" cash bonus opportunity for its executives of up to 50% of their base salary (in addition to the cash bonus under the Executive Cash Bonus Plan), excluding Ralph J. Roberts and Brian L. Roberts, and that it is his view that this bonus opportunity should be made available to Messrs. Ralph J. Roberts and Brian L. Roberts. In the case of Brian L. Roberts, he recommended that the bonus be a maximum of 150%, and in the case of Mr. Ralph J. Roberts, that the bonus be a maximum of 50%, of their respective base salaries. He noted, however, that

the terms of the agreement relating to the AT&T merger do not permit such a bonus provision for these two individuals. Accordingly, the Committee determined to recommend such bonuses to the new Compensation Committee to be formed upon consummation of the AT&T Broadband merger. The Committee also recommended to its successor committee that Mr. Ralph J. Roberts' Employment Agreement be extended from a termination date of December 31, 2002 to December 31, 2005 and that Mr. Brian L. Roberts' Employment Agreement be extended from a termination date of December 31, 2003 to December 31, 2005.

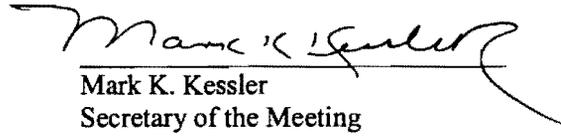
K. QVC Options

Mr. Block advised that the Company continues to hold options for the purchase of 4,000 shares of QVC, Inc. ("QVC") common stock that have not yet been assigned to executives of the Company, as they have in the past. It was noted that Mr. Ralph J. Roberts is the only executive officer of the Company at the time of the Company's acquisition of a controlling interest in QVC who has not received any such options (or related stock appreciation rights) and that, in light of his continued outstanding contributions to the Company, he be assigned these options at an effective price to Mr. Roberts equal to the current fair value per share of the QVC stock as of the date hereof. The Committee expressed its understanding that, as with other QVC options granted to executives, the option was subject to regrant at market to the extent that shares acquired upon exercise of the option were sold by the optionee to QVC. After discussion and upon motion duly made, seconded and approved, the Subcommittee:

RESOLVED, that options to purchase 4,000 shares of QVC, Inc. common stock owned by the Company be and hereby are assigned to Ralph J. Roberts, provided that, upon exercise thereof, Mr. Roberts pay to the Company the difference between the fair value per share of such stock as of the date hereof and \$177.05 with respect to each share exercised, and pay \$177.05 per share to QVC, Inc.

Whereupon, there being no further business to come before the meeting, it was, upon motion duly made and seconded adjourned at 2:00 PM.

Respectfully submitted,


Mark K. Kessler
Secretary of the Meeting

COMCAST CORP

FORM DEF 14A (Proxy Statement (definitive))

Filed 04/08/04 for the Period Ending 05/26/04

CIK	0001166691
Symbol	CMCSA
SIC Code	4841 - Cable and Other Pay Television Services
Industry	Broadcasting & Cable TV
Sector	Services
Fiscal Year	12/31

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This table contains information concerning grants of options under the QVC stock option and stock appreciation rights plan to the named executive officers during 2003. Each option under this plan was granted with a tandem stock appreciation right that entitles the recipient, in lieu of exercising the option to which the stock appreciation right relates, to receive a cash payment equal to 75% of the difference between the fair market value of a share of stock on the date of exercise and the exercise price of the option.

QVC Stock Option Grants in 2003

Name	Individual Grants (1)				
	Number of Securities Underlying Options/Stock Appreciation Rights Granted (#)	% of Total Options Granted to Employees in 2003(2)	Exercise Price (\$/Sb)	Expiration Dates	Grant Date Present Value (\$)(3)
Brian L. Roberts	283	0.8%	1,768.00	01/10/2013	182,175
	1,449	4.3%	1,768.00	02/07/2013	907,415
	1,520	4.5%	1,768.00	03/07/2013	917,038
Stephen B. Burke	—	—	—	—	—
Ralph J. Roberts	—	—	—	—	—
Lawrence S. Smith	—	—	—	—	—
David L. Cohen	—	—	—	—	—
John R. Alchin	—	—	—	—	—
C. Michael Armstrong	—	—	—	—	—

- (1) Pursuant to the terms of the QVC stock option and stock appreciation rights plan, these options were granted on January 10, 2003, February 7, 2003 and March 7, 2003. These options were granted at an exercise price representing the value of the shares underlying such options on the date of grant as determined pursuant to this plan, and had a vesting schedule of 20% vesting on each anniversary of the date of grant, based on continued service. As a result of the sale of our interest in QVC, all options to purchase shares of QVC common stock held by our employees were cancelled in exchange for a cash payment (or a deferred cash payment) from us equal to the difference between the value of the consideration we received from the buyer for each share of QVC we owned and the exercise price of the option. See the "Aggregate QVC Option Exercises in 2003 and QVC Option Values at December 31, 2003" table for more information on the terms of this cancellation.
- (2) Total options granted to employees in 2003 only includes options granted in the period beginning on January 1, 2003 and ending on September 17, 2003, which is the period in 2003 that we owned an interest in QVC.
- (3) These amounts represent the estimated present value of options at the date of grant calculated using the Black-Scholes option pricing model, based upon the following assumptions used in developing the grant valuations: an expected volatility of approximately 20.0%; an expected term to exercise of eight years; an interest rate of approximately 3.8%; and no dividend yield. As a result of the cancellation of the options in connection with the sale of our interest in QVC, the actual value of the options realized by a named executive officer depended on the extent to which the fair market value of the QVC common stock, as determined in connection with the sale, exceeded the exercise price of the option.

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Stock Option Exercises and Holdings

This table contains information related to options to purchase shares of Class A Special Common Stock exercised during 2003 by the named executive officers and the number and value of options to purchase Class A and Class A Special Common Stock held at December 31, 2003 by such individuals. No options to purchase shares of Class A Common Stock were exercised by the named executive officers in 2003.

Aggregated Comcast Option Exercises in 2003 and Comcast Option Values at December 31, 2003

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at December 31, 2003 (#)		Value of Unexercised In-the-Money Options at December 31, 2003 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Brian L. Roberts	288,748(1)	5,629,042(1)	8,628,117(1)	5,224,000(1)	58,349,445(1)	15,855,375(1)
	— (2)	— (2)	— (2)	950,100(2)	— (2)	5,386,567(2)
Stephen B. Burke	— (1)	— (1)	2,156,730(1)	2,937,500(1)	21,216,601(1)	10,075,361(1)
	— (2)	— (2)	— (2)	500,100(2)	— (2)	2,835,067(2)
Ralph J. Roberts	1,310,868(1)	28,543,150(1)	1,945,902(1)	1,469,000(1)	18,374,159(1)	— (1)
	— (2)	— (2)	— (2)	650,100(2)	— (2)	3,685,567(2)
Lawrence S. Smith	30,192(1)	561,334(1)	1,136,530(1)	1,502,500(1)	14,156,265(1)	6,853,275(1)
	— (2)	— (2)	— (2)	450,100(2)	— (2)	2,551,567(2)
David L. Cohen	— (1)	— (1)	— (1)	610,000(1)	— (1)	2,876,500(1)
	— (2)	— (2)	— (2)	400,100(2)	— (2)	2,268,067(2)
John R. Alchin	70,943(1)	1,494,348(1)	1,269,387(1)	1,142,500(1)	18,772,284(1)	5,468,363(1)
	— (2)	— (2)	— (2)	400,100(2)	— (2)	2,268,067(2)
C. Michael Armstrong	— (2)	— (2)	2,018,065(2)	2,948,293(2)	1,039,776(2)	21,464,421(2)

(1) Information is with respect to shares of Class A Special Common Stock.

(2) Information is with respect to shares of Class A Common Stock.

This table contains information related to options to purchase shares of QVC common stock exercised by the named executive officers or settled by us during 2003 and the number and value of options to purchase QVC common stock held at December 31, 2003 by such individuals.

Aggregated QVC Option Exercises in 2003 and QVC Option Values at December 31, 2003

Name	Shares Acquired on Exercise (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at December 31, 2003 (#)		Value of Unexercised In-the-Money Options at December 31, 2003 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Brian L. Roberts	1,808	16,963,915	—	—	—	—
Stephen B. Burke	—	—	—	—	—	—
Ralph J. Roberts	—	4,160,560	—	—	—	—
Lawrence S. Smith	2,280	4,717,184	—	—	—	—
David L. Cohen	—	—	—	—	—	—
John R. Alchin	240	2,027,191	—	—	—	—
C. Michael Armstrong	—	—	—	—	—	—

(1) As a result of the sale of our interest in QVC, (i) all shares of QVC common stock held by our employees (all of which were acquired upon the exercise of options) were purchased in exchange for a cash payment

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from us equal to the value of the consideration we received from the buyer for each share of QVC we owned (Mr. Brian L. Roberts, \$4,936,093; Mr. Smith, \$6,224,719; and Mr. Alchin, \$4,586,635, which amounts include \$1,466,259, \$2,228,077 and \$248,846, respectively, realized with respect to shares acquired on option exercises in 2003), and (ii) all options to purchase shares of QVC common stock held by our employees were cancelled in exchange for a cash payment (or a deferred cash payment as described below) from us equal to the difference between the value of the consideration we received from the buyer for each share of QVC we owned and the exercise price of the option. With respect to QVC options that were vested at the time of sale, payment in exchange for the cancellation of these options (Mr. Brian L. Roberts, \$3,041,808; Mr. Ralph J. Roberts, \$4,160,560; and Mr. Smith, \$904,288) was made as of the date of the sale of QVC. With respect to QVC options that were unvested at the time of the sale, payment in exchange for the cancellation of these options (Mr. Brian L. Roberts, \$12,455,848; Mr. Smith, \$1,584,819; and Mr. Alchin, \$1,778,345, plus, in each case, an amount equal to 8% per annum from the date of the sale of QVC through the original vesting date of the option) will be made on the same vesting schedule as the original options, as long as the recipient remains continuously employed by us through such dates. The options' original vesting schedule provided for 20% vesting on each anniversary of the grant date of the option. Payments may be electively deferred beyond their scheduled payment dates.

This column includes amounts realized or to be realized with respect to all option cancellations as well as amounts realized with respect to shares acquired on option exercises in 2003.

This table summarizes our equity plan information as of December 31, 2003. This table does not include any shares that may be issued pursuant to the proposed additional shares under our 2002 Restricted Stock Plan that is the subject of Proposal 3 of this proxy statement.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders: (1)			
Class A Common Stock	85,462,945	\$ 39.28	65,590,369
Class A Special Common Stock	61,036,926	\$ 29.43	—
Equity compensation plans not approved by security holders	—		—
Total (2)	146,499,871		65,590,369

- (1) Includes the following plans: the Comcast Corporation 1987 Stock Option Plan, the Comcast Corporation 2002 Stock Option Plan, the Comcast Corporation 2002 Restricted Stock Plan, the Comcast Corporation 2002 Employee Stock Purchase Plan and the Comcast Corporation 2003 Stock Option Plan.
- (2) Includes stock options, restricted stock and other equity-based awards assumed in connection with our acquisition of AT&T Corp.'s broadband business in November 2002, which were granted under the AT&T Broadband Corp. Adjustment Plan. As of December 31, 2003, these assumed stock options are exercisable for 57,616,255 shares of Class A Common Stock and have a weighted average exercise price of \$44.45 per share. Restricted stock and other equity-based awards granted under the AT&T Broadband Corp. Adjustment Plan are issuable, as of December 31, 2003, into 115,292 shares of Class A Common Stock. No additional awards have been or will be made under this plan.