

COMCAST CORP  
Form 10-K  
February 03, 2017  
Table of Contents

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

**FORM 10-K**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM TO

| Commission File Number | Registrant; State of Incorporation; Address and Telephone Number  | I.R.S. Employer Identification No. |
|------------------------|---|------------------------------------|
| 001-32871              | <b>COMCAST CORPORATION</b><br><br>PENNSYLVANIA<br><br>One Comcast Center<br><br>Philadelphia, PA 19103-2838<br><br>(215) 286-1700 | 27-0000798                         |
| 001-36438              | <b>NBCUniversal Media, LLC</b><br><br>DELAWARE<br><br>30 Rockefeller Plaza<br><br>New York, NY 10112-0015                         | 14-1682529                         |

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(212) 664-4444

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

Comcast Corporation

| Title of Each Class                                | Name of Each Exchange on Which Registered |
|--|---|
| Class A Common Stock, \$0.01 par value             | NASDAQ Global Select Market               |
| 2.0% Exchangeable Subordinated Debentures due 2029 | New York Stock Exchange                   |
| 5.00% Notes due 2061                               | New York Stock Exchange                   |
| 5.50% Notes due 2029                               | New York Stock Exchange                   |
| 9.455% Guaranteed Notes due 2022                   | New York Stock Exchange                   |
| NBCUniversal Media, LLC                            | NONE                                      |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

Comcast Corporation NONE

NBCUniversal Media, LLC NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

|                         |     |    |
|-------------------------|-----|----|
| Comcast Corporation     | Yes | No |
| NBCUniversal Media, LLC | Yes | No |

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

|                         |     |    |
|-------------------------|-----|----|
| Comcast Corporation     | Yes | No |
| NBCUniversal Media, LLC | Yes | No |

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

|                         |     |    |
|-------------------------|-----|----|
| Comcast Corporation     | Yes | No |
| NBCUniversal Media, LLC | Yes | No |

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

|                     |     |    |
|---------------------|-----|----|
| Comcast Corporation | Yes | No |
|---------------------|-----|----|

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NBCUniversal Media, LLC Yes No

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

Comcast Corporation  
NBCUniversal Media, LLC N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act:

|                         |                         |                   |                       |                           |
|-------------------------|-------------------------|-------------------|-----------------------|---------------------------|
| Comcast Corporation     | Large accelerated filer | Accelerated filer | Non-accelerated filer | Smaller reporting company |
| NBCUniversal Media, LLC | Large accelerated filer | Accelerated filer | Non-accelerated filer | Smaller reporting company |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Comcast Corporation Yes No  
NBCUniversal Media, LLC Yes No

As of June 30, 2016, the aggregate market value of the Comcast Corporation common stock held by non-affiliates of the registrant was \$155.940 billion.

Indicate the number of shares outstanding of each of the registrant's classes of stock, as of the latest practicable date:

As of December 31, 2016, there were 2,366,357,318 shares of Comcast Corporation Class A common stock and 9,444,375 shares of Class B common stock outstanding.

Not applicable for NBCUniversal Media, LLC.

**NBCUniversal Media, LLC meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K and is therefore filing this form with the reduced disclosure format.**

### DOCUMENTS INCORPORATED BY REFERENCE

Comcast Corporation Part III The registrant's definitive Proxy Statement for its annual meeting of shareholders presently scheduled to be held in June 2017.

NBCUniversal Media, LLC NONE

**Table of Contents**

## Comcast Corporation

## 2016 Annual Report on Form 10-K

[Table of Contents](#)**PART I**

|         |   |    |
|---------|---|----|
| Item 1  | <a href="#">Business</a>                  | 1  |
| Item 1A | <a href="#">Risk Factors</a>              | 25 |
| Item 1B | <a href="#">Unresolved Staff Comments</a> | 34 |
| Item 2  | <a href="#">Properties</a>                | 34 |
| Item 3  | <a href="#">Legal Proceedings</a>         | 35 |
| Item 4  | <a href="#">Mine Safety Disclosures</a>   | 35 |

**PART II**

|         |  |     |
|---------|--|-----|
| Item 5  | <a href="#">Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a> | 36  |
| Item 6  | <a href="#">Selected Financial Data</a>  | 39  |
| Item 7  | <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>                        | 40  |
| Item 7A | <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>   | 69  |
| Item 8  | <a href="#">Comcast Corporation Financial Statements and Supplementary Data</a>  | 72  |
| Item 9  | <a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>                         | 121 |
| Item 9A | <a href="#">Controls and Procedures</a>  | 121 |
| Item 9B | <a href="#">Other Information</a>  | 122 |

**PART III**

|         |  |     |
|---------|--|-----|
| Item 10 | <a href="#">Directors, Executive Officers and Corporate Governance</a>   | 123 |
| Item 11 | <a href="#">Executive Compensation</a>   | 124 |
| Item 12 | <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a> | 124 |
| Item 13 | <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>                      | 125 |
| Item 14 | <a href="#">Principal Accountant Fees and Services</a>   | 125 |

**PART IV**

|         |   |     |
|---------|---|-----|
| Item 15 | <a href="#">Exhibits and Financial Statement Schedules</a>                          | 126 |
|         | <a href="#">Signatures</a>  | 135 |
|         | <a href="#">NBCUniversal Media, LLC Financial Statements and Supplementary Data</a> | 137 |
|         | <b>Explanatory Note</b>   |     |

This Annual Report on Form 10-K is a combined report being filed separately by Comcast Corporation ( "Comcast" ) and NBCUniversal Media, LLC ( "NBCUniversal" ). Comcast owns all of the common equity interests in NBCUniversal, and NBCUniversal meets the conditions set forth in General Instruction I(1)(a), (b) and (d) of Form 10-K and is therefore filing its information within this Form 10-K with the reduced disclosure format. Each of Comcast and NBCUniversal is filing on its own behalf the information contained in this report that relates to itself, and neither company makes any representation as to information relating to the other company. Where information or an explanation is provided that is substantially the same for each company, such information or explanation has been combined in this report. Where information or an explanation is not substantially the same for each company, separate information and explanation has been provided. In addition, separate consolidated financial statements for each company, along with notes to the consolidated financial statements, are included in this report. Unless indicated otherwise, throughout this Annual Report on Form 10-K, we refer to Comcast and its consolidated subsidiaries, including NBCUniversal and its consolidated subsidiaries, as "we," "us" and "our"; Comcast Cable Communications, LLC and its subsidiaries as

**Table of Contents**

Comcast Cable; Comcast Holdings Corporation as Comcast Holdings; and NBCUniversal, LLC as NBCUniversal Holdings.

This Annual Report on Form 10-K is for the year ended December 31, 2016. This Annual Report on Form 10-K modifies and supersedes documents filed before it.

The Securities and Exchange Commission ( SEC ) allows us to incorporate by reference information that we file with it, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report on Form 10-K. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report on Form 10-K.

Our registered trademarks include Comcast, NBCUniversal and the Comcast and NBCUniversal logos. This Annual Report on Form 10-K also contains other trademarks, service marks and trade names owned by us, as well as those owned by others.

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**Table of Contents**

**Part I**

**Item 1: Business**

We are a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal. We were incorporated under the laws of Pennsylvania in December 2001. Through our predecessors, we have developed, managed and operated cable systems since 1963. In 2011, we acquired control of NBCUniversal from General Electric Company (the NBCUniversal transaction), and in 2013, we acquired General Electric Company's remaining interest in NBCUniversal.

We present our operations for Comcast Cable in one reportable business segment, referred to as Cable Communications, and our operations for NBCUniversal in four reportable business segments: Cable Networks, Broadcast Television, Filmed Entertainment and Theme Parks (collectively, the NBCUniversal segments).

**Cable Communications:** Consists of the operations of Comcast Cable, which is one of the nation's largest providers of video, high-speed Internet and voice services (cable services) to residential customers under the XFINITY brand; we also provide these and other services to business customers and sell advertising.

**Cable Networks:** Consists primarily of our national cable networks, our regional sports and news networks, our international cable networks, and our cable television studio production operations.

**Broadcast Television:** Consists primarily of the NBC and Telemundo broadcast networks, our NBC and Telemundo owned local broadcast television stations, and our broadcast television studio production operations.

**Filmed Entertainment:** Consists primarily of the operations of Universal Pictures, which produces, acquires, markets and distributes filmed entertainment worldwide, as well as DreamWorks Animation, which we acquired in August 2016; our films are also produced under the Illumination and Focus Features names.

**Theme Parks:** Consists primarily of our Universal theme parks in Orlando, Florida and Hollywood, California and our 51% interest in the Universal Studios theme park in Osaka, Japan (Universal Studios Japan), which we acquired in November 2015.

Our other business interests consist primarily of Comcast Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center arena in Philadelphia, Pennsylvania and operates arena management-related businesses. We are also pursuing other business initiatives, such as a wireless phone service that we expect to launch in 2017 using our virtual network operator rights to provide the service over a third party's wireless network.

For financial and other information about our reportable business segments, refer to Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations, Note 17 to Comcast's consolidated financial statements, and Note 16 to NBCUniversal's consolidated financial statements included in this Annual Report on Form 10-K.

**Available Information and Websites**

Comcast's phone number is (215) 286-1700, and its principal executive offices are located at One Comcast Center, Philadelphia, PA 19103-2838. NBCUniversal's phone number is (212) 664-4444, and its principal executive offices are located at 30 Rockefeller Plaza, New York, NY 10112-0015. Comcast and NBCUniversal's



**Table of Contents**

Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to such reports filed with or furnished to the SEC under Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), are available free of charge on the SEC's website at www.sec.gov and on Comcast's website at www.comcastcorporation.com as soon as reasonably practicable after such reports are electronically filed with the SEC. The information posted on our websites is not incorporated into our SEC filings. The public may read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

**Description of Our Businesses**

**Cable Communications Segment**

The table below summarizes certain customer and penetration data for our cable system operations.

|  |              |       |       |
|--|--------------|-------|-------|
| December 31 (in millions)                      | <b>2016</b>  | 2015  | 2014  |
| Homes and businesses passed <sup>(a)</sup>     | <b>56.4</b>  | 55.7  | 54.7  |
| Total customer relationships <sup>(b)</sup>    | <b>28.6</b>  | 27.7  | 27.0  |
| Single product customers <sup>(b)</sup>        | <b>8.5</b>   | 8.4   | 8.4   |
| Double product customers <sup>(b)</sup>        | <b>9.7</b>   | 9.2   | 8.8   |
| Triple product customers <sup>(b)</sup>        | <b>10.3</b>  | 10.1  | 9.9   |
| Video  |              |       |       |
| Video customers <sup>(c)</sup>                 | <b>22.5</b>  | 22.3  | 22.4  |
| Video penetration <sup>(d)</sup>               | <b>39.9%</b> | 40.1% | 40.9% |
| High-speed Internet                            |              |       |       |
| High-speed Internet customers                  | <b>24.7</b>  | 23.3  | 22.0  |
| High-speed Internet penetration <sup>(d)</sup> | <b>43.8%</b> | 41.9% | 40.2% |
| Voice  |              |       |       |
| Voice customers                                | <b>11.7</b>  | 11.5  | 11.2  |
| Voice penetration <sup>(d)</sup>               | <b>20.7%</b> | 20.6% | 20.5% |

Basis of Presentation: Customer metrics include our residential and business customers. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(a) Homes and businesses are considered passed if we can connect them to our distribution system without further extending the transmission lines. Homes and businesses passed is estimated based on the best available information.

(b) Customer relationships represent the number of residential and business customers that subscribe to at least one of our cable services. Single product, double product and triple product customers represent customers that subscribe to one, two or three of our cable services, respectively. As of December 31, 2016, we had 26.5 million residential customer relationships.

(c) Generally, a home or business receiving video programming from our distribution system counts as one video customer. For multiple dwelling units ( MDUs ) whose residents have the ability to receive additional cable services, such as additional programming choices or our high-definition video ( HD ) or digital video recorder ( DVR ) advanced services, we count and report customers based on the number of potential billable relationships within each MDU. For MDUs whose residents are not able to receive additional cable services, the MDU is counted as a single customer.

(d) Penetration is calculated by dividing the number of customers by the number of homes and businesses passed.



## **Table of Contents**

### **Cable Services**

We offer our video, high-speed Internet and voice services individually and as bundled services over our cable distribution system to residential and business customers. Our bundled service offerings aim to meet the needs of the various segments of our customer base, ranging from high-speed Internet services packaged with video or streaming services that include a limited number of channels, to a triple product bundle, consisting of our video, high-speed Internet and voice services. We also offer our home security and automation services as a component of our bundled service offerings. Subscription rates and related charges vary according to the services and features customers receive and the type of equipment they use, and customers are typically billed in advance on a monthly basis. The majority of our residential cable services customers are not subject to minimum-term contracts for their services, while substantially all of our business customers are. Minimum-term contracts are typically 2 years in length for residential customers and typically range from 2 to 5 years for business services customers. Customers with minimum-term contracts may only discontinue service in accordance with the terms of their contracts, which typically include an early termination fee.

### **The Areas We Serve**

The map below highlights our footprint as of December 31, 2016 and the designated market areas ( DMAs ) in which we offer cable services that have 250,000 or more customer relationships. The locations that are bolded represent the DMAs in which we operate that were also included in the top 25 U.S. television DMAs as of December 31, 2016.

### **Video Services**

We offer a broad variety of video services under the XFINITY brand that provide access to hundreds of channels depending on the customer s level of service. Our levels of service typically range from a limited basic service with access to between 20 and 40 channels to a full service with access to more than 300 channels. Our video services generally include programming provided by national broadcast networks, local broadcast stations, and national and regional cable networks, as well as government and public access programming. We also offer packages that include extensive amounts of foreign-language programming and other specialty tiers of programming with sports, family and international themes. We tailor our video services for a particular geographic area according to applicable local and federal regulatory requirements, programming preferences and demographics.

## **Table of Contents**

Our video customers may also subscribe to premium networks. Premium networks include networks such as HBO, Showtime, Starz and Cinemax that generally provide, without commercial interruption, movies, original programming, live and taped sporting events and concerts, and other features.

Our video services generally include access to our video on demand service ( On Demand ) and an interactive, on-screen program guide. Our On Demand service provides video customers with over 100,000 programming choices over the course of a month, including approximately 40,000 in high definition. A substantial portion of our On Demand content is available at no additional charge; other content, primarily movies and special-events programming, such as sporting events and concerts, can be rented or in some cases purchased to own digitally. We continue to increase the number of On Demand choices we offer.

Our HD service provides customers with high-resolution picture quality, improved audio quality and a wide-screen format through an HD set-top box. Our HD service includes a broad selection of HD programming choices, including major broadcast networks, national cable networks, premium networks and regional sports networks. Our DVR service allows video customers to record and store programs and play them at whatever time is convenient. Our DVR service also provides the ability to pause and rewind live television. We refer to our HD and DVR services as advanced services.

We are actively deploying set-top boxes for our Internet Protocol ( IP ) and cloud-enabled video platform, referred to as our X1 platform. Our X1 platform provides customers with integrated search functionality, personalized recommendations and access to certain third-party Internet applications, such as Netflix. We also offer our cloud DVR technology in substantially all of our markets. Cloud DVR technology allows our video customers to record programming using cloud-based servers and also view those recordings on mobile devices via our mobile apps.

Through our mobile apps and online portal, we offer streaming services that allow our video customers to view certain live programming and On Demand content, browse program listings, and schedule and manage DVR recordings. Depending on the customer s level of service, these services may require an additional monthly fee.

### [High-Speed Internet Services](#)

We offer high-speed Internet services with downstream speeds from a range of up to 10 Mbps to fiber-based speeds up to 2 Gbps. These services include access to our online portal and mobile apps, which provide email, an address book, calendars and online security features. We are actively deploying wireless gateways throughout our footprint, which combine a customer s wireless router, cable modem and voice adapter, to improve the performance of multiple IP-enabled devices used at the same time within the home, provide faster Internet speeds and create an in-home Wi-Fi network. We are continuing to expand our network of residential, outdoor and business Wi-Fi hotspots to allow most of our high-speed Internet customers to access our high-speed Internet services inside and outside the home. As of December 31, 2016, there were approximately 15.8 million of these hotspots.

### [Voice Services](#)

We offer voice services using an interconnected Voice over Internet Protocol ( VoIP ) technology. Our voice services provide either unlimited or usage-based local and domestic long-distance calling and include options for international calling plans, voicemail, voicemail transcriptions, text messaging, caller ID and call waiting. For customers with our high-speed Internet services, our voice services also include the ability to access and manage voicemail, text messaging and other account features through our online portal or mobile apps.

## **Table of Contents**

### **Business Services**

We offer our cable services to small and medium-sized businesses and to large enterprises with multiple locations. Our large enterprise business services are designed for Fortune 1000 companies and other large enterprises with multiple locations both within and outside of our cable distribution footprint. We service these multiple locations through agreements with other cable companies to use their networks to provide coverage outside of our service areas. In addition to the features available to our residential cable services customers, our services for business customers include an interactive tool that allows customers to store, share, and collaborate on files online, hosted voice services that use cloud network servers, a business directory listing, and additional capacity for multiple phone lines.

We offer Ethernet network services that connect multiple locations and provide higher downstream and upstream speed options to medium-sized businesses and large enterprises. We also provide cellular backhaul services to mobile network operators to help those customers manage network bandwidth.

### **Advertising**

As part of our distribution agreements with cable networks, we generally receive an allocation of scheduled advertising time on cable networks that we sell through our advertising business, Spotlight, to local, regional and national advertisers. In most cases, the available advertising units are sold by our sales force. In some cases, we work with representation firms as an extension of our sales force to sell a portion of the advertising units allocated to us. We also represent the advertising sales efforts of other multichannel video providers in some markets. In addition, we generate revenue from the sale of advertising online and on our On Demand service.

### **Other**

We also offer home security and automation services that provide home monitoring services and the ability to manage other functions within the home, such as lighting and room temperature, through our online portal or our mobile apps.

### **Technology**

Our cable distribution system uses a hybrid fiber-optic and coaxial cable network that we believe is sufficiently flexible and scalable to support our future technology requirements. This network provides the two-way transmissions that are essential to providing high-speed Internet services, interactive video services, such as On Demand, and voice services.

We continue to focus on technology initiatives, including:

- developing and deploying next-generation media and content delivery platforms, such as our X1 platform and related cloud DVR technology, that use IP technology and our own cloud network servers to deliver video and advanced search capabilities, including through a voice-activated remote control, and allow access to certain third-party Internet applications

- deploying wireless gateways to improve the performance of multiple IP-enabled devices used at the same time within the home, provide faster Internet speeds and create an in-home Wi-Fi network

- expanding our network of residential, outdoor and business Wi-Fi hotspots

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developing multiple tools to recapture bandwidth and optimize our network to allow for faster Internet speeds and capacity, including using advanced video encoding and digital compression technologies and DOCSIS innovations, such as DOCSIS 3.1

## **Table of Contents**

developing and deploying various technology and software tools to improve the customer experience

### **Sources of Supply**

To offer our video services, we license a substantial portion of our programming from cable networks and broadcast networks, as well as from local broadcast television stations. We attempt to secure long-term programming distribution agreements with these programming providers. We seek to include in our distribution agreements the rights to offer such programming through multiple delivery platforms that may be used in a variety of locations, such as through On Demand, our online portal, our mobile apps, and our streaming services.

For our high-speed Internet services, we license software products, such as email and security software, and content, such as news feeds for our online portal, from a variety of suppliers. Under our contracts with these suppliers, we generally pay on a fixed-fee basis, on a per subscriber basis in the case of software product licenses or on a video advertising revenue share basis in the case of content licenses.

For our voice services, we license software products such as voicemail and text messaging from a variety of suppliers under multiyear contracts. The fees we pay are generally based on the consumption of the related services.

We purchase from a limited number of suppliers a significant number of set-top boxes and certain other customer premise equipment, network equipment and services to provide our cable services and our home security and automation services to residential and business customers.

We use two primary vendors to provide customer billing for our cable services to our residential and business customers.

### **Customer and Technical Services**

Our customer service call centers provide 24/7 call-answering capability, telemarketing and other services. Our technical services group performs various tasks, including installations, plant maintenance and upgrades to our cable distribution system.

### **Sales and Marketing**

We offer our services directly to residential and business customers through customer service call centers, customer service centers, our website, door-to-door selling, telemarketing and retail outlets, as well as through advertising via direct mail, television and the Internet.

## **NBCUniversal Segments**

### **Cable Networks**

Our Cable Networks segment consists of a diversified portfolio of national cable networks that provide a variety of entertainment, news and information, and sports content, our regional sports and news networks, our international cable networks, and our cable television studio production operations. We also own related digital media properties, which primarily include brand-aligned websites.

**Table of Contents**

The table below presents a summary of our national cable networks and their advertising reach to U.S. households.

|                                | Approximate U.S.<br>Households as of<br>December 31<br>(in millions) <sup>(a)</sup> |      |      | Description of Programming              |
|--------------------------------|---|------|------|---|
| Cable Network                  | 2016  | 2015 | 2014 |   |
| USA Network                    | 92  | 94   | 96   | General entertainment                   |
| MSNBC                          | 91  | 92   | 95   | News and information                    |
| E!                             | 90  | 92   | 94   | Entertainment and pop culture           |
| Syfy                           | 90  | 92   | 95   | Imagination-based entertainment         |
| CNBC                           | 89  | 91   | 94   | Business and financial news             |
| Bravo                          | 88  | 90   | 92   | Entertainment, culture and arts         |
| NBC Sports Network             | 83  | 83   | 81   | Sports                                  |
| Golf Channel                   | 78  | 77   | 79   | Golf competition and golf entertainment |
| Oxygen                         | 76  | 77   | 78   | Women's interests                       |
| Sprout                         | 59  | 56   | 58   | Children's entertainment                |
| Esquire Network <sup>(b)</sup> | 58  | 68   | 70   | Men's lifestyle and entertainment       |
| Chiller                        | 37  | 38   | 39   | Horror and suspense                     |
| CNBC World                     | 36  | 36   | 38   | Global financial news                   |
| Universal HD                   | 30  | 29   | 31   | General entertainment HD programming    |
| Cloo <sup>(b)</sup>            | 24  | 25   | 26   | Crime, mystery and suspense             |

(a) Household data is based on The Nielsen Company's January reports, except for Universal HD, which is derived from information provided by multichannel video providers. Household data for 2016 is derived from information available during the period from November 28, 2016 through December 25, 2016.

(b) In January 2017, we announced plans to convert the Esquire Network to an online-only format in 2017 and we ceased operations of the Cloo network. Our regional sports and news networks together serve more than 27 million households across the United States, including key markets such as Baltimore/Washington, Boston, Chicago, Philadelphia, Portland, Sacramento and San Francisco.

We market and distribute our cable network programming in the United States and internationally to traditional and virtual multichannel video providers, as well as to subscription video on demand services, such as those offered by Amazon, Hulu and Netflix. These distributors may provide our content on television, including via video on demand services, online and through mobile apps.

Our cable networks produce their own programs or acquire the rights to programming from third parties, including sports programming rights that are discussed below under the heading Broadcast Television. Our cable television studio production operations identify, develop and produce original content for our cable networks and third parties. We license this content to cable networks, broadcast networks and subscription video on demand services and it is sold on standard-definition DVDs and Blu-ray discs (together, DVDs) and through digital distribution services such as iTunes.

**Broadcast Television**

Our Broadcast Television segment operates the NBC and Telemundo broadcast networks, which together serve viewers and advertisers in all 50 states. Our Broadcast Television segment also includes our owned NBC and Telemundo local broadcast television stations, the NBC Universo national cable network, our broadcast television studio production operations, and related digital media properties.



## **Table of Contents**

### [NBC Network](#)

The NBC network distributes entertainment, news and sports programming that reaches viewers in virtually all U.S. television households through more than 200 affiliated stations across the United States, including our 10 owned NBC-affiliated local broadcast television stations. The NBC network's programming library consists of rights of varying nature to more than 100,000 episodes of popular television content, including current and classic titles, unscripted programming, sports, news, long-form and short-form programming, and locally produced programming from around the world. In addition, the NBC network owns related digital media properties, which primarily include brand-aligned websites.

The NBC network produces its own programs or acquires the rights to programming from third parties. NBCUniversal has various contractual commitments for the licensing of rights to multiyear programming, primarily sports programming. Our most significant sports programming commitments include the U.S. broadcast rights for the summer and winter Olympic Games through 2032 and agreements with the NFL to produce and broadcast a specified number of regular season and playoff games, including *Thursday Night Football* through the 2017-18 season, *Sunday Night Football* through the 2022-23 season and the 2018 and 2021 Super Bowl games. We also have U.S. broadcast rights to a specified number of NHL games through the 2020-21 season, English Premier League soccer through the 2021-22 season, certain NASCAR events through 2024 and certain PGA TOUR and other golf events through 2030. NBCUniversal's sports programming agreements also include the rights to distribute content on our national cable networks, including the NBC Sports Network and Golf Channel, on our regional sports networks, and online, including through our mobile apps.

Our broadcast television studio production operations develop and produce original content, including scripted and unscripted programming series and talk shows. This original content is licensed to broadcast networks, cable networks and local broadcast television stations owned by us and third parties, as well as to subscription video on demand services, and it is sold on DVDs and through digital distribution services both in the United States and internationally. We also produce first-run syndicated shows for local markets that are broadcast on local broadcast television stations in the United States on a market-by-market basis. We currently distribute some of our television programs after their initial broadcast, as well as older television programs from our library, to local broadcast television stations and cable networks in the off-network syndication market.

**Table of Contents**

*NBC Local Broadcast Television Stations*

As of December 31, 2016, we owned and operated 10 NBC-affiliated local broadcast television stations that collectively reached approximately 31 million U.S. television households, which represent approximately 27% of U.S. television households. In addition to broadcasting the NBC network’s national programming, our local broadcast television stations produce news, sports, public affairs and other programming that addresses local needs and acquire syndicated programming from other sources. The table below presents a summary of the NBC-affiliated local broadcast television stations that we owned and operated as of December 31, 2016.

| DMA Served <sup>(a)(b)</sup>       | Station | General Market Rank | Percentage of U.S. Television Households <sup>(d)</sup> |
|------------------------------------|---------|---------------------|---|
| New York, NY                       | WNBC    | 1                   | 6%  |
| Los Angeles, CA                    | KNBC    | 2                   | 5%  |
| Chicago, IL                        | WMAQ    | 3                   | 3%  |
| Philadelphia, PA                   | WCAU    | 4                   | 3%  |
| Dallas-Fort Worth, TX              | KXAS    | 5                   | 2%  |
| San Francisco-Oakland-San Jose, CA | KNTV    | 6                   | 2%  |
| Washington, D.C.                   | WRC     | 7                   | 2%  |
| Miami-Ft. Lauderdale, FL           | WTVJ    | 16                  | 1%  |
| San Diego, CA                      | KNSD    | 28                  | 1%  |
| Hartford, CT                       | WVIT    | 30                  | 1%  |

- (a) DMA served is defined by Nielsen Media Research as a geographic market for the sale of national spot and local advertising time.
- (b) On January 1, 2017, we launched a new owned and operated NBC-affiliated local broadcast television station in the Boston market that reaches approximately 2 million U.S. television households. Boston’s general market rank is No. 9, which represents approximately 2% of U.S. television households.
- (c) General market rank is based on the relative size of the DMA among the 210 generally recognized DMAs in the United States based on Nielsen estimates for the 2016-17 season.
- (d) Based on Nielsen estimates for the 2016-17 season. The percentage of U.S. television households does not reflect the calculation of national audience reach under the Federal Communications Commission’s (FCC) national television ownership cap limits. See Legislation and Regulation – Broadcast Television Ownership Limits – National Television Ownership.

**Telemundo**

Telemundo is a leading Hispanic media company that produces, acquires and distributes Spanish-language content in the United States and internationally. Telemundo’s operations include the Telemundo network, its 17 owned local broadcast television stations and the NBC Universo national cable network.

The Telemundo network is a leading Spanish-language broadcast network featuring original telenovelas, movies, news, specials and sporting events. Telemundo develops original programming primarily through its production studio and also acquires the rights to programming from third parties. It holds the Spanish-language U.S. broadcast rights to FIFA World Cup soccer through 2026 and the Spanish-language U.S. broadcast rights for certain NFL games that the NBC network will broadcast through the 2022-23 season.



**Table of Contents**

*Telemundo Local Broadcast Television Stations*

As of December 31, 2016, Telemundo owned 17 local broadcast television stations, including 16 local broadcast television stations affiliated with the Telemundo network, which collectively reached approximately 59% of U.S. Hispanic television households as of December 31, 2016, and an independent television station in Puerto Rico. The table below presents a summary of these local broadcast television stations.

| DMA Served <sup>(a)</sup>          | Station             | Hispanic Market Rank <sup>(b)</sup> | Percentage of U.S. Hispanic Television Households <sup>(c)</sup> |
|------------------------------------|---------------------|-------------------------------------|--|
| Los Angeles, CA                    | KVEA                | 1                                   | 13%  |
| New York, NY                       | WNJU                | 2                                   | 10%  |
| Miami, FL                          | WSCV                | 3                                   | 5%   |
| Houston, TX                        | KTMD                | 4                                   | 5%   |
| Dallas-Fort Worth, TX              | KXTX                | 5                                   | 4%   |
| Chicago, IL                        | WSNS                | 6                                   | 4%   |
| San Antonio, TX                    | KVDA                | 7                                   | 3%   |
| San Francisco-Oakland-San Jose, CA | KSTS                | 8                                   | 3%   |
| Phoenix, AZ                        | KTAZ                | 9                                   | 3%   |
| Harlingen-Brownsville-McAllen, TX  | KTLM                | 10                                  | 2%   |
| Fresno, CA                         | KNSO <sup>(d)</sup> | 14                                  | 2%   |
| Philadelphia, PA                   | WWSI                | 16                                  | 2%   |
| Denver, CO                         | KDEN                | 17                                  | 2%   |
| Boston, MA                         | WNEU                | 21                                  | 1%   |
| Las Vegas, NV                      | KBLR                | 24                                  | 1%   |
| Tucson, AZ                         | KHRR                | 26                                  | 1%   |
| Puerto Rico                        | WKAQ                | N/A                                 | N/A  |

(a) DMA served is defined by Nielsen Media Research as a geographic market for the sale of national spot and local advertising time.

(b) Hispanic market rank is based on the relative size of the DMA among approximately 15.1 million U.S. Hispanic households based on Nielsen estimates for the 2016-17 season.

(c) Based on Nielsen estimates for the 2016-17 season. The percentage of U.S. Hispanic television households does not reflect the calculation of national audience reach under the FCC's national television ownership cap limits. See [Legislation and Regulation](#) [Broadcast Television](#) [Ownership Limits](#) [National Television Ownership](#).

(d) Operated by a third party that provides certain non-network programming and operations services under a time brokerage agreement.

**Filmed Entertainment**

Our Filmed Entertainment segment primarily produces, acquires, markets and distributes filmed entertainment worldwide, and it also develops, produces and licenses live stage plays.

We produce films both on our own and jointly with other studios or production companies, as well as with other entities. Our films are produced primarily under the Universal Pictures, Illumination and Focus Features names, and in August 2016, we acquired DreamWorks Animation. Our films are marketed and distributed worldwide primarily through our own marketing and distribution operations. We also acquire distribution rights to films produced by others, which may be limited to particular geographic regions, specific forms of media or certain periods of time. Our

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content includes theatrical films, direct-to-video movies and our film library, which is comprised of more than 5,000 movies in a variety of genres.

We have entered into, and may continue to enter into, film cofinancing arrangements with third parties, including both studio and nonstudio entities, to jointly finance or distribute certain of our film productions. These arrangements can take various forms, but in most cases involve the grant of an economic interest in a film to an investor. Investors generally assume the full risks and rewards of ownership proportionate to their ownership in the film.

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## **Table of Contents**

The majority of our produced and acquired films are initially distributed for exhibition in movie theaters. After their release in movie theaters, we sell and license our films through various methods. We distribute our films globally by selling them on DVDs to retail stores, rental kiosks and subscription by mail services and by selling them through digital distribution services and video on demand services provided by multichannel video providers, including our Cable Communications segment. We also license our films, including selections from our film library, to cable, broadcast and premium networks, to subscription video on demand services, and to video on demand and pay-per-view services. The number of films that we license through subscription video on demand services is increasing as consumers continue to seek additional ways to view our content.

### **Theme Parks**

Our Theme Parks segment consists primarily of our Universal theme parks in Orlando, Florida and Hollywood, California and our 51% interest in Universal Studios Japan, which we acquired in November 2015. Universal Orlando includes two theme parks, Universal Studios Florida and Universal's Islands of Adventure, as well as Universal CityWalk Orlando, a dining, retail and entertainment complex. Universal Orlando also features on-site themed hotels in which we own a noncontrolling interest. Our Universal theme park in Hollywood, California consists primarily of Universal Studios Hollywood, as well as Universal CityWalk Hollywood. We continue to expand our theme park business internationally, such as through our plans to develop a Universal Studios theme park in Beijing, China along with a consortium of Chinese state-owned companies. In addition, we license the right to use the Universal Studios brand name and other intellectual property, and also provide other services, to third parties that own and operate the Universal Studios Singapore theme park on Sentosa Island, Singapore. We also owned a water park, Wet'n Wild in Orlando, Florida, which closed on December 31, 2016, and are developing a new water park, Volcano Bay, in Orlando, Florida, that we plan to open in mid-2017.

Our Theme Parks segment licenses the right to use a substantial amount of intellectual property from third parties for its themed elements in rides, attractions and merchandising.

### **Competition**

All of our businesses operate in intensely competitive, consumer-driven and rapidly changing environments and compete with a growing number of companies that provide a broad range of communications products and services, and entertainment, news and information products and services, to consumers. Technological changes are further intensifying and complicating the competitive landscape for all of our businesses by challenging existing business models and affecting consumer behavior.

### **Cable Communications**

Competition for our cable services consists primarily of direct broadcast satellite (DBS) providers, which have a national footprint and compete in all of our service areas, and phone companies with fiber-based networks, which overlap approximately 60% of our service areas and are continuing to expand the areas they serve. Many of these competitors offer features, pricing and packaging for these services, individually and in bundles, comparable to what we offer, and some of these traditional competitors also offer smaller online-only video packages. In 2015, AT&T, one of our largest phone company competitors, acquired DIRECTV, the nation's largest DBS provider, which created an even larger competitor to our cable services and has enabled it to enhance its bundled offerings with video, high-speed Internet, and wireline and wireless phone services. AT&T also announced in 2016 a proposed merger with Time Warner Inc., a media and entertainment company, which competes with our NBCUniversal businesses.

Current and future wireless Internet services, such as 3G, 4G and 5G wireless broadband services and Wi-Fi networks, may compete with our high-speed Internet services, and our voice services are facing increased competition as customers replace wireline phones with wireless phones and Internet-based phone services such as Skype.

## **Table of Contents**

There also continue to be new companies, some with significant financial resources, that offer or are seeking to offer services that potentially may compete with some or all of our cable services. For example, Google has launched high-speed Internet and video services in a limited number of areas in which we operate and other companies continue to emerge that provide Internet streaming and downloading of video programming, some of which charge a nominal or no fee.

### **Video Services**

We compete with a number of different sources that provide news, sports, information and entertainment programming to consumers, including:

DBS providers, including AT&T's DIRECTV and DISH Network, that transmit satellite signals to substantially all U.S. households to provide video programming and other information similar to our video services

phone companies, including AT&T and Verizon, that have built and continue to build fiber-based networks that provide cable services similar to ours, which overlap a substantial portion of our service areas, and that in some cases offer bundled offerings that include wireless phone services

online video distributors that offer online services and devices that enable Internet streaming and downloading of movies, television shows and other video programming, including linear and video on demand programming, and generally involve the offering of smaller packages of programming networks at prices lower than our traditional video service package offerings

other providers that build and operate wireline communications systems in the same communities that we serve, including those operating as franchised cable operators

satellite master antenna television systems that offer to their subscribers both improved reception of local broadcast television stations and much of the programming offered by our cable systems and generally serve MDUs, office complexes and residential developments

other companies, such as local broadcast television stations, that provide multiple channels of free over-the-air programming, as well as video rental services and home entertainment and gaming products

### **High-Speed Internet Services**

We compete with a number of companies offering Internet services, including:

wireline phone companies

Internet service providers

wireless phone companies and other providers of wireless Internet service

satellite broadband providers

power companies

municipal broadband networks

Some phone companies, such as AT&T, CenturyLink, Frontier and Verizon, have built and are continuing to build fiber-based network infrastructure farther into their networks, which allows them to provide data trans-

## **Table of Contents**

mission speeds that exceed those that can be provided with traditional digital subscriber line ( DSL ) technology, and are now offering these higher-speed services in many of our service areas. Certain companies that offer DSL service have increased data transmission speeds, lowered prices or created bundled services to compete with our high-speed Internet services.

Google has launched a fiber-to-the-home network that provides high-speed Internet services in a limited number of areas in which we operate, and certain municipalities in our service areas are also building fiber-based networks.

Various wireless companies are offering Internet services using a variety of network types, including 3G and 4G, and in the future 5G, wireless broadband services and Wi-Fi networks. These networks work with devices such as smartphones, laptops, tablets and mobile wireless routers, as well as wireless data cards. A growing number of commercial venues, such as retail malls, restaurants and airports, also offer Wi-Fi service. Numerous local governments are also considering or actively pursuing publicly subsidized Wi-Fi and other Internet access networks. The availability of these wireless offerings could negatively impact the demand for our high-speed Internet services.

### **Voice Services**

Our voice services compete with wireline and wireless phone companies, including incumbent local exchange carriers ( ILECs ) and competitive local exchange carriers ( CLECs ), and other Internet-based and VoIP service providers. Certain phone companies, such as the ILECs AT&T and Verizon, have substantial capital and other resources, longstanding customer relationships, and extensive existing facilities and network rights-of-way. A few CLECs also have existing local networks and significant financial resources. In addition, we are increasingly competing with other phone service providers as customers replace traditional wireline phone services with wireless and Internet-based phone services.

### **Business Services**

Our business services primarily compete with a variety of phone companies, including ILECs and CLECs. These companies either operate their own network infrastructure or rely on reselling all or part of another carrier's network. We also compete with satellite operators who offer video services to businesses.

## **NBCUniversal Segments**

### **Cable Networks and Broadcast Television**

Our cable networks, broadcast networks and owned local broadcast television stations compete for viewers' attention and audience share with all forms of programming provided to viewers, including cable, broadcast and premium networks; subscription video on demand services; local broadcast television stations; home entertainment products; pay-per-view and video on demand services; online activities, such as social networking and viewing user-generated content; gaming products; and other forms of entertainment, news and information.

Our cable networks, broadcast networks and owned local broadcast television stations compete for the acquisition of programming and for on-air and creative talent with other cable and broadcast networks, local television stations and subscription video on demand services. The market for programming is very competitive, particularly for sports programming, where the cost for such programming is significant.

Our cable networks compete with other cable networks and programming providers for carriage of their programming by multichannel video providers and subscription video on demand services. Our broadcast networks compete with the other broadcast networks in markets across the United States to secure affiliations with independently owned television stations, which are necessary to ensure the effective distribution of broadcast network programming to a nationwide audience.

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## **Table of Contents**

In addition, our cable television and broadcast television studio production operations compete with other production companies and creators of content for the acquisition of story properties, for creative, performing and technical personnel, and for distribution of, and consumer interest in, their content.

### **Filmed Entertainment**

Our filmed entertainment business competes for audiences for its films and other entertainment content with other major studios and, to a lesser extent, with independent film producers, as well as with alternative forms of entertainment. Our competitive position primarily depends on the number of films we produce, their distribution and marketing success, and consumer response. Our filmed entertainment business also competes to obtain creative, performing and technical talent, including writers, actors, directors and producers, as well as scripts for films. Our filmed entertainment business also competes with the other major studios and other producers of entertainment content for the exhibition of its films in theaters and for premium network and digital distribution of its films.

### **Theme Parks**

Our theme parks business competes with other multi-park entertainment companies. We also compete with other providers of entertainment, lodging, tourism and recreational activities. To help maintain the competitiveness of our theme parks, we have invested and continue to invest in existing and new theme park attractions, hotels and infrastructure.

### **Advertising**

Our cable communications business, cable networks, broadcast networks, and owned local broadcast television stations compete for the sale of advertising with other television networks and stations, as well as with all other advertising platforms, such as digital, radio and print media. The willingness of advertisers to purchase advertising from us may be adversely affected by lower audience ratings at our cable networks, broadcast networks and owned local broadcast television stations. Declines in advertising revenue also can be caused by increased competition for the leisure time of viewers and audience fragmentation and from the growing use of technologies such as DVRs and video on demand services, which give consumers greater flexibility to watch programming on a time-delayed or on-demand basis or to fast-forward or skip advertisements within programming; from subscription video on demand services; and from other online programming.

### **Seasonality and Cyclicity**

Each of our businesses is subject to seasonal and cyclical variations. See Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations and refer to the Seasonality and Cyclicity discussion within that section for additional information.

## **Legislation and Regulation**

The Communications Act of 1934, as amended (the Communications Act), and FCC regulations and policies affect significant aspects of our businesses. Our businesses are also subject to other regulation by federal, state, local and foreign authorities and to agreements we enter into with local cable franchising authorities. In addition, we must comply with the terms, conditions and commitments of the FCC Order that approved the NBCUniversal transaction in January 2011 (the NBCUniversal Order) and a consent decree entered into between us, the Department of Justice (DOJ) and five states (the NBCUniversal Consent Decree) in September 2011, which contain conditions and commitments of varying duration, ranging from three to seven years thereafter.

Legislators and regulators at all levels of government frequently consider changing, and sometimes do change, existing statutes, rules or regulations, or interpretations of existing statutes, rules or regulations, or

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## **Table of Contents**

prescribe new ones, any of which may significantly affect our businesses. In addition, in recent years, the FCC and certain states have been more active in considering rulemakings and legislation, as well as in conducting inquiries and reviews, regarding our services. Any future legislative, judicial, regulatory or administrative actions may increase our costs or impose additional restrictions on our businesses, some of which may be significant. Congress may consider proposals to address communications issues, including whether it should rewrite the entire Communications Act to account for changes in the communications marketplace, whether it should address the FCC's authority to implement or enforce open Internet regulations, and whether it should fund new broadband infrastructure. We are unable to predict the effects of any of these or any other further legislative requirements on our businesses. In addition, with the new Administration in place, the FCC and other agencies may pursue new regulations or seek changes to, or the elimination of, existing regulations, such as the classification of broadband Internet service and requirements relating to the Internet and privacy. We cannot predict what changes will be sought and, if adopted, how they will affect our businesses.

The following paragraphs summarize material existing and potential future legal and regulatory requirements affecting our businesses, although reference should be made to the Communications Act, FCC regulations, the NBCUniversal Order, the NBCUniversal Consent Decree, and other legislation and regulations for further information.

### **Cable Communications Segment**

#### **Video Services**

##### **Program Carriage**

Cable operators and other multichannel video providers are prohibited from requiring as a condition of carriage a financial interest in, or exclusive distribution rights for, a video programming network. In addition, FCC regulations, as well as the NBCUniversal Order, prohibit us from unreasonably restraining the ability of an unaffiliated video programming network to compete fairly by discriminating against the network on the basis of its non-affiliation in the selection, terms or conditions for its carriage. We have been involved in program carriage disputes at the FCC and may be subject to new complaints in the future.

##### **Must-Carry/Retransmission Consent**

Cable operators are required to carry, without compensation, programming transmitted by most local commercial and noncommercial broadcast television stations. As an alternative to this must-carry requirement, local broadcast television stations may choose to negotiate with the cable operator for retransmission consent, under which the station gives up its must-carry rights and instead seeks to negotiate a carriage agreement with the cable operator, which frequently will involve payments to the station. We currently pay certain local broadcast television stations in exchange for their required consent for the retransmission of the stations' broadcast programming to our video services customers and expect to continue to be subject to demands for increased payment and other concessions from local broadcast television stations. For information on must-carry and retransmission consent issues relating to our broadcast television business, see NBCUniversal Segments' Broadcast Television below and refer to the Must-Carry/Retransmission Consent discussion within that section.

##### **Pricing and Packaging**

In 2015, the FCC revised its rate regulations to create a presumption that all local communities are subject to effective competition and should no longer be subject to rate regulation that limits prices cable operators may charge for basic video service, equipment and installation. That decision has been appealed in federal court. While the FCC has accepted a certification from a Massachusetts franchising authority that demonstrated an absence of effective competition in a number of the communities we serve in Massachusetts that will allow for

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## **Table of Contents**

continued rate regulation in those communities, all of the other areas we serve are unregulated. In addition to the FCC's rate regulation rules, certain state entities monitor and may challenge the marketing and advertising of our services. For example, in 2016, the Washington State Attorney General filed suit in state court alleging our service protection plan, an optional plan that protects customers from incurring charges for service visits to diagnose and repair installed in-home wiring for residential cable services, violates state consumer protection laws.

### **Cable Equipment**

The Communications Act includes provisions aimed at promoting the retail availability of set-top boxes and other equipment that can be used to receive digital video services. In 2016, the FCC launched a rulemaking to consider proposed technology mandates on multichannel video providers aimed at enabling third-party retail video devices to access a provider's video service without the need for a provider-supplied set-top box. If implemented, these mandates would impose substantial costs on us, impair our ability to innovate and have other adverse effects on our business. It is unclear whether the FCC under the new Administration will pursue this proceeding or adopt these rules.

### **Pole Attachments**

The FCC regulates the rates, terms and conditions that most pole-owning utility companies charge cable operators and telecommunications carriers, including broadband Internet access service providers such as us, for allowing attachments to their poles. States are permitted to preempt FCC jurisdiction and regulate the rates, terms and conditions of attachments themselves, and many states in which we operate have done so. Most of these states have generally followed the FCC's pole attachment rate standards, which set rates for telecommunications service pole attachments to levels at or near the rates for cable service attachments. In 2015, the FCC eliminated the ability of utility companies to justify higher rates for telecommunication service pole attachments. Cable operators had requested this FCC action because the FCC's new open Internet regulations, as described below under the heading "Open Internet Regulations", reclassified Internet access service as a telecommunications service, which could have allowed for higher rental rates to be applied to a majority of our pole attachments. The FCC's order ensuring that pole rates for telecommunications service attachments approximate the cable service pole rate has been appealed in federal court by the utility companies. Some municipalities have enacted "one-touch" make ready pole attachment ordinances, which permit third parties to alter components of our network attached to utility poles in ways that could adversely affect our businesses. We and other providers have filed complaints in federal court challenging these ordinances.

### **Franchising**

Cable operators generally operate their cable systems under nonexclusive franchises granted by local or state franchising authorities. While the terms and conditions of franchises vary materially from jurisdiction to jurisdiction, franchises typically last for a fixed term, obligate the franchisee to pay franchise fees and meet service quality, customer service and other requirements, and are terminable if the franchisee fails to comply with material provisions. Franchising authorities also may establish reasonable requirements for public, educational and governmental access programming, and some of our franchises require substantial channel capacity and financial support for this programming. The Communications Act also contains provisions governing the franchising process, including renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. We believe that our franchise renewal prospects are generally favorable but cannot guarantee the future renewal of any individual franchise.

Approximately half of the states in which we operate provide for statewide franchising or have simplified local franchising requirements for new entrants. Some allow new entrants to operate on more favorable terms than our current operations, for instance by not requiring that the new entrant provide service to all parts of the franchise area or permitting the new entrant to designate only those portions it wishes to serve. Certain states allow incumbent cable operators such as us to opt in to the new state franchise immediately or later.

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## **Table of Contents**

when a competing state franchise has been issued, although even in those states, incumbent cable operators may be required to retain certain franchise obligations that are more burdensome than the new entrant's state franchise.

### **High-Speed Internet Services**

We provide high-speed Internet services to our customers. Many of these services are subject to a number of regulatory obligations described below, including open Internet regulations prescribed by the FCC and certain common carrier regulations under Title II of the Communications Act. As an Internet service provider (ISP), we are also subject to a requirement to implement certain network capabilities to assist law enforcement in conducting surveillance of persons suspected of criminal activity. From time to time, the FCC considers imposing new regulatory obligations on ISPs, including, for example, proposals to require broadband network outage reporting. New broadband regulations, if adopted, may have adverse effects on our businesses.

#### **Open Internet Regulations**

In 2015, the FCC reclassified broadband Internet access service as a telecommunications service subject to new open Internet regulations and certain common carrier regulations under Title II of the Communications Act, including requirements that charges and practices of ISPs for and in connection with broadband Internet access service be just, reasonable and not unjustly or unreasonably discriminatory. However, the FCC refrained from implementing a number of utility-style regulations that might otherwise apply under Title II, such as rate regulation, tariffs and unbundling requirements.

The new open Internet regulations bar ISPs from blocking access to lawful content, applications, services or non-harmful devices; prohibit ISPs from impairing or degrading lawful Internet traffic on the basis of content, applications or services, or impairing or degrading the use of non-harmful devices; prohibit ISPs from favoring lawful traffic from one provider of Internet content, applications or services (called an edge provider) over lawful traffic of another edge provider in exchange for consideration (paid prioritization); establish a new general conduct standard that prohibits ISPs from unreasonably interfering with or unreasonably disadvantaging the ability of consumers to select, access and use the lawful Internet content, applications, services or devices of their choosing or of edge providers to make lawful content, applications, services or devices available to consumers; and require ISPs to disclose information regarding network management, performance and commercial terms of the service. In addition, interconnection arrangements, which govern how Internet traffic is exchanged between high-speed Internet networks and provide direct, dedicated interconnection capacity to edge providers, are now subject to FCC oversight under Title II of the Communications Act. All of these regulations are subject to FCC enforcement and could give rise to third-party claims for damages or equitable relief. These requirements could adversely affect our business, although the extent to which they do so will depend upon the manner in which the FCC interprets and enforces them.

In June 2016, a panel of the United States Court of Appeals for the District of Columbia affirmed the FCC's new open Internet regulations on appeal. Petitions have been filed requesting a rehearing of the decision. In addition, Congress may consider legislation addressing these regulations, and the FCC under the new Administration may also revisit the rules. We cannot predict whether or how the rules might be changed. States have attempted, and may continue to attempt, to use the FCC's open Internet decision to justify imposing new regulations and taxes and fees on ISPs that could adversely affect our business.

Separate and apart from the FCC's new open Internet regulations, we committed to be bound by the FCC's original open Internet regulations adopted in 2010 as a condition of the NBCUniversal Order and the NBCUniversal Consent Decree until 2018, although we did not agree to be bound by any future open Internet regulations. As a result, among other things, we cannot block access to lawful Internet content, applications, services or non-harmful devices or unreasonably discriminate in transmitting lawful Internet network traffic, although we may engage in reasonable network management.

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## **Table of Contents**

### [Business Data Services](#)

In April 2016, the FCC proposed new regulations for business data services (formerly special access services), which provide dedicated point-to-point transmission of data at certain guaranteed speeds and service levels using high-capacity connections. The FCC proposed new rate regulation and other regulatory mandates that could apply to business data services offered by cable companies. The proposed rules or any variation of the proposed rules, if implemented, could impose substantial costs on us and have other significant adverse effects on our business. It is uncertain whether the FCC under the new Administration will pursue this proceeding or adopt these rules.

### [NBCUniversal Order/Consent Decree Conditions](#)

The NBCUniversal Order and NBCUniversal Consent Decree include various conditions and commitments requiring us to offer all of our broadband Internet access service speed tiers on a stand-alone basis at reasonable market-based prices, to maintain a broadband Internet access service of at least 12 Mbps downstream across most of our footprint, and to avoid discrimination in how we treat specialized services (defined as services we provide over the same last-mile facilities as our broadband Internet access service, but not including our broadband Internet access service, video services or voice services).

### [Municipally Owned Broadband Networks](#)

A number of local municipalities operate municipally-owned broadband networks. Certain states have enacted laws that restrict or prohibit local municipalities from operating municipally owned broadband networks. The FCC's efforts to preempt such laws in Tennessee and North Carolina were overturned in 2016 by the United States Court of Appeals for the Sixth Circuit. However, there may be further efforts by local governments to expand or create government-owned networks and there may also be efforts in state legislatures to restrict the development of government-owned networks or to ease or facilitate such networks. In addition, as part of any federal infrastructure program, governmental subsidies or funding of additional Internet broadband networks may be encouraged. We cannot predict how successful those efforts will be and how they might affect our business.

### **Voice Services**

We provide voice services using VoIP technology. The FCC has adopted a number of regulations for providers of nontraditional voice services such as ours, including regulations relating to privacy of customer proprietary network information, local number portability duties and benefits, disability access, E911, law enforcement assistance, outage reporting, Universal Service Fund contribution obligations and certain regulatory filing requirements. The FCC has not yet ruled on whether VoIP services such as ours should be classified as an information service or a telecommunications service under the Communications Act. The classification determination is important because telecommunications services are regulated more extensively than information services. State regulatory commissions and legislatures may continue to investigate imposing regulatory requirements on our voice services, and the FCC's open Internet regulations reclassifying Internet access as a telecommunications service may further encourage state-level regulatory actions.

### [Voice Interconnection](#)

Because the FCC has not determined the appropriate classification of our voice services, providers of VoIP services typically either secure CLEC authorization or obtain interconnection to traditional wireline phone company networks by contracting with an existing CLEC, which has the right, as a telecommunications carrier, to request and obtain interconnection with the traditional wireline phone companies. We have arranged for such interconnection rights through affiliated CLECs. If a regulatory or judicial authority were to deny our ability to interconnect through one of our affiliated CLECs, our ability to provide voice services and compete in the area in question would be negatively impacted. The FCC regulates the arrangements by which telecommunications carriers compensate one another for exchanged traffic and has affirmed the right of CLECs to collect intercarrier compensation when providing interconnection for VoIP providers.

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## **Table of Contents**

### **Universal Service**

The federal Universal Service program generally requires us and other phone service providers to pay a fee based on revenue from their services into a fund used to subsidize the provision of telecommunications services in high-cost areas and to low-income consumers and the provision of Internet and telecommunications services to schools, libraries and certain health care providers. Some states also have analogous programs that support service in high-cost areas or to low-income consumers. The FCC has long considered implementing changes to the Universal Service program, such as changing the fee calculation from a revenue-based formula to a per-user fee or per-connection fee, adopting a fee based on bandwidth, and expanding the services subject to the fee to include broadband Internet access services. We are unable to predict if or how the FCC may change the Universal Service program, or the effects any such changes would have on our businesses.

The FCC recently has shifted its focus away from supporting traditional telephone service, and toward subsidizing broadband deployment. This shift could assist some of our competitors. For example, in 2014, the FCC substantially revised the program that provides Universal Service support for services to schools and libraries to shift support from voice services to broadband services and the deployment of Wi-Fi networks. Similarly, the FCC has expanded its Lifeline subsidy program for low-income consumers to include broadband services in addition to voice services. The FCC under the new Administration or Congress may revisit these subsidy programs and how they are funded. We cannot predict whether or how these programs will be changed.

### **NBCUniversal Segments**

#### **Cable Networks**

##### **Program Access**

The Communications Act and FCC regulations (the program access rules) generally prevent cable networks affiliated with cable operators from favoring cable operators over competing multichannel video programming distributors ( MVPDs ).

The FCC and Congress have considered proposals that would require companies that own multiple cable networks to make each of their networks available individually when negotiating distribution agreements with MVPDs and potentially with online video distributors ( OVDs ). We currently offer our cable networks both on a bundled basis and, when requested, individually.

Under the terms of the NBCUniversal Order, MVPDs in certain circumstances can invoke commercial arbitration for access to our cable networks and broadcast television networks, including our regional sports networks. In addition, under the NBCUniversal Order and NBCUniversal Consent Decree, we are required to make certain of our cable network, broadcast television and filmed entertainment programming available to bona fide OVDs in certain circumstances. For further discussion of these conditions, see Broadcast Television below and refer to the Must-Carry/Retransmission Consent and Internet Distribution discussions within that section.

##### **Children's Programming**

Under federal regulations, the amount of commercial content that may be shown on cable networks, broadcast networks and broadcast television stations during programming originally produced and broadcast primarily for an audience of children under 13 years of age is limited, and certain television station programming must serve the educational and informational needs of children under 17 years of age. In addition, the NBCUniversal Order includes certain commitments and conditions related to children's television and advertising directed at children.

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## **Table of Contents**

### **Broadcast Television**

#### [Licensing](#)

Local broadcast television stations may be operated only in accordance with a license issued by the FCC upon a finding that the grant of the license will serve the public interest, convenience and necessity. The FCC grants broadcast television station licenses for specific periods of time, which may be renewed with or without conditions. Substantially all of our broadcast television station licenses have pending applications for renewal, although our stations' authority to operate is automatically extended while a renewal application is under review. Several of these applications have been opposed by third parties. Although our licenses have been renewed in the past, there can be no assurance that we will always obtain renewal grants.

#### [Ownership Limits](#)

FCC regulations limit the ability of individuals and entities to have attributable interests above specific ownership levels in local television stations and place limitations on ownership of other specified mass media entities, such as limits on the cross-ownership of broadcast television stations and newspapers in the same market. The FCC is in the process of reviewing these ownership regulations.

#### [Local Television Ownership](#)

Under FCC regulations, a licensee generally may own up to two broadcast television stations in the same DMA, as long as at least one of the stations is not among the top four-ranked stations in the market based on audience share and there are at least eight independently owned and operating full-power broadcast television stations in the market. Without regard to the number of remaining independently owned television stations, ownership of more than one television station within the same DMA is permitted so long as certain signal contours of the stations involved do not overlap.

#### [National Television Ownership](#)

The Communications Act and FCC regulations limit the number of broadcast television stations one entity may own or control nationally. No entity may have an attributable interest in broadcast television stations that reach, in the aggregate, more than 39% of all U.S. television households. The FCC also has adopted a rule that eliminates a 50% discount formerly afforded to UHF stations (channels 14 and above) in calculating the extent of an individual station owner's holdings under the national cap. Our owned broadcast television station reach does not exceed this limit, but the elimination of this discount places us closer to the national cap and limits our flexibility to acquire stations in the future.

#### [Foreign Ownership](#)

The Communications Act generally limits foreign ownership in a broadcast television station to 20% direct ownership and 25% indirect ownership, although the limit on indirect ownership can be waived if the FCC finds it to be in the public interest.

#### [Dual Network Rule](#)

Each of the four major broadcast television networks (ABC, CBS, Fox and NBC) is prohibited from being under common ownership or control with another of the four.

#### [Must-Carry/Retransmission Consent](#)

Every three years, each commercial television station must elect for each cable system in its DMA either must-carry or retransmission consent. A similar regulatory scheme applies to satellite providers. For the current period, which ends on December 31, 2017, all of our owned NBC broadcast television stations and our owned Telemundo broadcast television stations elected retransmission consent.

In enacting the STELA Reauthorization Act of 2014, Congress modified certain aspects of the compulsory copyright licenses under which satellite providers and cable operators retransmit broadcast television sta-



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## **Table of Contents**

tions. Congress also is considering legislation that would modify the must-carry and retransmission consent regime. Under conditions imposed in the NBCUniversal Order, MVPDs may invoke commercial arbitration to resolve disputes regarding carriage of our owned local broadcast television stations.

### [Internet Distribution](#)

The NBCUniversal Order and NBCUniversal Consent Decree establish certain obligations and restraints concerning distribution of our content online. We must make available certain of our cable network, broadcast television and filmed entertainment programming to bona fide OVDs in certain circumstances, and they may invoke commercial arbitration to resolve disputes over access to such programming. We also must distribute programming via nbc.com that is generally equivalent to the programming that we distributed via nbc.com as of January 1, 2011, on generally equivalent prices, terms and conditions, so long as at least one of the other major broadcast networks continues to distribute its programming in a similar fashion. We are one of three broadcast network owners of Hulu, but we have no voting rights or board representation. We have entered into renewal license agreements with Hulu on substantially the same terms as its other broadcast network owners.

### [Indecency](#)

A federal statute and FCC regulations prohibit the broadcast of obscene material on television stations at any time and indecent or profane material between the hours of 6 a.m. and 10 p.m. From time to time, we have received and may receive in the future letters of inquiry from the FCC prompted by complaints alleging that certain programming on our owned local broadcast television stations included indecent or profane material.

### **Filmed Entertainment**

Our filmed entertainment business is subject to trade practice laws in effect in 25 states and Puerto Rico relating to theatrical distribution of motion pictures. In countries outside the United States, a variety of existing or contemplated laws and regulations may affect our ability to distribute and license motion picture and television products, as well as consumer merchandise products. The ability of countries to deny market access or refuse national treatment to products originating outside their territories is regulated under various international agreements.

### **Theme Parks**

Our theme parks are subject to various regulations, including laws and regulations regarding environmental protection, privacy and data protection, consumer product safety and theme park operations, such as health, sanitation, safety and fire standards, as well as liquor licenses.

### [Other Areas of Regulation](#)

### **Intellectual Property**

Copyright, trademark, unfair competition, patent, trade secret and other proprietary-rights laws of the United States and other countries help protect our intellectual property rights. In particular, piracy of programming and films through unauthorized distribution of counterfeit DVDs, peer-to-peer file sharing and other platforms presents challenges for our cable networks, broadcast television and filmed entertainment businesses. The unauthorized reproduction, distribution or display of copyrighted material over the Internet or through other methods of distribution, such as through devices, software or websites that allow the reproduction, viewing, sharing and/or downloading of content by either ignoring or interfering with the content's security features and copyrighted status, interferes with the market for copyrighted works and disrupts our ability to exploit our content. The extent of copyright protection and the use of technological protections, such as encryption, are controversial. Modifications to existing laws that weaken these protections could have an adverse effect on our ability to license and sell our programming.

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## **Table of Contents**

While many legal protections exist to combat piracy, laws in the United States and internationally continue to evolve, as do technologies used to evade these laws. We have actively engaged in the enforcement of our intellectual property rights and likely will continue to expend substantial resources to protect our content. The repeal of laws intended to combat piracy and protect intellectual property or weakening of such laws or enforcement in the United States or internationally, or a failure of existing laws to adapt to new technologies, could make it more difficult for us to adequately protect our intellectual property rights, which could negatively affect their value and further increase the costs of enforcing our rights.

Copyright laws also require that we contribute a percentage of revenue to a federal copyright royalty pool in exchange for retransmitting copyrighted material in broadcast signals under a compulsory license and that we pay standard industry licensing fees for the public performance of music in the programs we distribute, such as local advertising and local origination programming on our cable systems, as well as in the content we create. The fees we pay to music performance rights organizations are typically renegotiated when we renew licenses with those organizations, while the royalties we contribute to the copyright royalty pool for broadcast signals can be challenged by copyright owners in annual audits, and we cannot predict what those fees will be in the future or if disputes will arise over them. In addition, in response to a 2014 FCC decision eliminating the FCC's sports blackout rule, which previously enabled sports teams to insist that cable operators black out sports events not available on local broadcast signals, the leading sports leagues petitioned the Copyright Royalty Board to impose a copyright surcharge on cable operators to compensate sports teams for the loss of programming exclusivity, and that proceeding is now pending.

There has been litigation related to a number of online entities that stream our broadcast television content online without the consent of, or compensation to, NBC or its affiliates. In 2014, the U.S. Supreme Court ruled that one such entity, Aereo, violated the broadcasters' exclusive right to perform their copyrighted works publicly. Subsequently, Aereo sought to operate as a cable system under the Copyright Act. Although the U.S. Copyright Office rejected its application for a compulsory copyright license, other companies continue to seek legislation or court rulings to obtain a compulsory license to stream broadcast programming online.

### **Privacy and Data Security Regulation**

The Communications Act generally restricts the nonconsensual collection and disclosure to third parties of cable customers' personally identifiable information by cable operators, except for rendering service, conducting legitimate business activities related to the service, and responding to legal requests. We are also subject to various state and federal regulations that provide privacy protections for customer proprietary network information related to our voice services.

As a result of the FCC's 2015 decision to reclassify broadband Internet access service as a telecommunications service subject to Title II of the Communications Act, the FCC has concluded that ISPs are subject to FCC regulations regarding the use and disclosure of certain customer information. Specifically, in October 2016, the FCC adopted new privacy and data security regulations governing the use of certain customer information by telecommunications carriers, including ISPs and providers of VoIP services such as ours. Under these new regulations, we may use, disclose or permit access to any customer non-sensitive proprietary information subject to the customer's ability to opt out, but must obtain opt-in approval from the customer to use, disclose or permit access to customer sensitive proprietary information, with certain exceptions. The new regulations also impose breach notification obligations and data security requirements. These new rules are more stringent than the FTC's privacy rules that previously applied to ISPs and could have adverse effects on our ability to compete in the highly concentrated online advertising market. The FCC under the new Administration or Congress may revisit and revise these new rules, although we cannot predict whether or how the rules might be changed.

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## **Table of Contents**

In addition to FCC privacy regulations governing ISPs, the FTC generally exercises authority over privacy protections applicable to some of our other businesses by using its existing authority over unfair and deceptive acts or practices to apply greater restrictions on the collection and use of personally identifiable and other information relating to consumers. It also has undertaken numerous enforcement actions against parties that do not provide sufficient security protections against the loss or unauthorized disclosure of this type of information. However, a recent court decision has raised questions regarding the extent of FTC jurisdiction over companies like us, whose service offerings include some common carrier services. The FTC has appealed this decision. We cannot predict the outcome of the litigation or the impact of the decision on our business. We also are subject to stringent data security and data retention requirements that apply to website operators and online services directed to children under 13 years of age, or that knowingly collect or post personal information from children under 13 years of age. Other privacy-oriented laws have been extended by courts to online video providers and are increasingly being used in privacy lawsuits, including class actions, against providers of video materials online.

We are also subject to state and federal laws regarding telemarketing and state and federal laws regarding unsolicited commercial emails, as well as FCC regulations relating to automated telemarketing calls, texts and SMS messages. The FTC and state attorneys general also have initiated efforts to increase and enforce transparency requirements about the collection and use of consumer information, even in an aggregated, non-customer-identifiable form, which may require ongoing review of new and rapidly evolving technologies and methods for delivering content and advertising to ensure that appropriate notice is given to consumers and consent is obtained where required.

We are also subject to state and federal laws and regulations regarding data security that primarily apply to sensitive personal information that could be used to commit identity theft. Most states have security breach notification laws that generally require a business to give notice to consumers and government agencies when certain information has been disclosed due to a security breach, and the FCC has adopted security breach rules for voice services and broadband Internet access services. Several states have also enacted general data security requirements to safeguard consumer information, including the proper disposal of consumer information.

The National Institute of Standards and Technology ( NIST ), in cooperation with other federal agencies and owners and operators of U.S. critical infrastructure, including us, have developed a voluntary framework that provides a prioritized, flexible, repeatable, performance-based and cost-effective approach to cybersecurity risk. It is a compendium of existing cross-sector cyber-defense processes, practices and protocols that can help companies identify, assess and manage their cyber risks and vulnerabilities, and several government agencies have encouraged compliance with this framework. NIST recently proposed draft updates to this voluntary framework and is collecting feedback on the draft. In June 2016, the Department of Homeland Security and the Department of Justice, in collaboration with other federal agencies, released final guidance regarding the sharing of cyber threat indicators and defensive measures between and among Federal and Non-Federal entities under the Cybersecurity Act of 2015. Finally, there are pending legislative proposals that could impose new requirements on owners and operators of critical infrastructure, including us, and the FCC is considering expanding its cybersecurity guidelines or adopting new cybersecurity requirements.

### **FCC Spectrum Auction**

Congress has authorized the FCC to conduct an auction to repurpose some broadcast spectrum to mobile broadband use. In this auction, licensees of full-power and Class A television stations have the opportunity to sell some or all of their spectrum rights in exchange for cash. TV stations that do not voluntarily sell their spectrum rights may be assigned new channels on which to operate, but the FCC must make all reasonable efforts to preserve those stations' over-the-air coverage areas and populations served, and to reimburse them for reasonable relocation costs (subject to an aggregate limit of \$1.75 billion).

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## **Table of Contents**

NBCUniversal has submitted applications with the FCC indicating its potential interest in selling broadcast spectrum rights, and we have filed an application to bid on new mobile broadband licenses. Filing an application in the auction does not create any obligation to sell, bid on or buy spectrum.

Bidding in the auction began in May 2016 and is still ongoing. We cannot predict the outcome of the auction or the impact the outcome may have on our business.

### **State and Local Taxes**

Some states and localities have imposed or are considering imposing, through both legislative and administrative channels, new or additional taxes or fees on, or limiting or eliminating incentives or credits earned or monetized by, the businesses operated by our Cable Communications and NBCUniversal segments, or imposing adverse methodologies by which taxes, fees, incentives or credits are computed, earned or monetized. These include combined reporting or other changes to general business taxes, central assessments for property tax, and taxes and fees on the businesses operated or services provided by our Cable Communications and NBCUniversal segments. In some situations, DBS providers and other competitors that deliver their services over a high-speed Internet connection do not face the same state tax and fee burdens. Congress has also considered, and may consider again, proposals to bar or limit states from imposing taxes on these DBS providers or other competitors that are equivalent to the taxes or fees that we pay. The Internet Tax Freedom Act, which prohibits most states and localities from imposing sales and other taxes on our Internet access charges, has now been made permanent by 2016 legislation; however, some jurisdictions have or may assert that certain taxes akin to right-of-way fees are not preempted by Internet Tax Freedom Act. The FCC's reclassification of broadband Internet access services as Title II telecommunications services may cause or allow, directly or indirectly, some states and localities to impose various other taxes and fees on our high-speed Internet business.

### **Environmental Matters**

Certain of our business operations are subject to environmental laws and regulations since they involve air emissions, wastewater discharges, and the use, disposal and cleanup of toxic and hazardous substances. Any failure to comply with environmental requirements could result in monetary fines, civil or criminal sanctions, third-party claims, or other costs or liabilities.

Environmental requirements have become more stringent over time, and pending or proposed new regulations could impact our operations or costs. For example, climate change regulation, such as proposed greenhouse gas emissions limits or cap and trade programs, could result in an increase in the cost of electricity, which is a significant component of our operational costs for some aspects of our businesses.

### **Other Regulations**

Federal regulators actively regulate other aspects of our businesses, including accessibility to our video and voice services and broadcast television programming for people with disabilities, customer service standards, inside wiring, leased access, loudness of commercial advertisements, advertising, Emergency Alert System, equal employment opportunity, lottery programming, recordkeeping and public file access requirements, regulatory fees and technical standards relating to the operation of cable systems and television stations. We are occasionally subject to enforcement actions at the FCC, which can result in us having to pay fines to the agency or being subject to other sanctions. We also are subject to various international regulations, including those that cover television broadcasting, programming and advertising.

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**Table of Contents**

## Employees

As of December 31, 2016, we had approximately 159,000 full-time and part-time employees calculated on a full-time equivalent basis. Of these employees, approximately 91,000 and 58,000 were associated with our cable communications business and our NBCUniversal businesses, respectively. We also use freelance and temporary employees in the normal course of our business.

## Caution Concerning Forward-Looking Statements

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. In this Annual Report on Form 10-K, we state our beliefs of future events and of our future financial performance. In some cases, you can identify these so-called forward-looking statements by words such as may, will, should, expects, be estimates, potential, or continue, or the negative of these words, and other comparable words. You should be aware that these statements are only our predictions. In evaluating these statements, you should consider various factors, including the risks and uncertainties listed in Risk Factors and in other reports we file with the SEC.

Additionally, we operate in a highly competitive, consumer-driven and rapidly changing environment. This environment is affected by government regulation; economic, strategic, political and social conditions; consumer response to new and existing products and services; technological developments; and, particularly in view of new technologies, the ability to develop and protect intellectual property rights. Our actual results could differ materially from our forward-looking statements as a result of any of such factors, which could adversely affect our businesses, results of operations or financial condition. We undertake no obligation to update any forward-looking statements.

## Item 1A: Risk Factors

**Our businesses currently face a wide range of competition, and our businesses and results of operations could be adversely affected if we do not compete effectively.**

All of our businesses operate in intensely competitive, consumer-driven and rapidly changing environments and compete with a growing number of companies that provide a broad range of communications products and services and entertainment, news and information content to consumers. Technological changes are further intensifying and complicating the competitive landscape and influencing consumer behavior, which is discussed in the risk factor immediately below under the heading Changes in consumer behavior driven by new technologies and distribution platforms for viewing content may adversely affect our businesses and challenge existing business models.

Competition for our cable services consists primarily of DBS providers and phone companies with fiber-based networks that typically offer features, pricing and packaging for services comparable to ours. In 2015, AT&T, our largest phone company competitor, acquired DirecTV, the nation's largest DBS provider to create an even larger competitor that also has its own wireless phone facilities, which we do not, and in 2016, announced a proposed merger with Time Warner, a media and entertainment company. Some of these competitors have begun offering smaller packages of channels at price points lower than our standard packages, both through traditional and online distribution platforms, which could cause us to offer more customized programming packages that may be less profitable. In addition, if consolidation between wireless distributors and content providers occurs, some of our competitors may offer free or lower cost streaming services for viewing their content through unlimited data-usage plans for their Internet or wireless phone serv-

## **Table of Contents**

ices. Additional companies, some with significant financial resources, continue to enter or are seeking to enter the video distribution market, primarily by offering online video programming services that can be viewed live, through streaming services or by downloading.

Current and future wireless Internet services, such as 3G, 4G and 5G wireless broadband services and Wi-Fi networks, and devices such as wireless data cards, tablets and smartphones, and mobile wireless routers that connect to such devices, may compete with our high-speed Internet services. Our voice services are facing increased competition as customers replace wireline phones with wireless and Internet-based phone services.

Our cable communications business continues to seek ways to enhance the value of our cable services network, such as by growing our high-speed Internet and business services businesses and by launching additional services, such as our home security and automation services. There can be no assurance that we can execute on these and other initiatives in a manner sufficient to grow or maintain our Cable Communications segment revenue, maintain our Cable Communications segment operating margin, or to compete successfully in the future.

Each of NBCUniversal's businesses also faces substantial and increasing competition from providers of similar types of content, as well as from other forms of entertainment and recreational activities. NBCUniversal must compete to obtain talent, programming and other resources required in operating these businesses.

The ability of all of our businesses to compete effectively depends on our perceived image and reputation among our various constituencies, including our customers, consumers, advertisers, investors and government authorities. Our ability to compete may be negatively affected if we do not provide our customers with a satisfactory customer experience.

There can be no assurance that we will be able to compete effectively against existing or new competitors or that competition will not have an adverse effect on our businesses. For a more detailed description of the competition facing our businesses, see Item 1: Business and refer to the Competition discussion within that section.

### **Changes in consumer behavior driven by new technologies and distribution platforms for viewing content may adversely affect our businesses and challenge existing business models.**

New technologies and platforms for the distribution, sale and viewing of content have been, and will likely continue to be, developed that further increase the number of competitors that all our businesses face and challenge existing business models. These technologies and distribution platforms are driving changes in consumer behavior as consumers seek more control over when, where and how they consume content and access communications services.

While our cable communications business is attempting to adapt to changing consumer behaviors, for example, by deploying our X1 platform, cloud DVR technology and apps such as Netflix on our X1 set top boxes, new and traditional competitors, as well as some programming networks, continue to launch subscription video on demand services, live online broadcast and cable television streaming services and downloading services that can be viewed on television sets, computers, smartphones and tablets. Many of these service offerings charge no fee or a lower fee than our traditional video packages for access to their content, which could have an adverse effect on demand for our video services, including for expanded digital video packages, premium networks, and our DVR and On Demand services.

New technologies and distribution platforms, together with an increasing number of companies offering their content directly to consumers over the Internet, including some that also offer exclusive high-quality original

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**Table of Contents**

video programming, have increased the number of entertainment choices available to consumers, which has intensified audience fragmentation. The increase in entertainment choices has and may continue to reduce the number of subscribers to our cable networks. Time-shifting technologies, such as DVRs and cloud-based recording services and video on demand services, reduce the viewing of content through traditional linear television distribution outlets. Reduced viewing of our content through traditional linear television distribution outlets has caused and will likely continue to cause audience ratings declines for NBCUniversal's linear television content and may adversely affect the price and amount of advertising that advertisers are willing to purchase from us and the amount NBCUniversal receives for distribution of its content.

The success of any of these ongoing or future developments or our failure to effectively anticipate or adapt to emerging competitors or changes in consumer behavior, including among younger consumers, could have an adverse effect on our competitive position, businesses and results of operations.

**A decline in advertisers' expenditures or changes in advertising markets could negatively impact our businesses.**

Our cable communications, cable networks and broadcast television businesses compete for the sale of advertising time with other television networks and stations, as well as with all other advertising platforms, such as digital media, as well as radio and print. We derive substantial revenue from the sale of advertising, and a decline in expenditures by advertisers, including through traditional linear television distribution models, could negatively impact our results of operations. Declines can be caused by the economic prospects of specific advertisers or industries, increased competition for the leisure time of viewers and audience fragmentation, the growing use of new technologies, or the economy in general. In addition, advertisers' willingness to purchase advertising from us may be adversely affected by lower audience ratings, which many of our networks have experienced and likely will continue to experience. Advertising sales and rates also are dependent on the methodology used for audience measurement and could be negatively affected if methodologies do not accurately reflect actual viewership levels. For example, certain methods of viewing content, such as delayed viewing on DVRs or viewing content online, might not be counted in audience measurements or may generate less, if any, revenue than traditional distribution methods, which could have an adverse effect on our advertising revenue. Reductions in advertisers' expenditures could adversely affect our revenue and businesses.

**Our businesses depend on keeping pace with technological developments.**

Our success is, to a large extent, dependent on our ability to acquire, develop, adopt and leverage new and existing technologies, and our competitors' use of certain types of technology and equipment may provide them with a competitive advantage. For example, current and new wireless Internet technologies such as 4G and 5G wireless broadband services continue to evolve rapidly to allow for greater speed and reliability, and some companies and municipalities are building advanced fiber-based networks that provide very fast Internet access speeds. We expect other advances in communications technology to occur in the future. If we choose technology or equipment that is not as effective or attractive to consumers as that employed by our competitors, if we fail to employ technologies desired by consumers before our competitors do so, or if we fail to execute effectively on our technology initiatives, our businesses and results of operations could be adversely affected. We also will continue to incur additional costs as we execute our technology initiatives, such as the deployment of DOCSIS 3.1, X1 set-top boxes, wireless gateways and cloud DVR technology, and there can be no assurance that we can execute on these and other initiatives in a manner sufficient to grow or maintain our revenue or to compete successfully in the future. We also may incur increased costs if changes in our competitors' product offerings require that we offer certain of our existing services or enhancements at a lower or no cost to our customers or that we make additional research and development expenditures.

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**Table of Contents**

**We are subject to regulation by federal, state, local and foreign authorities, which may impose additional costs and restrictions on our businesses.**

Federal, state and local governments extensively regulate the video, high-speed Internet and voice services industries. Our broadcast television business is also highly regulated by federal laws and regulations. Our cable networks, filmed entertainment and theme parks businesses are also subject to various other laws and regulations at the international, federal, state and local levels, including laws and regulations relating to environmental protection, which have become more stringent over time, and the safety of consumer products and theme park operations. In addition, we are subject to the NBCUniversal Order and the NBCUniversal Consent Decree, which have imposed numerous conditions on our businesses relating to the treatment of competitors and other matters. In recent years, the FCC and certain states also have been more active in conducting inquiries and reviews regarding our services, and this trend may continue. Failure to comply with the laws and regulations applicable to our businesses could result in administrative enforcement actions, fines, and civil and criminal liability. For a more extensive discussion of the significant risks associated with the regulation of our businesses, see Item 1: Business and refer to the Legislation and Regulation discussion within that section.

**Changes to existing statutes, rules, regulations, or interpretations thereof, or adoption of new ones, could have an adverse effect on our businesses.**

Legislators and regulators at all levels of government frequently consider changing, and sometimes do change, existing statutes, rules, regulations, or interpretations thereof, or prescribe new ones, which may significantly affect our businesses. In addition, in recent years, the FCC and certain states have been more active in considering rulemakings and legislation regarding our services. Any future legislative, judicial, regulatory or administrative actions may increase our costs or impose additional restrictions on our businesses, some of which may be significant. In addition, Congress is expected to consider proposals to address communications issues, including whether it should rewrite the entire Communications Act to account for changes in the communications marketplace, whether it should address the FCC's authority to implement or enforce open Internet regulations, and whether it should fund new broadband infrastructure. We are unable to predict the effects of any of these or any other further legislative requirements on our businesses, nor can we predict how the FCC or other agencies under the new Administration will address regulatory matters affecting our businesses. Any changes to the legal and regulatory framework applicable to any of our services or businesses could have a negative impact on our businesses and results of operations.

**Programming expenses for our video services are increasing, which could adversely affect our Cable Communications segment's video business.**

We expect programming expenses for our video services to continue to be our Cable Communications segment's largest single expense item and to increase in the foreseeable future. The multichannel video provider industry has experienced continued increases in the cost of programming, especially sports programming, which we expect will continue for the foreseeable future. Our programming expenses may also increase as we add programming to our video services or distribute existing programming to more of our customers or through additional delivery platforms, such as On Demand or streaming services. Additionally, in the past few years, we have begun paying certain local broadcast television stations in exchange for their required consent for the retransmission of broadcast network programming to our video services customers; we expect to continue to be subject to increasing demands for payment and other concessions from local broadcast television stations. These market factors may be exacerbated by increased consolidation in the media industry, which may further increase our programming expenses. If we are unable to raise our customers' rates or offset programming cost increases through the sale of additional services, the increasing cost of programming could have an adverse effect on our Cable Communications segment's results of operations. Moreover, as our contracts with content providers expire, there can be no assurance that they will be renewed on acceptable terms or that they will be renewed at all, in which case we may be unable to provide such content as part of our video services, and our businesses and results of operations could be adversely affected.

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**Table of Contents**

**NBCUniversal's success depends on consumer acceptance of its content, and its businesses may be adversely affected if its content fails to achieve sufficient consumer acceptance or the costs to create or acquire content increase.**

Most of NBCUniversal's businesses create and acquire media and entertainment content, the success of which depends substantially on consumer tastes and preferences that change in often unpredictable ways. The success of these businesses depends on our ability to consistently create, acquire, market and distribute cable network and broadcast television programming, filmed entertainment, theme park attractions and other content that meet the changing preferences of the broad domestic and international consumer markets. We have invested, and will continue to invest, substantial funds in our content, including in the production of original content on our cable networks and broadcast television networks, in our films and for theme park attractions, before learning the extent to which it would earn consumer acceptance.

We also obtain a significant portion of our content from third parties, such as movie studios, television production companies, sports organizations and other suppliers. Competition for popular content, particularly for sports programming, is intense, and we may have to increase the price we are willing to pay or be outbid by our competitors for popular content. Entering into or renewing contracts for such programming rights or acquiring additional rights may result in significantly increased costs. Particularly with respect to long-term contracts for sports programming rights, our results of operations and cash flows over the term of a contract depend on a number of factors, including the strength of the advertising market, our audience size, the ability to secure distribution from and impose surcharges or obtain carriage on multichannel video providers for the content, and the timing and amount of our rights payments. There can be no assurance that revenue from these contracts will exceed our costs for the rights, as well as the other costs of producing and distributing the programming. If our content does not achieve sufficient consumer acceptance, or if we cannot obtain or retain rights to popular content on acceptable terms, or at all, our businesses may be adversely affected.

**The loss of NBCUniversal's programming distribution agreements, or the renewal of these agreements on less favorable terms, could adversely affect its businesses.**

Our cable networks depend on their ability to secure and maintain distribution agreements with multichannel video providers, and if a network does not attract sufficient viewers, multichannel video providers may decide not to distribute the network. Our broadcast television networks depend on their ability to secure and maintain network affiliation agreements with third-party local broadcast television stations in the markets where we do not own the affiliated local broadcast television station. In addition, every three years, each of our owned local broadcast television stations must elect, with respect to its retransmission by multichannel video providers within its DMA, either *must-carry* status, in which the distributor's carriage of the station is mandatory and does not generate any compensation for the local station, or *retransmission consent*, in which the station gives up its right to mandatory carriage and instead seeks to negotiate the terms and conditions of carriage with the distributor, including the amount of compensation, if any, paid to the station by such distributor. All of our NBC and Telemundo owned local broadcast television stations have elected retransmission consent through December 31, 2017. Increasingly, our cable networks, broadcast television and filmed entertainment businesses have entered into agreements to license their prior season and library content on other distribution platforms, including subscription video on demand services, and some multichannel video providers are offering smaller packages of channels as part of their streaming and linear television programming packages. In addition, certain online entities may stream our broadcast television content online without our consent and without paying any compensation to us. As a result, there can be no assurance that any of our distribution agreements will be renewed in the future on acceptable terms, or at all. The loss of any of these agreements, or the renewal of these agreements on less favorable terms, could reduce our distribution revenue and the reach of our television programming and its attractiveness to advertisers, which in turn could adversely affect our cable networks, broadcast television and filmed entertainment businesses.

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**Table of Contents**

**We rely on network and information systems and other technologies, as well as key properties, and a disruption, cyber attack, failure or destruction of such networks, systems, technologies or properties may disrupt our businesses.**

Network and information systems and other technologies, including those related to our network management, customer service operations and programming delivery, are critical to our business activities. Network and information systems-related events, including those caused by us or by third parties, such as computer hackings, cyber attacks, computer viruses, worms or other destructive or disruptive software, process breakdowns, denial of service attacks, malicious social engineering or other malicious activities, or any combination of the foregoing, or power outages, natural disasters, infectious disease outbreaks, terrorist attacks or other similar events, could result in a degradation or disruption of our services, excessive call volume to call centers, a reduction in demand for our theme parks or damage to our equipment, data, properties and reputation. These events also could result in large expenditures to repair or replace the damaged properties, networks or information systems or to protect them from similar events in the future, and any such events could have an adverse effect on our results of operations.

In addition, we may obtain certain confidential, proprietary and personal information about our customers, personnel and vendors, and may provide this information to third parties, in connection with our business. While we obtain assurances that these third parties will protect this information, there is a risk that this information may be compromised. Any security breaches, such as misappropriation, misuse, leakage, falsification or accidental release or loss of information maintained in our information technology systems, including customer, personnel and vendor data, could damage our reputation and require us to expend significant capital and other resources to remedy any such security breach, and could cause regulators to impose fines or other remedies for failure to comply with relevant customer privacy rules.

The risk of these systems-related events and security breaches occurring continues to intensify in many lines of business, and our lines of business may be at a disproportionately heightened risk of these events occurring, due to the nature of our businesses and the fact that we maintain certain information necessary to conduct our business in digital form stored on cloud servers. In the ordinary course of our business, there are frequent attempts to cause such systems-related events and security breaches, and we have experienced minor systems-related events that, to date, have not resulted in any significant degradation or disruption to our network or information systems or our services or operations. While we develop and maintain systems, and operate a comprehensive security program, seeking to prevent systems-related events and security breaches from occurring, the development, maintenance and operation of these systems and programs is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. Despite any efforts to prevent these events and security breaches, there can be no assurance that they will not occur in the future or will not have an adverse effect on our businesses. Moreover, the amount and scope of insurance we maintain against losses resulting from any such events or security breaches likely would not be sufficient to cover our losses or otherwise adequately compensate us for any disruptions to our business that may result, and the occurrence of any such events or security breaches could have an adverse effect on our business.

**We may be unable to obtain necessary hardware, software and operational support.**

We depend on third-party vendors to supply us with a significant amount of the hardware, software and operational support necessary to provide certain of our services. Some of these vendors represent our primary source of supply or grant us the right to incorporate their intellectual property into some of our hardware and software products. While we actively monitor the operations and financial condition of key vendors in an attempt to detect any potential difficulties, there can be no assurance that we would timely identify any operating or financial difficulties associated with these vendors or that we could effectively mitigate our risks with respect to any such difficulties. If any of these vendors experience operating or financial difficulties, if our demand exceeds their capacity or if they are otherwise unable to meet our specifications or provide the

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**Table of Contents**

equipment or services we need in a timely manner or at reasonable prices, our ability to provide some services may be adversely affected.

**Weak economic conditions may have a negative impact on our businesses.**

A substantial portion of our revenue comes from customers whose spending patterns may be affected by prevailing economic conditions. Weak economic conditions could adversely affect demand for any of our products and services and have a negative impact on our results of operations. For example, customers may reduce the level of cable services to which they subscribe, or may discontinue subscribing to one or more of our cable services. This risk may be increased by the expanded availability of free or lower cost competitive services, such as subscription video on demand services, or substitute services for our high-speed Internet and voice services, such as mobile phones, smartphones and Wi-Fi networks. Weak economic conditions also may have a negative impact on our advertising revenue, the performance of our films and home entertainment releases, and attendance and spending in our theme parks. Weak economic conditions and turmoil in the global financial markets may also impair the ability of third parties to satisfy their obligations to us, and any disruption in the global financial markets may affect our ability to obtain financing or refinance any existing debt on acceptable terms.

**Our businesses depend on using and protecting certain intellectual property rights and on not infringing the intellectual property rights of others.**

We rely on our intellectual property, such as patents, copyrights, trademarks and trade secrets, as well as licenses and other agreements with our vendors and other third parties, to use various technologies, conduct our operations and sell our products and services. Legal challenges to our intellectual property rights and claims of intellectual property infringement by third parties could require that we enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability, or be enjoined preliminarily or permanently from further use of the intellectual property in question or from the continuation of our businesses as currently conducted. We may need to change our business practices if any of these events occur, which may limit our ability to compete effectively and could have an adverse effect on our results of operations. Even if we believe any such challenges or claims are without merit, they can be time-consuming and costly to defend and divert management's attention and resources away from our businesses. Moreover, if we are unable to obtain or continue to obtain licenses from our vendors and other third parties on reasonable terms, our businesses could be adversely affected.

In addition, intellectual property constitutes a significant part of the value of NBCUniversal's businesses, and its success is highly dependent on protecting the intellectual property rights of the content it creates or acquires against third-party misappropriation, reproduction or infringement. The unauthorized reproduction, distribution or display of copyrighted material negatively affects our ability to generate revenue from the legitimate sale of our content, as well as from the sale of advertising in connection with our content, and increases our costs due to our active enforcement of our intellectual property rights.

Piracy and other unauthorized uses of content are made easier, and the enforcement of intellectual property rights more challenging, by technological advances that allow the conversion of programming, films and other content into digital formats, which facilitates the creation, transmission and sharing of high-quality unauthorized copies. In particular, piracy of programming and films through unauthorized distribution on DVDs, peer-to-peer computer networks and other platforms continues to present challenges for our cable networks, broadcast television and filmed entertainment businesses. While piracy is a challenge in the United States, it is particularly prevalent in many parts of the world that lack developed copyright laws, effective enforcement of copyright laws and technical protective measures like those in effect in the United States. If any U.S. or international laws intended to combat piracy and protect intellectual property rights are repealed or weakened or are not adequately enforced, or if the legal system fails to adapt to new technologies that facilitate piracy, we may be unable to effectively protect our rights, the value of our intellectual property may

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**Table of Contents**

be negatively impacted and our costs of enforcing our rights may increase. See Item 1: Business and refer to the Legislation and Regulation Other Areas of Regulation Intellectual Property discussion for additional information.

**Acquisitions and other strategic initiatives present many risks, and we may not realize the financial and strategic goals that we had contemplated.**

From time to time, we make acquisitions and investments and may pursue other strategic initiatives, including, for example, with respect to our wireless strategy. In connection with such acquisitions and strategic initiatives, we may incur unanticipated expenses, fail to realize anticipated benefits, have difficulty incorporating an acquired or new line of business, disrupt relationships with current and new employees, customers and vendors, incur significant debt, or have to delay or not proceed with announced transactions or initiatives. For example, our launch of a wireless phone service in 2017 using virtual network operator rights from a third party will have success-based working capital requirements, primarily associated with the procurement of handsets and other equipment, as we launch the service, which could have negative effects on our cash flows. Additionally, regulatory agencies, such as the FCC or DOJ, may impose restrictions on the operation of our businesses as a result of our seeking regulatory approvals for any significant acquisitions and strategic initiatives, or may dissuade us from pursuing certain transactions. The occurrence of any of these events could have an adverse effect on our businesses.

**Labor disputes, whether involving employees or sports organizations, may disrupt our operations and adversely affect our businesses.**

Many of NBCUniversal's employees, including writers, directors, actors, technical and production personnel and others, as well as some of our on-air and creative talent employees, are covered by collective bargaining agreements or works councils. Most of NBCUniversal's collective bargaining agreements are industry-wide agreements, and we may lack practical control over the negotiations and terms of the agreements. If we are unable to reach agreement with a labor union before the expiration of a collective bargaining agreement, our employees who were covered by that agreement may have a right to strike or take other actions that could adversely affect us, which could disrupt our operations and reduce our revenue, and the resolution of any disputes may increase our costs. There can be no assurance that we will renew our collective bargaining agreements as they expire or that we can renew them on favorable terms or without any work stoppages.

In addition, our cable networks and broadcast television networks have programming rights agreements of varying scope and duration with various sports organizations to broadcast and produce sporting events, including certain NFL, NHL, NBA and MLB games. Labor disputes in these and other sports organizations could have an adverse effect on our businesses.

**The loss of key management personnel or popular on-air and creative talent could have an adverse effect on our businesses.**

We rely on certain key management personnel in the operation of our businesses. While we maintain long-term and emergency transition plans for key management personnel and believe we could either identify internal candidates or attract outside candidates to fill any vacancy created by the loss of any key management personnel, the loss of one or more of our key management personnel could have a negative impact on our businesses. In addition, our cable networks, broadcast television and filmed entertainment businesses depend on the abilities and expertise of our on-air and creative talent. If we fail to retain our on-air or creative talent, if the costs to retain such talent increase materially, if we need to make significant termination payments, or if these individuals lose their current appeal, our businesses could be adversely affected.

**We face risks relating to doing business internationally that could adversely affect our businesses.**

We, primarily through NBCUniversal, operate our businesses worldwide. There are risks inherent in doing business internationally, including global financial market turmoil; economic volatility and the global economic

**Table of Contents**

slowdown; currency exchange rate fluctuations and inflationary pressures; the requirements of local laws and customs relating to the publication and distribution of content and the display and sale of advertising; import or export restrictions and changes in trade regulations; difficulties in developing, staffing and managing foreign operations; issues related to occupational safety and adherence to diverse local labor laws and regulations; and potentially adverse tax developments. In addition, doing business internationally subjects us to risks relating to political or social unrest, corruption and government regulation, including U.S. laws such as the Foreign Corrupt Practices Act, that impose stringent requirements on how we conduct our foreign operations. If any of these events occur, our businesses may be adversely affected.

**Our Class B common stock has substantial voting rights and separate approval rights over several potentially material transactions, and our Chairman and CEO has considerable influence over our company through his beneficial ownership of our Class B common stock.**

Our Class B common stock has a nondilutable 33 <sup>1</sup>/<sub>3</sub>% of the combined voting power of our Class A and Class B common stock. This nondilutable voting power is subject to proportional decrease to the extent the number of shares of Class B common stock is reduced below 9,444,375, which was the number of shares of Class B common stock outstanding on the date of our 2002 acquisition of AT&T Corp.'s cable business, subject to adjustment in specified situations. Stock dividends payable on the Class B common stock in the form of Class B or Class A common stock do not decrease the nondilutable voting power of the Class B common stock. The Class B common stock also has separate approval rights over several potentially material transactions, even if they are approved by our Board of Directors or by our other shareholders and even if they might be in the best interests of our other shareholders. These potentially material transactions include mergers or consolidations involving Comcast Corporation, transactions (such as a sale of all or substantially all of our assets) or issuances of securities that require shareholder approval, transactions that result in any person or group owning shares representing more than 10% of the combined voting power of the resulting or surviving corporation, issuances of Class B common stock or securities exercisable or convertible into Class B common stock, and amendments to our articles of incorporation or by-laws that would limit the rights of holders of our Class B common stock. Brian L. Roberts, our chairman and CEO, beneficially owns all of the outstanding shares of our Class B common stock and, accordingly, has considerable influence over our company and the potential ability to transfer effective control by selling the Class B common stock, which could be at a premium.

## **Table of Contents**

### **Item 1B: Unresolved Staff Comments**

None.

### **Item 2: Properties**

We believe that substantially all of our physical assets were in good operating condition as of December 31, 2016. Our corporate headquarters and Cable Communications segment headquarters are located in Philadelphia, Pennsylvania at One Comcast Center. We own an 80% interest in the entity whose primary asset is One Comcast Center. In addition, we own an 80% interest in an entity that is currently constructing the Comcast Technology Center, which is adjacent to One Comcast Center. We also lease locations for numerous business offices, warehouses and properties housing divisional information technology operations throughout the United States.

#### **Cable Communications Segment**

Our principal physical assets consist of operating plant and equipment, including signal receiving, encoding and decoding devices, headends and distribution networks, and equipment at or near our customers' homes. Our distribution network consists primarily of headends, content distribution servers, coaxial and fiber-optic cables, lasers, routers, switches and related electronic equipment. Our cable plant and related equipment generally are connected to utility poles under pole rental agreements with local public utilities, although in some areas the distribution cable is buried in underground ducts or trenches. Customer premise equipment consists primarily of set-top boxes, cable modems and wireless gateways. The physical components of cable systems require periodic maintenance and replacement.

Our signal reception sites, which consist primarily of antenna towers and headends, and our microwave facilities are located on owned and leased parcels of land, and we own or lease space on the towers on which certain of our equipment is located. We own most of our service vehicles.

Our high-speed Internet network consists of fiber-optic cables owned or leased by us and related equipment. We also operate national and regional data centers with equipment that is used to provide services, such as email and web services, to our high-speed Internet and voice customers, as well as cloud services to our video customers. In addition, we maintain network operations centers with equipment necessary to monitor and manage the status of our services and network.

We own or lease buildings throughout the country that contain customer service call centers, customer service retail centers, warehouses and administrative space. We also own a building that houses our digital media center. The digital media center contains equipment that we own or lease, including equipment related to network origination, video transmission via satellite and terrestrial fiber-optics, broadcast studios, post-production services and interactive television services.

#### **NBCUniversal Segments**

NBCUniversal's corporate headquarters are located in New York City at 30 Rockefeller Plaza. NBCUniversal owns the space it occupies at 30 Rockefeller Plaza. We also own or lease offices, studios, production facilities, screening rooms, retail operations, warehouse space, satellite transmission receiving facilities and data centers in numerous locations in the United States and around the world, including property for our owned local broadcast television stations. In addition, we own theme parks and related facilities in Orlando, Florida and Hollywood, California, as well as a 51% interest in the theme park and related facilities in Osaka, Japan.

**Table of Contents**

NBCUniversal Properties as of December 31, 2016

| Location  | Principal Use   | Principal Segment in Which Used                                    | Owned or Leased  |
|---|---|--|--|
| 30 Rockefeller Plaza<br>New York, NY  | NBCUniversal corporate<br>headquarters, offices and studios                               | Headquarters and Other, Cable<br>Networks and Broadcast Television | Owned  |
| 10 Rockefeller Plaza<br>New York, NY  | <i>The Today Show</i> studio,<br>production facilities and offices                        | Broadcast Television   | Leased   |
| Universal City<br>Universal City, CA  | Offices, studios, theme park and<br>retail operations                                     | All  | Owned  |
| 1000 Universal Studios Plaza<br>Orlando, FL   | Theme parks, production facilities,<br>parking structures and administrative<br>buildings | Theme Parks  | Owned  |
| 2 Chome-1-33 Sakurajima,<br>Konohana Ward, Osaka, Osaka<br>Prefecture 554-0031, Japan | Theme park and administrative<br>buildings  | Theme Parks  | Tangible<br>properties owned<br>on leased parcels of<br>land |
| 2290 W. 8th Ave.<br>Hialeah, FL   | Telemundo headquarters and<br>production facilities                                       | Headquarters and Other and<br>Broadcast Television                 | Leased   |
| <b>Other</b>  |   |  |  |

The Wells Fargo Center, a large, multipurpose arena in Philadelphia, Pennsylvania that we own, was the principal physical operating asset of our other businesses as of December 31, 2016.

**Item 3: Legal Proceedings**

Refer to Note 16 to Comcast's consolidated financial statements included in this Annual Report on Form 10-K for a discussion of recent developments related to our legal proceedings.

NBCUniversal is subject to legal proceedings and claims that arise in the ordinary course of its business and it does not expect the final disposition of these matters to have a material adverse effect on its results of operations, cash flows or financial condition, although any such matters could be time-consuming and costly and could injure its reputation.

**Item 4: Mine Safety Disclosures**

Not applicable.



**Table of Contents****Part II****Item 5: Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Comcast's Class A common stock is listed on the NASDAQ Global Select Market under the symbol CMCSA. There is no established public trading market for Comcast's Class B common stock. The Class B common stock can be converted, on a share for share basis, into Class A common stock.

On January 24, 2017, our Board of Directors approved a two-for-one stock split in the form of a 100% dividend payable on February 17, 2017 to shareholders of record as of the close of business on February 8, 2017. As the common stock is not yet trading on a post-split basis, all share and per-share amounts are presented on a pre-split basis.

**Dividends Declared**

| 2016                           |                    | 2015                           |                    |
|--------------------------------|--------------------|--------------------------------|--------------------|
| Month Declared:                | Dividend Per Share | Month Declared:                | Dividend Per Share |
| February                       | \$ 0.275           | February                       | \$ 0.25            |
| May                            | \$ 0.275           | May                            | \$ 0.25            |
| July                           | \$ 0.275           | July                           | \$ 0.25            |
| October (paid in January 2017) | \$ 0.275           | October (paid in January 2016) | \$ 0.25            |
| Total                          | \$ 1.10            | Total                          | \$ 1.00            |

We expect to continue to pay quarterly dividends, although each dividend is subject to approval by our Board of Directors. In January 2017, our Board of Directors approved a 15% increase in our dividend to \$1.26 per share on an annualized, pre-split basis, or \$0.63 per share on an annualized, post-split basis. In addition, the Board of Directors approved our first quarter dividend of \$0.1575 a share on a post-split basis to be paid in April 2017.

Holders of Class A common stock in the aggregate hold 66<sup>2</sup>/<sub>3</sub>% of the voting power of our common stock. The number of votes that each share of Class A common stock has at any given time depends on the number of shares of Class A common stock and Class B common stock then outstanding. The Class B common stock has a 33<sup>1</sup>/<sub>3</sub>% nondilutable voting interest, and each share of Class B common stock has 15 votes per share. Mr. Brian L. Roberts beneficially owns all outstanding shares of Class B common stock. Generally, including as to the election of directors, holders of Class A common stock and Class B common stock vote as one class except where class voting is required by law.

Record holders as of December 31, 2016 are presented in the table below.

| Stock Class          | Record Holders |
|----------------------|----------------|
| Class A Common Stock | 463,104        |
| Class B Common Stock | 3              |

**Table of Contents**

The table below summarizes our repurchases under our Board-authorized share repurchase program during 2016.

| Period              | Total Number of<br>Shares<br>Purchased | Average<br>Price Per<br>Share | Total Number of<br>Shares<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Authorization | Total Dollar<br>Amount<br>Purchased Under the<br>Authorization | Maximum Dollar<br>Value<br>of Shares That<br>May Yet Be Purchased<br>Under the<br>Authorization <sup>(a)</sup> |
|---------------------|--|-------------------------------|--|--|--|
| First Quarter 2016  | 22,025,226                             | \$ 56.82                      | 21,989,334   | \$ 1,249,417,635   | \$ 8,750,582,365   |
| Second Quarter 2016 | 18,418,256                             | \$ 61.66                      | 18,418,136   | \$ 1,135,699,704   | \$ 7,614,882,661   |
| Third Quarter 2016  | 20,836,401                             | \$ 66.07                      | 20,836,288   | \$ 1,376,575,738   | \$ 6,238,306,923   |
| October 1-31, 2016  | 13,294,399                             | \$ 64.00                      | 13,294,399   | \$ 850,819,050   | \$ 5,387,487,873   |
| November 1-30, 2016 | 4,036,116                              | \$ 61.80                      | 4,036,116  | \$ 249,446,256   | \$ 5,138,041,617   |
| December 1-31, 2016 | 1,995,929                              | \$ 69.18                      | 1,995,464  | \$ 138,041,588   | \$ 5,000,000,029   |
| <b>Total</b>        | <b>80,606,327</b>                      | <b>\$ 62.06</b>               | <b>80,569,737</b>  | <b>\$ 4,999,999,971</b>  | <b>\$ 5,000,000,029</b>  |

(a) In December 2015, our Board of Directors increased our share repurchase program authorization to \$10 billion, and in January 2017, it increased the authorization to \$12 billion, which does not have an expiration date.

The total number of shares purchased during 2016 includes 36,590 shares received in the administration of employee share-based compensation plans.

Under our share repurchase program authorization, we may repurchase shares in the open market or in private transactions. We expect to repurchase \$5.0 billion of our Class A common stock during 2017, subject to market conditions.

**Issuance of Equity Securities**

In December 2016, we issued 356,635 shares of our Class A common stock to an institutional accredited investor in connection with an advance on future services in a transaction exempt from registration under the Securities Act of 1933, as amended, in accordance with Section 4(a)(2) thereof.

**Comcast Common Stock Sales Price Table**

The following table sets forth, for the indicated periods, the high and low sales prices of Comcast's Class A and Class A Special common stock.

|                               | Class A         |                 | Class A Special <sup>(a)</sup> |           |
|-------------------------------|-----------------|-----------------|--------------------------------|-----------|
|                               | High            | Low             | High                           | Low       |
| <b>2016</b>                   |                 |                 |                                |           |
| <b>First Quarter</b>          | <b>\$ 61.37</b> | <b>\$ 52.34</b> | <b>\$</b>                      | <b>\$</b> |
| <b>Second Quarter</b>         | <b>\$ 65.42</b> | <b>\$ 59.62</b> | <b>\$</b>                      | <b>\$</b> |
| <b>Third Quarter</b>          | <b>\$ 68.36</b> | <b>\$ 64.27</b> | <b>\$</b>                      | <b>\$</b> |
| <b>Fourth Quarter</b>         | <b>\$ 71.32</b> | <b>\$ 60.04</b> | <b>\$</b>                      | <b>\$</b> |
| <b>2015</b>                   |                 |                 |                                |           |
| First Quarter                 | \$ 60.70        | \$ 52.45        | \$ 60.19                       | \$ 52.23  |
| Second Quarter                | \$ 61.64        | \$ 56.05        | \$ 61.38                       | \$ 55.74  |
| Third Quarter                 | \$ 64.99        | \$ 50.00        | \$ 64.70                       | \$ 51.26  |
| Fourth Quarter <sup>(a)</sup> | \$ 63.38        | \$ 55.39        | \$ 63.48                       | \$ 56.88  |

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- (a) The high and low sales price of Comcast's Class A Special common stock reflects the prices until December 11, 2015, when each issued share of Class A Special common stock was reclassified into one share of Class A common stock (see Note 12 to Comcast's consolidated financial statements).

**Table of Contents****[Stock Performance Graph](#)****Comcast**

The following graph compares the annual percentage change in the cumulative total shareholder return on Comcast's Class A common stock during the five years ended December 31, 2016 with the cumulative total returns on the Standard & Poor's 500 Stock Index and with a select peer group consisting of us and other companies engaged in the cable, communications and media industries. This peer group (the new peer group index) consists of our common stock, DISH Network Corporation (Class A), Charter Communications, Inc., AT&T Inc., Verizon Communications Inc., CenturyLink, Inc., and Sprint Corporation (the transmission and distribution subgroup); and Time Warner Inc., Walt Disney Company, Viacom Inc. (Class B), Twenty-First Century Fox, Inc. (Class A), and CBS Corporation (Class B) (the media subgroup). The new peer group index was created as a result of merger and acquisition activity that impacted our prior peer group index, which had consisted of our common stock as well as Cablevision Systems Corporation (Class A) (included through June 21, 2016, the date of acquisition by Altice NV), DISH Network Corporation (Class A), DirecTV Inc. (included through July 24, 2015, the date of acquisition by AT&T Inc.), Time Warner Cable Inc. (included through May 18, 2016, the date of acquisition by Charter Communications, Inc.) (the cable subgroup); and Time Warner Inc., Walt Disney Company, Viacom Inc. (Class B), Twenty-First Century Fox, Inc. (Class A), and CBS Corporation (Class B) (the media subgroup). The peer groups are constructed as composite peer groups in which the transmission and distribution subgroup and the cable subgroup are weighted 61% and the media subgroup is weighted 39% based on the respective revenue of our Cable Communications and NBCUniversal segments. The comparison assumes \$100 was invested on December 31, 2011 in our Class A common stock and in each of the following indices and assumes the reinvestment of dividends.

**[Comparison of 5 Year Cumulative Total Return](#)**

|                        | 2012   | 2013   | 2014   | 2015   | 2016   |
|------------------------|--------|--------|--------|--------|--------|
| Comcast Class A        | \$ 160 | \$ 226 | \$ 256 | \$ 253 | \$ 316 |
| S&P 500 Stock Index    | \$ 116 | \$ 153 | \$ 174 | \$ 176 | \$ 197 |
| Prior Peer Group Index | \$ 144 | \$ 211 | \$ 244 | \$ 242 | \$ 284 |
| New Peer Group Index   | \$ 130 | \$ 170 | \$ 180 | \$ 178 | \$ 220 |
| <b>NBCUniversal</b>    |        |        |        |        |        |

NBCUniversal is a wholly owned subsidiary of NBCUniversal Holdings and there is no market for its equity securities.

**Table of Contents****Item 6: Selected Financial Data****Comcast**

| Year ended December 31 (in millions, except per share data)                                       | 2016       | 2015       | 2014       | 2013       | 2012       |
|---|------------|------------|------------|------------|------------|
| <b>Statement of Income Data</b>   |            |            |            |            |            |
| Revenue   | \$ 80,403  | \$ 74,510  | \$ 68,775  | \$ 64,657  | \$ 62,570  |
| Operating income  | 16,859     | 15,998     | 14,904     | 13,563     | 12,179     |
| Net income attributable to Comcast Corporation <sup>(a)</sup>                                     | 8,695      | 8,163      | 8,380      | 6,816      | 6,203      |
| Basic earnings per common share attributable to Comcast Corporation shareholders <sup>(b)</sup>   | 3.61       | 3.28       | 3.24       | 2.60       | 2.32       |
| Diluted earnings per common share attributable to Comcast Corporation shareholders <sup>(b)</sup> | 3.57       | 3.24       | 3.20       | 2.56       | 2.28       |
| Dividends declared per common share <sup>(b)</sup>  | 1.10       | 1.00       | 0.90       | 0.78       | 0.65       |
| <b>Balance Sheet Data (at year end)</b>   |            |            |            |            |            |
| Total assets  | \$ 180,500 | \$ 166,574 | \$ 159,186 | \$ 158,672 | \$ 164,837 |
| Total debt, including current portion   | 61,046     | 52,621     | 48,081     | 47,706     | 40,323     |
| Comcast Corporation shareholders' equity  | 53,943     | 52,269     | 52,711     | 50,694     | 49,356     |
| <b>Statement of Cash Flows Data</b>   |            |            |            |            |            |
| Net cash provided by (used in):   |            |            |            |            |            |
| Operating activities  | 19,240     | 18,778     | 16,945     | 14,160     | 14,854     |
| Investing activities  | (18,385)   | (11,964)   | (8,733)    | (9,514)    | (1,486)    |
| Financing activities  | 151        | (8,429)    | (6,020)    | (13,879)   | (4,037)    |

(a) For 2016, 2015 and 2014, refer to Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Annual Report on Form 10-K for a discussion of the effects of items impacting net income attributable to Comcast Corporation. In 2016, 2015, 2014, 2013 and 2012, net income attributable to Comcast Corporation is stated after deducting net income attributable to noncontrolling interests of \$350 million, \$250 million, \$212 million, \$319 million and \$1.7 billion, respectively. The reduction in net income attributable to noncontrolling interests in 2013 was primarily due to our acquisition of General Electric Company's remaining interest in NBCUniversal.

(b) Per share amounts are presented on a pre-split basis (see Note 1 to Comcast's consolidated financial statements).

**NBCUniversal**

Omitted pursuant to General Instruction I(2)(a) to Form 10-K.

**Table of Contents**

**Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Introduction and Overview**

We are a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal. We present our operations for Comcast Cable in one reportable business segment, referred to as Cable Communications, and our operations for NBCUniversal in four reportable business segments: Cable Networks, Broadcast Television, Filmed Entertainment and Theme Parks (collectively, the NBCUniversal segments).

The following provides an overview of our businesses.

**2016 Consolidated Operating Results by Segment<sup>(a)</sup>**

(a) Excludes the results of NBCUniversal Headquarters and Other, Corporate and Other, and eliminations.

**Cable Communications Segment**

Comcast Cable is one of the nation's largest providers of video, high-speed Internet and voice services (cable services) to residential customers under the XFINITY brand, and we also provide these and other services to business customers. As of December 31, 2016, our cable systems had 28.6 million total customer relationships, of which 26.5 million were residential customer relationships; served 22.5 million video customers, 24.7 million high-speed Internet customers and 11.7 million voice customers; and passed more than 56 million homes and businesses.

Our Cable Communications segment generates revenue primarily from residential and business customers subscribing to our cable services, which we market individually and as bundled services, and from the sale of advertising. Customers are typically billed in advance on a monthly

basis based on the services and features

Comcast 2016 Annual Report on Form 10-K

**40**

## **Table of Contents**

they receive and the type of equipment they use. The majority of our residential cable services customers are not subject to minimum-term contracts for their services, while substantially all of our business customers are. Minimum-term contracts are typically 2 years in length for residential customers and typically range from 2 to 5 years for business services customers. Customers with minimum-term contracts may only discontinue service in accordance with the terms of their contracts, which typically include an early termination fee.

### **NBCUniversal Segments**

NBCUniversal is one of the world's leading media and entertainment companies that develops, produces and distributes entertainment, news and information, sports, and other content for global audiences, and owns and operates theme parks worldwide.

#### **Cable Networks**

Our Cable Networks segment consists primarily of a diversified portfolio of cable television networks. Our cable networks are comprised of our national cable entertainment networks (USA Network, E!, Syfy, Bravo, Oxygen, Sprout, Esquire Network, Chiller, Universal HD and Cloo), our national cable news and information networks (MSNBC, CNBC and CNBC World), our national cable sports networks (NBC Sports Network and Golf Channel), our regional sports and news networks, our international cable networks, our cable television studio production operations, and related digital media properties.

Our Cable Networks segment generates revenue primarily from the distribution and licensing of its programming and from the sale of advertising on its networks.

#### **Broadcast Television**

Our Broadcast Television segment consists primarily of the NBC and Telemundo broadcast television networks, our NBC and Telemundo owned local broadcast television stations, the NBC Universo national cable network, our broadcast television studio production operations, and related digital media properties.

Our Broadcast Television segment generates revenue primarily from the sale of advertising on its networks, from the licensing of its programming, and from fees received under retransmission consent agreements and associated fees received from NBC-affiliated local broadcast television stations.

#### **Filmed Entertainment**

Our Filmed Entertainment segment primarily produces, acquires, markets and distributes filmed entertainment worldwide, and it also develops, produces and licenses live stage plays. Our films are produced primarily under the Universal Pictures, Illumination and Focus Features names, and in August 2016, we acquired DreamWorks Animation. DreamWorks Animation creates animated feature films, television series and specials, live entertainment and related consumer products.

Our Filmed Entertainment segment generates revenue primarily from the worldwide distribution of our owned and acquired films for exhibition in movie theaters and from the licensing and sale of our owned and acquired films.

#### **Theme Parks**

Our Theme Parks segment consists primarily of our Universal theme parks in Orlando, Florida and Hollywood, California and our 51% interest in the Universal Studios theme park in Osaka, Japan ( Universal Studios Japan ), which we acquired in November 2015. In addition, along with a consortium of Chinese state-owned companies, we are developing a theme park in China.

Our Theme Parks segment generates revenue primarily from ticket sales and guest spending at our theme parks.

## **Table of Contents**

### **Corporate and Other**

Our other business interests consist primarily of the operations of Comcast Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center arena in Philadelphia, Pennsylvania and operates arena management-related businesses.

We currently anticipate launching a Comcast-branded wireless phone service in 2017 using our virtual network operator rights to provide the service over a third party's wireless network, although we are still evaluating the parameters of the anticipated offering. A wireless phone service will have success-based working capital requirements, primarily associated with the procurement of handsets and other equipment, as we launch the new service.

### **2016 Developments**

The following are the more significant developments in our businesses during 2016:

#### [Cable Communications Segment](#)

An increase in revenue of 6.6% to \$50.0 billion and an increase in operating income before depreciation and amortization of 5.6% to \$20.1 billion

A decrease in operating margin to 40.2% primarily due to higher programming expenses, which were partially offset by increases in high-speed Internet, video and business services revenue

Investments to improve the customer experience, including by hiring additional personnel and developing and deploying various technology and software tools

An increase in capital expenditures of 7.9% to \$7.6 billion primarily due to:

an increased investment in line extensions, primarily for the expansion of our business services

an increased investment in scalable infrastructure to increase network capacity

the continued deployment of wireless gateways

the continued deployment of our X1 platform, which is now available in all of the markets in which we operate, and our cloud DVR technology, which is now available in substantially all of our markets

#### [NBCUniversal Segments](#)

An increase in total NBCUniversal revenue of 11.0% to \$31.6 billion; excluding \$1.6 billion of revenue associated with our broadcast of the Rio Olympics in August 2016, as well as \$376 million of revenue associated with our broadcast of the Super Bowl in February 2015, total NBCUniversal revenue increased 6.7%

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An increase in total NBCUniversal operating income before depreciation and amortization of 13.8% to \$7.2 billion

An increase in Cable Networks segment revenue of 8.7%, including \$432 million associated with our broadcast of the 2016 Rio Olympics

An increase in Broadcast Television segment revenue of 19.0%, including \$1.2 billion associated with our broadcast of the 2016 Rio Olympics

The acquisition of DreamWorks Animation for \$3.8 billion in our Filmed Entertainment segment

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**Table of Contents**

An increase in Theme Parks segment revenue of 12.7% on a pro forma combined basis to include Universal Studios Japan

Corporate and Other

The announcement that we anticipate launching a Comcast-branded wireless phone service in 2017 using our virtual network operator rights to provide the service over a third party's wireless network

**Competition**

The results of operations of our reportable business segments are affected by competition, as all of our businesses operate in intensely competitive, consumer-driven and rapidly changing environments and compete with a growing number of companies that provide a broad range of communications products and services and entertainment, news and information content to consumers.

For additional information on the competition our businesses face, see Item 1: Business and refer to the Competition discussion within that section and see Item 1A: Risk Factors and refer to the risk factors within that section entitled Our businesses currently face a wide range of competition, and our businesses and results of operations could be adversely affected if we do not compete effectively and Changes in consumer behavior driven by new technologies and distribution platforms for viewing content may adversely affect our businesses and challenge existing business models.

**Seasonality and Cyclicity**

Each of our businesses is subject to seasonal and cyclical variations. In our Cable Communications segment, our results are impacted by the seasonal nature of customers receiving our cable services in college and vacation markets. This generally results in a reduction in net customer additions in the second quarter and an increase in net customer additions in the third and fourth quarters of each year.

Revenue in our Cable Communications, Cable Networks and Broadcast Television segments is subject to cyclical advertising patterns and changes in viewership levels. Advertising revenue in the U.S. is generally higher in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and in the period leading up to and including the holiday season. Advertising revenue in the U.S. is also cyclical, with a benefit in even-numbered years due to advertising related to candidates running for political office and issue-oriented advertising. Revenue in our Cable Networks and Broadcast Television segments fluctuates depending on the timing of when our programming is aired, which typically results in higher advertising revenue in the second and fourth quarters of each year. Our revenue and operating costs and expenses, excluding depreciation and amortization ( operating costs and expenses ) are cyclical as a result of our periodic broadcasts of major sporting events, such as the Olympic Games, which affect our Cable Networks and Broadcast Television segments, and the Super Bowl, which affects our Broadcast Television segment. Our advertising revenue increases in the period of these broadcasts due to increased demand for advertising time, and our operating costs and expenses also increase as a result of our production costs and the amortization of the related rights fees.

Revenue in our Filmed Entertainment segment fluctuates due to the timing of the release of films in movie theaters, on standard-definition digital video discs and Blu-ray discs (together, DVDs ) and through various other distribution platforms. Release dates are determined by several factors, including competition and the timing of vacation and holiday periods. As a result, revenue tends to be seasonal, with increases experienced each year during the summer months and around the holiday season. Revenue in our Cable Networks, Broadcast Television and Filmed Entertainment segments also fluctuates due to the timing of when our content is made available to licensees.

**Table of Contents**

Revenue in our Theme Parks segment fluctuates with changes in theme park attendance that result from the seasonal nature of vacation travel and weather variations, local entertainment offerings and the opening of new attractions as well as with changes in currency exchange rates. Our theme parks generally experience peak attendance during the spring holiday period, the summer months when schools are closed and the holiday season.

**Consolidated Operating Results**

|  |                  |           |           | % Change            | % Change     |
|--|------------------|-----------|-----------|---------------------|--------------|
| Year ended December 31 (in millions)   | <b>2016</b>      | 2015      | 2014      | <b>2015 to 2016</b> | 2014 to 2015 |
| <b>Revenue</b>   | <b>\$ 80,403</b> | \$ 74,510 | \$ 68,775 | <b>7.9%</b>         | 8.3%         |
| Costs and Expenses:  |                  |           |           |                     |              |
| Programming and production   | <b>24,463</b>    | 22,550    | 20,912    | <b>8.5</b>          | 7.8          |
| Other operating and administrative   | <b>23,409</b>    | 21,319    | 19,839    | <b>9.8</b>          | 7.5          |
| Advertising, marketing and promotion   | <b>6,114</b>     | 5,963     | 5,101     | <b>2.5</b>          | 16.9         |
| Depreciation   | <b>7,464</b>     | 6,781     | 6,337     | <b>10.1</b>         | 7.0          |
| Amortization   | <b>2,094</b>     | 1,899     | 1,682     | <b>10.3</b>         | 12.8         |
| <b>Operating income</b>  | <b>16,859</b>    | 15,998    | 14,904    | <b>5.4</b>          | 7.3          |
| Other income (expense) items, net  | <b>(2,506)</b>   | (2,626)   | (2,439)   | <b>(4.6)</b>        | 7.7          |
| Income before income taxes   | <b>14,353</b>    | 13,372    | 12,465    | <b>7.3</b>          | 7.3          |
| Income tax expense   | <b>(5,308)</b>   | (4,959)   | (3,873)   | <b>7.0</b>          | 28.0         |
| Net income   | <b>9,045</b>     | 8,413     | 8,592     | <b>7.5</b>          | (2.1)        |
| Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock | <b>(350)</b>     | (250)     | (212)     | <b>39.3</b>         | 18.1         |
| <b>Net income attributable to Comcast Corporation</b>  | <b>\$ 8,695</b>  | \$ 8,163  | \$ 8,380  | <b>6.5%</b>         | (2.6)%       |

All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

**Consolidated Revenue**

The following graph illustrates the contributions to the increases in consolidated revenue made by our Cable Communications and NBCUniversal segments, as well as by Corporate and Other activities including eliminations.

## **Table of Contents**

The primary drivers of the changes in revenue were as follows:

### 2016

Growth in our Cable Communications segment driven by our high-speed Internet, video and business services businesses

Our broadcast of the 2016 Rio Olympics that generated \$1.6 billion of revenue, which was reported in our NBCUniversal segments

### 2015

Growth in our Cable Communications segment driven by our high-speed Internet, business services and video businesses

Our larger film slate in our Filmed Entertainment segment, which led to an increase in revenue of \$2.3 billion, and our broadcast of the 2015 Super Bowl, which generated \$376 million of revenue, both of which were reported in our NBCUniversal segments

Revenue for our segments is discussed separately below under the heading **Segment Operating Results**. Revenue for our other businesses is discussed separately under the heading **Corporate and Other Results of Operations**.

## **Consolidated Costs and Expenses**

The following graph illustrates the contributions to the increases in consolidated operating costs and expenses made by our Cable Communications and NBCUniversal segments, as well as by Corporate and Other activities including eliminations.

The primary drivers of the changes in operating costs and expenses were as follows:

### 2016

An increase in programming expenses in our Cable Communications segment

Our broadcast of the 2016 Rio Olympics, which was reported in our NBCUniversal segments

**Table of Contents**

## 2015

An increase in programming expenses in our Cable Communications segment

Our larger film slate and our broadcast of the 2015 Super Bowl, both of which were reported in our NBCUniversal segments

Transaction-related costs associated with the Time Warner Cable merger and the related divestiture transactions of \$178 million, which were reported in Corporate and Other activities. In April 2015, we and Time Warner Cable Inc. terminated our planned merger and, as a result, we terminated our related agreement with Charter Communications, Inc. to spin off, exchange and sell certain cable systems

Operating costs and expenses for our segments is discussed separately below under the heading Segment Operating Results. Operating costs and expenses for our other businesses is discussed separately below under the heading Corporate and Other Results of Operations.

**Consolidated Depreciation and Amortization**

| Year ended December 31 (in millions) | 2016            | 2015            | 2014            | % Change     |              |
|--------------------------------------|-----------------|-----------------|-----------------|--------------|--------------|
|                                      |                 |                 |                 | 2015 to 2016 | 2014 to 2015 |
| Cable Communications                 | \$ 7,670        | \$ 7,051        | \$ 6,436        | 8.8%         | 9.6%         |
| NBCUniversal                         | 1,805           | 1,539           | 1,495           | 17.3         | 2.9          |
| Corporate and Other                  | 83              | 90              | 88              | (7.3)        | 1.3          |
| <b>Comcast Consolidated</b>          | <b>\$ 9,558</b> | <b>\$ 8,680</b> | <b>\$ 8,019</b> | <b>10.1%</b> | <b>8.2%</b>  |

Consolidated depreciation and amortization expense increased in 2016 and 2015 primarily due to increases in capital expenditures, as well as expenditures for software, in our Cable Communications segment in recent years. We continue to invest to increase our network capacity and in customer premise equipment, primarily for our X1 platform and cloud DVR technology and for wireless gateways. In addition, because these assets generally have shorter estimated useful lives, our depreciation expenses have increased and we expect this will continue in 2017. NBCUniversal depreciation and amortization expense also increased due to the acquisition of the 51% interest in Universal Studios Japan in November 2015 and our investments in new attractions in the Theme Parks segment.

**Segment Operating Results**

Our segment operating results are presented based on how we assess operating performance and internally report financial information. We use operating income (loss) before depreciation and amortization, excluding impairment charges related to fixed and intangible assets and gains or losses from the sale of assets, if any, as the measure of profit or loss for our operating segments. This measure eliminates the significant level of noncash depreciation and amortization expense that results from the capital-intensive nature of certain of our businesses and from intangible assets recognized in business combinations. Additionally, it is unaffected by our capital structure or investment activities. We use this measure to evaluate our consolidated operating performance and the operating performance of our operating segments and to allocate resources and capital to our operating segments. It is also a significant performance measure in our annual incentive compensation programs. We believe that this measure is useful to investors because it is one of the bases for comparing our operating performance with that of other companies in our industries, although our measure may not be directly comparable to similar measures used by other companies. Because we use operating income (loss) before depreciation and amortization to measure our segment profit or loss, we reconcile it to operating income, the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States ( GAAP ), in the business segment footnote to our



**Table of Contents**

consolidated financial statements (see Note 17 to Comcast's consolidated financial statements and Note 16 to NBCUniversal's consolidated financial statements). This measure should not be considered a substitute for operating income (loss), net income (loss) attributable to Comcast Corporation or NBCUniversal, net cash provided by operating activities, or other measures of performance or liquidity we have reported in accordance with GAAP.

The revenue and operating costs and expenses associated with our broadcasts of the 2016 Rio Olympics and the Sochi Olympics in February 2014 were reported in our Cable Networks and Broadcast Television segments. The revenue and operating costs and expenses associated with our broadcast of the 2015 Super Bowl were reported in our Broadcast Television segment.

We have adjusted prior period segment operating results to reflect certain changes in our management reporting presentation. See Note 17 to Comcast's consolidated financial statements for additional information on these changes.

**Cable Communications Segment Results of Operations**

**Table of Contents**

| Year ended December 31 (in millions)                         | 2016             | 2015             | 2014             | %           | % Change     |
|--|------------------|------------------|------------------|-------------|--------------|
|  |                  |                  |                  | Change      | 2014 to 2015 |
| <b>Revenue</b>   |                  |                  |                  |             |              |
| Residential:   |                  |                  |                  |             |              |
| Video  | \$ 22,357        | \$ 21,526        | \$ 20,783        | 3.9%        | 3.6%         |
| High-speed Internet  | 13,532           | 12,471           | 11,321           | 8.5         | 10.2         |
| Voice  | 3,540            | 3,608            | 3,671            | (1.9)       | (1.7)        |
| Business services  | 5,514            | 4,751            | 3,960            | 16.1        | 20.0         |
| Advertising  | 2,518            | 2,298            | 2,388            | 9.6         | (3.8)        |
| Other  | 2,587            | 2,274            | 2,042            | 13.8        | 11.3         |
| <b>Total revenue</b>   | <b>50,048</b>    | <b>46,928</b>    | <b>44,165</b>    | <b>6.6</b>  | <b>6.3</b>   |
| <b>Operating costs and expenses</b>                          |                  |                  |                  |             |              |
| Programming  | 11,576           | 10,516           | 9,819            | 10.1        | 7.1          |
| Technical and product support                                | 6,371            | 5,996            | 5,594            | 6.3         | 7.2          |
| Customer service   | 2,486            | 2,396            | 2,226            | 3.7         | 7.7          |
| Franchise and other regulatory fees                          | 1,481            | 1,382            | 1,296            | 7.2         | 6.7          |
| Advertising, marketing and promotion                         | 3,547            | 3,369            | 3,098            | 5.3         | 8.7          |
| Other  | 4,478            | 4,232            | 4,035            | 5.8         | 4.8          |
| Total operating costs and expenses                           | 29,939           | 27,891           | 26,068           | 7.3         | 7.0          |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 20,109</b> | <b>\$ 19,037</b> | <b>\$ 18,097</b> | <b>5.6%</b> | <b>5.2%</b>  |

**Customer Metrics**

| December 31 (in thousands)                              | Total Customers |           |           | Net Additional Customers |       |       |
|---|-----------------|-----------|-----------|--------------------------|-------|-------|
|   | 2016            | 2015      | 2014      | 2016                     | 2015  | 2014  |
| Total customer relationships <sup>(a)</sup>             | 28,559          | 27,701    | 27,035    | 858                      | 666   | 358   |
| Single product customers <sup>(a)</sup>                 | 8,541           | 8,366     | 8,409     | 175                      | (43)  | (343) |
| Double product customers <sup>(a)</sup>                 | 9,699           | 9,221     | 8,750     | 477                      | 472   | 209   |
| Triple product customers <sup>(a)</sup>                 | 10,319          | 10,114    | 9,876     | 205                      | 238   | 492   |
| Video customers   | 22,508          | 22,347    | 22,383    | 161                      | (36)  | (194) |
| High-speed Internet customers                           | 24,701          | 23,329    | 21,962    | 1,373                    | 1,367 | 1,277 |
| Voice customers   | 11,687          | 11,475    | 11,193    | 211                      | 282   | 470   |
| Average monthly total revenue per customer relationship | \$ 148.26       | \$ 142.89 | \$ 137.04 |                          |       |       |

Customer metrics include residential and business customers and are presented based on actual amounts. Minor differences may exist due to rounding.

(a) Customer relationships represent the number of residential and business customers that subscribe to at least one of our cable services. Single product, double product and triple product customers represent customers that subscribe to one, two or three of our cable services, respectively.

**Cable Communications Segment Revenue****Video**

Our Cable Communications segment offers a broad variety of video service packages that may include premium networks, pay-per-view services and our On Demand service. Our video customers may subscribe for additional fees to our high-definition ( HD ) video and digital video recorder ( DVR ) advanced services. We are actively deploying set-top boxes for our Internet Protocol ( IP ) and cloud-enabled video platform, referred to as our X1 platform, and cloud DVR technology throughout our footprint.

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## **Table of Contents**

Video revenue increased 3.9% and 3.6% in 2016 and 2015, respectively. The increases in revenue in both years were primarily due to rate adjustments and an increase in the number of residential customers subscribing to additional services such as premium channels and advanced services, which accounted for increases in revenue of 3.9% and 4.5% in 2016 and 2015, respectively. As of December 31, 2016, 14.8 million customers subscribed to at least one of our HD or DVR advanced services compared to 13.9 million customers and 13.0 million customers as of December 31, 2015 and 2014, respectively. Net additional video customers increased in 2016 primarily due to reduced customer churn, which we believe is a result of our continued deployment of our X1 platform as well as improvements we have made in the customer experience. The increase in revenue in 2015 was partially offset by a decrease in the number of residential video customers, which was primarily due to competitive pressures and the impact of rate adjustments.

As of December 31, 2016, 39.9% of the homes and businesses in the areas we serve subscribed to our video services, compared to 40.1% and 40.9% as of December 31, 2015 and 2014, respectively. We have in the past, and may in the future, experience declines in the number of residential video customers due to competitive pressures and the impact of rate adjustments.

### High-Speed Internet

We offer high-speed Internet services with downstream speeds from a range of up to 10 Mbps to fiber-based speeds up to 2 Gbps. We are actively deploying wireless gateways throughout our footprint, which combine a customer's wireless router, cable modem and voice adapter, to improve the performance of multiple IP-enabled devices used at the same time within the home, provide faster Internet speeds and create an in-home Wi-Fi network. We are continuing to expand our network of residential, outdoor and business Wi-Fi hotspots to allow most of our high-speed Internet customers to access our high-speed Internet services inside and outside the home. As of December 31, 2016, there were approximately 15.8 million of these hotspots.

High-speed Internet revenue increased 8.5% and 10.2% in 2016 and 2015, respectively. Increases in the number of residential customers receiving our high-speed Internet services accounted for increases in revenue of 5.8% in both 2016 and 2015. The remaining increases in revenue in both 2016 and 2015 were primarily due to increases in the number of customers receiving higher levels of service and the impact of rate adjustments.

As of December 31, 2016, 43.8% of the homes and businesses in the areas we serve subscribed to our high-speed Internet services, compared to 41.9% and 40.2% as of December 31, 2015 and 2014, respectively. Our customer base continues to grow as consumers choose our high-speed Internet service and seek higher-speed offerings.

### Voice

We offer voice services that provide local and long-distance calling and other related features.

Voice revenue decreased 1.9% and 1.7% in 2016 and 2015, respectively. While the number of residential customers receiving voice services through our discounted bundled service offerings increased in both years, revenue was negatively impacted by the allocation of voice revenue for our customers who receive bundled services. The amount allocated to voice revenue in the rate charged for bundled services decreased in both years because video and high-speed Internet rates increased while voice rates remained relatively flat.

As of December 31, 2016, 20.7% of the homes and businesses in the areas we serve subscribed to our voice services, compared to 20.6% and 20.5% as of December 31, 2015 and 2014, respectively.

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## **Table of Contents**

### **Business Services**

We offer our cable services to small and medium-sized businesses and to large enterprises with multiple locations. We offer Ethernet network services that connect multiple locations and provide higher downstream and upstream speed options to medium-sized businesses and large enterprises. We also provide cellular backhaul services to mobile network operators to help those customers manage network bandwidth.

Business services revenue increased 16.1% and 20.0% in 2016 and 2015, respectively. The increase in 2016 was primarily due to an increase in the number of small business customers, as well as continued growth in our medium-sized business services, including Ethernet network and advanced voice services. The increase in 2015 was primarily due to an increase in the number of small business customers receiving our high-speed Internet and voice services and rate adjustments. In 2016, 2015 and 2014, our small business customers represented more than 70% of total business services revenue. We believe the increases in the number of business customers were primarily the result of our efforts to gain market share from competitors by offering competitive services and pricing, although the rate of growth in the number of our small business customers may slow as the business matures.

### **Advertising**

Our Cable Communications segment also sells advertising. As part of our distribution agreements with cable networks, we generally receive an allocation of scheduled advertising time on cable networks that we sell through our advertising business, Spotlight, to local, regional and national advertisers. In most cases, the available advertising units are sold by our sales force. In some cases, we work with representation firms as an extension of our sales force to sell a portion of the advertising units allocated to us. We also represent the advertising sales efforts of other multichannel video providers in some markets. In addition, we generate revenue from the sale of advertising online and on our On Demand service. Advertising revenue is affected by the strength of the advertising market and general economic conditions.

Advertising revenue increased 9.6% in 2016 primarily due to an increase in political advertising revenue. Advertising revenue decreased 3.8% in 2015 primarily due to a decrease in political advertising revenue. Excluding the impact of political advertising revenue, advertising revenue increased slightly in 2016 and 3.0% in 2015.

In 2016, 5% of our Cable Communications segment advertising revenue was generated from our NBCUniversal segments, compared to 6% and 5% in 2015 and 2014, respectively. These amounts are eliminated in our consolidated financial statements but are included in the amounts presented above.

### **Other**

Other revenue primarily includes revenue related to cable franchise and other regulatory fees. We also receive revenue related to fees from other services, such as our home security and automation services. Cable franchise and other regulatory fees represent the fees we are required to pay to federal, state and local authorities that we pass through to our customers. Under the terms of our cable franchise agreements, we are generally required to pay to the cable franchising authority an amount based on our gross video revenue. The changes in franchise and other regulatory fees collected from our cable services customers are generally due to changes in the revenue to which the fees apply.

Other revenue increased 13.8% and 11.3% in 2016 and 2015, respectively, primarily due to increases in cable franchise and other regulatory fees, revenue from our home security and automation services and revenue from other services.

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## **Table of Contents**

### **Cable Communications Segment    Operating Costs and Expenses**

#### [Programming Expenses](#)

Programming expenses, which represent our most significant operating expense, are the fees we incur to provide content to our video customers. These expenses are affected by the programming license fees charged by cable networks, the fees charged for retransmission of the signals from local broadcast television stations, the number of video customers we serve and the amount of content we provide. Programming expenses increased in 2016 and 2015 primarily due to increases in programming license fees, including retransmission consent fees, sports programming costs and fees to secure rights for additional programming for distribution across an increasing number of platforms.

We anticipate that our programming expenses will increase at a higher growth rate in 2017, as the fees we pay will increase primarily due to the timing of contract renewals and increases in retransmission consent fees and sports programming costs; as we provide additional content to our video customers; and as we deliver this content through an increasing number of platforms, including On Demand, online and through our mobile apps. We believe that adding more content and delivering it on various platforms will help us to attract and retain video customers.

#### [Technical and Product Support Expenses](#)

Technical and product support expenses include costs to complete service call and installation activities, as well as costs for network operations, product development, fulfillment and provisioning. Technical and product support expenses increased in 2016 and 2015 primarily due to expenses related to the development, delivery and support of our enhanced devices and services, including our X1 platform, cloud DVR technology and wireless gateways, and continued growth in business services and home security and automation services. The increases in both years were also due to expenses related to investments to improve the customer experience.

#### [Customer Service Expenses](#)

Customer service expenses include the personnel and other costs associated with handling the sale of services to customers and customer service activity. Customer service expenses increased in 2016 and 2015 primarily due to increased support for improving the customer experience and increases in total labor costs, which reflect sales and support activities associated with the continued deployment of our enhanced devices and services, including our X1 platform and wireless gateways, and continued growth in business services and home security and automation services. The rate of growth of our customer service expenses decreased in 2016 primarily due to reduced call volumes.

#### [Franchise and Other Regulatory Fees](#)

Franchise and other regulatory fees increased in 2016 and 2015 primarily due to increases in the revenue to which the fees apply.

#### [Advertising, Marketing and Promotion Expenses](#)

Advertising, marketing and promotion expenses increased in 2016 and 2015 primarily due to increases in spending associated with attracting new residential and business services customers and encouraging existing customers to add additional or higher-tier services.

#### [Other Operating Costs and Expenses](#)

Other operating costs and expenses increased in 2016 and 2015 primarily due to increases in costs to support our advertising sales business, as well as increases in other administrative costs.

**Table of Contents**

**Cable Communications Segment Operating Margin**

Our Cable Communications segment operating margin is operating income before depreciation and amortization as a percentage of revenue. The most significant operating costs and expenses for our Cable Communications segment are the programming expenses we incur to provide content to our video customers. We expect that our programming expenses will continue to increase, which may negatively impact our operating margin. We will attempt to mitigate increases in operating costs and expenses by growing revenue, particularly in our high-speed Internet, video and business services businesses and through cost management.

Our operating margin in 2016, 2015 and 2014 was 40.2%, 40.6% and 41.0%, respectively.

**[NBCUniversal Segments Overview](#)**

**[2016 NBCUniversal Segments Operating Results<sup>\(a\)</sup>](#)**

(a) Excludes the results of NBCUniversal Headquarters, Other and eliminations.

| Year ended December 31 (in millions)                               | 2016             |                  | 2015                                    |                          | % Change<br>2015 to 2016 |                       |
|--|------------------|------------------|---|--------------------------|--------------------------|-----------------------|
|  | Actual           | Actual           | Pro Forma<br>Adjustments <sup>(a)</sup> | Pro<br>Forma<br>Combined | Actual                   | Pro Forma<br>Combined |
| <b>Revenue</b>   |                  |                  |   |                          |                          |                       |
| Cable Networks   | \$ 10,464        | \$ 9,628         | \$                                      | \$ 9,628                 | 8.7%                     |                       |
| Broadcast Television   | 10,147           | 8,530            |   | 8,530                    | 19.0                     |                       |
| Filmed Entertainment   | 6,360            | 7,287            |   | 7,287                    | (12.7)                   |                       |
| Theme Parks  | 4,946            | 3,339            | 1,052                                   | 4,391                    | 48.2                     | 12.7%                 |
| Headquarters, other and eliminations                               | (324)            | (322)            |   | (322)                    | NM                       |                       |
| <b>Total revenue</b>   | <b>\$ 31,593</b> | <b>\$ 28,462</b> | <b>\$ 1,052</b>                         | <b>\$ 29,514</b>         | <b>11.0%</b>             | <b>7.0%</b>           |
| <b>Operating Income Before Depreciation and Amortization</b>       |                  |                  |   |                          |                          |                       |
| Cable Networks   | \$ 3,709         | \$ 3,499         | \$                                      | \$ 3,499                 | 6.0%                     |                       |
| Broadcast Television   | 1,320            | 780              |   | 780                      | 69.1                     |                       |
| Filmed Entertainment   | 697              | 1,234            |   | 1,234                    | (43.5)                   |                       |
| Theme Parks  | 2,190            | 1,464            | 488                                     | 1,952                    | 49.6                     | 12.2%                 |
| Headquarters, other and eliminations                               | (689)            | (625)            |   | (625)                    | (10.1)                   |                       |
| <b>Total operating income before depreciation and amortization</b> | <b>\$ 7,227</b>  | <b>\$ 6,352</b>  | <b>\$ 488</b>                           | <b>\$ 6,840</b>          | <b>13.8%</b>             | <b>5.7%</b>           |



**Table of Contents**

| Year ended December 31 (in millions)                               | 2015             |   | 2014                     |                  | % Change<br>2014 to 2015                |                          |              |                       |
|--|------------------|---|--------------------------|------------------|---|--------------------------|--------------|-----------------------|
|  | Actual           | Pro Forma<br>Adjustments <sup>(a)</sup> | Pro<br>Forma<br>Combined | Actual           | Pro Forma<br>Adjustments <sup>(a)</sup> | Pro<br>Forma<br>Combined | Actual       | Pro Forma<br>Combined |
| <b>Revenue</b>   |                  |   |                          |                  |   |                          |              |                       |
| Cable Networks   | \$ 9,628         |   | \$ 9,628                 | \$ 9,563         |   | \$ 9,563                 | 0.7%         |                       |
| Broadcast Television   | 8,530            |   | 8,530                    | 8,542            |   | 8,542                    | (0.1)        |                       |
| Filmed Entertainment   | 7,287            |   | 7,287                    | 5,008            |   | 5,008                    | 45.5         |                       |
| Theme Parks  | 3,339            | 1,052                                   | 4,391                    | 2,623            | 1,085                                   | 3,708                    | 27.3         | 18.4%                 |
| Headquarters, other and eliminations                               | (322)            |   | (322)                    | (308)            |   | (308)                    | NM           |                       |
| <b>Total revenue</b>   | <b>\$ 28,462</b> | <b>\$ 1,052</b>                         | <b>\$ 29,514</b>         | <b>\$ 25,428</b> | <b>\$ 1,085</b>                         | <b>\$ 26,513</b>         | <b>11.9%</b> | <b>11.3%</b>          |
| <b>Operating Income Before Depreciation and Amortization</b>       |                  |   |                          |                  |   |                          |              |                       |
| Cable Networks   | \$ 3,499         |   | \$ 3,499                 | \$ 3,589         |   | \$ 3,589                 | (2.5)%       |                       |
| Broadcast Television   | 780              |   | 780                      | 734              |   | 734                      | 6.3          |                       |
| Filmed Entertainment   | 1,234            |   | 1,234                    | 711              |   | 711                      | 73.5         |                       |
| Theme Parks  | 1,464            | 488                                     | 1,952                    | 1,096            | 451                                     | 1,547                    | 33.5         | 26.2%                 |
| Headquarters, other and eliminations                               | (625)            |   | (625)                    | (614)            |   | (614)                    | (1.8)        |                       |
| <b>Total operating income before depreciation and amortization</b> | <b>\$ 6,352</b>  | <b>\$ 488</b>                           | <b>\$ 6,840</b>          | <b>\$ 5,516</b>  | <b>\$ 451</b>                           | <b>\$ 5,967</b>          | <b>15.1%</b> | <b>14.6%</b>          |

Percentage changes that are considered not meaningful are denoted with NM.

(a) Pro forma adjustments are presented as if the acquisition of the 51% interest of Universal Studios Japan occurred on January 1, 2014. Pro forma information does not include adjustments for transaction-related costs, costs related to integration activities, or cost savings or synergies that have been or may be achieved by the combined businesses. The pro forma amounts are primarily based on historical results of operations, adjusted for the allocation of purchase price, and are not necessarily indicative of what our results would have been had we operated Universal Studios Japan since January 1, 2014, nor of our future results.

**Cable Networks Segment Results of Operations**

| Year ended December 31 (in millions)                         |                 |                 |                 | % Change     | % Change      |
|--|-----------------|-----------------|-----------------|--------------|---------------|
|  | 2016            | 2015            | 2014            | 2015 to 2016 | 2014 to 2015  |
| <b>Revenue</b>   |                 |                 |                 |              |               |
| Distribution   | \$ 6,078        | \$ 5,461        | \$ 5,307        | 11.3%        | 2.9%          |
| Advertising  | 3,566           | 3,435           | 3,494           | 3.8          | (1.7)         |
| Content licensing and other                                  | 820             | 732             | 762             | 11.9         | (4.0)         |
| <b>Total revenue</b>   | <b>10,464</b>   | <b>9,628</b>    | <b>9,563</b>    | <b>8.7</b>   | <b>0.7</b>    |
| <b>Operating costs and expenses</b>                          |                 |                 |                 |              |               |
| Programming and production                                   | 4,932           | 4,319           | 4,241           | 14.2         | 1.8           |
| Other operating and administrative                           | 1,310           | 1,270           | 1,232           | 3.2          | 3.1           |
| Advertising, marketing and promotion                         | 513             | 540             | 501             | (5.1)        | 7.7           |
| Total operating costs and expenses                           | 6,755           | 6,129           | 5,974           | 10.2         | 2.6           |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 3,709</b> | <b>\$ 3,499</b> | <b>\$ 3,589</b> | <b>6.0%</b>  | <b>(2.5)%</b> |

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## **Table of Contents**

### **Cable Networks Segment Revenue**

#### **Distribution**

Distribution revenue is generated from the distribution of our cable network programming to multichannel video providers and is affected by the number of subscribers receiving our cable networks and the fees we charge per subscriber.

Distribution revenue increased in 2016 primarily due to increases in the contractual rates charged under distribution agreements and contract renewals, as well as \$298 million of revenue associated with our broadcast of the 2016 Rio Olympics, which were partially offset by a decline in the number of subscribers at some of our cable networks. Distribution revenue increased in 2015 primarily due to increases in the contractual rates charged under distribution agreements that were partially attributable to the premiere of NASCAR programming on the NBC Sports Network in 2015. The increases in 2015 were partially offset by a decrease in revenue from a decline in the number of subscribers at some of our cable networks and \$177 million of revenue in 2014 associated with our broadcast of the 2014 Sochi Olympics. Excluding revenue associated with our broadcasts of the 2016 Rio Olympics and the 2014 Sochi Olympics, distribution revenue increased 5.8% and 6.5% in 2016 and 2015, respectively.

#### **Advertising**

Advertising revenue is generated from the sale of advertising units sold on our cable networks and related digital media properties. Advertising revenue is primarily based on the price we charge for each advertising unit, which is generally based on audience ratings, the value of our viewer demographics to advertisers and the number of advertising units we can place in our cable networks programming schedules. Advertising revenue is affected by the audience ratings of our programming, the strength of the national advertising market and general economic conditions. Audience ratings at our cable networks have declined, which has negatively affected advertising revenue in recent years, and may continue to decline as the number of programming choices, such as subscription video on demand services, continues to increase and as more viewers use DVRs and video on demand services to view our content outside of traditional audience ratings measurement periods.

Advertising revenue increased in 2016 primarily due to \$134 million of revenue associated with our broadcast of the 2016 Rio Olympics. Also, higher prices for advertising units were offset by the impact of declining audience ratings. Advertising revenue decreased in 2015 primarily due to \$80 million of revenue in 2014 associated with our broadcast of the 2014 Sochi Olympics. In addition, the impact of declining audience ratings in 2015 was partially offset by higher prices for, and an increase in the volume of, advertising units sold, as well as increased advertising revenue associated with the broadcast of NASCAR programming. Excluding revenue associated with our broadcasts of the 2016 Rio Olympics and the 2014 Sochi Olympics, advertising revenue decreased slightly in 2016 and increased slightly in 2015 due to the broadcast of NASCAR programming.

#### **Content Licensing and Other**

Content licensing and other revenue is generated primarily from the licensing of our owned programming in the United States and internationally to cable and broadcast networks and subscription video on demand services, as well as from the sale of our owned programming on DVDs and through digital distribution services such as iTunes. In addition, our cable television studio production operations generate revenue from programming it produces for third-party networks and subscription video on demand services.

Content licensing and other revenue increased in 2016 and decreased in 2015 primarily due to the timing of content provided under our licensing agreements.

**Table of Contents**

In 2016, 2015 and 2014, 14%, 13% and 12%, respectively, of our Cable Networks segment revenue was generated from our Cable Communications segment. These amounts are eliminated in Comcast's consolidated financial statements but are included in the amounts presented above.

**Cable Networks Segment Operating Costs and Expenses****Programming and Production Costs**

Programming and production costs include the amortization of owned and acquired programming, sports rights, direct production costs, residual and participation payments, production overhead, costs associated with the distribution of our programming to third-party networks and other distribution platforms, and on-air talent costs.

Programming and production costs increased in 2016 primarily due to our broadcast of the 2016 Rio Olympics, as well as an increase in other sports programming rights costs. Programming and production costs increased in 2015 primarily due to our continued investment in programming, including the premiere of NASCAR programming and other sports programming rights costs. These increases in 2015 were partially offset by costs in 2014 associated with our broadcast of the 2014 Sochi Olympics.

**Other Operating and Administrative Costs and Expenses**

Other operating and administrative costs and expenses include salaries, employee benefits, rent and other overhead expenses, and these costs increased in 2016 and 2015 primarily due to increases in employee-related costs.

**Advertising, Marketing and Promotion Expenses**

Advertising, marketing and promotion expenses consist primarily of the costs associated with promoting programming on our cable networks and related digital media properties. These expenses decreased in 2016 and increased in 2015 primarily due to increased spending on marketing in 2015 related to the launch of new programming on our cable networks.

**Broadcast Television Segment Results of Operations**

|  |                 |               |               | % Change     | % Change     |
|--|-----------------|---------------|---------------|--------------|--------------|
| Year ended December 31 (in millions)                         | 2016            | 2015          | 2014          | 2015 to 2016 | 2014 to 2015 |
| <b>Revenue</b>   |                 |               |               |              |              |
| Advertising  | \$ 6,834        | \$ 5,747      | \$ 5,888      | 18.9%        | (2.4)%       |
| Content licensing  | 1,899           | 1,784         | 1,569         | 6.4          | 13.7         |
| Distribution and other                                       | 1,414           | 999           | 1,085         | 41.5         | (7.8)        |
| <b>Total revenue</b>   | <b>10,147</b>   | <b>8,530</b>  | <b>8,542</b>  | <b>19.0</b>  | <b>(0.1)</b> |
| <b>Operating costs and expenses</b>                          |                 |               |               |              |              |
| Programming and production                                   | 6,984           | 5,950         | 6,127         | 17.4         | (2.9)        |
| Other operating and administrative                           | 1,381           | 1,276         | 1,199         | 8.3          | 6.4          |
| Advertising, marketing and promotion                         | 462             | 524           | 482           | (11.9)       | 8.9          |
| Total operating costs and expenses                           | 8,827           | 7,750         | 7,808         | 13.9         | (0.7)        |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 1,320</b> | <b>\$ 780</b> | <b>\$ 734</b> | <b>69.1%</b> | <b>6.3%</b>  |

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**Table of Contents****Broadcast Television Segment Revenue****Advertising**

Advertising revenue is generated from the sale of advertising units sold on our broadcast networks, owned local television stations and related digital media properties. Advertising revenue is primarily based on the price we charge for each advertising unit, which is generally based on audience ratings and the value of our viewer demographics to advertisers, and the number of advertising units we can place in our broadcast networks and owned local television stations programming schedules. Advertising revenue is affected by the strength of the national and local advertising markets, general economic conditions, cyclicalities related to political campaigns and issue-oriented advertising, and the success and ratings of our programming.

Advertising revenue increased in 2016 primarily due to \$1.0 billion of revenue associated with our broadcast of the 2016 Rio Olympics. Advertising revenue also increased due to higher prices for advertising units sold, the premiere of *Thursday Night Football* and higher political advertising, which was partially offset by revenue in 2015 associated with our broadcast of the 2015 Super Bowl and a decline in audience ratings. Advertising revenue decreased in 2015 primarily due to \$730 million of revenue in 2014 associated with our broadcast of the 2014 Sochi Olympics, which was partially offset by \$376 million of revenue in 2015 associated with our broadcast of the 2015 Super Bowl. Excluding revenue associated with our broadcasts of the 2016 Rio Olympics and the 2015 Super Bowl, revenue increased 7.7% in 2016. Excluding revenue associated with our broadcasts of the 2015 Super Bowl and the 2014 Sochi Olympics, revenue increased 4.1% in 2015 primarily due to higher prices for, and an increase in the volume of, advertising units sold.

**Content Licensing**

Content licensing revenue is generated from the licensing of our owned programming in the United States and internationally to various distribution platforms, including to cable and broadcast networks, as well as to subscription video on demand services. In addition, our broadcast television studio production operations develop and produce original content that they license to broadcast networks, cable networks and local broadcast television stations owned by us and third parties, as well as to subscription video on demand services. The production and distribution costs related to our owned programming generally exceed the revenue generated from the initial network license, which means the subsequent licensing of our owned programming series following the initial network license is critical to their financial success.

Content licensing revenue increased in 2016 and 2015 primarily due to the timing of content provided under our licensing agreements.

**Distribution and Other**

We generate distribution and other revenue primarily from fees for retransmission consent of our owned local broadcast television stations and associated fees received from NBC-affiliated local broadcast television stations, as well as from the sale of our owned programming on DVDs and through digital distribution services. The sale of our owned programming is driven primarily by the popularity of our broadcast networks and programming series and therefore fluctuates based on consumer spending and acceptance. Distribution and other revenue also includes distribution revenue associated with our periodic broadcasts of the Olympic Games.

Distribution and other revenue increased in 2016 primarily due to increases in fees recognized under our retransmission consent agreements, as well as \$140 million of distribution revenue associated with our broadcast of the 2016 Rio Olympics. Distribution and other revenue decreased in 2015 primarily due to \$116 million of distribution revenue in 2014 that was associated with our broadcast of the 2014 Sochi Olympics. The decrease was partially offset by an increase in fees recognized under our retransmission consent agreements, as well as new syndication agreements entered into in 2015.

**Table of Contents****Broadcast Television Segment Operating Costs and Expenses****Programming and Production Costs**

Programming and production costs relate to content originating on our broadcast networks and owned local broadcast television stations, as well as owned content that is licensed to third parties. These costs include the amortization of owned and acquired programming costs, sports rights, direct production costs, residual and participation payments, production overhead, costs associated with the distribution of our programming to third-party networks and other distribution platforms, and on-air talent costs.

Programming and production costs increased in 2016 primarily due to our broadcast of the 2016 Rio Olympics, as well as our broadcast of *Thursday Night Football*, which were partially offset by costs in 2015 associated with our broadcast of the 2015 Super Bowl. Programming and production costs decreased in 2015 primarily due to costs in 2014 associated with our broadcast of the 2014 Sochi Olympics, which was partially offset by costs associated with our broadcast of the 2015 Super Bowl, the timing of content provided under our licensing agreements and higher studio production costs.

**Other Operating and Administrative Costs and Expenses**

Other operating and administrative costs and expenses include salaries, employee benefits, rent and other overhead expenses, and these costs increased in 2016 and 2015 primarily due to increases in employee-related costs.

**Advertising, Marketing and Promotion Expenses**

Advertising, marketing and promotion expenses consist primarily of the costs associated with promoting our owned and acquired television programming, as well as the marketing of DVDs and costs associated with our related digital media properties. These expenses decreased in 2016 and increased in 2015 primarily due to increased spending on marketing in 2015 associated with our NBC primetime lineup.

**Filmed Entertainment Segment Results of Operations**

|  |               |                 |               | % Change       | % Change     |
|--|---------------|-----------------|---------------|----------------|--------------|
| Year ended December 31 (in millions)                         | 2016          | 2015            | 2014          | 2015 to 2016   | 2014 to 2015 |
| <b>Revenue</b>   |               |                 |               |                |              |
| Theatrical   | \$ 1,560      | \$ 2,829        | \$ 1,101      | (44.9)%        | 156.9%       |
| Content licensing  | 2,563         | 1,923           | 1,792         | 33.3           | 7.3          |
| Home entertainment   | 1,254         | 1,801           | 1,457         | (30.4)         | 23.6         |
| Other  | 983           | 734             | 658           | 34.1           | 11.5         |
| <b>Total revenue</b>   | <b>6,360</b>  | <b>7,287</b>    | <b>5,008</b>  | <b>(12.7)</b>  | <b>45.5</b>  |
| <b>Operating costs and expenses</b>                          |               |                 |               |                |              |
| Programming and production                                   | 2,962         | 3,488           | 2,331         | (15.1)         | 49.6         |
| Other operating and administrative                           | 1,101         | 872             | 849           | 26.3           | 2.8          |
| Advertising, marketing and promotion                         | 1,600         | 1,693           | 1,117         | (5.5)          | 51.7         |
| Total operating costs and expenses                           | 5,663         | 6,053           | 4,297         | (6.4)          | 40.9         |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 697</b> | <b>\$ 1,234</b> | <b>\$ 711</b> | <b>(43.5)%</b> | <b>73.5%</b> |
| <b>Filmed Entertainment Segment Revenue</b>                  |               |                 |               |                |              |

**Theatrical**

Theatrical revenue is generated from the worldwide theatrical release of our owned and acquired films for exhibition in movie theaters and is significantly affected by the timing of each release and the number of films



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## **Table of Contents**

we distribute, as well as their acceptance by audiences. Theatrical revenue is also affected by the number of exhibition screens, ticket prices, the percentage of ticket sale retention by the exhibitors and the popularity of competing films at the time our films are released. The success of a film in movie theaters is a significant factor in determining the revenue a film is likely to generate in succeeding distribution platforms.

Theatrical revenue decreased in 2016 and increased in 2015 primarily due to the strong performance of our larger 2015 film slate, including *Furious 7*, *Jurassic World* and *Minions*. The decrease in 2016 was partially offset by the strong performance of *The Secret Life of Pets* and *Sing* in 2016.

### [Content Licensing](#)

Content licensing revenue is generated primarily from the licensing of our owned and acquired films to cable, broadcast and premium networks, as well as to subscription video on demand services.

Content licensing revenue increased in 2016 and 2015 primarily due to the timing of when content was made available under licensing agreements. The increase in 2016 was partially due to the timing of when content related to our 2015 film slate was made available under licensing agreements.

### [Home Entertainment](#)

Home entertainment revenue is generated from the sale of our owned and acquired films on DVDs to retail stores, rental kiosks and subscription by mail services, and in digital formats. Home entertainment revenue is significantly affected by the timing and number of our releases and their acceptance by consumers. Release dates are determined by several factors, including the timing of the exhibition of a film in movie theaters, holiday periods and the timing of competitive releases. The overall DVD market continues to experience declines due to the maturation of the standard-definition DVD format, increasing shifts in consumer behavior toward digital distribution services, and subscription rental services, all of which generate less revenue per transaction than DVD sales, as well as due to piracy.

Home entertainment revenue decreased in 2016 and increased in 2015 primarily due to the strong performance of our 2015 releases, including *Minions* and *Jurassic World*. The decrease in 2016 was partially offset by the home entertainment sales of *Jason Bourne* and *The Secret Life of Pets*.

### [Other](#)

We also generate revenue from producing and licensing live stage plays, from distributing filmed entertainment produced by third parties, from Fandango, our movie ticketing and entertainment business, and from the sale of consumer products.

Other revenue increased in 2016 and 2015 primarily due to increases in revenue generated from Fandango.

## **Filmed Entertainment Segment    Operating Costs and Expenses**

### [Programming and Production Costs](#)

Programming and production costs include the amortization of capitalized film production and acquisition costs, residual and participation payments, and distribution expenses. Residual payments represent amounts payable to certain of our employees who are represented by labor unions or guilds, including freelance and temporary employees, and are based on post-theatrical revenue. Participation payments are primarily based on film performance and represent contingent consideration payable to creative talent, third parties that have entered into cofinancing agreements with us and other parties involved in the production of a film. The costs associated with producing films have generally increased in recent years and may continue to increase in the future.

**Table of Contents**

Programming and production costs decreased in 2016 and increased in 2015 primarily due to higher amortization of film production costs in 2015 associated with our larger 2015 film slate, which included *Furious 7*, *Jurassic World* and *Minions*.

**Other Operating and Administrative Costs and Expenses**

Other operating and administrative costs and expenses include salaries, employee benefits, rent and other overhead expenses.

Other operating and administrative expenses increased in 2016 primarily due to costs attributable to DreamWorks Animation, including \$61 million of severance costs. Other operating and administrative expenses increased slightly in 2015 due to increased expenses associated with our larger film slate.

**Advertising, Marketing and Promotion Expenses**

Advertising, marketing and promotion expenses consist primarily of expenses associated with advertising for our theatrical releases and the marketing of our films on DVDs and in digital formats. We incur significant marketing expenses before and throughout the release of a film in movie theaters. As a result, we typically incur losses on a film prior to and during the film's exhibition in movie theaters and may not realize profits, if any, until the film generates home entertainment and content licensing revenue. The costs associated with marketing films have generally increased in recent years and may continue to increase in the future.

Advertising, marketing and promotion expenses decreased in 2016 and increased in 2015 primarily due to higher promotional costs associated with our larger 2015 film slate. The decrease in 2016 was partially offset due to advertising in 2016 for our domestic and international film slate. Advertising, marketing and promotion expenses also increased in 2015 due to increased advertising expenses associated with Fandango.

**Theme Parks Segment Actual and Pro Forma Results of Operations**

| Year ended December 31 (in millions)                         | 2016            |                    | 2015     |                    | % Change     |                    |              |
|--|-----------------|--------------------|----------|--------------------|--------------|--------------------|--------------|
|  | Actual          | Pro Forma Combined | Actual   | Pro Forma Combined | 2015 to 2016 |                    |              |
|  |                 |                    |          |                    | Actual       | Pro Forma Combined |              |
| <b>Revenue</b>   | <b>\$ 4,946</b> |                    | \$ 3,339 | \$ 1,052           | \$ 4,391     | <b>48.2%</b>       | <b>12.7%</b> |
| Operating costs and expenses                                 | <b>2,756</b>    |                    | 1,875    | 564                | 2,439        | <b>47.0</b>        | <b>13.0</b>  |
| <b>Operating income before depreciation and amortization</b> | <b>\$ 2,190</b> |                    | \$ 1,464 | \$ 488             | \$ 1,952     | <b>49.6%</b>       | <b>12.2%</b> |

| Year ended December 31 (in millions)                         | 2015     |                       |                    | 2014     |                       |                    | % Change     |                    |
|--|----------|-----------------------|--------------------|----------|-----------------------|--------------------|--------------|--------------------|
|  | Actual   | Pro Forma Adjustments | Pro Forma Combined | Actual   | Pro Forma Adjustments | Pro Forma Combined | 2014 to 2015 |                    |
|  |          |                       |                    |          |                       |                    | Actual       | Pro Forma Combined |
| <b>Revenue</b>   | \$ 3,339 | \$ 1,052              | \$ 4,391           | \$ 2,623 | \$ 1,085              | \$ 3,708           | 27.3%        | 18.4%              |
| Operating costs and expenses                                 | 1,875    | 564                   | 2,439              | 1,527    | 634                   | 2,161              | 22.8         | 12.8               |
| <b>Operating income before depreciation and amortization</b> | \$ 1,464 | \$ 488                | \$ 1,952           | \$ 1,096 | \$ 451                | \$ 1,547           | 33.5%        | 26.2%              |
| <b>Theme Parks Segment Revenue</b>                           |          |                       |                    |          |                       |                    |              |                    |

Our Theme Parks segment revenue is generated primarily from ticket sales and guest spending at our Universal theme parks. Guest spending includes in-park spending on food, beverages and merchandise. Guest attendance at our theme parks and guest spending depend heavily on the general environment for travel and tourism, including consumer spending on travel and other recreational activities.



**Table of Contents**

Theme Parks segment revenue increased in 2016 compared to the pro forma combined revenue in 2015 primarily due to increases in guest spending and higher guest attendance driven by the successful opening of *The Wizarding World of Harry Potter* attraction in Hollywood in April 2016, as well as the positive impact of foreign currency translation due to the strengthening of the Japanese yen. The strengthening of the Japanese yen accounted for approximately one-third of the increase in revenue for 2016.

Theme Parks segment pro forma combined revenue increased in 2015 compared to the pro forma combined revenue in 2014 primarily due to higher guest attendance and increases in guest spending at our Universal theme parks. The increase in 2015 was primarily due to the success of our attractions, including *The Wizarding World of Harry Potter – Diagon Alley* in Orlando, which opened in 2014, and the *Fast & Furious – Supercharged* studio tour and *The Simpsons – Springfield* attraction in Hollywood, both of which opened in 2015.

**Theme Parks Segment – Operating Costs and Expenses**

Our Theme Parks segment operating costs and expenses consist primarily of theme park operations, including repairs and maintenance and related administrative expenses; food, beverage and merchandise costs; labor costs; and sales and marketing costs.

Theme Parks segment operating costs and expenses increased in 2016 compared to the pro forma combined operating costs and expenses in 2015 primarily due to additional costs associated with newer attractions, such as *The Wizarding World of Harry Potter* attraction in Hollywood and *Skull Island: Reign of Kong* attraction in Orlando, as well as the impact of foreign currency translation due to the strengthening of the Japanese yen.

Theme Parks segment pro forma combined operating costs and expenses in 2015 increased compared to the pro forma combined operating costs and expenses in 2014 primarily due to additional costs associated with newer attractions, such as the *Fast & Furious – Supercharged* studio tour in Hollywood, and increases in food, beverage and merchandise costs associated with higher guest attendance.

The strengthening of the Japanese yen accounted for approximately one-third of the increase in operating income before depreciation and amortization in 2016.

**NBCUniversal Headquarters, Other and Eliminations**

Headquarters and Other operating costs and expenses incurred by our NBCUniversal businesses include overhead, personnel costs and costs associated with corporate initiatives. Operating costs and expenses increased in 2016 and 2015 primarily due to higher employee-related costs.

**Corporate and Other Results of Operations**

|  |          |          |          | % Change     | % Change     |
|--|----------|----------|----------|--------------|--------------|
| Year ended December 31 (in millions)                       | 2016     | 2015     | 2014     | 2015 to 2016 | 2014 to 2015 |
| <b>Revenue</b>   | \$ 750   | \$ 713   | \$ 683   | 5.1%         | 4.4%         |
| Operating costs and expenses                               | 1,624    | 1,528    | 1,446    | 6.2          | 5.7          |
| <b>Operating loss before depreciation and amortization</b> | \$ (874) | \$ (815) | \$ (763) | (7.1)%       | (6.9)%       |
| <b>Corporate and Other – Revenue</b>                       |          |          |          |              |              |

Other revenue primarily relates to Comcast Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center arena in Philadelphia, Pennsylvania and operates arena management-related businesses.



**Table of Contents**

Other revenue increased in 2016 primarily due to increases in revenue from several of our Comcast Spectacor businesses. Other revenue increased in 2015 primarily due to an increase in revenue from food and other services associated with new contracts entered into by one of our Comcast Spectacor businesses.

**Corporate and Other Operating Costs and Expenses**

Corporate and Other operating costs and expenses primarily include overhead, personnel costs, the costs of corporate initiatives and branding, and operating costs and expenses associated with Comcast Spectacor.

Corporate and Other operating costs and expenses increased in 2016 due to an increase in expenses related to corporate activities and initiatives, including expenses associated with our anticipated wireless phone service offering. Corporate and Other operating costs and expenses increased in 2015 due to an increase in expenses related to corporate initiatives and an increase in operating costs and expenses at Comcast Spectacor that was primarily associated with new contracts entered into by one of its businesses. In addition, Corporate and Other operating costs and expenses in 2015 and 2014 included \$178 million and \$237 million, respectively, of transaction-related costs associated with the Time Warner Cable merger and related divestiture transactions.

**Consolidated Other Income (Expense) Items, Net**

| Year ended December 31 (in millions)            | 2016       | 2015       | 2014       |
|---|------------|------------|------------|
| Interest expense                                | \$ (2,942) | \$ (2,702) | \$ (2,617) |
| Investment income (loss), net                   | 213        | 81         | 296        |
| Equity in net income (losses) of investees, net | (104)      | (325)      | 97         |
| Other income (expense), net                     | 327        | 320        | (215)      |
| Total   | \$ (2,506) | \$ (2,626) | \$ (2,439) |

**Interest Expense**

Interest expense increased in 2016 primarily due to higher levels of debt outstanding, including the Universal Studios Japan term loans. Interest expense increased in 2015 primarily due to higher levels of debt outstanding and \$47 million of additional interest expense associated with the early redemption in June 2015 of our \$750 million aggregate principal amount of 5.85% senior notes due November 2015 and our \$1.0 billion aggregate principal amount of 5.90% senior notes due March 2016.

**Investment Income (Loss), Net**

The change in investment income (loss), net in 2016 was primarily due to an increase in income of certain investments and gains recorded on the sale of certain investments. The change in investment income (loss), net in 2015 was primarily due to a \$154 million gain related to the sale of our shares of ARRIS Group, Inc. common stock in 2014. The components of investment income (loss), net are presented in a table in Note 7 to Comcast's consolidated financial statements.

**Equity in Net Income (Losses) of Investees, Net**

The changes in equity in net income (losses) of investees, net in 2016 and 2015 were primarily due to an impairment charge related to goodwill recorded by The Weather Channel in 2015. We recorded expenses of \$333 million that represented NBCUniversal's proportionate share of the impairment charge. In addition, the changes in 2016 and 2015 were also due to increases in our proportionate share of losses at Hulu, LLC, which were driven by Hulu's higher programming and marketing costs. In 2016, 2015 and 2014, we recognized our proportionate share of losses at Hulu of \$168 million, \$106 million and \$20 million respectively. The change in 2016 was also due to our proportionate share of losses at Atairos Group, Inc., which commenced operations in 2016.



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## **Table of Contents**

### **Other Income (Expense), Net**

Other income (expense), net for 2016 included \$225 million recognized in connection with the settlement of amounts owed to us under an agency agreement that had provided for, among other things, Verizon Wireless' sale of our cable services and \$108 million related to the sale of our investment in The Weather Channel's product and technology business to IBM.

Other income (expense), net for 2015 included gains of \$335 million on the sales of a business and an investment, \$240 million recorded on the settlement of a contingent consideration liability with General Electric Company related to the acquisition of NBCUniversal, and \$43 million related to an equity method investment. These gains were partially offset by \$236 million of expenses related to fair value adjustments to a contractual obligation.

Other income (expense), net for 2014 included a \$27 million favorable settlement of a contingency related to the AT&T Broadband transaction in 2002, which was more than offset by \$208 million of expenses related to fair value adjustments to a contractual obligation and \$35 million of expenses related to an indemnification receivable associated with an adjustment to our accruals for uncertain tax positions.

### **Consolidated Income Tax Expense**

Income tax expense reflects federal and state income taxes and adjustments associated with uncertain tax positions. Our effective income tax rate in 2016, 2015 and 2014 was 37.0%, 37.1% and 31.1%, respectively.

In 2014, we reduced our accruals for uncertain tax positions and the related accrued interest on these tax positions and, as a result, our income tax expense decreased by \$759 million. See Note 14 to Comcast's consolidated financial statements for additional information on the changes in our accruals for uncertain tax positions and related interest on these tax positions.

We expect our 2017 annual effective tax rate to be in the range of 35% to 37%, absent changes in tax laws or significant changes in uncertain tax positions. The expected annual effective tax rate includes the impact of the adoption of the new accounting guidance related to share-based compensation (see Note 3 to Comcast's consolidated financial statements). If significant tax legislation is enacted in 2017 that includes a change to the federal statutory rate, this could significantly impact our deferred income taxes. For example, using information as of December 31, 2016, for each 1% change in the federal statutory rate, our deferred income tax liability would change by \$850 million, which would primarily result in a corresponding change to income tax expense.

### **Consolidated Net (Income) Loss Attributable to Noncontrolling Interests and Redeemable Subsidiary Preferred Stock**

The increases in net income attributable to noncontrolling interests and redeemable subsidiary preferred stock in 2016 and 2015 were primarily due to NBCUniversal's acquisition of the 51% interest in Universal Studios Japan.

### **Liquidity and Capital Resources**

Our businesses generate significant cash flows from operating activities. We believe that we will be able to continue to meet our current and long-term liquidity and capital requirements, including fixed charges, through our cash flows from operating activities; existing cash, cash equivalents and investments; available borrowings under our existing credit facilities; and our ability to obtain future external financing. We anticipate that we will continue to use a substantial portion of our cash flows in repaying our debt obligations, funding our capital expenditures, investing in business opportunities and returning capital to shareholders.



**Table of Contents**

We also maintain significant availability under our lines of credit and our commercial paper programs to meet our short-term liquidity requirements. Our commercial paper programs provide a lower-cost source of borrowing to fund our short-term working capital requirements. See Note 10 and Note 19 to Comcast's consolidated financial statements for additional information on the Comcast and NBCUniversal Enterprise revolving credit facilities and the related guarantees.

As of December 31, 2016, amounts available under our consolidated credit facilities, net of amounts outstanding under our commercial paper programs and outstanding letters of credit, totaled \$5.5 billion, which included \$460 million available under the NBCUniversal Enterprise revolving credit facility.

We, NBCUniversal and Comcast Cable Communications, LLC are subject to the covenants and restrictions set forth in the indentures governing our public debt securities and in the credit agreements governing the Comcast revolving credit facility. The only financial covenant is in the credit facility and pertains to leverage, which is the ratio of debt to operating income before depreciation and amortization, as defined in the credit facility. We test for compliance with this financial covenant on an ongoing basis. As of December 31, 2016, we met this financial covenant by a significant margin. We do not expect to have to reduce debt or improve operating results in order to continue to comply with this financial covenant. In addition, the Universal Studios Japan term loans contain certain financial covenants. As of December 31, 2016, Universal Studios Japan was in compliance with all of these covenants.

**Operating Activities****Components of Net Cash Provided by Operating Activities**

| Year ended December 31 (in millions)                  | 2016      | 2015      | 2014      |
|---|-----------|-----------|-----------|
| Operating income                                      | \$ 16,859 | \$ 15,998 | \$ 14,904 |
| Depreciation and amortization                         | 9,558     | 8,680     | 8,019     |
| Operating income before depreciation and amortization | 26,417    | 24,678    | 22,923    |
| Noncash share-based compensation                      | 640       | 567       | 513       |
| Changes in operating assets and liabilities           | (1,782)   | (267)     | (357)     |
| Cash basis operating income                           | 25,275    | 24,978    | 23,079    |
| Payments of interest                                  | (2,565)   | (2,443)   | (2,389)   |
| Payments of income taxes                              | (3,693)   | (3,726)   | (3,668)   |
| Proceeds from investments and other                   | 456       | 251       | 190       |
| Excess tax benefits under share-based compensation    | (233)     | (282)     | (267)     |
| Net cash provided by operating activities             | \$ 19,240 | \$ 18,778 | \$ 16,945 |

The variance in changes in operating assets and liabilities in 2016 compared to 2015 was primarily due to the timing of film and television production spending and related costs, net of amortization, including certain sports programming obligations; the recognition of deferred revenue associated with the broadcast of the 2016 Rio Olympics; an increase in certain benefit payments; and the payment of a tax receivable agreement that DreamWorks Animation entered into with one of its former stockholders prior to our acquisition. The variance in changes in operating assets and liabilities in 2015 compared to 2014 was primarily related to the timing of film and television production spending and related costs, net of amortization; the timing of payments related to our accounts payable and accrued expenses related to trade creditors; and increases in deferred revenue associated with our Olympics broadcasts, which were partially offset by the timing of collections on our receivables.

The increases in interest payments in 2016 and 2015 were primarily due to higher levels of debt outstanding.

## Table of Contents

The decrease in income tax payments in 2016 was primarily due to taxable losses in 2016 related to the sale of certain investments as well as taxable gains in 2015 related to the sale of a business and investments partially offset by higher taxable income from operations. The increase in income tax payments in 2015 was primarily due to higher taxable income from operations offset by the timing of certain tax deductions. We expect income tax payments to increase in 2017 primarily due to higher taxable income from operations.

### **Investing Activities**

Net cash used in investing activities in 2016 consisted primarily of cash paid for capital expenditures, acquisitions, deposits, purchases of investments and intangible assets. Net cash used in investing activities in 2015 consisted primarily of cash paid for capital expenditures, acquisitions, intangible assets and purchases of investments, which was partially offset by proceeds from the sales of businesses and investments. Net cash used in investing activities in 2014 consisted primarily of cash paid for capital expenditures and intangible assets.

### Capital Expenditures

Our most significant recurring investing activity has been capital expenditures in our Cable Communications segment, and we expect that this will continue in the future. The table below summarizes the capital expenditures we incurred in our Cable Communications segment in 2016, 2015 and 2014.

| Year ended December 31 (in millions) | 2016     | 2015     | 2014     |
|--------------------------------------|----------|----------|----------|
| Customer premise equipment           | \$ 3,665 | \$ 3,698 | \$ 3,397 |
| Scalable infrastructure              | 1,827    | 1,539    | 1,375    |
| Line extensions                      | 1,208    | 886      | 673      |
| Support capital                      | 896      | 917      | 711      |
| Total                                | \$ 7,596 | \$ 7,040 | \$ 6,156 |

Cable Communications capital expenditures increased in 2016 and 2015 primarily due to increased investment in line extensions and increased spending in scalable infrastructure to increase network capacity, as well as continued spending on customer premise equipment related to the deployment of our X1 platform and wireless gateways.

Capital expenditures in our NBCUniversal segments increased 4.8% to \$1.5 billion in 2016 and 13.5% to \$1.4 billion in 2015 primarily due to continued investment in our Universal theme parks, including Universal Studios Japan and a purchase of land in 2015.

Our capital expenditures for 2017 are focused on continued investment in scalable infrastructure to increase network capacity; increased investment in line extensions primarily for the expansion of business services; and the continued deployment of wireless gateways, our X1 platform, and cloud DVR technology. In addition, we expect to continue to invest in existing and new attractions at our Universal theme parks. Capital expenditures for subsequent years will depend on numerous factors, including acquisitions, competition, changes in technology, regulatory changes, the timing and rate of deployment of new services, the capacity required for existing services, and the timing of new attractions at our theme parks. We are developing a Universal theme park in Beijing, China, and we expect to continue to develop this park throughout 2017.

### Cash Paid for Intangible Assets

In 2016, 2015 and 2014, cash paid for intangible assets consisted primarily of expenditures for software in our Cable Communications segment.

### Acquisitions and Construction of Real Estate Properties

Acquisitions and construction of real estate properties in 2016 and 2015 primarily included our investment in the construction of the Comcast Technology Center in Philadelphia, Pennsylvania.

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## **Table of Contents**

### [Acquisitions, Net of Cash Acquired](#)

In August 2016, we acquired all of the outstanding stock of DreamWorks Animation. In November 2015, NBCUniversal acquired a 51% interest in Universal Studios Japan.

### [Proceeds from Sales of Businesses and Investments](#)

Proceeds from sales of businesses and investments in 2016 were primarily related to the sale of our investment in The Weather Channel's product and technology business to IBM. Proceeds from sales of businesses and investments in 2015 were primarily related to the sale of our investment in TV One, LLC and the sale of a business, CTI Towers Assets I, LLC. Proceeds from sales of businesses and investments in 2014 were primarily related to the sale of our investment in Arris Group and the sale of equity securities following the settlement of certain of our prepaid forward sale agreements.

### [Purchases of Investments](#)

Purchases of investments in 2016 were primarily related to capital contributions to Atairos and NBCUniversal's additional investment in BuzzFeed, Inc. Purchases of investments in 2015 were primarily related to NBCUniversal's investments in Vox Media, Inc. and BuzzFeed. Purchases of investments in 2014 were not significant.

## **Financing Activities**

Net cash provided by financing activities in 2016 consisted primarily of proceeds from new borrowings, which were partially offset by repurchases of our common stock, repayments of debt, dividend payments and our purchase of the remaining noncontrolling interest in Comcast Spectacor. Net cash used in financing activities in 2015 and 2014 consisted primarily of repurchases of our common stock, repayments of debt and dividend payments, which were partially offset by proceeds from new borrowings. Proceeds from borrowings fluctuate from year to year based on the amounts paid to fund acquisitions and debt repayments.

We have made, and may from time to time in the future make, optional repayments on our debt obligations, which may include repurchases of our outstanding public notes and debentures, depending on various factors, such as market conditions. See Note 10 to Comcast's consolidated financial statements for additional information on our financing activities, including details of our debt repayments and borrowings.

### [Share Repurchases and Dividends](#)

In 2016, we repurchased a total of 81 million shares of our Class A common stock for \$5.0 billion. Effective January 1, 2017, our Board of Directors increased our share repurchase program authorization to a total of \$12 billion, which does not have an expiration date. Under the authorization, we may repurchase shares in the open market or in private transactions. We expect to repurchase \$5.0 billion of our Class A common stock during 2017, subject to market conditions.

Our Board of Directors declared quarterly dividends totaling \$2.7 billion in 2016. We paid dividends of \$2.6 billion in 2016. In January 2017, our Board of Directors approved a 15% increase in our dividend to \$1.26 per share on an annualized, pre-split basis, or \$0.63 per share on an annualized, post-split basis. In addition, the Board of Directors approved our first quarter dividend of \$0.1575 a share on a post-split basis to be paid in April 2017. We expect to continue to pay quarterly dividends, although each dividend is subject to approval by our Board of Directors.

**Table of Contents**

The table below sets forth information on our share repurchases and dividends paid in 2016, 2015 and 2014.

**Contractual Obligations**

| As of December 31, 2016 (in millions)                                     | Payment Due by Period |           |           |           |             |
|---|-----------------------|-----------|-----------|-----------|-------------|
|   | Total                 | Year 1    | Years 2-3 | Years 4-5 | More than 5 |
| Debt obligations <sup>(a)</sup>   | \$ 61,133             | \$ 5,454  | \$ 6,604  | \$ 8,189  | \$ 40,886   |
| Capital lease obligations   | 238                   | 29        | 65        | 71        | 73          |
| Operating lease obligations   | 4,007                 | 517       | 918       | 699       | 1,873       |
| Purchase obligations <sup>(b)</sup>                                       | 51,649                | 9,978     | 11,404    | 8,538     | 21,729      |
| Other long-term liabilities reflected on the balance sheet <sup>(c)</sup> | 5,928                 | 336       | 1,262     | 2,316     | 2,014       |
| Total <sup>(d)(e)</sup>   | \$ 122,955            | \$ 16,314 | \$ 20,253 | \$ 19,813 | \$ 66,575   |

Refer to Note 10 and Note 16 to Comcast's consolidated financial statements.

(a) Excludes interest payments.

(b) Purchase obligations consist of agreements to purchase goods and services that are legally binding on us and specify all significant terms, including fixed or minimum quantities to be purchased and price provisions. Our purchase obligations related to our Cable Communications segment and other activities include programming contracts with cable networks and local broadcast television stations; contracts with customer premise equipment manufacturers; communications vendors and multichannel video providers for which we provide advertising sales representation; contracts to acquire handsets and other equipment; and other contracts entered into in the normal course of business. Cable Communications programming contracts in the table above include amounts payable under fixed or minimum guaranteed commitments and do not represent the total fees that are expected to be paid under programming contracts, which we expect to be significantly higher because these contracts are generally based on the number of subscribers receiving the programming. Our purchase obligations related to our NBCUniversal segments consist primarily of commitments to acquire film and television programming, including U.S. broadcast rights to future Olympic Games through 2032, *Sunday Night Football* through the 2022-23 season, including the Super Bowl in 2018 and 2021, *Thursday Night Football* through the 2017-18 season, NHL games through the 2020-21 season, Spanish-language U.S. broadcast rights to FIFA World Cup games through 2022, U.S broadcast rights to English Premier League soccer games through the 2021-22 season, certain PGA TOUR and other golf events through 2030, and certain NASCAR events through 2024, as well as obligations under various creative talent agreements, including obligations to actors, producers and television personalities, and various other television commitments. Purchase obligations do not include contracts with immaterial future commitments.

(c) Other long-term liabilities reflected on the balance sheet consist primarily of subsidiary preferred shares; deferred compensation obligations; and postretirement, pension and postemployment benefit obligations. A contractual obligation with a carrying value of \$1.1 billion is not included in the table above because it is uncertain if the arrangement will be settled. The contractual obligation involves an interest held by a third party in the revenue of certain theme parks. The arrangement provides the counterparty with the right to periodic payments associated with current period revenue and, beginning in June 2017, the option to require NBCUniversal to purchase the interest for cash in an amount based on a contractual formula. The contractual formula is based on an average of specified historical theme park revenue at the time of exercise, which amount could be significantly higher than the carrying value. If the option had been exercisable as of December 31, 2016, the estimated value of the contractual obligation would have been approximately \$1.4 billion, based on inputs to the contractual formula as of that date. See Note 16 to Comcast's consolidated financial statements for additional information related to this arrangement. Reserves for uncertain tax positions of \$1.1 billion are not included in the table above because it is uncertain if or when these reserves will become payable. Payments of \$2.4 billion of participations and residuals are also not included in the table above because we cannot make a reliable estimate of the period in which these obligations will be settled.

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- (d) Our contractual obligations do not include our commitment to invest up to \$4 billion at any one time as an investor in Atairos due to our inability to estimate the timing of this funding. As of December 31, 2016, our remaining commitment is \$2.4 billion based on the capital

**Table of Contents**

calls received as of that date (see Note 7 to Comcast's consolidated financial statements). In addition, our contractual obligations do not include any future expenditures related to the construction and development of the proposed Universal Studios theme park in Beijing, China or the Comcast Technology Center, as we do not currently have any obligation to fund either initiative.

(e) Total contractual obligations are made up of the following components.

|   |                   |
|---|-------------------|
| (in millions)                                 |                   |
| Liabilities recorded on the balance sheet     | \$ 68,694         |
| Commitments not recorded on the balance sheet | 54,261            |
| <b>Total</b>                                  | <b>\$ 122,955</b> |

**Off-Balance Sheet Arrangements**

As of December 31, 2016, we did not have any material off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

**Recent Accounting Pronouncements**

See Note 3 to each of Comcast's and NBCUniversal's consolidated financial statements for additional information related to recent accounting pronouncements.

**Critical Accounting Judgments and Estimates**

The preparation of our consolidated financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. We base our judgments on our historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making estimates about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe our judgments and related estimates associated with the valuation and impairment testing of our cable franchise rights and the accounting for film and television costs are critical in the preparation of our consolidated financial statements. Management has discussed the development and selection of these critical accounting judgments and estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed our disclosures relating to them, which are presented below. See Notes 9 and 6 to Comcast's consolidated financial statements for a discussion of our accounting policies with respect to these items.

**Valuation and Impairment Testing of Cable Franchise Rights**

Our largest asset, our cable franchise rights, results from agreements we have with state and local governments that allow us to construct and operate a cable business within a specified geographic area. The value of a franchise is derived from the economic benefits we receive from the right to solicit new customers and to market additional services, such as advanced video services and high-speed Internet and voice services, in a particular service area. The amounts we record for cable franchise rights are primarily a result of cable system acquisitions. Typically when we acquire a cable system, the most significant asset we record is the value of the cable franchise rights. Often these cable system acquisitions include multiple franchise areas. We currently serve approximately 6,400 franchise areas in the United States.

We have concluded that our cable franchise rights have an indefinite useful life since there are no legal, regulatory, contractual, competitive, economic or other factors which limit the period over which these rights will contribute to our cash flows. Accordingly, we do not amortize our cable franchise rights but assess the carrying value of our cable franchise rights annually, or more frequently whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value (impairment testing).



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## **Table of Contents**

For the purpose of our impairment testing, we have grouped the recorded values of our various cable franchise rights into our three Cable Communications divisions or units of account. We evaluate the unit of account periodically to ensure our impairment testing is performed at an appropriate level.

The annual impairment test for indefinite-lived intangibles allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible is less than its carrying amount. An entity may choose to perform the qualitative assessment or an entity may bypass the qualitative assessment and proceed directly to the quantitative impairment test. If it is determined, on the basis of qualitative factors, that the fair value of the indefinite-lived intangible asset is, more likely than not, less than its carrying value, the quantitative impairment test is required. When performing a quantitative assessment, we estimate the fair value of our cable franchise rights primarily based on a discounted cash flow analysis that involves significant judgment. When analyzing the fair values indicated under the discounted cash flow models, we also consider multiples of operating income before depreciation and amortization generated by the underlying assets, current market transactions and profitability information.

In 2016, we performed a qualitative assessment of our cable franchise rights. At the time of our previous quantitative assessment in 2014, the estimated fair values of our franchise rights exceeded the carrying value in our three Cable Communications divisions by 26%, 42% and 50%, respectively. We also considered various factors that would affect the estimated fair values of our cable franchise rights in our qualitative assessment in 2016, including changes in our projected future cash flows associated with our Cable Communications segment; market transactions and macroeconomic conditions; weighted-average cost of capital; and an increase in our market capitalization. Based on this assessment, we concluded that it was more likely than not that the estimated fair values of our cable franchise rights were higher than the carrying values and that the performance of a quantitative impairment test was not required.

Since the adoption of the accounting guidance related to goodwill and intangible assets in 2002, we have not recorded any significant impairment charges to cable franchise rights as a result of our impairment testing.

We could record impairment charges in the future if there are changes in long-term market conditions, in expected future operating results, or in federal or state regulations that prevent us from recovering the carrying value of these cable franchise rights. Assumptions made about increased competition and economic conditions could also impact the results of any qualitative assessment and the valuations used in future annual quantitative impairment testing and result in a reduction in the fair values of our cable franchise rights. In addition, a future change in the unit of account could result in the recognition of an impairment charge.

## **Film and Television Costs**

We capitalize film and television production costs, including direct costs, production overhead, print costs, development costs and interest. We amortize capitalized film and television production costs, including acquired libraries, and accrue costs associated with participation and residual payments to programming and production expenses. We generally record the amortization and the accrued costs using the individual film forecast computation method, which amortizes the costs using the ratio of the current period's revenue to estimated total remaining revenue from all sources (ultimate revenue). Estimates of ultimate revenue have a significant impact on how quickly capitalized costs are amortized and, therefore, are updated regularly.

Our estimates of ultimate revenue for films generally include revenue from all sources that are expected to be earned within 10 years from the date of a film's initial release. These estimates are based on the historical performance of similar content, as well as factors unique to the content itself. The most sensitive factor affecting our estimate of ultimate revenue for a film intended for theatrical release is the film's theatrical performance, as subsequent revenue from the licensing and sale of a film has historically exhibited a high correlation to its theatrical performance. Upon a film's release, our estimates of revenue from succeeding

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## **Table of Contents**

markets, including from content licensing across multiple platforms and home entertainment sales, are revised based on historical relationships and an analysis of current market trends.

With respect to television series or other owned television programming, the most sensitive factor affecting our estimate of ultimate revenue is whether the series can be successfully licensed beyond its initial license. Initial estimates of ultimate revenue are limited to the amount of revenue contracted for each episode under the initial license. Once it is determined that a television series or other owned television programming can be licensed for subsequent platforms, revenue estimates for these platforms, such as U.S. and international syndication, home entertainment, and other distribution platforms, are included in ultimate revenue. Revenue estimates for produced episodes include revenue expected to be earned within 10 years of delivery of the initial episode or, if still in production, 5 years from the delivery of the most recent episode, if later.

We capitalize the costs of programming content that we license but do not own, including rights to multiyear, live-event sports programming, at the earlier of when payments are made for the programming or when the license period begins and the content is made available for use. We amortize capitalized programming costs as the associated programs are broadcast. We generally amortize multiyear, live-event sports programming rights using the ratio of the current period revenue to the estimated ultimate revenue or under the terms of the contract.

Capitalized film and television costs, as well as stage play production costs, are subject to impairment testing when certain triggering events are identified. If the fair value of a production were to fall below its unamortized cost, we would record an adjustment for the amount by which the unamortized capitalized costs exceed the production's fair value. The fair value assessment is generally based on estimated future discounted cash flows, which are supported by our internal forecasts. Adjustments to capitalized film and stage play production costs of \$14 million, \$42 million and \$26 million were recorded in 2016, 2015 and 2014, respectively.

## **Item 7A: Quantitative and Qualitative Disclosures About Market Risk**

### **Interest Rate Risk Management**

We maintain a mix of fixed-rate and variable-rate debt and we are exposed to the market risk of adverse changes in interest rates. In order to manage the cost and volatility relating to the interest cost of our outstanding debt, we enter into various interest rate risk management derivative transactions in accordance with our policies.

We monitor our exposure to the risk of adverse changes in interest rates through the use of techniques that include market value and sensitivity analyses. We do not engage in any speculative or leveraged derivative transactions.

Our interest rate derivative financial instruments, which may include swaps, rate locks, caps and collars, represent an integral part of our interest rate risk management program. Comcast's interest rate derivative financial instruments reduced the portion of Comcast's total consolidated debt at fixed rates as of December 31, 2016 to 85.3% from 88.9%. As of December 31, 2016, NBCUniversal had no outstanding interest rate derivative financial instruments.

In 2016, 2015 and 2014, the effect of our interest rate derivative financial instruments was to decrease Comcast's consolidated interest expense by \$36 million, \$62 million and \$66 million, respectively. The effect

**Table of Contents**

of NBCUniversal's interest rate derivative financial instruments was not material to NBCUniversal's consolidated financial statements for all periods presented. Interest rate derivative financial instruments may have a significant effect on Comcast's interest expense in the future.

The table below summarizes as of December 31, 2016 by contractual year of maturity the principal cash flows, notional amounts, fair values and contract terms of financial instruments subject to interest rate risk maintained by us.

|                                  |          |          |          |          |          |            |           | Estimated        |
|----------------------------------|----------|----------|----------|----------|----------|------------|-----------|------------------|
|                                  |          |          |          |          |          |            |           | Fair Value as of |
|                                  |          |          |          |          |          |            |           | December 31,     |
| (in millions)                    | 2017     | 2018     | 2019     | 2020     | 2021     | Thereafter | Total     | 2016             |
| <b>Debt</b>                      |          |          |          |          |          |            |           |                  |
| Fixed rate                       | \$ 2,589 | \$ 3,346 | \$ 2,234 | \$ 3,429 | \$ 2,043 | \$ 40,959  | \$ 54,600 | \$ 59,561        |
| Average interest rate            | 6.9%     | 4.5%     | 3.2%     | 5.1%     | 4.4%     | 4.8%       | 4.8%      |                  |
| Variable rate                    | \$ 2,894 | \$ 857   | \$ 232   | \$ 2,788 | \$       | \$         | \$ 6,771  | \$ 6,777         |
| Average interest rate            | 1.8%     | 2.5%     | 2.4%     | 3.0%     | %        | %          | 2.4%      |                  |
| <b>Interest Rate Instruments</b> |          |          |          |          |          |            |           |                  |
| Fixed to variable swaps          | \$ 400   | \$ 1,600 | \$ 200   | \$       | \$       | \$         | \$ 2,200  | \$ 34            |
| Average pay rate                 | 6.0%     | 4.5%     | 5.1%     | %        | %        | %          | 4.5%      |                  |
| Average receive rate             | 6.3%     | 5.8%     | 5.7%     | %        | %        | %          | 5.9%      |                  |

We use the notional amount of each interest rate derivative financial instrument to calculate the interest to be paid or received. The notional amounts do not represent our exposure to credit loss. The estimated fair value approximates the amount of payments to be made or proceeds to be received to settle the outstanding contracts, including accrued interest. We estimate interest rates on variable rate debt and swaps using the relevant average implied forward rates through the year of maturity based on the yield curve in effect on December 31, 2016, plus the applicable borrowing margin on December 31, 2016.

See Note 2 to each of Comcast's and NBCUniversal's consolidated financial statements for additional information on our accounting policies for derivative financial instruments.

**Foreign Exchange Risk Management**

NBCUniversal has significant operations in a number of countries outside the United States, and certain of NBCUniversal's operations are conducted in foreign currencies. The value of these currencies fluctuates relative to the U.S. dollar. These changes could adversely affect the U.S. dollar equivalent value of our non-U.S. dollar revenue and operating costs and expenses and reduce international demand for our content, all of which could negatively affect our business, financial condition and results of operations in a given period or in specific territories.

As part of our overall strategy to manage the level of exposure to the risk of foreign exchange rate fluctuations, NBCUniversal enters into derivative financial instruments related to a significant portion of its foreign currency exposure, which is a result of transactions denominated in other than the functional currency. NBCUniversal enters into foreign currency forward contracts that change in value as currency exchange rates fluctuate to protect the U.S. dollar equivalent value of its non-U.S. dollar assets, liabilities, commitments, and forecasted foreign currency revenue and expenses. In accordance with our policy, NBCUniversal hedges forecasted foreign currency transactions for periods generally not to exceed 18 months. In certain circumstances, NBCUniversal enters into foreign exchange contracts with initial maturities in excess of 18 months. As of December 31, 2016 and 2015, NBCUniversal had foreign exchange contracts with a total notional value of \$1.5 billion and \$998 million, respectively. As of December 31, 2016 and 2015, the aggregate estimated fair value of these foreign exchange contracts was not material.



## **Table of Contents**

We have analyzed our foreign currency exposure related to NBCUniversal's operations as of December 31, 2016, including our hedging contracts, to identify assets and liabilities denominated in a currency other than their functional currency. For those assets and liabilities, we then evaluated the effect of a 10% shift in currency exchange rates between the functional currency and the U.S. dollar. Our analysis of such a shift in exchange rates indicated that there would be an immaterial effect on our 2016 income. In addition, the impact of fluctuations in currencies relative to the U.S. dollar for our non-U.S. dollar functional currency operations did not have a material impact on our financial condition or results of operations in 2016.

Comcast is also exposed to the market risks associated with fluctuations in currency exchange rates as they relate to its foreign currency denominated debt obligations. We use cross-currency swaps for foreign currency denominated debt obligations when those obligations are denominated in a currency other than the functional currency. Cross-currency swaps effectively convert fixed-rate foreign currency denominated debt to fixed-rate U.S. dollar denominated debt in order to hedge the risk that the cash flows related to annual interest payments and the payment of principal at maturity may be adversely affected by fluctuations in currency exchange rates. The gains and losses on the cross-currency swaps offset changes in the U.S. dollar equivalent value of the related exposures. As of December 31, 2016 and 2015, the fair value of our cross-currency swaps on our £625 million principal amount of 5.50% senior notes due 2029 was a liability of \$189 million and \$71 million, respectively.

## **Counterparty Credit Risk Management**

Comcast and NBCUniversal manage the credit risks associated with our derivative financial instruments through diversification and the evaluation and monitoring of the creditworthiness of counterparties. Although we may be exposed to losses in the event of nonperformance by counterparties, we do not expect such losses, if any, to be significant. Comcast has agreements with certain counterparties that include collateral provisions. These provisions require a party with an aggregate unrealized loss position in excess of certain thresholds to post cash collateral for the amount in excess of the threshold. The threshold levels in our collateral agreements are based on our and the counterparty's credit ratings. As of December 31, 2016 and 2015, Comcast was not required to post collateral under the terms of these agreements. As of December 31, 2016 and 2015, we did not hold any collateral under the terms of these agreements.

**Table of Contents**

**Item 8: Comcast Corporation Financial Statements and Supplementary Data**

|  |      |
|--|------|
| Index  | Page |
| <u>Report of Management</u>                                    | 73   |
| <u>Report of Independent Registered Public Accounting Firm</u> | 74   |
| <u>Consolidated Balance Sheet</u>                              | 75   |
| <u>Consolidated Statement of Income</u>                        | 76   |
| <u>Consolidated Statement of Comprehensive Income</u>          | 77   |
| <u>Consolidated Statement of Cash Flows</u>                    | 78   |
| <u>Consolidated Statement of Changes in Equity</u>             | 79   |
| <u>Notes to Consolidated Financial Statements</u>              | 80   |
| <b>NBCUniversal Media, LLC</b>                                 |      |

See Index to NBCUniversal Media, LLC Financial Statements and Supplemental Data on page 137.

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**Table of Contents**

**Report of Management**

**Management's Report on Comcast's Financial Statements**

Our management is responsible for the preparation, integrity and fair presentation of information in Comcast's consolidated financial statements, including estimates and judgments. The consolidated financial statements presented in this report have been prepared in accordance with accounting principles generally accepted in the United States. Our management believes the Comcast consolidated financial statements and other financial information included in this report fairly present, in all material respects, Comcast's financial condition, results of operations and cash flows as of and for the periods presented in this report. The Comcast consolidated financial statements have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

**Management's Report on Comcast's Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Our internal control over financial reporting includes those policies and procedures that:

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets.

Provide reasonable assurance that our transactions are recorded as necessary to permit preparation of our financial statements in accordance with accounting principles generally accepted in the United States, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors.

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time. Our system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Our management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that Comcast's system of internal control over financial reporting was effective as of December 31, 2016. Our assessment of the effectiveness of internal control over financial reporting as of December 31, 2016 did not include the internal controls of DreamWorks Animation, which we acquired on August 22, 2016, as permitted by Securities and Exchange Commission guidelines that allow companies to exclude certain acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition. The total assets and total revenues of DreamWorks Animation represented approximately 2% of our total assets as of December 31, 2016, and less than 1% of our total revenues for the year ended December 31, 2016. The effectiveness of Comcast's internal controls over financial reporting of Comcast has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is included herein.

**Audit Committee Oversight**

The Audit Committee of the Board of Directors, which is comprised solely of independent directors, has oversight responsibility for our financial reporting process and the audits of Comcast's consolidated financial statements and internal control over financial reporting. The Audit Committee meets regularly with management and with our internal auditors and independent registered public accounting firm (collectively, the

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auditors ) to review matters related to the quality and integrity of our financial reporting, internal control over financial reporting (including compliance matters related to our Code of Conduct), and the nature, extent, and results of internal and external audits. Our auditors have full and free access and report directly to the Audit Committee. The Audit Committee recommended, and the Board of Directors approved, that the Comcast audited consolidated financial statements be included in this Form 10-K.

**Brian L. Roberts**

Chairman and

Chief Executive Officer

**Michael J. Cavanagh**

Senior Executive Vice President and

Chief Financial Officer

**Lawrence J. Salva**

Executive Vice President

and Chief Accounting Officer

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**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

**To the Board of Directors and Stockholders of**

**Comcast Corporation**

**Philadelphia, Pennsylvania**

We have audited the accompanying consolidated balance sheets of Comcast Corporation and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2016. We also have audited the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in the Report of Management on Internal Control over Financial Reporting, management excluded from its assessment the internal control over financial reporting at DreamWorks Animation, acquired on August 22, 2016 and whose financial statements constitute approximately 2% of total assets as of December 31, 2016 and less than 1% of total revenue for the year ended December 31, 2016. Accordingly, our audit did not include the internal control over financial reporting at DreamWorks Animation. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Comcast's Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Comcast Corporation and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

**/s/ Deloitte & Touche LLP**

Philadelphia, Pennsylvania

February 3, 2017

Comcast 2016 Annual Report on Form 10-K

74

**Table of Contents****Comcast Corporation**

## Consolidated Balance Sheet

| December 31 (in millions, except share data)   | 2016              | 2015              |
|--|-------------------|-------------------|
| <b>Assets</b>  |                   |                   |
| Current Assets:  |                   |                   |
| Cash and cash equivalents  | \$ 3,301          | \$ 2,295          |
| Receivables, net   | 7,955             | 6,896             |
| Programming rights   | 1,250             | 1,213             |
| Deposits   | 1,772             | 21                |
| Other current assets   | 2,083             | 1,878             |
| Total current assets   | 16,361            | 12,303            |
| Film and television costs  | 7,252             | 5,855             |
| Investments  | 5,247             | 3,224             |
| Property and equipment, net  | 36,253            | 33,665            |
| Franchise rights   | 59,364            | 59,364            |
| Goodwill   | 35,980            | 32,945            |
| Other intangible assets, net   | 17,274            | 16,946            |
| Other noncurrent assets, net   | 2,769             | 2,272             |
| <b>Total assets</b>  | <b>\$ 180,500</b> | <b>\$ 166,574</b> |
| <b>Liabilities and Equity</b>  |                   |                   |
| Current Liabilities:   |                   |                   |
| Accounts payable and accrued expenses related to trade creditors   | \$ 6,915          | \$ 6,215          |
| Accrued participations and residuals   | 1,726             | 1,572             |
| Deferred revenue   | 1,132             | 1,302             |
| Accrued expenses and other current liabilities   | 6,282             | 5,462             |
| Current portion of long-term debt  | 5,480             | 3,627             |
| Total current liabilities  | 21,535            | 18,178            |
| Long-term debt, less current portion   | 55,566            | 48,994            |
| Deferred income taxes  | 34,854            | 33,566            |
| Other noncurrent liabilities   | 10,925            | 10,637            |
| Commitments and contingencies (Note 16)  |                   |                   |
| Redeemable noncontrolling interests and redeemable subsidiary preferred stock  | 1,446             | 1,221             |
| Equity:  |                   |                   |
| Preferred stock authorized, 20,000,000 shares; issued, zero  |                   |                   |
| Class A common stock, \$0.01 par value authorized, 7,500,000,000 shares; issued, 2,802,752,832 and 2,869,349,502; outstanding, 2,366,357,318 and 2,432,953,988 | 28                | 29                |
| Class B common stock, \$0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375  |                   |                   |
| Additional paid-in capital   | 38,258            | 38,518            |
| Retained earnings  | 23,076            | 21,413            |
| Treasury stock, 436,395,514 Class A common shares  | (7,517)           | (7,517)           |
| Accumulated other comprehensive income (loss)  | 98                | (174)             |
| Total Comcast Corporation shareholders equity  | 53,943            | 52,269            |
| Noncontrolling interests   | 2,231             | 1,709             |
| Total equity   | 56,174            | 53,978            |
| <b>Total liabilities and equity</b>  | <b>\$ 180,500</b> | <b>\$ 166,574</b> |

See accompanying notes to consolidated financial statements.



**Table of Contents****Comcast Corporation**

## Consolidated Statement of Income

| Year ended December 31 (in millions, except per share data)  | 2016             | 2015      | 2014      |
|--|------------------|-----------|-----------|
| <b>Revenue</b>   | <b>\$ 80,403</b> | \$ 74,510 | \$ 68,775 |
| Costs and Expenses:  |                  |           |           |
| Programming and production   | <b>24,463</b>    | 22,550    | 20,912    |
| Other operating and administrative   | <b>23,409</b>    | 21,319    | 19,839    |
| Advertising, marketing and promotion   | <b>6,114</b>     | 5,963     | 5,101     |
| Depreciation   | <b>7,464</b>     | 6,781     | 6,337     |
| Amortization   | <b>2,094</b>     | 1,899     | 1,682     |
|  | <b>63,544</b>    | 58,512    | 53,871    |
| <b>Operating income</b>  | <b>16,859</b>    | 15,998    | 14,904    |
| Other Income (Expense):  |                  |           |           |
| Interest expense   | <b>(2,942)</b>   | (2,702)   | (2,617)   |
| Investment income (loss), net  | <b>213</b>       | 81        | 296       |
| Equity in net income (losses) of investees, net  | <b>(104)</b>     | (325)     | 97        |
| Other income (expense), net  | <b>327</b>       | 320       | (215)     |
|  | <b>(2,506)</b>   | (2,626)   | (2,439)   |
| Income before income taxes   | <b>14,353</b>    | 13,372    | 12,465    |
| Income tax expense   | <b>(5,308)</b>   | (4,959)   | (3,873)   |
| Net income   | <b>9,045</b>     | 8,413     | 8,592     |
| Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock   | <b>(350)</b>     | (250)     | (212)     |
| <b>Net income attributable to Comcast Corporation</b>  | <b>\$ 8,695</b>  | \$ 8,163  | \$ 8,380  |
| <b>Basic earnings per common share attributable to Comcast Corporation shareholders</b>  | <b>\$ 3.61</b>   | \$ 3.28   | \$ 3.24   |
| <b>Diluted earnings per common share attributable to Comcast Corporation shareholders</b>  | <b>\$ 3.57</b>   | \$ 3.24   | \$ 3.20   |
| <b>Dividends declared per common share</b>   | <b>\$ 1.10</b>   | \$ 1.00   | \$ 0.90   |
| <br>   |                  |           |           |
| <b>Unaudited pro forma diluted earnings per common share attributable to Comcast Corporation shareholders, adjusted for the two-for-one stock split. See Note 1.</b> | <b>\$ 1.78</b>   | \$ 1.62   | \$ 1.60   |
| See accompanying notes to consolidated financial statements.   |                  |           |           |

**Table of Contents****Comcast Corporation**

## Consolidated Statement of Comprehensive Income

| Year ended December 31 (in millions)   | 2016            | 2015     | 2014     |
|--|-----------------|----------|----------|
| Net income   | <b>\$ 9,045</b> | \$ 8,413 | \$ 8,592 |
| Unrealized gains (losses) on marketable securities, net of deferred taxes of \$(1), \$(1) and \$(19) |                 | 1        | 33       |
| Deferred gains (losses) on cash flow hedges, net of deferred taxes of \$35, \$62 and \$3             | <b>(60)</b>     | (106)    | (5)      |
| Amounts reclassified to net income:  |                 |          |          |
| Realized (gains) losses on marketable securities, net of deferred taxes of \$1, \$1 and \$59         | <b>(1)</b>      | (1)      | (99)     |
| Realized (gains) losses on cash flow hedges, net of deferred taxes of \$(54), \$(38) and \$(27)      | <b>92</b>       | 64       | 46       |
| Employee benefit obligations, net of deferred taxes of \$(125), \$(43) and \$82                      | <b>213</b>      | 74       | (139)    |
| Currency translation adjustments, net of deferred taxes of \$(14), \$34 and \$23                     | <b>102</b>      | (89)     | (38)     |
| Comprehensive income   | <b>9,391</b>    | 8,356    | 8,390    |
| Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock | <b>(350)</b>    | (250)    | (212)    |
| Other comprehensive (income) loss attributable to noncontrolling interests                           | <b>(74)</b>     | 29       |          |
| <b>Comprehensive income attributable to Comcast Corporation</b>                                      | <b>\$ 8,967</b> | \$ 8,135 | \$ 8,178 |

See accompanying notes to consolidated financial statements.

**Table of Contents****Comcast Corporation**

## Consolidated Statement of Cash Flows

| Year ended December 31 (in millions)  | 2016            | 2015            | 2014            |
|---|-----------------|-----------------|-----------------|
| <b>Operating Activities</b>   |                 |                 |                 |
| Net income  | \$ 9,045        | \$ 8,413        | \$ 8,592        |
| Adjustments to reconcile net income to net cash provided by operating activities:                 |                 |                 |                 |
| Depreciation and amortization   | 9,558           | 8,680           | 8,019           |
| Share-based compensation  | 640             | 567             | 513             |
| Noncash interest expense (income), net  | 230             | 205             | 180             |
| Equity in net (income) losses of investees, net   | 104             | 325             | (97)            |
| Cash received from investees  | 85              | 168             | 104             |
| Net (gain) loss on investment activity and other  | (169)           | (318)           | 4               |
| Deferred income taxes   | 1,444           | 958             | 1,165           |
| Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:     |                 |                 |                 |
| Current and noncurrent receivables, net   | (782)           | (708)           | (33)            |
| Film and television costs, net  | (495)           | (299)           | (562)           |
| Accounts payable and accrued expenses related to trade creditors                                  | 374             | 384             | 153             |
| Other operating assets and liabilities  | (794)           | 403             | (1,093)         |
| <b>Net cash provided by operating activities</b>  | <b>19,240</b>   | <b>18,778</b>   | <b>16,945</b>   |
| <b>Investing Activities</b>   |                 |                 |                 |
| Capital expenditures  | (9,135)         | (8,499)         | (7,420)         |
| Cash paid for intangible assets   | (1,686)         | (1,370)         | (1,122)         |
| Acquisitions and construction of real estate properties   | (428)           | (178)           | (43)            |
| Acquisitions, net of cash acquired  | (3,929)         | (1,786)         | (477)           |
| Proceeds from sales of businesses and investments   | 218             | 433             | 666             |
| Purchases of investments  | (1,697)         | (784)           | (191)           |
| Deposits  | (1,749)         | (18)            |                 |
| Other   | 21              | 238             | (146)           |
| <b>Net cash provided by (used in) investing activities</b>  | <b>(18,385)</b> | <b>(11,964)</b> | <b>(8,733)</b>  |
| <b>Financing Activities</b>   |                 |                 |                 |
| Proceeds from (repayments of) short-term borrowings, net  | 1,790           | 135             | (504)           |
| Proceeds from borrowings  | 9,231           | 5,486           | 4,182           |
| Repurchases and repayments of debt  | (3,052)         | (4,378)         | (3,175)         |
| Repurchases and retirements of common stock   | (5,000)         | (6,750)         | (4,251)         |
| Dividends paid  | (2,601)         | (2,437)         | (2,254)         |
| Issuances of common stock   | 23              | 36              | 35              |
| Distributions to noncontrolling interests and dividends for redeemable subsidiary preferred stock | (253)           | (232)           | (220)           |
| Other   | 13              | (289)           | 167             |
| <b>Net cash provided by (used in) financing activities</b>  | <b>151</b>      | <b>(8,429)</b>  | <b>(6,020)</b>  |
| Increase (decrease) in cash and cash equivalents  | 1,006           | (1,615)         | 2,192           |
| Cash and cash equivalents, beginning of year  | 2,295           | 3,910           | 1,718           |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 3,301</b> | <b>\$ 2,295</b> | <b>\$ 3,910</b> |

See accompanying notes to consolidated financial statements.

**Table of Contents****Comcast Corporation**

## Consolidated Statement of Changes in Equity

|  | Redeemable      | Noncontrolling |           | Common Stock |                  | Interests and    |                   | Accumulated | Total         |                 |                  |
|--|-----------------|----------------|-----------|--------------|------------------|------------------|-------------------|-------------|---------------|-----------------|------------------|
|  | Subsidiary      | Preferred      |           | A            | B                | Additional       | Retained          | Treasury    | Other         | Non-            |                  |
|  | Stock           | A              | Special   | Paid-In      | Capital          | Earnings         | Cost              | Stock at    | Comprehensive | controlling     |                  |
| (in millions)  |                 |                |           |              |                  |                  |                   |             | Income        | Interests       | Equity           |
|  |                 |                |           |              |                  |                  |                   |             | (Loss)        |                 |                  |
| Balance, December 31, 2013   | \$ 957          | \$ 25          | \$ 5      | \$           | \$ 38,890        | \$ 19,235        | \$ (7,517)        | \$          | \$ 56         | \$ 364          | \$ 51,058        |
| Stock compensation plans   |                 |                |           |              | 732              | (433)            |                   |             |               |                 | 299              |
| Repurchases and retirements of common stock                                |                 |                |           |              | (928)            | (3,323)          |                   |             |               |                 | (4,251)          |
| Employee stock purchase plans  |                 |                |           |              | 118              |                  |                   |             |               |                 | 118              |
| Dividends declared   |                 |                |           |              |                  | (2,320)          |                   |             |               |                 | (2,320)          |
| Other comprehensive income (loss)  |                 |                |           |              |                  |                  |                   |             | (202)         |                 | (202)            |
| Issuance of subsidiary shares to noncontrolling interests                  | 85              |                |           |              |                  |                  |                   |             |               | 11              | 11               |
| Contributions from (distributions to) noncontrolling interests, net        | (19)            |                |           |              |                  |                  |                   |             |               | (132)           | (132)            |
| Other  | (33)            |                |           |              | (7)              |                  |                   |             |               | (22)            | (29)             |
| Net income (loss)  | 76              |                |           |              |                  | 8,380            |                   |             |               | 136             | 8,516            |
| Balance, December 31, 2014   | 1,066           | 25             | 5         |              | 38,805           | 21,539           | (7,517)           |             | (146)         | 357             | 53,068           |
| Stock compensation plans   |                 |                |           |              | 739              | (402)            |                   |             |               |                 | 337              |
| Repurchases and retirements of common stock                                |                 |                |           | (1)          | (1,345)          | (5,404)          |                   |             |               |                 | (6,750)          |
| Employee stock purchase plans  |                 |                |           |              | 136              |                  |                   |             |               |                 | 136              |
| Dividends declared   |                 |                |           |              |                  | (2,483)          |                   |             |               |                 | (2,483)          |
| Other comprehensive income (loss)  |                 |                |           |              |                  |                  |                   |             | (28)          | (29)            | (57)             |
| Contributions from (distributions to) noncontrolling interests, net        | 11              |                |           |              |                  |                  |                   |             |               | (146)           | (146)            |
| Reclassification of Class A Special common stock                           |                 | 4              | (4)       |              |                  |                  |                   |             |               |                 |                  |
| Universal Studios Japan  |                 |                |           |              |                  |                  |                   |             |               | 1,440           | 1,440            |
| Other  | 58              |                |           |              | 183              |                  |                   |             |               | (77)            | 106              |
| Net income (loss)  | 86              |                |           |              |                  | 8,163            |                   |             |               | 164             | 8,327            |
| Balance, December 31, 2015   | 1,221           | 29             |           |              | 38,518           | 21,413           | (7,517)           |             | (174)         | 1,709           | 53,978           |
| <b>Stock compensation plans</b>  |                 |                |           |              | <b>720</b>       | <b>(326)</b>     |                   |             |               |                 | <b>394</b>       |
| <b>Repurchases and retirements of common stock</b>                         |                 | <b>(1)</b>     |           |              | <b>(949)</b>     | <b>(4,050)</b>   |                   |             |               |                 | <b>(5,000)</b>   |
| <b>Employee stock purchase plans</b>                                       |                 |                |           |              | <b>156</b>       |                  |                   |             |               |                 | <b>156</b>       |
| <b>Dividends declared</b>  |                 |                |           |              |                  | <b>(2,656)</b>   |                   |             |               |                 | <b>(2,656)</b>   |
| <b>Other comprehensive income (loss)</b>                                   |                 |                |           |              |                  |                  |                   |             | <b>272</b>    | <b>74</b>       | <b>346</b>       |
| <b>Contributions from (distributions to) noncontrolling interests, net</b> | <b>(16)</b>     |                |           |              |                  |                  |                   |             |               | <b>(134)</b>    | <b>(134)</b>     |
| <b>Other</b>   | <b>148</b>      |                |           |              | <b>(187)</b>     |                  |                   |             |               | <b>325</b>      | <b>138</b>       |
| <b>Net income (loss)</b>   | <b>93</b>       |                |           |              |                  | <b>8,695</b>     |                   |             |               | <b>257</b>      | <b>8,952</b>     |
| <b>Balance, December 31, 2016</b>  | <b>\$ 1,446</b> | <b>\$ 28</b>   | <b>\$</b> | <b>\$</b>    | <b>\$ 38,258</b> | <b>\$ 23,076</b> | <b>\$ (7,517)</b> | <b>\$</b>   | <b>98</b>     | <b>\$ 2,231</b> | <b>\$ 56,174</b> |

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See accompanying notes to consolidated financial statements.

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## **Table of Contents**

### **Comcast Corporation**

Notes to Consolidated Financial Statements

### **Note 1: Business and Basis of Presentation**

We are a global media and technology company with two primary businesses, Comcast Cable and NBCUniversal. We were incorporated under the laws of Pennsylvania in December 2001. Through our predecessors, we have developed, managed and operated cable systems since 1963.

We present our operations for Comcast Cable in one reportable business segment, referred to as Cable Communications, and our operations for NBCUniversal in four reportable business segments: Cable Networks, Broadcast Television, Filmed Entertainment and Theme Parks (collectively, the NBCUniversal segments). See Note 17 for additional information on our reportable business segments.

Our Cable Communications segment primarily manages and operates cable systems that serve residential and business customers in the United States. As of December 31, 2016, our cable systems had 28.6 million total customer relationships and served 22.5 million video customers, 24.7 million high-speed Internet customers and 11.7 million voice customers.

Our Cable Networks segment consists primarily of a diversified portfolio of cable television networks. Our cable networks are comprised of our national cable networks that provide a variety of entertainment, news and information, and sports content, our regional sports and news networks, our international cable networks, and our cable television studio production operations.

Our Broadcast Television segment consists primarily of the NBC and Telemundo broadcast networks, our owned NBC and Telemundo local broadcast television stations, the NBC Universo national cable network, and our broadcast television studio production operations.

Our Filmed Entertainment segment primarily produces, acquires, markets and distributes filmed entertainment worldwide. Our films are produced primarily under the Universal Pictures, Illumination and Focus Features names and in August 2016, we acquired DreamWorks Animation. See Note 5 for additional information on the acquisition.

Our Theme Parks segment consists primarily of our Universal theme parks in Orlando, Florida and Hollywood, California and our 51% interest in the Universal Studios theme park in Osaka, Japan ( Universal Studios Japan ), which we acquired in November 2015. See Note 5 for additional information on the acquisition.

Our other business interests, which are included in Corporate and Other, consist primarily of Comcast Spectacor, which owns the Philadelphia Flyers and the Wells Fargo Center arena in Philadelphia, Pennsylvania and operates arena management-related businesses.

### **Basis of Presentation**

The accompanying consolidated financial statements include all entities in which we have a controlling voting interest and variable interest entities ( VIEs ) required to be consolidated in accordance with generally accepted accounting principles in the United States ( GAAP ).

We translate assets and liabilities of our foreign operations where the functional currency is the local currency, primarily the Japanese yen, euro and British pound, into U.S. dollars at the exchange rate as of the balance sheet date and translate revenue and expenses using average monthly exchange rates. The related translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in our consolidated balance sheet. Any foreign currency transaction gains or losses are included in our consolidated statement of income.

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## **Table of Contents**

### **Comcast Corporation**

#### **Reclassifications**

Reclassifications have been made to our consolidated financial statements for the prior years to conform to classifications used in 2016.

#### **Stock Split**

On January 24, 2017, our Board of Directors approved a two-for-one stock split in the form of a 100% stock dividend (the **Stock Split**) payable on February 17, 2017 to shareholders of record as of February 8, 2017. The Stock Split will be in the form of one additional share for every share held and will be payable in shares of Class A common stock on the outstanding Class A common stock and Class B common stock. The pro forma diluted earnings per common share attributable to Comcast Corporation shareholders in our consolidated statement of income has been adjusted to reflect the Stock Split for all periods presented. All other share-based data, including the number of shares outstanding and related prices, per share amounts, and share authorizations and conversions have not been adjusted to reflect the Stock Split for any of the periods presented.

#### **Note 2: Accounting Policies**

Our consolidated financial statements are prepared in accordance with GAAP, which require us to select accounting policies, including in certain cases industry-specific policies, and make estimates that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and contingent liabilities. Actual results could differ from these estimates. We believe that the judgments and related estimates for the following items are critical in the preparation of our consolidated financial statements:

valuation and impairment testing of cable franchise rights (see Note 9)

film and television costs (see Note 6)

In addition, the following accounting policies are specific to the industries in which we operate:

capitalization and amortization of film and television costs (see Note 6)

installation revenue and costs for connecting customers to our cable systems (see revenue recognition below and Note 8)

Information on our other accounting policies and methods that are used in the preparation of our consolidated financial statements are included, where applicable, in their respective footnotes that follow. Below is a discussion of accounting policies and methods used in our consolidated financial statements that are not presented within other footnotes.

#### **Revenue Recognition**

##### **Cable Communications Segment**

Our Cable Communications segment generates revenue primarily from subscriptions to our video, high-speed Internet and voice services ( **cable services** ) and from the sale of advertising. We recognize revenue from cable services as each service is provided. Customers are typically billed in advance on a monthly basis based on the services and features they receive and the type of equipment they use. Since installation revenue obtained from the connection of customers to our cable systems is less than the related direct selling costs, we recognize revenue as connections

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are completed. We manage credit risk by screening applicants through the use of internal customer information, identification verification tools and credit bureau data. If a customer's account is delinquent, various measures are used to collect outstanding amounts, including termination of the customer's cable services.

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## **Table of Contents**

### **Comcast Corporation**

As part of our distribution agreements with cable networks, we generally receive an allocation of scheduled advertising time on cable networks that we sell through our advertising business, Spotlight, to local, regional and national advertisers. We recognize advertising revenue when the advertising is aired or viewed. In most cases, the available advertising units are sold by our sales force. In some cases, we work with representation firms as an extension of our sales force to sell a portion of the advertising units allocated to us. We also represent the advertising sales efforts of other multichannel video providers in some markets. Since we are acting as the principal in these arrangements, we record the advertising that is sold in revenue and the fees paid to representation firms and multichannel video providers in other operating and administrative expenses.

Revenue earned from other sources, such as our home security and automation services, is recognized when services are provided or events occur. Under the terms of our cable franchise agreements, we are generally required to pay to the cable franchising authority an amount based on our gross video revenue. We pass these fees through to our cable services customers and classify the fees as a component of revenue with the corresponding costs included in other operating and administrative expenses.

### **Cable Networks and Broadcast Television Segments**

Our Cable Networks segment generates revenue primarily from the distribution of our cable network programming to multichannel video providers, from the sale of advertising on our cable networks and related digital media properties, from the licensing of our owned programming to cable and broadcast networks and subscription video on demand services, from the sale of our owned programming on standard-definition digital video discs and Blu-ray discs (together, DVDs ) and through digital distribution services such as iTunes, and from the sale of programming by our cable television studio production operations to third-party networks and subscription video on demand services. Our Broadcast Television segment generates revenue primarily from the sale of advertising on our broadcast networks, owned local broadcast television stations and related digital media properties, from the licensing of our owned programming by our broadcast television studio production operations to various distribution platforms, including to cable and broadcast networks as well as to subscription video on demand services, from the fees received under retransmission consent agreements and associated fees received from NBC-affiliated local broadcast television stations, and from the sale of our owned programming on DVDs and through digital distribution services. We recognize revenue from distributors as programming is provided, generally under multiyear distribution agreements. From time to time, the distribution agreements expire while programming continues to be provided to the distributor based on interim arrangements while the parties negotiate new contract terms. Revenue recognition is generally limited to current payments being made by the distributor, typically under the prior contract terms, until a new contract is negotiated, sometimes with effective dates that affect prior periods. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim arrangements are recorded in the period of resolution.

Advertising revenue for our Cable Networks and Broadcast Television segments is recognized in the period in which commercials are aired or viewed. In some instances, we guarantee audience ratings for the commercials. To the extent there is a shortfall in the ratings that were guaranteed, a portion of the revenue is deferred until the shortfall is settled, primarily by providing additional advertising units. We recognize revenue from the licensing of our owned programming and programming produced by our studios for third parties when the content is made available for use by the licensee, and when certain other conditions are met. When license fees include advertising time, we recognize the component of revenue associated with the advertisements when they are aired or viewed.

### **Filmed Entertainment Segment**

Our Filmed Entertainment segment generates revenue primarily from the worldwide distribution of our produced and acquired films for exhibition in movie theaters, from the licensing of our owned and acquired films through various distribution platforms, and from the sale of our owned and acquired films on DVDs and

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## **Table of Contents**

### **Comcast Corporation**

through digital distribution services. Our Filmed Entertainment segment also generates revenue from producing and licensing live stage plays, from the distribution of filmed entertainment produced by third parties, and from Fandango, our movie ticketing and entertainment business. We recognize revenue from the distribution of films to movie theaters when the films are exhibited. We recognize revenue from the licensing of a film when the film is available for use by the licensee, and when certain other conditions are met. We recognize revenue from the sale of DVDs, net of estimated returns and customer incentives, on the date that the DVDs are delivered to and made available for sale by retailers.

### **Theme Parks Segment**

Our Theme Parks segment generates revenue primarily from ticket sales and guest spending at our Universal theme parks. We recognize revenue from advance theme park ticket sales when the tickets are used. For annual passes, we recognize revenue on a straight-line basis over the period following the activation date.

### **Cable Communications Programming Expenses**

Cable Communications programming expenses are the fees we pay to license the programming we distribute to our video customers. Programming is generally acquired under multiyear distribution agreements, with rates typically based on the number of customers that receive the programming, channel positioning and the extent of distribution. From time to time, these contracts expire and programming continues to be provided under interim arrangements while the parties negotiate new contract terms, sometimes with effective dates that affect prior periods. While payments are typically made under the prior contract's terms, the amount of programming expenses recorded during the interim arrangement is based on our estimate of the ultimate contract terms expected to be negotiated. Differences between actual amounts determined upon resolution of negotiations and amounts recorded during these interim arrangements are recorded in the period of resolution.

When our Cable Communications segment receives incentives from a cable network for the licensing of its programming, we defer a portion of these incentives, which are included in other current and noncurrent liabilities, and recognize them over the term of the contract as a reduction to programming expenses.

### **Advertising Expenses**

Advertising costs are expensed as incurred.

### **Cash Equivalents**

The carrying amounts of our cash equivalents approximate their fair values. Our cash equivalents consist primarily of money market funds and U.S. government obligations, as well as commercial paper and certificates of deposit with maturities of three months or less when purchased.

### **Derivative Financial Instruments**

We use derivative financial instruments to manage our exposure to the risks associated with fluctuations in interest rates, foreign exchange rates and equity prices. Our objective is to manage the financial and operational exposure arising from these risks by offsetting gains and losses on the underlying exposures with gains and losses on the derivatives used to economically hedge them.

Our derivative financial instruments are recorded in our consolidated balance sheet at fair value. The impact of our derivative financial instruments on our consolidated financial statements was not material in any of the periods presented.

### **Fair Value Measurements**

The accounting guidance related to financial assets and financial liabilities ( financial instruments ) establishes a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various



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## **Table of Contents**

### **Comcast Corporation**

valuation techniques (market approach, income approach and cost approach). The levels of the hierarchy are described below.

Level 1: Values are determined using quoted market prices for identical financial instruments in an active market

Level 2: Values are determined using quoted prices for similar financial instruments and valuation models whose inputs are observable

Level 3: Values are determined using pricing models that use significant inputs that are primarily unobservable, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation

We use these levels of hierarchy for the measurement of fair value related to acquisitions, investments, long-term debt, redeemable subsidiary preferred stock and impairment testing, among others. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation and classification within the fair value hierarchy. Our financial instruments that are accounted for at fair value on a recurring basis were not material as of December 31, 2016 and 2015.

### **Asset Retirement Obligations**

Certain of our cable franchise agreements and lease agreements contain provisions requiring us to restore facilities or remove property in the event that the franchise or lease agreement is not renewed. We expect to continually renew our cable franchise agreements and therefore cannot reasonably estimate any liabilities associated with such agreements. A remote possibility exists that franchise agreements could be terminated unexpectedly, which could result in us incurring significant expense in complying with restoration or removal provisions. We do not have any significant liabilities related to asset retirements recorded in our consolidated financial statements.

### **Note 3: Recent Accounting Pronouncements**

#### **Revenue Recognition**

In May 2014, the Financial Accounting Standards Board ( FASB ) updated the accounting guidance related to revenue recognition. The updated accounting guidance provides a single, contract-based revenue recognition model to help improve financial reporting by providing clearer guidance on when an entity should recognize revenue and by reducing the number of standards to which an entity has to refer. The updated accounting guidance is effective for us as of January 1, 2018.

We have reviewed a majority of our revenue arrangements and expect our review to be completed in the second quarter of 2017. As a result of our review, we do not expect any material impact on our consolidated financial statements. However, we do expect that the new standard will impact the timing of recognition for (1) our Cable Communications segment's installation revenue and commission expenses, which upon adoption will be recognized as revenue and costs over a period of time instead of immediately, and (2) our Cable Networks, Broadcast Television and Filmed Entertainment segments' content licensing revenue associated with renewals or extensions of existing program licensing agreements, which upon adoption will be recognized as revenue when the licensed content becomes available under the renewal or extension instead of when the agreement is renewed or extended.

The guidance provides companies with alternative methods of adoption and we are in the process of determining our method of adoption, which depends in part upon our completion of the evaluation of our remaining revenue arrangements.



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## **Table of Contents**

### **Comcast Corporation**

#### **Consolidations**

In February 2015, the FASB updated the accounting guidance related to consolidation under the variable interest entity and voting interest entity models. The updated accounting guidance modifies the consolidation guidance for VIEs, limited partnerships and similar legal entities. We have adopted this guidance as of January 1, 2016 and it did not have a material impact on our consolidated financial statements.

#### **Financial Assets and Financial Liabilities**

In January 2016, the FASB updated the accounting guidance related to the recognition and measurement of financial assets and financial liabilities. The updated accounting guidance, among other things, requires that all nonconsolidated equity investments, except those accounted for under the equity method, be measured at fair value and that the changes in fair value be recognized in net income. The updated guidance is effective for us as of January 1, 2018. The updated accounting guidance requires, with certain exceptions, a cumulative effect adjustment to beginning retained earnings when the guidance is adopted. We are currently in the process of determining the impact that the updated accounting guidance will have on our consolidated financial statements.

#### **Leases**

In February 2016, the FASB updated the accounting guidance related to leases. The updated accounting guidance requires lessees to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with the exception of short-term leases. The asset and liability are initially measured based on the present value of committed lease payments. For a lessee, the recognition, measurement and presentation of expenses and cash flows arising from a lease do not significantly change from previous guidance. For a lessor, the accounting applied is also largely unchanged from previous guidance. The updated guidance is effective for us as of January 1, 2019 and early adoption is permitted. The updated accounting guidance must be adopted using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. We are currently in the process of determining the impact that the updated accounting guidance will have on our consolidated financial statements. See Note 16 for a summary of our undiscounted minimum rental commitments under operating leases as of December 31, 2016.

#### **Share-Based Compensation**

In March 2016, the FASB updated the accounting guidance that affects several aspects of the accounting for share-based compensation. The most significant change for us relates to the presentation of the income and withholding tax consequences of share-based compensation in our consolidated financial statements. Among the changes, the updated guidance requires that the excess income tax benefits or deficiencies that arise when the tax consequences of share-based compensation differ from amounts previously recognized in the statement of income be recognized as income tax benefit or expense in the statement of income rather than as additional paid-in capital in the balance sheet. The guidance also states that excess income tax benefits should not be presented separately from other income taxes in the statement of cash flows and, thus, should be classified as an operating activity rather than a financing activity as they are under the current guidance. In addition, the updated guidance requires when an employer withholds shares upon exercise of options or the vesting of restricted stock for the purpose of meeting withholding tax requirements, that the cash paid for withholding taxes be classified as a financing activity. We currently record these amounts within operating activities.

We will adopt the updated guidance in the first quarter of 2017. As required under the updated guidance, we will prospectively adopt the provisions of this guidance that relate to the recognition of the excess income tax benefits or deficiencies in the statement of income. If we had adopted the updated guidance in 2016, our income tax expense and effective tax rate would have decreased by \$233 million and 1.6%, respectively, and

**Table of Contents****Comcast Corporation**

our diluted earnings per common share attributable to Comcast Corporation shareholders in 2016 would have increased by \$0.08.

In addition, upon adoption we will retrospectively adopt the provisions of this guidance related to changes to the statement of cash flows in any of the periods presented. The table below presents the effect on our consolidated statement of cash flows for each of the years ended December 31, 2016, 2015 and 2014. These amounts are not necessarily indicative of amounts that we will recognize in future years related to the excess income tax benefits or deficiencies nor the cash paid for withholding taxes.

| Year ended December 31 (in millions)                | As Reported | Effect of Adoption | Upon Adoption |
|---|-------------|--------------------|---------------|
| 2016  |             |                    |               |
| Net cash provided by operating activities           | \$ 19,240   | \$ 585             | \$ 19,825     |
| Net cash provided by (used in) financing activities | \$ 151      | \$ (585)           | \$ (434)      |
| 2015  |             |                    |               |
| Net cash provided by operating activities           | \$ 18,778   | \$ 708             | \$ 19,486     |
| Net cash provided by (used in) financing activities | \$ (8,429)  | \$ (708)           | \$ (9,137)    |
| 2014  |             |                    |               |
| Net cash provided by operating activities           | \$ 16,945   | \$ 652             | \$ 17,597     |
| Net cash provided by (used in) financing activities | \$ (6,020)  | \$ (652)           | \$ (6,672)    |

**Note 4: Earnings Per Share****Computation of Diluted EPS**

|   | 2016  |                     | 2015  |                     | 2014  |                     |
|---|---|---------------------|---|---------------------|---|---------------------|
|   | Net<br>Income<br>Attributable<br>to<br>Comcast<br>Corporation | Per Share<br>Amount | Net<br>Income<br>Attributable<br>to<br>Comcast<br>Corporation | Per Share<br>Amount | Net<br>Income<br>Attributable<br>to<br>Comcast<br>Corporation | Per Share<br>Amount |
| Year ended December 31<br>(in millions, except per share data)    |   |                     |   |                     |   |                     |
| Basic EPS attributable to Comcast Corporation<br>shareholders     | \$ 8,695  | 2,410               | \$ 3.61   | \$ 8,163            | 2,486   | \$ 3.28             |
| Effect of dilutive securities:                                    |   |                     |   |                     |   |                     |
| Assumed exercise or issuance of shares relating to<br>stock plans |   | 28                  |   |                     | 32  |                     |
| Diluted EPS attributable to                                       |   |                     |   |                     |   |                     |
| Comcast Corporation shareholders                                  | \$ 8,695  | 2,438               | \$ 3.57   | \$ 8,163            | 2,518   | \$ 3.24             |

Diluted earnings per common share attributable to Comcast Corporation shareholders ( diluted EPS ) considers the impact of potentially dilutive securities using the treasury stock method. Our potentially dilutive securities include potential common shares related to our stock options and our restricted share units ( RSUs ). Diluted EPS excludes the impact of potential common shares related to our stock options in periods in which the combination of the option exercise price and the associated unrecognized compensation expense is greater than the average market price of our common stock.

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The amount of potential common shares related to our share-based compensation plans that were excluded from diluted EPS because their effect would have been antidilutive was not material in any of the periods presented.

**Table of Contents****Comcast Corporation****Note 5: Significant Transactions****2016****DreamWorks Animation**

On August 22, 2016, we acquired all of the outstanding stock of DreamWorks Animation for \$3.8 billion. DreamWorks Animation's stockholders received \$41 in cash for each share of DreamWorks Animation common stock. DreamWorks Animation creates animated feature films, television series and specials, live entertainment and related consumer products. The results of operations for DreamWorks Animation are reported in our Filmed Entertainment segment following the acquisition date.

*Preliminary Allocation of Purchase Price*

The transaction was accounted for under the acquisition method of accounting and, accordingly, the assets and liabilities are to be recorded at their fair market values as of the acquisition date. We recorded the acquired assets and liabilities of DreamWorks Animation at their estimated fair values based on preliminary valuation analyses. In valuing acquired assets and liabilities, fair value estimates are primarily based on Level 3 inputs including future expected cash flows, market rate assumptions and discount rates. The fair value of the assumed debt was primarily based on quoted market values. The fair value of the liability related to a tax receivable agreement that DreamWorks Animation had previously entered into with one of its former stockholders (the tax receivable agreement) was based on the contractual settlement provisions in the agreement. Further, we recorded the deferred income taxes based on our estimates of the tax basis of the acquired net assets and the valuation allowances based on the expected use of net operating loss carryforwards. The goodwill is not deductible for tax purposes. We will adjust the assets and liabilities as valuations are completed and we obtain information necessary to complete the analyses, but no later than one year from the acquisition date.

The table below presents the preliminary allocation of the purchase price to the assets and liabilities of DreamWorks Animation.

*Preliminary Allocation of Purchase Price*

(in millions)

|  |          |
|--|----------|
| Film and television costs (see Note 6)         | \$ 854   |
| Intangible assets (see Note 9)                 | 164      |
| Working capital                                | 248      |
| Debt (see Note 10)                             | (381)    |
| Tax receivable agreement                       | (146)    |
| Deferred income taxes (see Note 14)            | 366      |
| Other noncurrent assets and liabilities        | 137      |
| Identifiable net assets (liabilities) acquired | 1,242    |
| Noncontrolling interest                        | (89)     |
| Goodwill (see Note 9)                          | 2,620    |
| Cash consideration transferred                 | \$ 3,773 |

The tax receivable agreement was settled immediately following the acquisition and the payment was recorded as an operating activity in our consolidated statement of cash flows. In addition, we repaid all of the assumed debt of DreamWorks Animation.

Revenue and net income attributable to the acquisition of DreamWorks Animation were not material for 2016.



**Table of Contents****Comcast Corporation****2015****Universal Studios Japan**

On November 13, 2015, NBCUniversal acquired a 51% economic interest in Universal Studios Japan for \$1.5 billion.

Universal Studios Japan is a VIE based on the governance structure and we consolidate Universal Studios Japan since we have the power to direct activities that most significantly impact its economic performance. There are no liquidity arrangements, guarantees or other financial commitments between us and Universal Studios Japan, and therefore our maximum risk of financial loss is NBCUniversal's 51% interest. Universal Studios Japan's results of operations are reported in our Theme Parks segment following the acquisition date.

*Allocation of Purchase Price*

The transaction was accounted for under the acquisition method of accounting and, accordingly, the acquired assets and liabilities and the 49% noncontrolling interest were recorded at their estimated fair values. In 2016, we updated the allocation of the purchase price for Universal Studios Japan based on final valuation analyses, which primarily resulted in increases to property and equipment and intangible assets and a decrease in goodwill. The changes did not have a material impact on our consolidated financial statements. The goodwill is not deductible for tax purposes.

The table below presents the allocation of the purchase price to the assets and liabilities of Universal Studios Japan.

*Allocation of Purchase Price*

(in millions)

|  |          |
|--|----------|
| Property and equipment (see Note 8)            | \$ 780   |
| Intangible assets (see Note 9)                 | 323      |
| Working capital                                | (33)     |
| Debt (see Note 10)                             | (3,271)  |
| Other noncurrent assets and liabilities        | 17       |
| Identifiable net assets (liabilities) acquired | (2,184)  |
| Noncontrolling interest                        | (1,440)  |
| Goodwill (see Note 9)                          | 5,123    |
| Cash consideration transferred                 | \$ 1,499 |

*Actual and Unaudited Pro Forma Results*

Our consolidated revenue in 2016 and 2015 included \$1.4 billion and \$169 million, respectively, from the acquisition of Universal Studios Japan. Our net income attributable to Comcast Corporation in 2016 and 2015 included \$124 million and \$18 million, respectively, from the acquisition of Universal Studios Japan.

**Table of Contents****Comcast Corporation**

The following unaudited pro forma information has been presented as if the acquisition of Universal Studios Japan occurred on January 1, 2014. This information is primarily based on historical results of operations, adjusted for the allocation of purchase price, and is not necessarily indicative of what our results would have been had we operated Universal Studios Japan since January 1, 2014. No pro forma adjustments have been made for our transaction-related expenses.

| Year ended December 31 (in millions, except per share amounts)                     | 2015      | 2014      |
|--|-----------|-----------|
| Revenue  | \$ 75,563 | \$ 69,860 |
| Net income   | \$ 8,591  | \$ 8,704  |
| Net income attributable to Comcast Corporation                                     | \$ 8,253  | \$ 8,435  |
| Basic earnings per common share attributable to Comcast Corporation shareholders   | \$ 3.32   | \$ 3.27   |
| Diluted earnings per common share attributable to Comcast Corporation shareholders | \$ 3.28   | \$ 3.22   |

**Time Warner Cable Merger and Related Divestiture Transactions**

On April 24, 2015, we and Time Warner Cable Inc. terminated our planned merger, and we terminated our related agreement with Charter Communications, Inc. to spin off, exchange and sell certain cable systems. In connection with these proposed transactions, we incurred incremental transaction-related expenses of \$198 million and \$237 million in 2015 and 2014, respectively. The transaction-related expenses are included primarily in other operating and administrative expenses, with \$20 million recorded in depreciation and amortization expenses associated with the write-off of certain capitalized costs in 2015.

**Note 6: Film and Television Costs**

| December 31 (in millions)                   | 2016            | 2015     |
|---|-----------------|----------|
| Film Costs:                                 |                 |          |
| Released, less amortization                 | \$ 1,750        | \$ 1,275 |
| Completed, not released                     | 50              | 226      |
| In production and in development            | 1,310           | 907      |
|   | <b>3,110</b>    | 2,408    |
| Television Costs:                           |                 |          |
| Released, less amortization                 | 1,953           | 1,573    |
| In production and in development            | 853             | 737      |
|   | <b>2,806</b>    | 2,310    |
| Programming rights, less amortization       | 2,586           | 2,350    |
|   | <b>8,502</b>    | 7,068    |
| Less: Current portion of programming rights | 1,250           | 1,213    |
| Film and television costs                   | <b>\$ 7,252</b> | \$ 5,855 |

Based on our current estimates of the total remaining revenue from all sources ( ultimate revenue ), in 2017 we expect to amortize approximately \$1.9 billion of film and television costs associated with our original film and television productions that have been released, or are completed and have not been released. Through 2019, we expect to amortize approximately 88% of unamortized film and television costs for our released productions, excluding amounts allocated to acquired libraries.

As of December 31, 2016, acquired film and television libraries, which are included within the released, less amortization captions in the table above, had remaining unamortized costs of \$596 million. These costs are generally amortized over a period not to exceed 20 years, and approximately 45% of these costs are expected to be amortized through 2019.



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**Table of Contents**

**Comcast Corporation**

**Capitalization of Film and Television Costs**

We capitalize film and television production costs, including direct costs, production overhead, print costs, development costs and interest. We amortize capitalized film and television production costs, including acquired libraries, and accrue costs associated with participation and residual payments to programming and production expenses. We generally record the amortization and the accrued costs using the individual film forecast computation method, which amortizes the costs in the same ratio as the associated ultimate revenue. Estimates of ultimate revenue and total costs are based on anticipated release patterns, public acceptance and historical results for similar productions. Unamortized film and television costs, including acquired film and television libraries, are stated at the lower of unamortized cost or fair value. We do not capitalize costs related to the distribution of a film in movie theaters or the licensing or sale of a film or television production, which are primarily costs associated with the marketing and distribution of them.

In determining the method of amortization and estimated life of an acquired film or television library, we generally use the method and the life that most closely follow the undiscounted cash flows over the estimated life of the asset.

When an event or a change in circumstance occurs that was known or knowable as of the balance sheet date and that indicates the fair value of a film is less than its unamortized costs, we determine the fair value of the film and record an impairment charge for the amount by which the unamortized capitalized costs exceed the film's fair value. The estimated fair value of a production is based on Level 3 inputs that primarily use an analysis of future expected cash flows. Adjustments to capitalized film and stage play production costs of \$14 million, \$42 million and \$26 million were recorded in 2016, 2015 and 2014, respectively.

We enter into cofinancing arrangements with third parties to jointly finance or distribute certain of our film productions. Cofinancing arrangements can take various forms, but in most cases involve the grant of an economic interest in a film to an investor. The number of investors and the terms of these arrangements can vary, although investors generally assume the full risks and rewards for the portion of the film acquired in these arrangements. We account for the proceeds received from a third-party investor under these arrangements as a reduction to our capitalized film costs. Under these arrangements, the investor owns an undivided copyright interest in the film, and therefore in each period we record either a charge or a benefit to programming and production expenses to reflect the estimate of the third-party investor's interest in the profit or loss of the film. The estimate of the third-party investor's interest in the profit or loss of a film is determined using the ratio of actual revenue earned to date to the ultimate revenue expected to be recognized over the film's useful life.

We capitalize the costs of programming content that we license but do not own, including rights to multiyear, live-event sports programming, at the earlier of when payments are made for the programming or when the license period begins and the content is made available for use. We amortize capitalized programming costs as the associated programs are broadcast. We generally amortize multiyear, live-event sports programming rights using the ratio of the current period revenue to the estimated ultimate revenue or under the terms of the contract.

Acquired programming costs are recorded at the lower of unamortized cost or net realizable value on a program by program, package, channel or daypart basis. A daypart is an aggregation of programs broadcast during a particular time of day or programs of a similar type. Programming acquired by our Cable Networks segment is primarily tested on a channel basis for impairment, whereas programming acquired by our Broadcast Television segment is tested on a daypart basis. If we determine that the estimates of future cash flows are insufficient or if there is no plan to broadcast certain programming, we recognize an impairment charge to programming and production expenses.

**Table of Contents****Comcast Corporation****Note 7: Investments**

|                                      |                 |          |
|--------------------------------------|-----------------|----------|
| December 31 (in millions)            | <b>2016</b>     | 2015     |
| Fair Value Method                    | <b>\$ 198</b>   | \$ 167   |
| Equity Method:                       |                 |          |
| Atairos                              | <b>1,601</b>    |          |
| Hulu                                 | <b>225</b>      | 184      |
| Other                                | <b>550</b>      | 494      |
|                                      | <b>2,376</b>    | 678      |
| Cost Method:                         |                 |          |
| AirTouch                             | <b>1,599</b>    | 1,583    |
| BuzzFeed                             | <b>400</b>      | 200      |
| Other                                | <b>771</b>      | 702      |
|                                      | <b>2,770</b>    | 2,485    |
| Total investments                    | <b>5,344</b>    | 3,330    |
| Less: Current investments            | <b>97</b>       | 106      |
| Noncurrent investments               | <b>\$ 5,247</b> | \$ 3,224 |
| <b>Investment Income (Loss), Net</b> |                 |          |

|  |               |       |        |
|--|---------------|-------|--------|
| Year ended December 31 (in millions)   | <b>2016</b>   | 2015  | 2014   |
| Gains on sales and exchanges of investments, net   | <b>\$ 46</b>  | \$ 12 | \$ 192 |
| Investment impairment losses   | <b>(34)</b>   | (59)  | (50)   |
| Unrealized gains on securities underlying prepaid forward sale agreements  |               | 42    | 66     |
| Mark to market adjustments on derivative component of prepaid forward sale agreements and indexed debt instruments | <b>(4)</b>    | (42)  | (56)   |
| Interest and dividend income   | <b>123</b>    | 115   | 116    |
| Other, net   | <b>82</b>     | 13    | 28     |
| Investment income (loss), net  | <b>\$ 213</b> | \$ 81 | \$ 296 |
| <b>Fair Value Method</b>   |               |       |        |

We classify publicly traded investments that are not accounted for under the equity method as available-for-sale ( AFS ) or trading securities and record them at fair value. For AFS securities, we record unrealized gains or losses resulting from changes in fair value between measurement dates as a component of other comprehensive income (loss), except when we consider declines in value to be other than temporary. For trading securities, we record unrealized gains or losses resulting from changes in fair value between measurement dates as a component of investment income (loss), net. We recognize realized gains and losses associated with our fair value method investments using the specific identification method. We classify the cash flows related to purchases of and proceeds from the sale of trading securities based on the nature of the securities and the purpose for which they were acquired.

**Equity Method**

We use the equity method to account for investments in which we have the ability to exercise significant influence over the investee's operating and financial policies or in which we hold a significant partnership or LLC interest. Equity method investments are recorded at cost and are adjusted to recognize (1) our proportionate share of the investee's net income or loss after the date of investment, (2) amortization of the recorded investment that exceeds our share of the book value of the investee's net assets, (3) additional contributions made and dividends received, and (4) impairments resulting from other-than-temporary declines in fair value.



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## **Table of Contents**

### **Comcast Corporation**

For some investments, we record our share of the investee's net income or loss one quarter in arrears due to the timing of our receipt of such information. Gains or losses on the sale of equity method investments are recorded to other income (expense), net. If an equity method investee were to issue additional securities that would change our proportionate share of the entity, we would recognize the change, if any, as a gain or loss in our consolidated statement of income.

#### **Atairos**

In 2015, we entered into an agreement to establish Atairos Group, Inc., a strategic company focused on investing in and operating companies in a range of industries and business sectors, both domestically and internationally. The agreement became effective as of January 1, 2016. Atairos has a term of up to 12 years and is controlled by management companies led by our former CFO through interests that carry all of the voting rights. We are the only investor other than our former CFO and the other management company employees. We have committed to fund Atairos up to \$4 billion in the aggregate at any one time, subject to certain offsets, and \$40 million annually for a management fee, subject to certain adjustments, while the management company investors have committed to fund up to \$100 million, with at least \$40 million to be funded by our former CFO, subject to his continued role with Atairos. Our economic interests do not carry voting rights and obligate us to absorb approximately 99% of any losses and they provide us the right to receive approximately 86.5% of any residual returns in Atairos, in either case on a cumulative basis.

We have concluded that Atairos is a VIE, that we do not have the power to direct the activities that most significantly impact the economic performance of Atairos as we have no voting rights and only certain consent rights, and that we are not a related party with our former CFO or the management companies. We therefore do not consolidate Atairos and account for our investment as an equity method investment. There are no other liquidity arrangements, guarantees or other financial commitments between Comcast and Atairos, and therefore our maximum risk of financial loss is our investment balance and remaining unfunded capital commitment.

In 2016, we made cash capital contributions totaling \$1.2 billion to Atairos. In addition, we recorded capital contributions of \$447 million that were accrued in 2016 and paid in January 2017.

#### **Hulu**

In August 2016, Time Warner Inc. acquired a 10% interest in Hulu, LLC, which diluted our interest in Hulu from 33% to 30%. For a period not to exceed 3 years, Time Warner may put its shares to Hulu or Hulu may call Time Warner's shares under certain limited circumstances arising from regulatory review. Given the contingent nature of the put and call options, we recorded a deferred gain of \$159 million and a corresponding increase to our investment in Hulu as a result of the dilution. The deferred gain will be recognized in other income (expense), net if and when the options expire unexercised.

In 2016, 2015 and 2014, we recognized our proportionate share of losses of \$168 million, \$106 million and \$20 million, respectively, related to our investment in Hulu.

#### **The Weather Channel**

In January 2016, following a legal restructuring at The Weather Channel, we and the other investors sold the entity holding The Weather Channel's product and technology businesses to IBM. Following the close of the transaction, we continue to hold an investment in The Weather Channel cable network through a new holding company. As a result of the sale of our investment, we recognized a pretax gain of \$108 million in other income (expense), net.

In June and December 2015, The Weather Channel recorded impairment charges related to goodwill. In 2015, we recorded expenses of \$333 million that represented NBCUniversal's proportionate share of these impairment charges in equity in net income (losses) of investees, net in our consolidated statement of income.



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## **Table of Contents**

### **Comcast Corporation**

#### **Cost Method**

We use the cost method to account for investments not accounted for under the fair value method or the equity method.

#### **[AirTouch](#)**

We hold two series of preferred stock of Verizon Americas, Inc., formerly known as AirTouch Communications, Inc., a subsidiary of Verizon Communications Inc., which are redeemable in April 2020. As of both December 31, 2016 and 2015, the estimated fair value of the AirTouch preferred stock was \$1.7 billion.

The dividend and redemption activity of the AirTouch preferred stock determines the dividend and redemption payments associated with substantially all of the preferred shares issued by one of our consolidated subsidiaries, which is a VIE. The subsidiary has three series of preferred stock outstanding with an aggregate redemption value of \$1.75 billion. Substantially all of the AirTouch preferred stock is redeemable in April 2020 at a redemption value of \$1.65 billion. As of both December 31, 2016 and 2015, the two series of redeemable subsidiary preferred shares were recorded at \$1.6 billion, and those amounts are included in other noncurrent liabilities. As of both December 31, 2016 and 2015, the liability related to the redeemable subsidiary preferred shares had an aggregate estimated fair value of \$1.7 billion. The estimated fair values of the AirTouch preferred stock and redeemable subsidiary preferred shares are based on Level 2 inputs that use pricing models whose inputs are derived primarily from or corroborated by observable market data through correlation or other means for substantially the full term of the financial instrument. The one series of nonredeemable subsidiary preferred shares was recorded at \$100 million as of both December 31, 2016 and 2015, and those amounts are included in noncontrolling interests in our consolidated balance sheet. The carrying amount of the nonredeemable subsidiary preferred stock approximates its fair value.

#### **[BuzzFeed and Vox Media](#)**

In September 2015, NBCUniversal acquired an interest in BuzzFeed, Inc. and made an additional investment in Vox Media, Inc. for \$200 million each in cash. In November 2016, NBCUniversal made an additional investment of \$200 million in BuzzFeed. BuzzFeed is a global media company that produces and distributes original news, entertainment and videos. Vox Media is a digital media company comprised of eight distinct brands.

#### **Impairment Testing of Investments**

We review our investment portfolio each reporting period to determine whether there are identified events or circumstances that would indicate there is a decline in the fair value that would be considered other than temporary. For our nonpublic investments, if there are no identified events or circumstances that would have a significant adverse effect on the fair value of the investment, then the fair value is not estimated. If an investment is deemed to have experienced an other-than-temporary decline below its cost basis, we reduce the carrying amount of the investment to its quoted or estimated fair value, as applicable, and establish a new cost basis for the investment. For our AFS securities and our cost method investments, we record the impairment to investment income (loss), net. For our equity method investments, we record the impairment to other income (expense), net.

**Table of Contents****Comcast Corporation****Note 8: Property and Equipment**

|                                      | Weighted-Average<br>Original Useful Life |                         |                  |
|--------------------------------------|--|-------------------------|------------------|
| December 31 (in millions)            |  | As of December 31, 2016 | <b>2016</b> 2015 |
| Cable distribution system            | 11 years                                 | <b>\$ 34,028</b>        | \$ 32,586        |
| Customer premise equipment           | 6 years                                  | <b>28,621</b>           | 28,559           |
| Other equipment                      | 8 years                                  | <b>9,475</b>            | 8,539            |
| Buildings and leasehold improvements | 29 years                                 | <b>12,550</b>           | 10,829           |
| Land                                 | N/A                                      | <b>1,273</b>            | 1,252            |
| Property and equipment, at cost      |  | <b>85,947</b>           | 81,765           |
| Less: Accumulated depreciation       |  | <b>49,694</b>           | 48,100           |
| Property and equipment, net          |  | <b>\$ 36,253</b>        | \$ 33,665        |

Property and equipment are stated at cost. We capitalize improvements that extend asset lives and expense repairs and maintenance costs as incurred. We record depreciation using the straight-line method over the asset's estimated useful life. For assets that are sold or retired, we remove the applicable cost and accumulated depreciation and, unless the gain or loss on disposition is presented separately, we recognize it as a component of depreciation expense.

In accordance with the accounting guidance related to cable television companies, we capitalize the costs associated with the construction of and improvements to our cable transmission and distribution facilities, including scalable infrastructure and line extensions; costs associated with acquiring and deploying new customer premise equipment; and costs associated with installation of our services. Costs capitalized include all direct costs for labor and materials, as well as various indirect costs. Costs incurred in connection with subsequent disconnects and reconnects are expensed as they are incurred.

We evaluate the recoverability of our property and equipment whenever events or substantive changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is based on the cash flows generated by the underlying asset groups, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows were less than the carrying amount of the asset group, we would recognize an impairment charge to the extent the carrying amount of the asset group exceeded its estimated fair value. Unless presented separately, the impairment charge is included as a component of depreciation expense.

**Table of Contents****Comcast Corporation****Note 9: Goodwill and Intangible Assets****Goodwill**

|                                     | NBCUniversal            |                   |                         |                         |                 |              | Corporate<br>and<br>Other | Total |
|-------------------------------------|-------------------------|-------------------|-------------------------|-------------------------|-----------------|--------------|---------------------------|-------|
|                                     | Cable<br>Communications | Cable<br>Networks | Broadcast<br>Television | Filmed<br>Entertainment | Theme<br>Parks  |              |                           |       |
| (in millions)                       |                         |                   |                         |                         |                 |              |                           |       |
| Balance, December 31, 2014          | \$ 12,217               | \$ 12,948         | \$ 767                  | \$ 211                  | \$ 982          | \$ 191       | \$ 27,316                 |       |
| Acquisitions <sup>(a)</sup>         | 173                     | 17                | 39                      | 58                      | 5,373           | 1            | 5,661                     |       |
| Adjustments                         | (1)                     |                   |                         |                         |                 |              | (1)                       |       |
| Foreign currency translation        |                         | (18)              |                         | (2)                     | (11)            |              | (31)                      |       |
| Balance, December 31, 2015          | 12,389                  | 12,947            | 806                     | 267                     | 6,344           | 192          | 32,945                    |       |
| <b>Acquisitions<sup>(b)</sup></b>   | <b>82</b>               | <b>232</b>        |                         | <b>2,717</b>            |                 | <b>1</b>     | <b>3,032</b>              |       |
| <b>Adjustments<sup>(c)</sup></b>    | <b>174</b>              |                   |                         |                         | <b>(250)</b>    | <b>(181)</b> | <b>(257)</b>              |       |
| <b>Foreign currency translation</b> |                         | <b>4</b>          |                         | <b>9</b>                | <b>247</b>      |              | <b>260</b>                |       |
| <b>Balance, December 31, 2016</b>   | <b>\$ 12,645</b>        | <b>\$ 13,183</b>  | <b>\$ 806</b>           | <b>\$ 2,993</b>         | <b>\$ 6,341</b> | <b>\$ 12</b> | <b>\$ 35,980</b>          |       |

(a) Acquisitions in 2015 in our Theme Parks segment included the Universal Studios Japan transaction (see Note 5 for additional information).

(b) Acquisitions in 2016 in our Filmed Entertainment segment primarily included the DreamWorks Animation acquisition (see Note 5 for additional information).

(c) Adjustments in 2016 primarily included the updated allocation of the purchase price for Universal Studios Japan in our Theme Parks segment (see Note 5 for additional information) and the reclassification of certain operations and businesses from Corporate and Other to our Cable Communications segment.

Goodwill is calculated as the excess of the consideration transferred over the identifiable net assets acquired in a business combination and represents the future economic benefits expected to arise from anticipated synergies and intangible assets acquired that do not qualify for separate recognition, including assembled workforce, noncontractual relationships and other agreements. We assess the recoverability of our goodwill annually, or more frequently whenever events or substantive changes in circumstances indicate that the carrying amount of a reporting unit may exceed its fair value. We test goodwill for impairment at the reporting unit level. To determine our reporting units, we evaluate the components one level below the segment level and we aggregate the components if they have similar economic characteristics. As a result of this assessment, our reporting units are the same as our five reportable segments. We evaluate the determination of our reporting units used to test for impairment periodically or whenever events or substantive changes in circumstances occur. The assessment of recoverability may first consider qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. The quantitative assessment considers whether the carrying amount of a reporting unit exceeds its fair value, in which case an impairment charge is recorded to the extent the carrying amount of the reporting unit's goodwill exceeds its implied fair value. Unless presented separately, the impairment charge is included as a component of amortization expense. We did not recognize any impairment charges in any of the periods presented.



**Table of Contents****Comcast Corporation****Intangible Assets**

|  | Weighted-Average<br>Original Useful<br>Life | 2016               |                             | 2015               |                             |
|--|---|--------------------|-----------------------------|--------------------|-----------------------------|
|  |   | Gross              |                             | Gross              |                             |
|  |   | Carrying<br>Amount | Accumulated<br>Amortization | Carrying<br>Amount | Accumulated<br>Amortization |
| December 31 (in millions)                                      | as of December 31,<br>2016                  |                    |                             |                    |                             |
| <b>Indefinite-Lived Intangible Assets:</b>                     |   |                    |                             |                    |                             |
| Franchise rights   | N/A   | \$ 59,364          |                             | \$ 59,364          |                             |
| Trade names  | N/A   | 2,981              |                             | 2,857              |                             |
| FCC licenses   | N/A   | 651                |                             | 651                |                             |
| <b>Finite-Lived Intangible Assets:</b>                         |   |                    |                             |                    |                             |
| Customer relationships   | 19 years                                    | 13,478             | \$ (5,110)                  | 13,396             | \$ (4,442)                  |
| Software   | 4 years                                     | 7,017              | (3,997)                     | 6,008              | (3,429)                     |
| Cable franchise renewal costs and contractual operating rights | 9 years                                     | 1,460              | (800)                       | 1,499              | (849)                       |
| Patents and other technology rights                            | 7 years                                     | 257                | (208)                       | 409                | (350)                       |
| Other agreements and rights                                    | 15 years                                    | 2,443              | (898)                       | 1,994              | (798)                       |
| <b>Total</b>   |   | <b>\$ 87,651</b>   | <b>\$ (11,013)</b>          | <b>\$ 86,178</b>   | <b>\$ (9,868)</b>           |

**Indefinite-Lived Intangible Assets**

Indefinite-lived intangible assets consist primarily of our cable franchise rights. Our cable franchise rights represent the values we attributed to agreements with state and local authorities that allow access to homes and businesses in cable service areas acquired in business combinations. We do not amortize our cable franchise rights because we have determined that they meet the definition of indefinite-lived intangible assets since there are no legal, regulatory, contractual, competitive, economic or other factors which limit the period over which these rights will contribute to our cash flows. We reassess this determination periodically or whenever events or substantive changes in circumstances occur. Costs we incur in negotiating and renewing cable franchise agreements are included in other intangible assets and are generally amortized on a straight-line basis over the term of the franchise agreement.

We assess the recoverability of our cable franchise rights and other indefinite-lived intangible assets annually, or more frequently whenever events or substantive changes in circumstances indicate that the assets might be impaired. Our three Cable Communications divisions represent the unit of account we use to test for impairment of our cable franchise rights. We evaluate the unit of account used to test for impairment of our cable franchise rights and other indefinite-lived intangible assets periodically or whenever events or substantive changes in circumstances occur to ensure impairment testing is performed at an appropriate level. The assessment of recoverability may first consider qualitative factors to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. A quantitative assessment is performed if the qualitative assessment results in a more-likely-than-not determination or if a qualitative assessment is not performed. When performing a quantitative assessment, we estimate the fair value of our cable franchise rights and other indefinite-lived intangible assets primarily based on a discounted cash flow analysis that involves significant judgment. When analyzing the fair values indicated under the discounted cash flow models, we also consider multiples of operating income before depreciation and amortization generated by the underlying assets, current market transactions, and profitability information. If the fair value of our cable franchise rights or other indefinite-lived intangible assets was less than the carrying amount, we would recognize an impairment charge for the difference between the estimated fair value and the carrying value of the assets. Unless presented separately, the impairment charge is included as a component of amortization expense. We did not recognize any material impairment charges in any of the periods presented.



**Table of Contents****Comcast Corporation**

## Finite-Lived Intangible Assets

## Estimated Amortization Expense of Finite-Lived Intangible Assets

(in millions)

|      |          |
|------|----------|
| 2017 | \$ 2,077 |
| 2018 | \$ 1,828 |
| 2019 | \$ 1,475 |
| 2020 | \$ 1,168 |
| 2021 | \$ 939   |

Finite-lived intangible assets are subject to amortization and consist primarily of customer relationships acquired in business combinations, software, cable franchise renewal costs, contractual operating rights and intellectual property rights. Our finite-lived intangible assets are amortized primarily on a straight-line basis over their estimated useful life or the term of the associated agreement.

We capitalize direct development costs associated with internal-use software, including external direct costs of material and services and payroll costs for employees devoting time to these software projects. We also capitalize costs associated with the purchase of software licenses. We include these costs in other intangible assets and generally amortize them on a straight-line basis over a period not to exceed five years. We expense maintenance and training costs, as well as costs incurred during the preliminary stage of a project, as they are incurred. We capitalize initial operating system software costs and amortize them over the life of the associated hardware.

We evaluate the recoverability of our finite-lived intangible assets whenever events or substantive changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is based on the cash flows generated by the underlying asset groups, including estimated future operating results, trends or other determinants of fair value. If the total of the expected future undiscounted cash flows were less than the carrying amount of the asset group, we would recognize an impairment charge to the extent the carrying amount of the asset group exceeded its estimated fair value. Unless presented separately, the impairment charge is included as a component of amortization expense.

**Note 10: Long-Term Debt**

## Long-Term Debt Outstanding

| December 31 (in millions)   | Weighted-Average Interest Rate as of |                  |           |
|---|--------------------------------------|------------------|-----------|
|   | December 31, 2016                    | 2016             | 2015      |
| Commercial paper  | 1.01%                                | <b>\$ 2,781</b>  | \$ 975    |
| Revolving bank credit facilities  |                                      |                  |           |
| Term loans <sup>(a)</sup>   | 2.93%                                | <b>3,262</b>     | 3,259     |
| Senior notes with maturities of 5 years or less, at face value                                | 4.68%                                | <b>13,850</b>    | 14,300    |
| Senior notes with maturities between 5 and 10 years, at face value                            | 3.86%                                | <b>12,049</b>    | 9,630     |
| Senior notes with maturities greater than 10 years, at face value <sup>(b)</sup>              | 5.19%                                | <b>28,587</b>    | 23,925    |
| Other, including capital lease obligations  |                                      | <b>842</b>       | 794       |
| Debt issuance costs, premiums, discounts and fair value adjustments for hedged positions, net |                                      | <b>(325)</b>     | (262)     |
| Total debt  | 4.50% <sup>(c)</sup>                 | <b>61,046</b>    | 52,621    |
| Less: Current portion   |                                      | <b>5,480</b>     | 3,627     |
| Long-term debt  |                                      | <b>\$ 55,566</b> | \$ 48,994 |



**Table of Contents**

**Comcast Corporation**

(a) The December 31, 2016 and 2015 amounts consist of ¥382 billion and ¥400 billion, respectively, of Universal Studios Japan term loans translated using the exchange rates as of these dates.

(b) The December 31, 2016 and 2015 amounts include £625 million of 5.50% notes due 2029, which translated to \$771 million and \$921 million, respectively, using the exchange rates as of these dates.

(c) Includes the effects of our derivative financial instruments.

As of December 31, 2016 and 2015, our debt had an estimated fair value of \$66.3 billion and \$58.0 billion, respectively. The estimated fair value of our publicly traded debt is primarily based on Level 1 inputs that use quoted market values for the debt. The estimated fair value of debt for which there are no quoted market prices is based on Level 2 inputs that use interest rates available to us for debt with similar terms and remaining maturities. See Note 19 for additional information on our cross-guarantee structure.

**Principal Maturities of Debt**

| (in millions) | Weighted-Average<br>Interest Rate as<br>of<br>December 31, 2016 |           |
|---------------|---|-----------|
| 2017          | 4.22%   | \$ 5,483  |
| 2018          | 4.05%   | \$ 4,203  |
| 2019          | 3.11%   | \$ 2,466  |
| 2020          | 4.18%   | \$ 6,217  |
| 2021          | 4.36%   | \$ 2,043  |
| Thereafter    | 4.82%   | \$ 40,959 |

**2016 Debt Borrowings**

|  |          |
|--|----------|
| Year ended December 31, 2016 (in millions) |          |
| Comcast 3.15% senior notes due 2026        | \$ 2,200 |
| Comcast 4.05% senior notes due 2046        | 1,430    |
| Comcast 2.35% senior notes due 2027        | 1,400    |
| Comcast 3.40% senior notes due 2046        | 1,400    |
| Comcast 2.75% senior notes due 2023        | 1,100    |
| Comcast 3.20% senior notes due 2036        | 1,000    |
| Comcast 1.625% senior notes due 2022       | 700      |
| Other                                      | 1        |
| Total                                      | \$ 9,231 |

**2016 Debt Redemptions and Repayments**

Year ended December 31, 2016 (in millions)

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|  |          |
|--|----------|
| NBCUniversal 2.875% senior notes due 2016      | \$ 1,000 |
| Comcast 4.95% senior notes due 2016            | 750      |
| NBCUniversal Enterprise senior notes due 2016  | 700      |
| DreamWorks Animation assumed debt (see Note 5) | 381      |
| Other  | 221      |
| Total  | \$ 3,052 |

### **Debt Instruments**

#### [Revolving Bank Credit Facilities](#)

In May 2016, we entered into a new \$7 billion revolving credit facility due 2021 with a syndicate of banks ( Comcast revolving credit facility ) that may be used for general corporate purposes. We may increase the commitment under the Comcast revolving credit facility up to a total of \$10 billion, as well as extend the

**Table of Contents****Comcast Corporation**

expiration date to a date no later than 2023, subject to approval of the lenders. In addition, NBCUniversal Enterprise entered into a new \$1.5 billion revolving credit facility due 2021 with a syndicate of banks ( NBCUniversal Enterprise revolving credit facility ) that may be used for general corporate purposes. We may increase the commitment under the NBCUniversal Enterprise revolving credit facility up to a total of \$2 billion, as well as extend the expiration date to a date no later than 2023, subject to approval of the lenders. The new revolving credit facilities replaced Comcast's \$6.25 billion and NBCUniversal Enterprise's \$1.35 billion revolving credit facilities, which were terminated in connection with the execution of the new revolving credit facilities. The interest rates on the new revolving credit facilities consist of a base rate plus a borrowing margin that is determined based on Comcast's credit rating. As of December 31, 2016, the borrowing margin for borrowings based on the London Interbank Offered Rate was 1.00%. Similar to the Comcast and NBCUniversal Enterprise prior revolving credit facilities, each of the new revolving credit facilities require that we maintain certain financial ratios based on their respective debt and operating income before depreciation and amortization, as defined in the credit facility. We were in compliance with all financial covenants for all periods presented.

As of December 31, 2016, amounts available under our consolidated credit facilities, net of amounts outstanding under our commercial paper programs and outstanding letters of credit, totaled \$5.5 billion, which included \$460 million available under the NBCUniversal Enterprise revolving credit facility.

**Commercial Paper Programs**

Our commercial paper programs provide a lower-cost source of borrowing to fund our short-term working capital requirements. The maximum borrowing capacity under the Comcast commercial paper program is \$6.25 billion. We support this commercial paper program with unused capacity under the Comcast revolving credit facility. The maximum borrowing capacity under the NBCUniversal Enterprise commercial paper program is \$1.35 billion. We support this commercial paper program with unused capacity under the NBCUniversal Enterprise revolving credit facility.

**Term Loans**

Our term loans consist of the Universal Studios Japan term loans, which have a final maturity of November 2020. These term loans contain financial and operating covenants and are secured by the assets of Universal Studios Japan and the equity interests of the other investors. We do not guarantee these term loans and they are otherwise nonrecourse to us.

**Letters of Credit**

As of December 31, 2016, we and certain of our subsidiaries had unused irrevocable standby letters of credit totaling \$443 million to cover potential fundings under various agreements.

**Note 11: Postretirement, Pension and Other Employee Benefit Plans****Postretirement Benefit Plans**

|  |                   |            |          |
|--|-------------------|------------|----------|
| Year ended December 31 (in millions)                                 | <b>2016</b>       | 2015       | 2014     |
| Benefit obligation   | <b>\$ 538</b>     | \$ 820     | \$ 837   |
| Plan funded status and recorded benefit obligation                   | <b>\$ (538)</b>   | \$ (820)   | \$ (837) |
| Portion of benefit obligation not yet recognized in benefits expense | <b>\$ (372)</b>   | \$ (33)    | \$ 46    |
| Benefits expense   | <b>\$ 70</b>      | \$ 75      | \$ 59    |
| Discount rate  | <b>4.07-4.56%</b> | 4.70-4.73% | 4.25%    |

We sponsor various benefit plans that provide postretirement benefits to eligible employees based on years of service. The Comcast Postretirement Healthcare Stipend Program (the stipend plan ) provides an annual stipend for



## Table of Contents

### Comcast Corporation

reimbursement of healthcare costs to each eligible employee based on years of service. Under the stipend plan, we are not exposed to the increasing costs of healthcare because the benefits are fixed at a predetermined amount. In December 2016, the stipend plan was amended primarily to reduce the benefits of active employees who retire after December 31, 2017. The plan amendments reduced our benefit obligation in 2016 by \$361 million.

NBCUniversal's postretirement medical and life insurance plans provide continuous coverage to employees eligible to receive such benefits. A small number of eligible employees also participate in legacy plans of acquired companies.

All of our postretirement benefit plans are unfunded and substantially all of our postretirement benefit obligations are recorded to noncurrent liabilities. The expense we recognize for our postretirement benefit plans is determined using certain assumptions, including the discount rate.

### Pension Plans

NBCUniversal sponsors various qualified and nonqualified defined benefit pension plans for domestic employees. Since the future benefits have been frozen since the beginning of 2013, we did not recognize service costs related to the pension plans for all periods presented. The benefits expense we recognized for our defined benefit plans was not material for all periods presented. In addition to the defined benefit plans it sponsors, NBCUniversal is also obligated to reimburse General Electric ( GE ) for future benefit payments to those participants who were vested in the supplemental pension plan sponsored by GE at the time of the NBCUniversal transaction in 2011. These pension plans are currently unfunded and we recorded a benefit obligation of \$314 million and \$309 million as of December 31, 2016 and 2015, respectively, which consists primarily of our obligations to reimburse GE.

### Other Employee Benefits

#### Deferred Compensation Plans

We maintain unfunded, nonqualified deferred compensation plans for certain members of management and nonemployee directors (each, a participant ). The amount of compensation deferred by each participant is based on participant elections. Participant accounts, except for those in the NBCUniversal plan, are credited with income primarily based on a fixed annual rate. Participants in the NBCUniversal plan designate one or more valuation funds, independently established funds or indices that are used to determine the amount of investment gain or loss in the participant's account. Participants are eligible to receive distributions from their account based on elected deferral periods that are consistent with the plans and applicable tax law.

The table below presents the benefit obligation and interest expense for our deferred compensation plans.

| Year ended December 31 (in millions) | 2016     | 2015     | 2014     |
|--------------------------------------|----------|----------|----------|
| Benefit obligation                   | \$ 2,164 | \$ 2,038 | \$ 1,774 |
| Interest expense                     | \$ 178   | \$ 171   | \$ 149   |

We have purchased life insurance policies to recover a portion of the future payments related to our deferred compensation plans. As of December 31, 2016 and 2015, the cash surrender value of these policies, which is recorded to other noncurrent assets, was \$709 million and \$658 million, respectively.

#### Retirement Investment Plans

We sponsor several 401(k) defined contribution retirement plans that allow eligible employees to contribute a portion of their compensation through payroll deductions in accordance with specified plan guidelines. We make contributions to the plans that include matching a percentage of the employees' contributions up to certain limits. In 2016, 2015 and 2014, expenses related to these plans totaled \$446 million, \$416 million and \$379 million, respectively.























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we assumed liabilities related to the Universal Studios Japan transaction (see Note 5 for additional information)

we used \$517 million of equity securities to settle a portion of our obligations under prepaid forward sale agreements

During 2014:

we acquired \$797 million of property and equipment and intangible assets that were accrued but unpaid

we recorded a liability of \$572 million for a quarterly cash dividend of \$0.225 per common share paid in January 2015

we used \$3.2 billion of equity securities to settle a portion of our obligations under prepaid forward sale agreements



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In June 2015, we settled a contingent consideration liability related to the acquisition of NBCUniversal, which was based upon future net tax benefits realized by us that would affect future payments to GE, for a payment

































pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets





























**Table of Contents**

101 The following financial statements from NBCUniversal Media, LLC's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on February 3, 2017, formatted in XBRL (eXtensible Business Reporting Language): (1) the Consolidated Balance Sheet; (2) the Consolidated Statement of Income; (3) the Consolidated Statement of Comprehensive Income; (4) the Consolidated Statement of Cash Flows; (5) the Consolidated Statement of Changes in Equity; and (6) the Notes to Consolidated Financial Statements.

Confidential treatment granted.

Comcast 2016 Annual Report on Form 10-K

134



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|                          |          |                  |
|--------------------------|----------|------------------|
| /s/ GERALD L. HASSELL    | Director | February 3, 2017 |
| Gerald L. Hassell        |          |                  |
| /s/ JEFFREY A. HONICKMAN | Director | February 3, 2017 |
| Jeffrey A. Honickman     |          |                  |
| /s/ EDUARDO G. MESTRE    | Director | February 3, 2017 |
| Eduardo G. Mestre        |          |                  |
| /s/ DAVID C. NOVAK       | Director | February 3, 2017 |
| David C. Novak           |          |                  |
| /s/ JOHNATHAN A. RODGERS | Director | February 3, 2017 |
| Johnathan A. Rodgers     |          |                  |
| /s/ DR. JUDITH RODIN     | Director | February 3, 2017 |
| Dr. Judith Rodin         |          |                  |

**Table of Contents****NBCUniversal**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized in Philadelphia, Pennsylvania on February 3, 2017.

NBCUNIVERSAL MEDIA, LLC  
 By: NBCUNIVERSAL, LLC, its sole member  
 By: /s/ STEPHEN B. BURKE  
 Stephen B. Burke

*Chief Executive Officer*

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

| Signature               | Title                         | Date             |
|-------------------------|-------------------------------|------------------|
| /s/ BRIAN L. ROBERTS    | Principal Executive Officer   | February 3, 2017 |
| Brian L. Roberts        | of NBCUniversal Media, LLC    |                  |
| /s/ MICHAEL J. CAVANAGH | Principal Financial Officer   | February 3, 2017 |
| Michael J. Cavanagh     | of NBCUniversal Media, LLC;   |                  |
|                         | Director of NBCUniversal, LLC |                  |
| /s/ ARTHUR R. BLOCK     | Director of NBCUniversal, LLC | February 3, 2017 |
| Arthur R. Block         |                               |                  |
| /s/ DAVID L. COHEN      | Director of NBCUniversal, LLC | February 3, 2017 |
| David L. Cohen          |                               |                  |
| /s/ LAWRENCE J. SALVA   | Principal Accounting Officer  | February 3, 2017 |
| Lawrence J. Salva       | of NBCUniversal Media, LLC    |                  |

**Table of Contents**

**NBCUniversal Media, LLC Financial Statements and Supplementary Data**

|  |      |
|--|------|
| Index  | Page |
| <u>Report of Independent Registered Public Accounting Firm</u> | 138  |
| <u>Consolidated Balance Sheet</u>                              | 139  |
| <u>Consolidated Statement of Income</u>                        | 140  |
| <u>Consolidated Statement of Comprehensive Income</u>          | 141  |
| <u>Consolidated Statement of Cash Flows</u>                    | 142  |
| <u>Consolidated Statement of Changes in Equity</u>             | 143  |
| <u>Notes to Consolidated Financial Statements</u>              | 144  |

**Table of Contents**

**Report of Independent Registered Public Accounting Firm**

**To the Member of NBCUniversal Media, LLC**

**New York, New York**

We have audited the accompanying consolidated balance sheets of NBCUniversal Media, LLC and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of NBCUniversal Media, LLC and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

**/s/ Deloitte & Touche LLP**

New York, New York

February 3, 2017















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revenue from the licensing of our owned programming and programming produced by our studios for third parties when the content is made available for use by the licensee, and when certain other conditions are met. When license fees include advertising time, we recognize the component of revenue associated with the advertisements when they are aired or viewed.



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Level 3: Values are determined using pricing models that use significant inputs that are primarily unobservable, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation









































































