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COMCAST CORP
Form DEFM14A
May 14, 2002

AMENDMENT NO. 3 TO

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

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COMCAST CORPORATION

(Name of Registrant as Specified In Its Charter)

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[COMCAST LOGO]

[AT&

A MERGER PROPOSAL -- YOUR VOTE IS VERY IMPORTANT

Comcast and AT&T have agreed to combine Comcast and AT&T's broadband business. As a result, AT&T shareholders will have shares of both AT&T and the new corporation -- AT&T Comcast. We are proposing the transaction because we believe the combination of Comcast and AT&T Broadband will create the world's premier broadband communications company. The new corporation will be named AT&T Comcast Corporation and will be headquartered in Philadelphia.

When the transaction is completed,

- Comcast shareholders will receive one share of a corresponding class of AT&T Comcast common stock in exchange for each Comcast share they own; and
- AT&T shareholders will receive a number of shares of AT&T Comcast common stock determined pursuant to a formula described in this joint proxy statement/prospectus for each AT&T share they own. If the AT&T exchange ratio were determined as of the date of this joint proxy statement/prospectus, each AT&T shareholder would receive approximately 0.35 of a share of AT&T Comcast common stock for each of their AT&T shares, although the actual exchange ratio may differ. AT&T shareholders will also continue to hold their shares of AT&T common stock.

THE BOARDS OF DIRECTORS OF BOTH COMCAST AND AT&T HAVE UNANIMOUSLY APPROVED THE TRANSACTION AND RECOMMEND THAT THEIR RESPECTIVE SHAREHOLDERS VOTE FOR THE PROPOSAL TO APPROVE AND ADOPT THE MERGER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT. THE BOARDS OF DIRECTORS OF BOTH COMCAST AND AT&T ALSO RECOMMEND THAT THEIR RESPECTIVE SHAREHOLDERS APPROVE THE AT&T COMCAST CHARTER PROPOSAL, INCLUDING THE CORPORATE GOVERNANCE PROVISIONS OF THE AT&T COMCAST CHARTER DESCRIBED IN THIS JOINT PROXY STATEMENT/PROSPECTUS. APPROVAL OF THE AT&T COMCAST CHARTER PROPOSAL IS A CONDITION TO COMPLETION OF THE AT&T COMCAST TRANSACTION. SURAL LLC HAS AGREED TO VOTE IN FAVOR OF THE

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TRANSACTION AND AT&T COMCAST CHARTER PROPOSALS, THEREBY ASSURING APPROVAL OF THE TRANSACTION AND AT&T COMCAST CHARTER PROPOSALS BY THE COMCAST SHAREHOLDERS.

In addition to the transaction and AT&T Comcast charter proposals, holders of Comcast common stock are also being asked to consider a proposal that is referred to in this joint proxy statement/prospectus as the preferred structure proposal. The outcome of the vote on this proposal will determine which of the two alternative capital structures described in this joint proxy statement/prospectus is implemented upon completion of the transaction.

THE COMCAST BOARD OF DIRECTORS RECOMMENDS THAT THE COMCAST SHAREHOLDERS VOTE FOR THE PREFERRED STRUCTURE PROPOSAL.

In addition to the transaction and AT&T Comcast charter proposals, the election of directors and other matters to be considered at the AT&T annual meeting, AT&T shareholders are also being asked to consider a proposal to create a tracking stock that is intended to reflect the financial performance and economic value of the AT&T Consumer Services business and related benefit plan proposals and to consider a reverse stock split of AT&T common stock.

THE AT&T BOARD OF DIRECTORS RECOMMENDS THAT THE AT&T SHAREHOLDERS VOTE FOR THE PROPOSAL TO CREATE AN AT&T CONSUMER SERVICES GROUP TRACKING STOCK.

Information about all the proposals is contained in this joint proxy statement/prospectus. We urge you to read this joint proxy statement/prospectus, including the section describing risk factors that begins on page I-30.

/s/ BRIAN L. ROBERTS
Brian L. Roberts
President
Comcast Corporation

/s/ MICHAEL ARMSTRONG
C. Michael Armstrong
Chairman and Chief Executive Officer
AT&T Corp.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE TRANSACTION OR DETERMINED IF THIS JOINT PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This joint proxy statement/prospectus is dated May 14, 2002, and is first being mailed to shareholders of Comcast and AT&T on or about May 14, 2002.

COMCAST CORPORATION
1500 MARKET STREET
PHILADELPHIA, PENNSYLVANIA 19102-2148

NOTICE OF SPECIAL MEETING OF COMCAST SHAREHOLDERS

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TO BE HELD ON JULY 10, 2002

A special meeting of shareholders of Comcast Corporation will be held on Wednesday, July 10, 2002 at 10:00 a.m. local time at The Doubletree Hotel Philadelphia, Broad and Locust Streets, Philadelphia, Pennsylvania, for the following purposes:

- to approve and adopt the merger agreement among Comcast Corporation, AT&T Corp. and the other parties thereto, whereby our company and a newly formed corporation containing AT&T's broadband business will each merge with separate wholly owned subsidiaries of a newly formed corporation called AT&T Comcast Corporation, and the transactions contemplated by the merger agreement,
- to approve the AT&T Comcast charter, including the corporate governance provisions of the AT&T Comcast charter described in this joint proxy statement/prospectus,
- to approve and adopt an amendment to our articles of incorporation to permit the above-described transaction to be completed on the terms and conditions described as the "preferred structure" in the accompanying joint proxy statement/prospectus, and
- to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

We describe these items of business more fully in the accompanying joint proxy statement/prospectus. We will also be holding our annual meeting of shareholders of Comcast Corporation at 9:00 a.m. local time on the same day at the same location as the special meeting. A separate proxy statement for the annual meeting describing the matters to be acted upon at that meeting will be forwarded to our shareholders.

The close of business on Thursday, April 25, 2002 has been fixed as the record date for the special meeting. All shareholders of record at that time are entitled to notice of, and all holders of our Class A common stock and Class B common stock are entitled to vote at, the special meeting and any adjournment or postponement thereof.

Because holders of our Class A Special common stock are not generally entitled to vote and no resolution is proposed for the special meeting for which a vote of the Class A Special common stock is required by law, holders of Class A Special common stock are not entitled to vote at the special meeting. The enclosed joint proxy statement/prospectus is being sent to holders of Class A Special common stock for informational purposes and as required by law.

ALL SHAREHOLDERS ARE CORDIALLY INVITED TO ATTEND THE SPECIAL MEETING. OUR BOARD OF DIRECTORS URGES YOU TO VOTE BY TELEPHONE OR VIA THE INTERNET, OR TO COMPLETE, DATE AND SIGN THE ENCLOSED PROXY WITH RESPECT TO YOUR SHARES OF CLASS A COMMON STOCK AND MAIL IT PROMPTLY IN THE POSTAGE-PAID ENVELOPE PROVIDED, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON. YOU CAN WITHDRAW YOUR PROXY, OR CHANGE YOUR VOTE AT ANY TIME BEFORE IT IS VOTED. YOU CAN DO THIS BY EXECUTING A LATER-DATED PROXY, BY VOTING BY BALLOT AT THE SPECIAL

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MEETING, BY TELEPHONE OR VIA THE INTERNET, OR BY FILING AN INSTRUMENT OF REVOCATION WITH THE INSPECTORS OF ELECTION IN CARE OF OUR SECRETARY AT THE ABOVE ADDRESS.

IMPORTANT NOTICE: ALL SPECIAL MEETING ATTENDEES MAY BE ASKED TO PRESENT A VALID GOVERNMENT-ISSUED PHOTO IDENTIFICATION (FEDERAL, STATE OR LOCAL), SUCH AS A DRIVER'S LICENSE OR PASSPORT, BEFORE ENTERING THE SPECIAL MEETING. IN ADDITION, VIDEO AND AUDIO RECORDING DEVICES AND OTHER ELECTRONIC DEVICES WILL NOT BE PERMITTED AT THE SPECIAL MEETING, AND ATTENDEES WILL BE SUBJECT TO SECURITY INSPECTIONS.

STANLEY WANG
Secretary

May 14, 2002

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CHAPTER ONE
SUMMARY AND OVERVIEW OF THE TRANSACTIONS

QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q: When and where will the meetings of shareholders take place?

A: The Comcast special meeting will take place on Wednesday, July 10, 2002 in Philadelphia, Pennsylvania. The AT&T annual meeting will take place on July 10, 2002 in Charleston, South Carolina. The address of your meeting is specified in the notice for your meeting.

Q: What proposals am I being asked to vote upon and what vote is required to approve each proposal?

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A: If you are a Comcast shareholder, you are being asked to vote upon the following proposals:

- Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement. The Comcast transaction proposal requires the affirmative vote of a majority of the votes cast by holders of shares of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class. Approval of this proposal is assured because Sural LLC, which holds approximately 86.7% of the combined voting power of the Comcast stock, has agreed to vote its shares in favor of the Comcast transaction proposal. Any shares of Comcast Class A common stock not voted, whether by abstention, broker non-vote or otherwise, have no impact on the vote.

- Approval of the AT&T Comcast charter. The AT&T Comcast charter proposal requires the affirmative vote of a majority of the votes cast by holders of shares of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class. Approval of this proposal is assured because Sural LLC has agreed to vote its shares in favor of it. Any shares of Comcast Class A common stock not voted, whether by abstention, broker non-vote or otherwise, have no impact on the vote.

- Approval and adoption of an amendment to the Comcast charter to allow the implementation of the Preferred Structure. The preferred structure proposal requires the affirmative vote of a majority of the votes cast by (1) holders of shares of Comcast Class A common stock, voting as a single class, and (2) holders of shares of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class. Sural LLC has agreed to vote its shares in favor of the preferred structure proposal, thereby assuring approval by holders of Comcast Class A common stock and Comcast Class B common stock, voting together as a single class. Any shares of Comcast Class A common stock not voted, whether by abstention, broker non-vote or otherwise, have no impact on the vote.

APPROVAL OF THE AT&T COMCAST CHARTER PROPOSAL, INCLUDING THE CORPORATE GOVERNANCE PROVISIONS CONTAINED IN THE AT&T COMCAST CHARTER, IS A CONDITION TO COMPLETION OF THE AT&T COMCAST TRANSACTION. THEREFORE, IF COMCAST SHAREHOLDERS WISH TO APPROVE THE AT&T COMCAST TRANSACTION, THEY MUST ALSO APPROVE THE AT&T COMCAST CHARTER PROPOSAL.

APPROVAL OF THE COMCAST TRANSACTION PROPOSAL AND THE AT&T COMCAST CHARTER PROPOSAL IS NOT CONDITIONED ON APPROVAL OF THE PREFERRED STRUCTURE PROPOSAL.

If you are an AT&T shareholder, you are being asked to vote upon the following proposals:

- Approval and adoption of the merger agreement and the transactions contemplated by the merger agreement, including the AT&T Broadband spin-off. The AT&T transaction proposal requires the affirmative vote of a majority of outstanding shares of AT&T common stock. Any shares of AT&T common stock not voted, whether by abstention, broker non-vote or otherwise, have the effect of a vote against the AT&T transaction proposal.

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- Approval of the AT&T Comcast charter. The AT&T Comcast charter proposal requires the affirmative vote of a majority of the votes cast by holders of shares of AT&T common stock. Any shares of AT&T common stock not voted, whether by abstention, broker non-vote or otherwise, have no impact on the vote. Approval of the AT&T Comcast charter proposal, including the corporate governance provisions contained in the AT&T Comcast charter, is a condition to completion of the AT&T Comcast transaction. THEREFORE, IF AT&T SHAREHOLDERS WISH TO APPROVE THE AT&T COMCAST TRANSACTION, THEY MUST ALSO APPROVE THE AT&T COMCAST CHARTER PROPOSAL.
- Approval and adoption of an amendment to AT&T's charter to authorize the creation of AT&T Consumer Services Group tracking stock. The Consumer Services charter amendment proposal requires the affirmative vote of a majority of outstanding shares of AT&T common stock. Any shares of AT&T common stock not voted, whether by abstention, broker non-vote or otherwise, have the effect of a vote against the Consumer Services charter amendment proposal.
- Approval and adoption of an amendment to AT&T's charter to authorize a reverse stock split on AT&T common stock. The reverse stock split proposal requires the affirmative vote of a majority of outstanding shares of AT&T common stock. Any shares of AT&T common stock not voted, whether by abstention or otherwise, have the effect of a vote against the reverse stock split proposal.
- Approval of other matters related to the creation of AT&T Consumer Services Group tracking stock and various annual meeting matters, in each case as described more fully in this document.

APPROVAL OF THE AT&T COMCAST CHARTER PROPOSAL, INCLUDING THE CORPORATE GOVERNANCE PROVISIONS CONTAINED IN THE AT&T COMCAST CHARTER, IS A CONDITION TO COMPLETION OF THE AT&T COMCAST TRANSACTION. THEREFORE, IF AT&T SHAREHOLDERS WISH TO APPROVE THE AT&T COMCAST TRANSACTION, THEY MUST ALSO APPROVE THE AT&T COMCAST CHARTER PROPOSAL.

APPROVAL OF THE AT&T TRANSACTION PROPOSAL AND THE AT&T COMCAST CHARTER PROPOSAL IS NOT CONDITIONED ON APPROVAL OF ANY OF THE OTHER AT&T PROPOSALS. APPROVAL OF THE OTHER AT&T PROPOSALS IS NOT CONDITIONED ON APPROVAL OF THE AT&T TRANSACTION PROPOSAL OR THE AT&T COMCAST CHARTER PROPOSAL.

Q: What if I return my proxy but do not mark it to show how I am voting?

A: If you sign and return your proxy card without marking a box with respect to one or more of your proposals, the shares will be voted with respect to such proposal or proposals as recommended by your board of directors.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this document, please respond by completing, signing and dating your proxy card or voting instructions and returning it in the enclosed postage-paid envelope or, if available, by submitting your proxy or voting instructions

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by telephone or through the Internet as soon as possible so that your shares may be represented at your meeting.

Registered shareholders and most beneficial holders that hold shares through a bank or broker may vote by telephone or via the Internet. If one of these options is available to you, we strongly encourage you to use it because it is faster and less costly.

Registered shareholders of Comcast can vote by telephone by calling 1-877-779-8683 or via the Internet at <http://www.eproxyvote.com/cmcsal>.

Registered shareholders of AT&T can vote by telephone by calling 1-800-273-1174 or via the Internet at <http://att.proxyvoting.com>.

If you are a beneficial holder of Comcast common stock or AT&T common stock and you hold shares through a bank or broker, you will receive separate voting instructions on the form you receive from the bank or broker.

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Q: What percentage of AT&T Comcast's economic interest and voting power will AT&T shareholders hold upon completion of the AT&T Comcast transaction?

A: AT&T shareholders will own approximately 54.8% of AT&T Comcast's economic interest upon completion of the AT&T Comcast transaction. If the preferred capital structure is implemented, AT&T shareholders will own approximately 60.6% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction. If the alternative capital structure is implemented, AT&T shareholders will own approximately 56.6% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction.

Q: What percentage of AT&T Comcast's economic interest and voting power will Comcast shareholders hold upon completion of the AT&T Comcast transaction?

A: Comcast Class A shareholders, Comcast Class B shareholders and Comcast Class A Special shareholders, who presently own approximately 2.3%, 1.0% and 96.7%, respectively, of Comcast's economic interest, will own approximately 1.0%, 0.4% and 38.6%, respectively, of AT&T Comcast's economic interest upon completion of the AT&T Comcast transaction.

If the preferred capital structure is implemented, Comcast Class A shareholders, who presently own approximately 13.4% of Comcast's voting power, will own approximately 1.1% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction. If the alternative capital structure is implemented, Comcast Class A shareholders will own approximately 5.14% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction.

Under either of these capital structures, Comcast Class B shareholders, who presently own approximately 86.6% of Comcast's voting power, will own 33 1/3% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction.

Under either of the capital structures, Comcast Class A Special shareholders, who presently have no voting rights, will own AT&T Comcast Class A Special stock, which also will have no voting rights.

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The percentages described in this answer and the preceding answer assume that the transaction with Microsoft Corporation described in this document is completed and that AT&T Comcast is not required to make any of the potential additional payments of AT&T Comcast common stock described in this document. If the Microsoft transaction is not completed, Comcast Class A shareholders, Comcast Class B shareholders, Comcast Class A Special shareholders and AT&T shareholders will own approximately 1%, 0.4%, 40.6% and 57.7%, respectively, of AT&T Comcast's economic interest upon completion of the AT&T Comcast transaction. In addition, if the Microsoft transaction is not completed, AT&T Comcast Class A shareholders, under the preferred capital structure, or AT&T Comcast Class C shareholders, under the alternative capital structure, will own an additional 4.95% of AT&T Comcast's voting power upon completion of the AT&T Comcast transaction.

- Q: Who will hold the remaining percentage of AT&T Comcast's economic interest and voting power upon completion of the AT&T Comcast transaction?
- A: If the transaction with Microsoft Corporation described in this document is completed, Microsoft will hold AT&T Comcast's remaining approximately 5.3% economic interest and 4.95% voting power upon completion of the AT&T Comcast transaction.
- Q: If I am a holder of Comcast Class A Special common stock, do I have the right to vote on the AT&T Comcast transaction?
- A: No. Except as required by applicable law, holders of Comcast Class A Special common stock do not have any voting rights. As required by applicable law, Comcast has forwarded this document to you to notify you of the AT&T Comcast transaction.
- Q: Can I change my vote after I have delivered my proxy?
- A: Yes. You can change your vote at any time before your proxy is voted at your meeting. You can do this in one of three ways.

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- First, you can revoke your proxy.
- Second, you can submit a new proxy with a later date.
- Third, you can attend your meeting and vote in person.

If you choose either of the methods set forth in the first two bullet points above, you must submit your notice of revocation or your new proxy to the secretary of Comcast or AT&T, as appropriate, before your meeting. If your shares are held in an account at a brokerage firm or bank, you should contact your brokerage firm or bank to change your vote.

You may change your vote by submitting a new vote by telephone or via the Internet regardless of whether you submitted your earlier proxy by mail, telephone or via the Internet.

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Q: If my shares are held in an account in a brokerage firm or bank, will my broker vote my shares for me?

A: If you are a Comcast shareholder and you do not provide your broker with instructions on how to vote your shares, your broker will not be permitted to vote them with respect to any of the Comcast proposals. You should therefore be sure to provide your broker with instructions on how to vote your shares.

If you are an AT&T shareholder and you do not provide your broker with instructions on how to vote your shares, your broker will not be permitted to vote them with respect to the AT&T transaction proposal, the AT&T Comcast charter proposal, the Consumer Services charter amendment proposal, the incentive plan proposal or the employee stock purchase plan proposal but will be permitted to vote them with respect to the reverse stock split proposal, the election of directors, the ratification of auditors and each of the shareholder proposals.

If you are an AT&T shareholder and you do not give voting instructions to your broker, you will, in effect, be voting against the AT&T transaction proposal and the Consumer Services charter amendment proposal.

PLEASE CHECK THE VOTING FORM USED BY YOUR BROKER TO SEE IF IT OFFERS TELEPHONE OR INTERNET VOTING.

Q: Will I receive dividends on my AT&T Comcast shares?

A: AT&T Comcast does not currently intend to pay dividends on its common stock.

Q: Should I send in my stock certificates now?

A: No. If you are a Comcast shareholder and you currently hold your Comcast shares in certificated form, after the AT&T Comcast transaction is completed you will receive written instructions from the exchange agent on how to exchange your Comcast stock certificates for your AT&T Comcast shares.

If you are a Comcast shareholder and you currently hold your shares in uncertificated form, after the AT&T Comcast transaction is completed your AT&T Comcast shares will be delivered to you without your having to take any action.

If you are an AT&T shareholder, after the AT&T Comcast transaction is completed you will not need to exchange any stock certificates in order to receive your AT&T Comcast shares.

PLEASE DO NOT SEND IN YOUR STOCK CERTIFICATES WITH YOUR PROXY.

Q: When do you expect to complete the AT&T Comcast transaction?

A: We expect to complete the AT&T Comcast transaction by the end of 2002.

Q: Who can help answer my questions?

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A: If you have any questions about the AT&T Comcast transaction or how to submit your proxy, or if you need additional copies of this

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document, the enclosed proxy card or voting instructions, you should contact:

- if you are a Comcast shareholder:

D.F. King & Co., Inc.

77 Water Street

New York, NY 10005

Shareholders: 1-866-880-6503

Innisfree M&A Incorporated

501 Madison Avenue

20th Floor

New York, NY 10022

Shareholders: 1-877-750-9499

Banks and Brokers: 1-212-750-5833

For additional copies of this document, you should contact D.F. King & Co., Inc. or Innisfree M&A Incorporated as described above or send email to comcastinfo@dfking.com or info@innisfreema.com.

- if you are an AT&T shareholder:

Georgeson Shareholder Communications

Attn: AT&T Inquiries

17 State Street, 10th Floor

New York, NY 10004

Telephone: 1-866-777-9124 (shareholders)

1-212-440-9800 (bank and broker inquiries)

e-mail: attinfo@georgesonshareholder.com

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QUESTIONS AND ANSWERS ABOUT AT&T CONSUMER SERVICES GROUP TRACKING STOCK

Q: What is the purpose of AT&T Consumer Services Group tracking stock?

A: Approval and issuance of AT&T Consumer Services Group tracking stock will allow AT&T to offer two separate classes of stock of AT&T -- existing AT&T common stock plus a new tracking stock intended to track the performance of AT&T's Consumer Services business. Following the issuance of AT&T Consumer Services Group tracking stock, if the AT&T Comcast transaction is completed, AT&T common stock will effectively act as tracking stock for AT&T Business Services Group plus any retained portion of AT&T Consumer Services Group.

Q: What is a tracking stock and how does it work?

A: A tracking stock is a separate class or series of a company's common stock that is intended to reflect the financial performance and economic value of a group of assets or a specific business unit, division, subsidiary or equity investment of the company. You should note that:

- Holders of a tracking stock of AT&T are shareholders of AT&T and not of the underlying business or subsidiary. Thus, holders of AT&T Consumer Services Group tracking stock will have no direct interest in the assets, subsidiaries or businesses whose performance AT&T Consumer Services Group tracking stock is intended to reflect.
- AT&T intends the terms of its tracking stock to link the economic value of the tracking stock to the performance of the tracked business rather than to the performance of AT&T as a whole. However, there may not always be a linkage between the market value of the tracking stock and the financial performance and economic value of the tracked business.
- The market value of the tracking stock may be adversely affected not only by factors that adversely affect the tracked business, but also by factors that adversely affect AT&T generally.

Q: Will AT&T Consumer Services Group tracking stock be intended to reflect 100% of the value and performance of AT&T's Consumer Services business?

A: AT&T expects that, when it distributes AT&T Consumer Services Group tracking stock, it will distribute shares intended to reflect all of the financial performance and economic value of AT&T Consumer Services Group. However, if AT&T determines to distribute less than all these shares, AT&T would retain the remaining portion of the value and performance of AT&T Consumer Services Group. While AT&T intends that this retained portion would be reflected in AT&T common stock, there is no assurance that it will be. We refer to any portion that AT&T does not distribute as AT&T's "retained portion" of the value of AT&T Consumer Services Group.

Q: If I continue to hold all my shares of AT&T common stock, what will I receive as a result of all the transactions?

A: If you continue to hold your shares of AT&T common stock and shares of AT&T securities that you receive as dividends on your AT&T common stock, and if AT&T completes the AT&T Comcast transaction and the distribution of AT&T Consumer Services Group tracking stock, you will end up with shares of:

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- Common stock of AT&T Corp. These will be your existing shares of AT&T common stock, which will primarily be intended to track the financial performance and economic value of AT&T Business Services Group plus any retained portion of the value of AT&T Consumer Services Group.
- AT&T Consumer Services Group tracking stock of AT&T Corp. You would receive shares of AT&T Consumer Services Group tracking stock as a dividend on your existing shares of AT&T common stock.
- Common stock of AT&T Comcast Corporation. In the AT&T Comcast

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transaction, you will receive a number of shares of AT&T Comcast common stock based on the number of shares of AT&T common stock, NYSE symbol "T," that you own.

- Q: Why is AT&T proposing a tracking stock rather than splitting off AT&T's Consumer Services business into a separate company?
- A: AT&T is proposing a tracking stock to allow AT&T to offer a more specific, targeted class of stock for investors while at the same time maintaining the benefits of keeping both AT&T Business Services Group and AT&T Consumer Services Group together in a larger, integrated company.
- Q: Will AT&T issue fractional shares of AT&T Consumer Services Group tracking stock?
- A: No. AT&T expects that it will issue cash in lieu of any fractional shares of AT&T Consumer Services Group tracking stock, including with respect to shares held in AT&T's Dividend Reinvestment Plan.
- Q: Is approval or completion of any AT&T proposal a condition to the Consumer Services charter amendment proposal?
- A: No. However, AT&T will not implement the Incentive Plan proposal or the Employee Stock Purchase Plan proposal if AT&T Consumer Services Group tracking stock is not issued.
- Q: When does AT&T expect to distribute the AT&T Consumer Services Group tracking stock?
- A: If the AT&T Consumer Services Group tracking stock proposal is approved, AT&T plans to distribute these shares as a dividend to holders of AT&T common stock at such time as AT&T determines that there is sufficient market receptivity and support for such a distribution. AT&T has not yet determined the timing of the distribution, which may be made within a year of shareholder approval or may be made thereafter, depending on market conditions.
- Q: If AT&T shareholders approve all the AT&T proposals, will AT&T definitely implement them all?

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A: No. There are a number of conditions to the AT&T Comcast transaction other than AT&T shareholder approvals, including regulatory approvals. Similarly, there are a number of factors that could cause the AT&T Board to decide not to proceed with the distribution of AT&T Consumer Services Group tracking stock as well, such as future market conditions and receptivity, financial performance or superior alternatives that may arise. Other events or circumstances, including litigation, could occur that affect the timing or terms of the proposed transactions or AT&T's ability to complete the proposed transactions.

The Consumer Services charter amendment proposal gives the AT&T Board the authority to amend AT&T's charter to create AT&T Consumer Services Group tracking stock. The proposed Consumer Services charter amendment, however, does not mandate that the AT&T Board use this power or specify the manner in which AT&T may issue AT&T Consumer Services Group tracking stock. Rather, AT&T Consumer Services Group tracking stock will be a new class of AT&T common stock that the AT&T Board may issue from time to time as it determines appropriate, up to the total number of authorized shares and subject to stock exchange rules with respect to shareholder approval of share issuances.

AT&T does not plan to seek new shareholder approval for any change that the AT&T Board may approve in the timing or manner of issuing AT&T Consumer Services Group tracking stock.

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SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. To better understand the AT&T Comcast transaction, you should read this entire document carefully, as well as those additional documents to which we refer you. See "Additional Information for Shareholders -- Where You Can Find More Information."

THE COMPANIES

COMCAST CORPORATION
1500 Market Street
Philadelphia, Pennsylvania 19102-2148
(215) 665-1700
<http://www.comcast.com>

Comcast is a Pennsylvania corporation incorporated in 1969. Comcast is involved in three principal lines of business:

- Cable -- through the development, management and operation of broadband communications networks;
- Commerce -- through QVC, its electronic retailing subsidiary; and
- Content -- through its consolidated subsidiaries Comcast Spectacor, Comcast SportsNet, Comcast SportsNet Mid-Atlantic, Comcast Sports Southeast, E! Entertainment Television, The Golf Channel and Outdoor Life Network, and through its other programming investments.

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AT&T CORP.
295 North Maple Avenue
Basking Ridge, NJ 07920-1002
(908) 221-2000
<http://www.att.com>

AT&T is a New York corporation incorporated in 1885. AT&T currently consists primarily of AT&T Broadband Group, AT&T Consumer Services Group and AT&T Business Services Group. These AT&T groups are not separate companies, but, rather, are parts of AT&T. The transactions proposed in this document would:

- separate and spin off AT&T Broadband into a separate company that immediately would be combined with and become a part of AT&T Comcast, and
- establish a tracking stock for AT&T Consumer Services Group.

AT&T BROADBAND GROUP

AT&T Broadband Group is one of the nation's largest broadband communications businesses, providing cable television, high-speed cable Internet services and communications services over one of the most extensive broadband networks in the country. At or for the year ended December 31, 2001, AT&T Broadband Group:

- owned and operated cable systems aggregating approximately 13.56 million analog video subscribers;
- had approximately \$10.1 billion in combined revenue;
- had approximately \$3.9 billion in net loss;
- had debt of approximately \$23.3 billion; and
- had investments in companies, joint ventures and partnerships, including Time Warner Entertainment Company, L.P., Insight Midwest, L.P. and Texas Cable Partners, L.P.

AT&T CONSUMER SERVICES GROUP

AT&T Consumer Services Group is the leading provider of domestic and international long distance service to residential consumers in the United States. AT&T Consumer Services Group provides a broad range of communications services to consumers, including:

- inbound and outbound domestic and international long distance;
- transaction-based long distance services, such as operator-assisted calling services and prepaid phone cards;
- local calling offers; and
- dial-up Internet service through AT&T WorldNet Service.

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AT&T BUSINESS SERVICES GROUP

AT&T Business Services Group is one of the nation's largest business services communications providers, providing a variety of global communications services to over 4 million customers, including large domestic and multinational

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businesses, small- and medium-sized businesses, and government agencies. AT&T Business Services Group operates one of the largest telecommunications networks in the United States.

AT&T Business Services Group provides a broad range of communications services and customized solutions, including:

- long distance, international and toll-free voice services;
- local services, including private line, local data and special access services;
- data and internet protocol, or IP, services, including frame relay and asynchronous transfer mode, or ATM;
- managed networking services and outsourcing solutions; and
- wholesale transport services.

The table below sets forth the approximate percentage of consolidated revenue, operating income, net loss, assets and indebtedness of AT&T, giving prior effect to the split-off of the AT&T Wireless Services Group, that were attributable to each of AT&T Broadband Group, AT&T Consumer Services Group and AT&T excluding AT&T Broadband Group at or for the year ended December 31, 2001. In the future, these percentages will vary with the relative performance of the different AT&T groups. In addition, the actual debt levels of each of the AT&T groups in the future will depend on a variety of other factors, including the progress AT&T makes on its various debt reduction activities. The table also should be read in the context of the financial and other information set forth in this document.

	AT OR FOR YEAR ENDED DECEMBER 31, 2001			
	% OF AT&T REVENUE	% OF AT&T OPERATING INCOME	% OF AT&T NET LOSS*	% OF AT&T ASSETS
AT&T Broadband Group.....	19.3%	(111.4)%	61.0%	62.4%
AT&T Consumer Services Group.....	28.7%	123.1%	(42.0)%	1.4%
AT&T Corp. (excluding AT&T Broadband Group)**.....	81.2%	211.4%	(1.9)%	37.7%

* Based on net loss from continuing operations before cumulative effect of accounting change.

** Includes AT&T Business Services Group and AT&T Consumer Services Group and excludes Liberty Media Group and AT&T Wireless Services Group.

AT&T COMCAST CORPORATION
 1500 Market Street
 Philadelphia, Pennsylvania 19102-2148
 (215) 665-1700

AT&T Comcast is a newly formed Pennsylvania corporation that has not, to date, conducted any activities other than those incident to its formation, the

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financing and other matters contemplated by the merger agreement and the preparation of this document. Upon completion of the AT&T Comcast transaction, Comcast and AT&T Broadband will each become a wholly owned subsidiary of AT&T Comcast. The business of AT&T Comcast will be the combined businesses currently conducted by Comcast and AT&T Broadband Group.

THE AT&T COMCAST TRANSACTION

REASONS FOR THE AT&T COMCAST TRANSACTION (SEE PAGE II-8)

Comcast and AT&T believe that the combined strengths of Comcast and AT&T's broadband business will enable them to create the world's premier broadband communications company. The AT&T Comcast transaction will combine the companies' extensive broadband communications networks, technologically

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advanced broadband delivery systems and managerial expertise to build a business that Comcast and AT&T expect will create substantial long-term value for shareholders of both companies. Comcast and AT&T believe that AT&T Comcast will grow the broadband business with more efficiency to create stronger operating and financial results than either company could achieve on its own.

RECOMMENDATIONS OF THE BOARDS OF DIRECTORS (SEE PAGE II-8)

To Comcast Shareholders: The Comcast Board believes that the AT&T Comcast transaction, including the Comcast merger and the AT&T Comcast charter, is fair to you and in your best interest, and unanimously voted to approve the merger agreement and the transactions contemplated by the merger agreement. The Comcast Board unanimously recommends that you vote FOR the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement and recommends that you vote FOR the AT&T Comcast charter proposal.

The Comcast Board believes that the preferred structure proposal is in your best interest and unanimously recommends that you vote FOR the preferred structure proposal.

To AT&T Shareholders: The AT&T Board believes that the AT&T Comcast transaction, including the separation, the AT&T Broadband spin-off, the AT&T Broadband merger and the AT&T Comcast charter, is fair to you and in your best interest and unanimously voted to approve the merger agreement and the transactions contemplated by the merger agreement. The AT&T Board unanimously recommends that you vote FOR the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement and FOR the AT&T Comcast charter proposal.

OPINIONS OF FINANCIAL ADVISORS (SEE PAGE IV-1)

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Opinions of Comcast's Financial Advisors. In deciding to approve the AT&T Comcast transaction, the Comcast Board considered opinions of three of its financial advisors, Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, each dated December 19, 2001, to the Comcast Board to the effect that as of that date, the conversion ratios in the Comcast merger applicable to holders of Comcast common stock, in the aggregate, were fair, from a financial point of view, to Comcast shareholders, taken together. The full text of these opinions are attached as Annexes G, H and I to this document. Comcast urges its shareholders to read each of these opinions in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. THESE OPINIONS DO NOT CONSTITUTE A RECOMMENDATION TO ANY SHAREHOLDER AS TO ANY MATTER RELATING TO THE MERGERS OR ANY RELATED TRANSACTIONS.

Opinions of AT&T's Financial Advisors. In connection with the proposed mergers, AT&T's financial advisors, Credit Suisse First Boston Corporation and Goldman, Sachs & Co., each has delivered a written opinion to the AT&T Board as to the fairness as of the date of the opinion, from a financial point of view, of the AT&T Broadband exchange ratio provided for in the AT&T Broadband merger to holders of AT&T Broadband common stock immediately prior to the mergers, other than Comcast and its affiliates. The full text of the separate written opinions of Credit Suisse First Boston Corporation and Goldman, Sachs & Co., each dated December 19, 2001, to the AT&T Board are attached to this document as Annexes J and K, respectively. AT&T urges its shareholders to read each opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. THESE OPINIONS DO NOT CONSTITUTE A RECOMMENDATION TO ANY SHAREHOLDER AS TO ANY MATTER RELATING TO THE MERGERS OR ANY RELATED TRANSACTIONS.

THE STRUCTURE OF THE AT&T COMCAST TRANSACTION

The AT&T Comcast transaction will occur in several steps. First, AT&T will transfer the assets and liabilities of AT&T's broadband business to AT&T Broadband, a holding company formed for the purpose of effectuating the AT&T Comcast transaction. Second, AT&T will spin off AT&T Broadband to its shareholders. Third, Comcast and AT&T Broadband will each merge with a different, wholly owned subsidiary of AT&T Comcast. In the AT&T Comcast transaction, Comcast and AT&T shareholders will receive the consideration described below.

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The merger agreement provides for all of the steps described above to occur on the closing date for the mergers.

CAPITAL STRUCTURE (SEE PAGE V-1)

AT&T Comcast will have one of two capital structures upon completion of the AT&T Comcast transaction, the Preferred Structure or the Alternative Structure. These capital structures are described in the following paragraphs.

PREFERRED STRUCTURE

If holders of Comcast Class A common stock, voting as a single class,

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approve the preferred structure proposal, AT&T Comcast's capital structure upon completion of the AT&T Comcast transaction will be as follows:

- Class B common stock -- each share will have 15 votes and all shares in the aggregate will have 33 1/3% of the voting power of AT&T Comcast stock,

- Class A common stock -- each share will have a number of votes determined pursuant to a formula and all shares in the aggregate will initially have 66 2/3% of the voting power of AT&T Comcast stock, and

- Class A Special common stock -- will be non-voting.

The 33 1/3% aggregate voting power of AT&T Comcast Class B common stock will not be diluted by additional issuances of any other class of AT&T Comcast stock and will be reduced only in limited circumstances. For a more complete description of the voting rights of the various classes of AT&T Comcast stock that will be outstanding upon completion of the AT&T Comcast transaction if the Preferred Structure is implemented, see "Certain Legal Information -- Description of AT&T Comcast Capital Stock."

ALTERNATIVE STRUCTURE

If holders of Comcast Class A common stock, voting as a single class, do not approve the preferred structure proposal, AT&T Comcast's capital structure upon completion of the AT&T Comcast transaction will be as follows:

- Class B common stock -- each share will have 15 votes and all shares in the aggregate will have 33 1/3% of the voting power of AT&T Comcast stock,
- Class A common stock -- each share will have 1 vote and all shares in the aggregate will have approximately 5.14% of the voting power of AT&T Comcast stock,

- Class A Special common stock -- will be non-voting, and

- Class C common stock -- each share will have a number of votes determined pursuant to a formula and all shares in the aggregate will initially have approximately 61 53/100% of the voting power of AT&T Comcast stock.

The 33 1/3% aggregate voting power of AT&T Comcast Class B common stock and approximately 5.14% aggregate voting power of AT&T Comcast Class A common stock will not be diluted by additional issuances of any other class of AT&T Comcast stock and will be reduced only in limited circumstances. For a more complete description of the voting rights of the various classes of AT&T Comcast stock that will be outstanding upon completion of the AT&T Comcast transaction if the Alternative Structure is implemented, see "Certain Legal Information -- Description of AT&T Comcast Capital Stock."

WHY THE COMCAST BOARD RECOMMENDS THE PREFERRED STRUCTURE OVER THE ALTERNATIVE STRUCTURE

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The Comcast Board has recommended that holders of Comcast Class A common stock approve the preferred structure proposal because the Comcast Board believes that the Preferred Structure is in the best interests of the holders of Comcast Class A common stock.

Under the Preferred Structure:

- holders of Comcast Class A common stock will receive shares of AT&T Comcast Class A common stock (approximately 22 million shares in the aggregate) and
- holders of AT&T common stock will also receive shares of AT&T Comcast Class A common stock (up to 1.235 billion shares in the aggregate).

Upon completion of the AT&T Comcast transaction under the Preferred Structure, there will be outstanding approximately 1.37 billion shares of AT&T Comcast Class A common stock, assuming that the transaction with Microsoft described below is completed and that AT&T Comcast is not required to make any of the

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additional payments of AT&T Comcast common stock described below.

By contrast, under the Alternative Structure:

- holders of Comcast Class A common stock will receive shares of AT&T Comcast Class A common stock (approximately 22 million shares in the aggregate) and
- holders of AT&T common stock will receive shares of a different class of AT&T Comcast common stock, AT&T Comcast Class C common stock.

Upon completion of the AT&T Comcast transaction under the Alternative Structure, there will be outstanding only approximately 22 million shares of AT&T Comcast Class A common stock.

The Comcast Board believes that holders of Comcast Class A common stock would benefit from the increased liquidity of the AT&T Comcast shares they receive under the Preferred Structure and that this benefit outweighs the potential benefits of the greater per share voting rights of the AT&T Comcast Class A common stock under the Alternative Structure.

WHAT COMCAST SHAREHOLDERS WILL RECEIVE IN THE COMCAST MERGER (SEE PAGE V-1)

Comcast shareholders will receive one share of the corresponding class of AT&T Comcast common stock in exchange for each of their shares of Comcast common stock.

Upon completion of the AT&T Comcast transaction, assuming that the Microsoft transaction described below is completed and AT&T Comcast is not required to make any of the additional payments of AT&T Comcast common stock described below, Comcast shareholders will own approximately

- 40.0% of AT&T Comcast's economic interest and
- if the Preferred Structure is implemented, 34.4% of AT&T Comcast's voting

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power or, if the Alternative Structure is implemented, 38.5% of AT&T Comcast's voting power.

Upon completion of the AT&T Comcast transaction, regardless of which capital structure is implemented and whether or not the Microsoft transaction described below is completed or AT&T Comcast is required to make any of the potential additional payments of AT&T Comcast common stock described below, Sural LLC, which is controlled by Brian L. Roberts, President of Comcast, and currently holds approximately 86.7% of Comcast's voting power, will hold approximately 33 1/3% of AT&T Comcast's voting power, including all of the outstanding AT&T Comcast Class B common stock.

WHAT AT&T SHAREHOLDERS WILL RECEIVE IN THE AT&T COMCAST TRANSACTION (SEE PAGE V-1)

The precise number of shares of AT&T Comcast common stock that each holder of AT&T common stock will receive in the AT&T Comcast transaction will depend upon the number of shares of AT&T common stock outstanding and the value of the employee stock options and stock appreciation rights held by current AT&T Broadband employees and former AT&T and AT&T Broadband employees, in each case at the time the AT&T Comcast transaction is completed, and the number of shares, if any, of AT&T common stock held by Comcast immediately prior to the record date for the AT&T Broadband spin-off.

If the exchange ratio were determined as of the date of this document, assuming AT&T Comcast is not required to make any of the additional payments of AT&T Comcast common stock described below, AT&T shareholders will receive with respect to each of their shares of AT&T common stock:

- if the Preferred Structure is implemented, approximately 0.35 of a share of AT&T Comcast Class A common stock or
- if the Alternative Structure is implemented, approximately 0.35 of a share of AT&T Comcast Class C common stock.

Upon completion of the AT&T Comcast transaction, assuming the Microsoft transaction described below is completed and AT&T Comcast is not required to make any of the additional payments of AT&T Comcast common stock described below, AT&T shareholders will own approximately

- 54.8% of AT&T Comcast's economic interest and
- if the Preferred Structure is implemented, 60.6% of AT&T Comcast's voting power or, if the Alternative Structure is

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implemented, 56.6% of AT&T Comcast's voting power.

The actual exchange ratio may vary from the 0.35 estimate calculated as of the date of this document. For example, if Comcast were to sell all of its

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shares of AT&T common stock prior to the record date for the AT&T Broadband spin-off and if AT&T were to issue the maximum number of shares it is permitted to issue under the merger agreement, the exchange ratio, determined as of the date of this document and otherwise using then current information but giving effect to such sales and issuances, would be approximately 0.32 shares of AT&T Comcast common stock for each share of AT&T common stock.

AT&T Comcast will not issue any fractional shares in the AT&T Comcast transaction. AT&T shareholders will receive a check in the amount of the net proceeds from the sale of their fractional shares in the market.

AT&T Consumer Services Group tracking stock will not entitle holders thereof to receive any shares of AT&T Comcast common stock.

POTENTIAL ADDITIONAL PAYMENTS (SEE PAGE V-2)

Subject to the limitations described in the next paragraph, AT&T Comcast may be required to issue additional shares of AT&T Comcast common stock to AT&T securityholders who receive shares in connection with the AT&T Comcast transaction

- if prior to the completion of the AT&T Comcast transaction Standard & Poor's does not commit to include the class of AT&T Comcast common stock that the AT&T shareholders receive in the AT&T Comcast transaction in the Standard & Poor's 500 Index and
- the average trading price for that class of AT&T Comcast common stock during 10 trading days randomly selected from a specified post-closing pricing period is less than the average trading price for the AT&T Comcast Class A Special common stock on the same trading days.

The post-closing pricing period from which the 10 days will be selected will be a 20-trading day period that commences no later than 45 days after the closing date of the AT&T Comcast transaction.

However, the obligation of AT&T Comcast to issue additional shares of AT&T Comcast common stock as described in the preceding paragraph will be subject to the following limitations:

- AT&T Comcast will not be obligated to compensate AT&T securityholders who receive shares in connection with the AT&T Comcast transaction to the extent the price differential exceeds 3%,
- the number of shares that would otherwise be issued will be reduced by the number of shares, if any, issued as described in the next paragraph and
- if the class of AT&T Comcast common stock to be issued to AT&T shareholders in connection with the AT&T Comcast transaction is included in the Standard & Poor's 500 Index prior to the close of the pricing period referred to in the preceding paragraph, no additional shares will be issued.

AT&T Comcast may also be required to issue additional shares of AT&T Comcast common stock to AT&T securityholders who receive shares in connection with the AT&T Comcast transaction to ensure that they receive shares of AT&T Comcast common stock with a value in excess of 50% of the value of all shares of AT&T Comcast common stock issued in connection with the AT&T Comcast transaction. Unless AT&T receives a ruling from the Internal Revenue Service that permits AT&T and Comcast to use the valuation methodology described in the

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second preceding paragraph, the value of the shares of AT&T Comcast common stock will be determined as of the closing date of the AT&T Comcast transaction. It is not expected that any additional shares will be issued as a result of the requirement described in this paragraph.

Any additional payments of AT&T Comcast common stock that are owed will be made promptly after the amount of such payment can be determined.

The potential additional payments described in this subsection are sometimes referred to in this document as "additional payments."

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SUPPORT AGREEMENT (SEE PAGE V-21)

Sural LLC, which is controlled by Brian L. Roberts, President of Comcast, has entered into a support agreement with, among others, AT&T pursuant to which it has agreed to vote its shares of Comcast common stock in favor of the Comcast transaction proposal, the AT&T Comcast charter proposal and the preferred structure proposal. Because Sural held approximately 86.7% of the aggregate voting power of Comcast stock as of the record date for the Comcast special meeting, Sural's vote in favor of the Comcast transaction proposal and the AT&T Comcast charter proposal will be sufficient to approve the Comcast transaction proposal and the AT&T Comcast charter proposal without the vote of any other Comcast shareholder. Approval of the preferred structure proposal will still require the affirmative vote of a majority of the votes cast by holders of shares of Comcast Class A common stock, voting as a single class.

Sural has also agreed in the support agreement to vote its shares of AT&T Comcast Class B common stock in favor of the nominees selected by AT&T Comcast's directors nominating committee or otherwise nominated by AT&T Comcast for election as directors at the 2004 annual meeting of AT&T Comcast shareholders, subject to certain exceptions. Sural has further agreed in the support agreement to restrictions on its ability to transfer its shares of AT&T Comcast Class B common stock. Those restrictions survive until the tenth anniversary of the completion of the AT&T Comcast transaction.

AT&T COMCAST BOARD AND MANAGEMENT FOLLOWING THE AT&T COMCAST TRANSACTION (SEE PAGE VIII-1)

Upon completion of the AT&T Comcast transaction, the AT&T Comcast Board will consist of 12 members, at least seven of whom will be independent directors. Comcast and AT&T will each designate five of the initial members of the AT&T Comcast Board from among its then-existing Board members and will jointly designate the two remaining initial members of the AT&T Comcast Board, each of whom will be an independent director. Except for certain pre-approved designees, the individuals designated by Comcast and AT&T will be mutually agreed by Comcast and AT&T. If the AT&T Comcast Board decides to establish an executive committee, Ralph J. Roberts, Chairman of the Board of Comcast, will be its chairman.

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Upon completion of the AT&T Comcast transaction, C. Michael Armstrong, Chairman of the Board and Chief Executive Officer of AT&T, will become Chairman of the Board of AT&T Comcast and Brian L. Roberts, President of Comcast, will become Chief Executive Officer and President of AT&T Comcast. The other members of senior management of AT&T Comcast upon completion of the AT&T Comcast transaction will be selected by Brian L. Roberts in consultation with C. Michael Armstrong.

INTERESTS OF DIRECTORS AND OFFICERS IN THE AT&T COMCAST TRANSACTION (SEE PAGE IX-1)

When considering our Board's recommendations that you vote in favor of the AT&T Comcast transaction, you should be aware that a number of our directors and officers have interests in the AT&T Comcast transaction that are different from, or in addition to, yours. These interests include the following:

- C. Michael Armstrong, Chairman of the Board and Chief Executive Officer of AT&T, will become Chairman of the Board of AT&T Comcast upon completion of the AT&T Comcast transaction and will be able to be removed from his position only with the approval of at least 75% of the entire AT&T Comcast Board;
- Brian L. Roberts, President of Comcast, will become Chief Executive Officer and President of AT&T Comcast upon completion of the AT&T Comcast transaction and will be able to be removed from his position only with the approval of at least 75% of the entire AT&T Comcast Board; and
- five of the then-existing members of each of the Comcast Board and the AT&T Board will become members of the AT&T Comcast Board upon completion of the AT&T Comcast transaction for a term that does not expire until the 2004 annual meeting of AT&T Comcast shareholders.

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Furthermore, a number of our directors and officers will receive:

- funding of benefits in trust;
- employment agreements with AT&T Comcast;
- accelerated vesting of stock options and other equity-based awards; and
- the right to continued indemnification and insurance coverage by AT&T Comcast for acts or omissions occurring prior to the AT&T

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Comcast transaction.

CONDITIONS TO THE COMPLETION OF THE AT&T COMCAST TRANSACTION (SEE PAGE V-12 AND PAGE V-18)

The completion of the AT&T Comcast transaction is subject to the satisfaction or waiver of several conditions, including:

- approval by AT&T shareholders of the AT&T transaction proposal and the AT&T Comcast charter proposal;
- approval by Comcast shareholders of the Comcast transaction proposal and the AT&T Comcast charter proposal;
- expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- the absence of any law, regulation or order prohibiting the completion of the AT&T Comcast transaction;
- receipt of all required regulatory approvals other than those the failure of which to be obtained would not reasonably be expected to have a material adverse effect on either Comcast or AT&T Broadband Group;
- accuracy of the representations and warranties of the other party, including with respect to the absence of a material adverse effect;
- receipt and continuing effectiveness of an Internal Revenue Service ruling or rulings, or an opinion from tax counsel acceptable to Comcast and AT&T, to the effect that, for U.S. federal income tax purposes, the AT&T Broadband spin-off will be tax-free to AT&T and its shareholders, the mergers will not cause the AT&T Broadband spin-off to fail to be qualified as a tax-free transaction, and the AT&T Broadband spin-off will not cause the distributions by AT&T of the common stock of AT&T Wireless Services, Inc. or of Liberty Media Corporation to fail to qualify as tax-free transactions;
- receipt by each party of an opinion of its counsel to the effect that the combination of AT&T Broadband and Comcast will qualify as a tax-free transaction for U.S. federal income tax purposes;
- performance by Sural LLC in all material respects of its obligations under the support agreement; and
- receipt of appropriate note consents, or the defeasance, purchase or acquisition of indebtedness, in respect of at least 90% in aggregate principal amount of the securities issued under the AT&T indenture, dated as of September 7, 1990, and outstanding as of December 19, 2001.

TERMINATION RIGHTS (SEE PAGE V-13)

The merger agreement may be terminated by mutual agreement of Comcast and

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AT&T.

The merger agreement may be terminated by Comcast or AT&T if:

- the AT&T shareholders fail to approve either the AT&T transaction proposal or the AT&T Comcast charter proposal;

- the Comcast shareholders fail to approve either the Comcast transaction proposal or the AT&T Comcast charter proposal;

- the AT&T Comcast transaction is not completed by March 1, 2003;

- the other party breaches the merger agreement such that the related closing conditions cannot be satisfied by March 1, 2003; or

- any material law or regulation makes completion of the AT&T Comcast transaction illegal or a permanent injunction prohibiting completion of the AT&T Comcast transaction is entered.

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In addition, AT&T may terminate the merger agreement if, as permitted by the merger agreement, the closing date for the AT&T Comcast transaction is delayed because the Microsoft transaction described below does not occur; provided that AT&T may terminate the merger agreement pursuant to this provision only (1) on two business days' notice delivered to Comcast between 30 and 45 days after the commencement of the delay; and (2) if prior to the effectiveness of the termination Comcast does not agree to close the AT&T Comcast transaction within 60 days of the commencement of the delay.

In addition, Comcast may terminate the merger agreement if:

- the AT&T Board withdraws or modifies, in a manner adverse to Comcast, its recommendation of either the AT&T transaction proposal or the AT&T Comcast charter proposal; or

- AT&T willfully and materially breaches its obligations described below in this summary under "Duty to Recommend the AT&T Comcast Transaction" or "No Solicitation of Competing Transactions."

TERMINATION FEES (SEE PAGE V-14)

AT&T will pay a wholly owned subsidiary of Comcast a termination fee in the amount of \$1.5 billion in cash if the merger agreement is terminated because:

- the AT&T Board withdraws or modifies, in a manner adverse to Comcast, its recommendation of either the AT&T transaction proposal or the AT&T Comcast charter proposal; or

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- AT&T willfully and materially breaches its obligations described below under "Duty to Recommend the AT&T Comcast Transaction" or "No Solicitation of Competing Transactions."

In addition, if (1) a competing acquisition proposal made by a third party is pending at the time of the AT&T meeting, (2) the merger agreement is terminated because the AT&T shareholders fail to approve the AT&T transaction proposal or the AT&T Comcast charter proposal at the AT&T meeting, and (3) within one year of the AT&T meeting, AT&T enters into an agreement relating to an alternative material transaction, AT&T will pay a wholly owned subsidiary of Comcast a \$1.5 billion termination fee in cash.

Comcast will pay AT&T a \$1.5 billion termination fee in cash if the merger agreement is terminated because the Comcast Board withdraws or modifies, in a manner adverse to AT&T, its recommendation of either the Comcast transaction proposal or the AT&T Comcast charter proposal or if Comcast shareholders fail to approve either the Comcast transaction proposal or the AT&T Comcast charter proposal. See "Support Agreement" above.

DUTY TO RECOMMEND THE AT&T COMCAST TRANSACTION (SEE PAGE V-8)

The AT&T Board has recommended that the AT&T shareholders approve the AT&T transaction proposal and the AT&T Comcast charter proposal. The AT&T Board is permitted to withdraw or modify, in a manner adverse to Comcast, its recommendation of the AT&T transaction proposal or the AT&T Comcast charter proposal if the AT&T Board determines in good faith that it must take such action to comply with its fiduciary duties under applicable law and provides Comcast with two business days' prior written notice. AT&T does not have the right to terminate the merger agreement to accept a superior acquisition proposal for its broadband business and subject to applicable law must submit the AT&T Comcast transaction to AT&T shareholders at the AT&T annual meeting.

NO SOLICITATION OF COMPETING TRANSACTIONS (SEE PAGE V-9)

AT&T is generally prohibited from soliciting or encouraging, among other specific acquisition proposals, acquisition proposals from third parties that would reasonably be expected to be inconsistent in any material respect with the AT&T Comcast transaction or materially delay, impede or adversely affect the AT&T Comcast transaction. AT&T is also prohibited from providing nonpublic information to or engaging in negotiations with any third party that has made or is known by AT&T to be considering making an acquisition proposal of the type described in the previous sentence.

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However, AT&T may furnish nonpublic information and engage in negotiations with a third party that has made an unsolicited acquisition proposal if the AT&T Board determines in good faith that such acquisition proposal would reasonably

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be expected to lead to a proposal that would be more favorable to AT&T shareholders than the AT&T Comcast transaction and that it must take such action to comply with its fiduciary duties under applicable law.

MICROSOFT ARRANGEMENT (SEE PAGE V-24)

Comcast, AT&T and AT&T Comcast have entered into an exchange agreement with Microsoft Corporation pursuant to which at the time of the AT&T Broadband spin-off Microsoft will exchange \$5 billion of quarterly income preferred securities, or QUIPS, issued by AT&T Finance Trust I, an AT&T subsidiary, for a number of shares of AT&T Broadband common stock that, subject to the limitation described in the next sentence, will be converted in the AT&T Broadband merger into 115 million shares of AT&T Comcast Class A common stock under the Preferred Structure or AT&T Comcast Class C common stock under the Alternative Structure. To the extent necessary so that Microsoft will not hold more than 4.95% of AT&T Comcast's voting power as a result of the AT&T Comcast transaction, Microsoft has agreed to accept shares of the non-voting AT&T Comcast Class A Special common stock in the AT&T Broadband merger, on a one-for-one basis, instead of shares of voting AT&T Comcast common stock.

If the Microsoft transaction is completed, AT&T Comcast has agreed in the exchange agreement that it will not discriminate against Microsoft with respect to the provision of high-speed Internet services over AT&T Comcast cable systems.

REGULATORY MATTERS (SEE PAGE II-20)

Under U.S. antitrust laws, Comcast and AT&T may not complete the AT&T Comcast transaction until Comcast and AT&T have notified the Antitrust Division of the United States Department of Justice and the Federal Trade Commission of the AT&T Comcast transaction by filing the necessary report forms and until a required waiting period has ended. Comcast and AT&T have filed the required information and materials to notify the U.S. Department of Justice and the Federal Trade Commission of the AT&T Comcast transaction. On February 21, 2002, Comcast and AT&T received a request from the United States Department of Justice, the reviewing agency, for additional information regarding the AT&T Comcast transaction. Comcast and AT&T are in the process of responding to this request.

Under federal communications law and local franchise requirements, Comcast and AT&T must also obtain the approval of the Federal Communications Commission, or FCC, and a number of state and local authorities in connection with the AT&T Comcast transaction. Comcast and AT&T have filed the required applications with the FCC and these state and local authorities. The FCC and most of these state and local authorities have not completed their reviews of the AT&T Comcast transaction.

Comcast and AT&T have agreed to use their best efforts to obtain all regulatory approvals that are necessary or advisable in connection with the AT&T Comcast transaction. In addition, Comcast and AT&T have also agreed to take all actions necessary to obtain termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 relating to the AT&T Comcast transaction and to obtain all consents of the FCC required to complete the AT&T Comcast transaction.

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There can be no assurances that Comcast and AT&T will obtain all regulatory approvals necessary to complete the AT&T Comcast transaction or that the granting of these approvals will not involve the imposition of conditions on the completion of the AT&T Comcast transaction or require changes to the terms of the AT&T Comcast transaction.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES (SEE PAGE II-16)

It is a condition to the AT&T Broadband spin-off and to the mergers that AT&T receive a private letter ruling from the Internal Revenue Service, or an opinion of counsel, to the effect that AT&T, AT&T Broadband and holders of AT&T common stock who receive shares of AT&T Broadband common stock in the AT&T Broadband spin-off will not recognize gain or loss for U.S. federal income tax purposes in connection

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with the AT&T Broadband spin-off. AT&T has filed a private letter ruling request in respect of this matter with the IRS. It is a condition to the mergers that AT&T and Comcast each receive an opinion of counsel to the effect that AT&T Broadband, Comcast and their respective shareholders who exchange their shares for shares of AT&T Comcast common stock in the mergers will not recognize gain or loss for U.S. federal income tax purposes in connection with the mergers, except for gain or loss with respect to cash received instead of fractional shares. The receipt of this opinion by AT&T is also a condition to the AT&T Broadband spin-off.

Subject to the limitations and qualifications described in "The AT&T Comcast Transaction -- Material Federal Income Tax Consequences," it is the opinion of Wachtell, Lipton, Rosen & Katz, counsel to AT&T, that the AT&T Broadband spin-off will qualify as a tax-free reorganization. As a result, (1) no gain or loss will be recognized by AT&T or AT&T Broadband upon the separation and the AT&T Broadband spin-off (other than gains related to certain intercompany transactions that will be triggered by the AT&T Broadband spin-off) and (2) no gain or loss will be recognized by U.S. holders of AT&T common stock upon their receipt of shares of AT&T Broadband common stock in the AT&T Broadband spin-off.

Subject to the limitations and qualifications described in "The AT&T Comcast Transaction -- Material Federal Income Tax Consequences," it is the opinion of Wachtell, Lipton, Rosen & Katz, counsel to AT&T, and Davis Polk & Wardwell, counsel to Comcast, that the mergers will constitute an exchange to which Section 351 of the Internal Revenue Code applies. As a result, (1) no gain or loss will be recognized by Comcast, AT&T Broadband, the AT&T Broadband merger subsidiary, or the Comcast merger subsidiary upon the mergers and (2) except for gain or loss with respect to cash received instead of fractional shares, no gain or loss will be recognized by U.S. holders of AT&T Broadband common stock or Comcast common stock on the exchange of such stock for AT&T Comcast common stock.

MARKET PRICE INFORMATION (SEE PAGE I-29)

Comcast Class A common stock and Comcast Class A Special common stock are

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listed on The Nasdaq Stock Market under the symbols "CMCSA" and "CMCSK," respectively. AT&T common stock is primarily listed on the New York Stock Exchange under the symbol "T."

On July 6, 2001, the last full trading day before Comcast publicly announced its proposal to AT&T to acquire AT&T's broadband business, Comcast Class A common stock and Comcast Class A Special common stock closed at \$41.85 and \$42.08, respectively, and AT&T common stock closed at \$16.65, as adjusted to reflect the AT&T Wireless Services split-off. On December 19, 2001, the last full trading day before the public announcement of the AT&T Comcast transaction, Comcast Class A common stock and Comcast Class A Special common stock closed at \$38.09 and \$38.07, respectively, and AT&T common stock closed at \$16.80. On May 13, 2002, the last full trading day before the date of this document, Comcast Class A common stock and Comcast Class A Special common stock closed at \$31.03 and \$29.09, respectively, and AT&T common stock closed at \$13.70.

STOCK EXCHANGE LISTINGS (SEE PAGE XV-15)

The shares of AT&T Comcast Class A common stock, AT&T Comcast Class A Special common stock and, if the Alternative Structure is implemented, AT&T Comcast Class C common stock issued in connection with the AT&T Comcast transaction will be quoted on The Nasdaq Stock Market under the ticker symbols "CMCSA," "CMCSK" and, if applicable, "CMCSJ," respectively.

APPRAISAL RIGHTS (SEE PAGE II-23)

Holders of Comcast Class A common stock, Comcast Class A Special common stock and AT&T common stock are not entitled to appraisal rights in connection with the AT&T Comcast transaction.

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AT&T CONSUMER SERVICES GROUP TRACKING STOCK

THE CONSUMER SERVICES CHARTER AMENDMENT PROPOSAL

AT&T shareholders are being asked to approve an amendment to the AT&T charter to authorize AT&T to create a new class of AT&T common stock -- AT&T Consumer Services Group tracking stock -- and certain related benefit plan proposals. The Consumer Services charter amendment proposal requires the affirmative vote of holders of a majority of the outstanding shares of AT&T common stock.

AT&T Consumer Services Group tracking stock is intended to reflect the separate performance of AT&T Consumer Services Group, which includes the assets and liabilities shown in the combined balance sheets of AT&T Consumer Services Group. AT&T will include within AT&T Consumer Services Group all net income or net losses generated by the assets that comprise AT&T Consumer Services Group and all net proceeds from any disposition of these assets.

If AT&T Consumer Services Group tracking stock is issued and if the AT&T Comcast transaction is completed, AT&T common stock will effectively act as

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tracking stock for AT&T Business Services Group plus any retained portion of AT&T Consumer Services Group.

TERMS OF AT&T CONSUMER SERVICES GROUP TRACKING STOCK

The proposed Consumer Services charter amendment would authorize AT&T to issue up to 500 million shares of AT&T Consumer Services Group tracking stock. We describe some of the most significant terms of AT&T Consumer Services Group tracking stock below, but we include a more detailed description of AT&T Consumer Services Group tracking stock later in this document.

Voting Rights. Each share of AT&T Consumer Services Group tracking stock will initially have one vote per share. If AT&T completes the AT&T Broadband spin-off or otherwise distributes one or more entities holding all or substantially all of the assets of its broadband business to its securityholders, each share of AT&T Consumer Services Group tracking stock will initially have 2.5 votes per share. If the reverse stock split proposal is approved and implemented, AT&T Consumer Services Group tracking stock would have .2 of a vote per share if the AT&T Broadband separation is not completed or .5 of a vote per share if the AT&T Broadband separation is completed. Except as required by law or by any special voting rights of any other class or series of AT&T stock, holders of shares of AT&T Consumer Services Group tracking stock will vote together with all other AT&T shareholders on matters presented to AT&T shareholders.

Dividends. Holders of AT&T Consumer Services Group tracking stock will be entitled to dividends only to the extent declared by the AT&T Board. AT&T's charter will define an available dividend amount with respect to AT&T Consumer Services Group tracking stock. The available dividend amount is designed to be equivalent to an allocable portion of the amount that would legally be available for the payment of dividends by AT&T Consumer Services Group plus an amount equal to its net income available to common shareowners for the year in which the dividend is declared and/or the prior year, determined in each case as if it were a separate legal entity.

Dividends on AT&T Consumer Services Group tracking stock may only be paid up to the applicable amounts described above and also will be subject to the legal capacity of AT&T as a whole to pay dividends. Subject to these limitations and to the discretion of the AT&T Board, AT&T currently expects to pay dividends on AT&T Consumer Services Group tracking stock equal in the aggregate to two-thirds of the aggregate annual dividend AT&T currently pays on AT&T common stock, and to pay dividends on AT&T common stock equal to one-third of the aggregate annual current dividend. The aggregate annual current dividend paid on AT&T common stock is \$0.15 per share.

Redemption. AT&T may, or, in some cases, is required to, redeem shares of AT&T Consumer Services Group tracking stock under a number of circumstances, in each case without the approval of holders of AT&T Consumer Services Group tracking stock:

- At any time, AT&T may redeem shares of AT&T Consumer Services Group tracking

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stock for a comparable tracking stock of any company that owns substantially all the assets and liabilities allocated to AT&T Consumer Services Group at that time without the payment of any premium.

- At any time, AT&T may redeem the shares of AT&T Consumer Services Group tracking stock for shares of AT&T common stock having a market value equal to 110% of the market value of AT&T Consumer Services Group tracking stock.
- At any time, AT&T may redeem shares of AT&T Consumer Services Group tracking stock for shares of one or more subsidiaries that hold all material assets and liabilities allocated to AT&T Consumer Services Group, as long as the redemption is tax free to shareholders. This would result in a split-off of AT&T Consumer Services Group.
- With some exceptions, in the event of certain dispositions of all or substantially all the assets of AT&T Consumer Services Group, AT&T is generally required to redeem shares of AT&T Consumer Services Group tracking stock for (1) shares of AT&T common stock or (2) cash and/or property in an amount equal to the net proceeds of the disposition that are allocable to AT&T Consumer Services Group tracking stock.

Liquidation. In the event of a liquidation of AT&T, holders of AT&T Consumer Services Group tracking stock and AT&T common stock will be entitled to share in the funds available for distribution to AT&T common shareholders in proportion to the relative market capitalization of the outstanding shares of each class of AT&T stock.

ISSUANCE OF AT&T CONSUMER SERVICES GROUP TRACKING STOCK

If the AT&T Consumer Services Group tracking stock proposal is approved, AT&T plans to distribute these shares as a dividend to holders of AT&T common stock at such time as AT&T determines that there is sufficient market receptivity and support for such a distribution. AT&T has not yet determined the timing of the distribution, which may be made within a year of shareholder approval or may be made thereafter, depending on market conditions. AT&T expects that, when it distributes AT&T Consumer Services Group tracking stock, it will distribute shares intended to reflect all of the financial performance and economic value of AT&T Consumer Services Group.

NOTWITHSTANDING AT&T'S CURRENT PLANS, THE AT&T BOARD COULD DECIDE NOT TO PROCEED WITH THE PROPOSAL, COULD ISSUE SHARES REPRESENTING LESS THAN ALL OF THE FINANCIAL PERFORMANCE AND ECONOMIC VALUE OF AT&T CONSUMER SERVICES GROUP, OR COULD PROCEED AT A TIME OR IN A MANNER DIFFERENT FROM ITS CURRENT INTENTIONS. AT&T's plans may change, for example, if the AT&T Board decides that market conditions and receptivity warrant such a change or do not support a distribution of shares of AT&T Consumer Services Group tracking stock. If the AT&T Consumer Services Group tracking stock proposal is approved, the AT&T Board will have the ability to issue shares of AT&T Consumer Services Group tracking stock at such time, in such amount and in such manner as it determines appropriate.

Approval of the Consumer Services charter amendment proposal will give the AT&T Board wide discretion on how to implement the Consumer Services charter amendment proposal. If you do not want to give the AT&T Board this authority with respect to implementing the Consumer Services charter amendment proposal, you should not vote for the proposal.

If AT&T Consumer Services Group tracking stock is issued and if the AT&T

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Comcast transaction is completed, AT&T intends the AT&T common stock to reflect only the financial performance and economic value of AT&T Business Services Group, together with AT&T's retained portion, if any, of the value of AT&T Consumer Services Group, although there is no assurance that it will.

AT&T expects to list AT&T Consumer Services Group tracking stock on a national securities exchange or quotation system.

REASONS FOR AT&T CONSUMER SERVICES GROUP TRACKING STOCK

AT&T believes that issuance of AT&T Consumer Services Group tracking stock will improve shareholder value by creating separate

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classes of stock, AT&T believes that AT&T Consumer Services Group tracking stock will:

- allow AT&T shareholders to view more clearly the performance of each of AT&T Consumer Services Group and AT&T Business Services Group, and to evaluate each of AT&T Consumer Services Group's and AT&T Business Services Group's results against those of its competitors; and
- enable AT&T shareholders and other investors to invest in the securities that fit their needs and investment profiles without the requirement of simultaneously investing in other businesses, and permit the creation of more effective management incentive and retention programs.

For additional reasons for, and more detail on the reasons for, AT&T Consumer Services Group tracking stock, see "AT&T Consumer Services Group Tracking Stock -- Reasons for AT&T Consumer Services Group Tracking Stock."

U.S. FEDERAL INCOME TAX CONSIDERATIONS

AT&T expects the distribution of AT&T Consumer Services Group tracking stock to holders of AT&T common stock to be tax free to AT&T and to holders of AT&T common stock.

RECENT FINANCIAL RESULTS

For information on Comcast's earnings for the quarter ended March 31, 2002, please see the Current Report on Form 8-K filed by Comcast with the SEC on May 3, 2002, which is incorporated by reference into this document.

For information on AT&T's earnings for the quarter ended March 31, 2002, please see the Current Report on Form 8-K filed by AT&T with the SEC on April 25, 2002, which is incorporated by reference into this document.

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SELECTED FINANCIAL DATA OF COMCAST CORPORATION

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The following summary consolidated financial data is derived from Comcast's audited consolidated financial statements. You should read the financial data presented below in conjunction with the consolidated financial statements, accompanying notes and management's discussion and analysis of results of operations and financial condition of Comcast, which are incorporated by reference into this document.

	YEAR ENDED DECEMBER 31,			
	2001	2000	1999	1998
(UNAUDITED)				
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:				
Revenues.....	\$ 9,674.2	\$ 8,218.6	\$ 6,529.2	\$ 5,419.0
Operating income (loss).....	(746.2)	(161.0)	664.0	557.1
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change.....	225.6	2,045.1	780.9	1,007.7
Gain (loss) from discontinued operations(1).....			335.8	(31.4)
Cumulative effect of accounting change.....	384.5			
Extraordinary items.....	(1.5)	(23.6)	(51.0)	(4.2)
Net income (loss).....	608.6	2,021.5	1,065.7	972.1
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE(2):				
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change.....	\$.24	\$ 2.27	\$ 1.00	\$ 1.34
Gain (loss) from discontinued operations(1).....			.45	(.04)
Cumulative effect of accounting change.....	.40			
Extraordinary items.....		(.03)	(.07)	(.01)
Net income (loss).....	\$.64	\$ 2.24	\$ 1.38	\$ 1.29
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE(2):				
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change.....	\$.23	\$ 2.16	\$.95	\$ 1.25
Gain (loss) from discontinued operations(1).....			.41	(.03)
Cumulative effect of accounting change.....	.40			
Extraordinary items.....		(.03)	(.06)	(.01)
Net income (loss).....	\$.63	\$ 2.13	\$ 1.30	\$ 1.21
Cash dividends declared per common share(2).....				\$.0467
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets.....	\$38,131.8	\$35,744.5	\$28,685.6	\$14,710.5
Working capital.....	1,419.5	1,670.9	4,771.6	2,497.0
Long-term debt(3).....	11,741.6	10,517.4	8,707.2	5,464.2
Total debt(3).....	12,201.8	10,811.3	9,224.7	5,577.7
Stockholders' equity.....	14,473.0	14,086.4	10,341.3	3,815.3

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	YEAR ENDED DECEMBER 31,			
	2001	2000	1999	1998
	(UNAUDITED)			
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE D			
Debt ratio(4).....	45.7%	43.4%	47.1%	59.4%
SUPPLEMENTARY FINANCIAL DATA:				
Operating income before depreciation and amortization(5).....	2,701.8	\$ 2,470.3	\$ 1,880.0	\$ 1,496.7
Net cash provided by (used in) (6)				
Operating activities.....	1,229.5	1,219.3	1,249.4	1,067.7
Financing activities.....	1,476.3	(271.4)	1,341.4	809.2
Investing activities.....	(3,007.3)	(1,218.6)	(2,539.3)	(1,415.3)
Capital expenditures.....	2,181.7	1,636.8	893.8	898.9

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- (1) In July 1999, Comcast sold Comcast Cellular Corporation to SBC Communications, Inc. Comcast Cellular is presented as a discontinued operation for all periods presented.
 - (2) Adjusted for Comcast's two-for-one stock split in the form of a 100% stock dividend in May 1999.
 - (3) Includes a \$666.0 million adjustment to carrying value at December 31, 1999.
 - (4) Debt ratio reflects debt from continuing operations as a percent of capital (debt plus stockholders' equity).
 - (5) Operating income before depreciation and amortization is commonly referred to in Comcast'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 Comcast'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 Comcast's industries, although Comcast's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by Comcast's management to measure the operating performance of its businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of Comcast's performance.
 - (6) This represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in Comcast's consolidated statement of cash flows.

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The consolidated income statement data below for the three years ended December 31, 2001, and the consolidated balance sheet data at December 31, 2001 and 2000, were derived from audited consolidated financial statements. The remaining data was derived from AT&T's unaudited consolidated financial statements.

	FOR THE YEARS ENDED DECEMBER 31			
	2001	2000(1)	1999(2)	1998
	(UNAUDITED)			
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE)			
RESULTS OF OPERATIONS AND EARNINGS PER SHARE:				
Revenue.....	\$ 52,550	\$ 55,533	\$ 54,973	\$ 47,817
Operating income.....	3,754	4,228	11,458	7,632
(Loss) income from continuing operations before cumulative effect of accounting change.....	(6,842)	4,133	3,861	5,052
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE:				
AT&T Common Stock Group:				
(Loss) income.....	(4,131)	2,645	5,883	5,052
(Loss) earnings per basic share.....	(1.33)	0.76	1.91	1.89
(Loss) earnings per diluted share.....	(1.33)	0.75	1.87	1.87
Dividends declared per share.....	0.15	0.6975	0.88	0.88
Liberty Media Group(3):				
(Loss) income.....	(2,711)	1,488	(2,022)	--
(Loss) earnings per basic and diluted share.....	(1.05)	0.58	(0.80)	--
ASSETS AND CAPITAL:				
Property, plant and equipment, net.....	\$ 41,322	\$ 41,269	\$ 33,366	\$ 21,780
Total assets -- continuing operations.....	165,282	207,136	146,094	40,134
Total assets.....	165,282	234,360	163,457	54,185
Long-term debt.....	40,527	33,089	23,214	5,555
Total debt.....	53,485	64,927	35,694	6,638
Mandatorily redeemable preferred securities.....	2,400	2,380	1,626	--
Shareowners' equity.....	51,680	103,198	78,927	25,522
Debt ratio(4).....	47.7%	57.2%	54.3%	36.7%
Gross capital expenditures.....	8,388	10,462	11,194	6,871

(1) AT&T Common Stock Group continuing operations results exclude Liberty Media Group (LMG). In addition, on June 15, 2000, AT&T completed the acquisition of MediaOne Group, Inc.

(2) In connection with the March 9, 1999 merger with Tele-Communications, Inc., AT&T issued separate tracking stock for LMG. LMG was accounted for as an equity investment prior to its split-off from AT&T on August 10, 2001.

(3) No dividends have been declared for LMG tracking stocks.

(4) Debt ratio reflects debt from continuing operations as a percent of total capital (debt plus equity, excluding LMG and AT&T Wireless Group). For purposes of this calculation, equity includes convertible quarterly trust preferred securities as well as redeemable preferred stock of subsidiary.

SELECTED FINANCIAL DATA OF AT&T BROADBAND GROUP

Presented in the table below is selected historical financial data of AT&T Broadband Group. AT&T Broadband Group is an integrated business of AT&T and not a stand-alone entity. AT&T Broadband Group represents the assets, liabilities and businesses that AT&T will assign and transfer to AT&T Broadband Corp., a newly formed holding company for AT&T's broadband business, in connection with the AT&T Comcast transaction. AT&T Broadband Group consists primarily of the assets, liabilities and business of AT&T Broadband, LLC (formerly TCI), acquired by AT&T on March 9, 1999, and MediaOne Group, Inc., acquired by AT&T on June 15, 2000.

The combined income statement data for the years ended December 31, 2001 and 2000 and the ten months ended December 31, 1999 and the combined balance sheet data at December 31, 2001 and 2000 were derived from the audited combined financial statements of AT&T Broadband Group. The remaining data was derived from unaudited combined financial statements.

The financial data presented below is not necessarily comparable from period to period as a result of several transactions, including the acquisition and dispositions of cable systems, primarily the TCI and MediaOne acquisitions. For this and other reasons, you should read the selected historical financial data provided below in conjunction with the combined financial statements and accompanying notes beginning on page XII-78 and the discussion under "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page VI-1.

	YEAR ENDED DECEMBER 31,		TEN EN DECEM
	2001	2000 (1)	199
	(UNAUDITED)		
	(DOLLARS IN MILLIONS)		
INCOME STATEMENT DATA:			
Revenue.....	\$ 10,132	\$ 8,445	\$ 5
Operating loss.....	(4,183)	(8,656)	(1
Loss before cumulative effect of accounting change.....	(4,171)	(5,370)	(2
BALANCE SHEET DATA:			
Total assets.....	\$103,187	\$117,534	\$58
Total debt.....	\$ 23,285	\$ 28,420	\$14
Minority interest.....	\$ 3,302	\$ 4,421	\$ 2
Company-Obligated Convertible Quarterly Income Preferred Securities.....	\$ 4,720	\$ 4,710	\$ 4

(1) Effective June 15, 2000, AT&T acquired MediaOne Group, Inc. which is attributed to AT&T Broadband Group. The acquisition was accounted for under the purchase method of accounting.

(2) Effective March 1, 1999, AT&T acquired TCI which is attributed to AT&T

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Broadband Group. The acquisition was accounted for under the purchase method of accounting.

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SELECTED PRO FORMA FINANCIAL DATA

This information is only a summary and you should read it together with the financial information we included elsewhere in this document.

AT&T COMCAST

The following unaudited pro forma combined condensed financial data set forth below for AT&T Comcast gives effect to the AT&T Comcast transaction, as if such transaction had been completed on January 1, 2001 for income statement purposes and at December 31, 2001 for balance sheet purposes. The unaudited selected pro forma financial data does not necessarily represent what AT&T Comcast's financial position or results of operations would have been had the AT&T Comcast transaction occurred on such dates.

We have included detailed unaudited pro forma combined condensed financial statements in Chapter 3 of this document.

SUMMARY PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION

(Unaudited)

(Dollars in Millions, Except Per Share Amounts)

	AT OR FOR THE YEAR ENDED DECEMBER 31, <hr style="border-top: 1px dashed black;"/> 2001 <hr style="border-top: 1px dashed black;"/>
INCOME STATEMENT DATA:	
Revenues.....	\$ 19,697.3
Operating loss.....	\$ (3,069.8)
Loss before extraordinary items and cumulative effect of accounting change.....	\$ (3,026.4)
Weighted average AT&T Comcast common shares outstanding-basic.....	2,248.4
Loss per AT&T Comcast common share.....	\$ (1.35)
BALANCE SHEET DATA:	
Total assets.....	\$140,774.9
Long-term debt, less current portion.....	\$ 31,528.6
Total stockholders' equity.....	\$ 61,741.8

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SELECTED PRO FORMA FINANCIAL DATA

AT&T

The unaudited pro forma combined condensed financial data set forth below for AT&T give effect to:

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- the Liberty Media Group distribution
- the AT&T Broadband Group distribution

as if such events had been completed on January 1, 1999 for income statement purposes, and at December 31, 2001 for balance sheet purposes. Since Liberty Media Group was split-off from AT&T on August 10, 2001, no balance sheet pro forma adjustments were made for Liberty Media Group. The unaudited selected pro forma financial information does not necessarily represent what AT&T's financial position or results of operations would have been had the AT&T Broadband distribution or the Liberty Media Group distribution occurred on such dates.

We have included detailed unaudited pro forma financial statements in Chapter 12 of this document.

SUMMARY PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION
(Unaudited)
(Dollars in Millions, Except Per Share Amounts)

	AT AND FOR THE YEARS ENDED DECEMBER 31,		
	2001	2000	1999
INCOME STATEMENT DATA:			
Revenue.....	\$42,665	\$47,204	\$49,925
Operating income.....	7,937	12,884	12,635
(Loss) income from continuing operations -- attributable to AT&T common stock group.....	(3,475)	3,903	3,450
Weighted average AT&T common shares -- basic.....	3,695	3,526	3,115
(Loss) earnings per AT&T common share -- basic(1).....	(0.94)	1.11	1.11
Weighted average AT&T common shares -- diluted.....	3,695	3,545	3,152
(Loss) earnings per AT&T common share -- diluted(1).....	(0.94)	1.10	1.09
Cash dividends declared per AT&T common share.....	\$ 0.15	\$0.6975	\$ 0.88
BALANCE SHEET DATA:			
Total assets.....	\$62,257		
Long-term debt.....	24,025		
Total shareowners' equity.....	9,242		

(1) Adjusted for the proposed one-for-five reverse stock split of AT&T common stock, (loss) earnings per basic share would have been \$(4.70), \$5.53 and \$5.54 for the years ended December 31, 2001, 2000 and 1999, respectively. (Loss) earnings per diluted share on the same basis would have been \$(4.70), \$5.50 and \$5.47 for the years ended December 31, 2001, 2000 and 1999, respectively.

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UNAUDITED COMPARATIVE PER SHARE DATA

In the table below, we provide you with historical per share information

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for Comcast, pro forma per share information for AT&T Comcast and historical and pro forma equivalent per share information for AT&T Broadband Group as of and for the year ended December 31, 2001. We have assumed, for purposes of the AT&T Comcast pro forma financial information, that the AT&T Comcast transaction had been completed on January 1, 2001 for income statement purposes, and that the AT&T Comcast transaction had been completed on December 31, 2001 for balance sheet purposes. Comcast did not pay dividends during the year ended December 31, 2001; therefore no historical or pro forma equivalent per share information is presented.

At December 31, 2001, AT&T Broadband Group did not have any shares outstanding as it represents an integrated business of AT&T. As a step in the AT&T Comcast transaction, AT&T will spin off AT&T Broadband to its shareholders by distributing one share of AT&T Broadband common stock for each share of AT&T common stock, NYSE symbol "T," outstanding. The following comparative per share information assumes that 3,542 million shares of AT&T Broadband common stock were outstanding in 2001, which represents the number of shares of AT&T common stock, NYSE symbol "T," outstanding on December 31, 2001.

Assuming Comcast retains its AT&T shares and converts them into exchangeable preferred stock of AT&T as contemplated by the merger agreement, the exchange ratio would be approximately 0.35 as of the date of this document. The AT&T Broadband Group pro forma equivalent per share data presents AT&T Comcast pro forma per share data multiplied by an exchange ratio of 0.35.

It is important that when you read this information, you read it along with the financial statements and accompanying notes of Comcast, AT&T and AT&T Broadband Group incorporated by reference into this document or included elsewhere in this document. You should not rely on the unaudited pro forma financial information as an indication of the results of operations or financial position that would have been achieved if the AT&T Comcast transaction had taken place on the dates indicated or of the results of operations or financial position of AT&T Comcast after the completion of the AT&T Comcast transaction.

	COMCAST HISTORICAL -----	AT&T COMCAST PRO FORMA -----	AT&T BROADBAND GROUP HISTORICAL -----	AT&T BROAD GROUP PRO EQUIVALE -----
Book Value per common share:				
December 31, 2001.....	\$ 15.31	\$ 27.52	\$11.90	\$ 9.63
Income (loss) before extraordinary items and cumulative effect of accounting change per share -- basic for the year ended December 31, 2001.....	\$ 0.24	\$ (1.35)	\$ (1.18)	\$ (0.47)
Income (loss) before extraordinary items and cumulative effect of accounting change per share -- diluted for the year ended December 31, 2001.....	\$ 0.23	\$ (1.35)	\$ (1.18)	\$ (0.47)

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COMPARATIVE MARKET PRICE INFORMATION

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Shares of Comcast Class A Special common stock are listed on The Nasdaq Stock Market under the symbol "CMCSK" and shares of Comcast Class A common stock are listed on The Nasdaq Stock Market under the symbol "CMCSA." The Comcast Class B common stock is not publicly traded. AT&T Broadband Group has been an integrated business of AT&T and its common stock is not publicly traded. The following table sets forth, for the periods indicated, the high and low sales prices paid per share of Comcast Class A Special common stock and Comcast Class A common stock, as furnished by The Nasdaq Stock Market, and dividends paid on such classes of common stock, as adjusted for Comcast's two-for-one stock split in the form of a 100% stock dividend in May 1999. For current price information, you should consult publicly available sources.

CALENDAR PERIOD -----	COMCAST CLASS A SPECIAL COMMON STOCK			COMCAST CLASS A COMMON STOCK		
	HIGH -----	LOW -----	DIVIDENDS PAID -----	HIGH -----	LOW -----	DIVIDEND PAID -----
1999						
First Quarter.....	\$38.56	\$29.63	\$.0117	\$37.34	\$28.94	\$.0117
Second Quarter.....	42.00	29.44		39.69	28.38	
Third Quarter.....	41.56	32.63		38.56	29.44	
Fourth Quarter.....	56.50	35.69		53.13	32.06	
2000						
First Quarter.....	\$54.56	\$38.31		\$51.44	\$36.25	
Second Quarter.....	44.19	29.75		41.75	29.75	
Third Quarter.....	41.06	31.06		40.69	30.75	
Fourth Quarter.....	43.94	34.00		43.94	33.88	
2001						
First Quarter.....	\$45.88	\$38.69		\$45.25	\$38.06	
Second Quarter.....	45.50	39.50		44.75	38.88	
Third Quarter.....	43.30	32.51		42.70	32.79	
Fourth Quarter.....	40.18	35.19		40.06	34.95	
2002						
First Quarter.....	\$37.33	\$29.65		\$37.13	\$30.10	
Second Quarter (Through May 13).....	32.36	25.65		33.75	27.14	

The following table sets forth the high and low sales prices per share of Comcast Class A Special common stock and Comcast Class A common stock, as furnished by The Nasdaq Stock Market, on July 6, 2001, the last full trading day before Comcast publicly announced its proposal to AT&T to acquire AT&T's broadband business, on December 19, 2001, the last full trading day prior to the public announcement of the AT&T Comcast transaction, and on May 13, 2002, the last full trading day for which this information could be calculated prior to the date of this document:

COMCAST CLASS A SPECIAL COMMON STOCK -----	COMCAST CLASS A COMMON STOCK -----
---	--

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	HIGH -----	LOW -----	HIGH -----	LOW -----
July 6, 2000.....	\$42.79	\$42.08	\$42.09	\$41.46
December 19, 2001.....	39.15	37.75	39.13	37.80
May 13, 2002.....	29.29	28.49	31.06	30.30

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RISK FACTORS

RISK FACTORS RELATING TO THE AT&T COMCAST TRANSACTION

In addition to the other information contained in or incorporated by reference in this document, you should carefully consider the following risk factors in deciding whether to vote for your transaction proposal and the AT&T Comcast charter proposal.

Merger Consideration Subject to Adjustment Only in Limited Circumstances. Upon completion of the mergers, all shares of Comcast common stock and AT&T Broadband common stock will be converted into shares of AT&T Comcast common stock. Except as described in the next paragraph, the exchange ratios applicable to the mergers are fixed, and the per share number of shares of AT&T Comcast common stock to be issued to Comcast shareholders in the Comcast merger and to AT&T Broadband shareholders in the AT&T Broadband merger will not be adjusted to reflect the economic performance of either Comcast or AT&T Broadband between the date of the execution of the merger agreement and the completion of the mergers. Accordingly, a Comcast shareholder or AT&T Broadband shareholder will not receive any additional shares of AT&T Comcast common stock in the mergers if the economic performance of its company improves relative to the economic performance of the other company between the date of the execution of the merger agreement and the completion of the mergers.

AT&T Comcast will issue up to 1.235 billion shares of AT&T Comcast common stock to holders of AT&T Broadband common stock in the AT&T Broadband merger, excluding 115 million shares to be issued to an affiliate of Microsoft in the Microsoft transaction described in this document and assuming that AT&T Comcast is not required to make any additional payments of AT&T Comcast common stock in connection with the AT&T Comcast transaction. The number of shares of AT&T Comcast common stock that AT&T Comcast will issue in the AT&T Broadband merger to each holder of AT&T Broadband common stock in exchange for each of such holder's shares of AT&T Broadband common stock (the "AT&T Broadband exchange ratio") will be calculated pursuant to the formula included in "Description of the AT&T Comcast Transaction Agreements -- The Merger Agreement -- Calculation of the AT&T Broadband Exchange Ratio." Assuming that AT&T Comcast is not required to make any of the additional payments of AT&T Comcast common stock described herein, if the AT&T Broadband exchange ratio were determined as of the date of this document, t