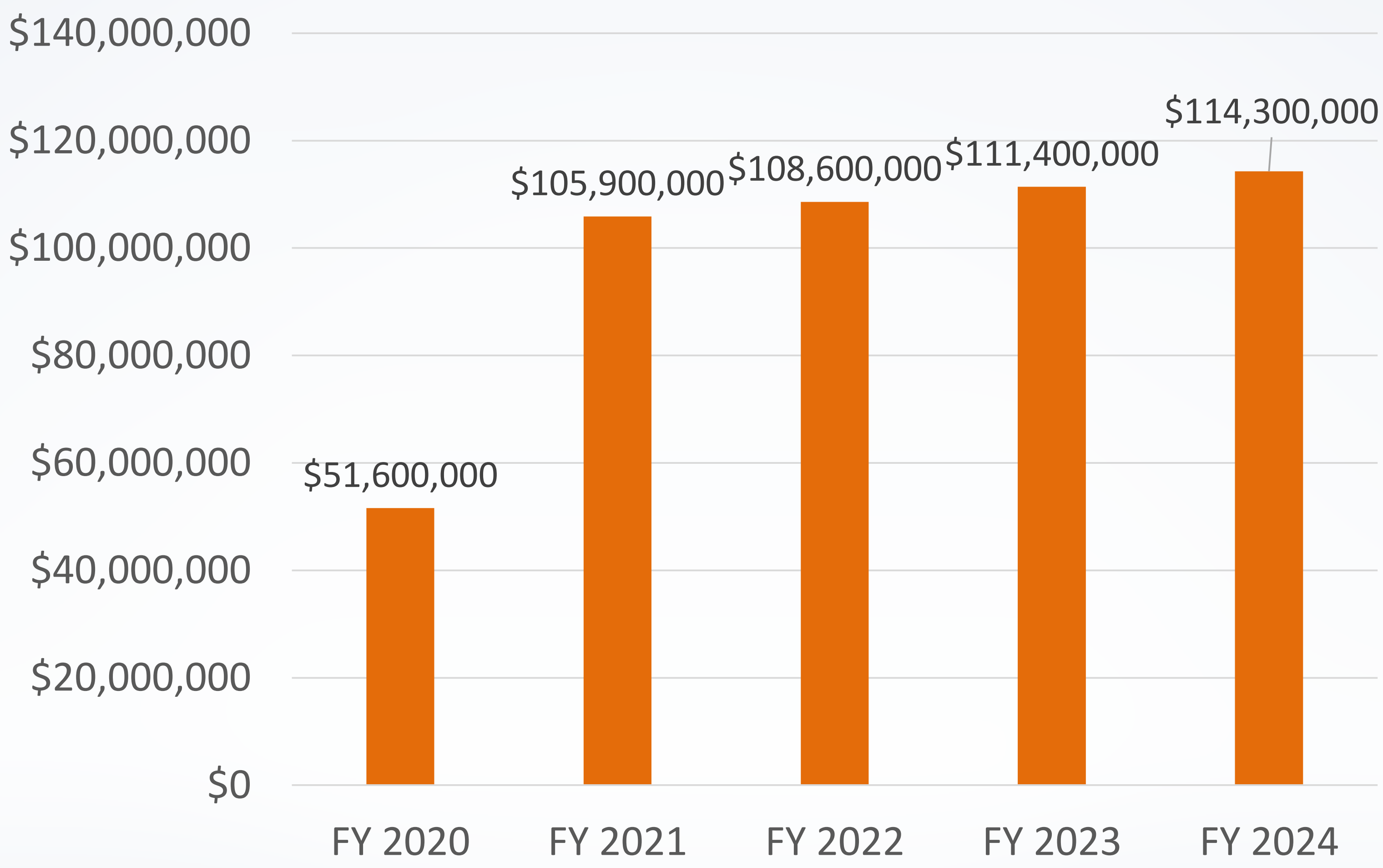
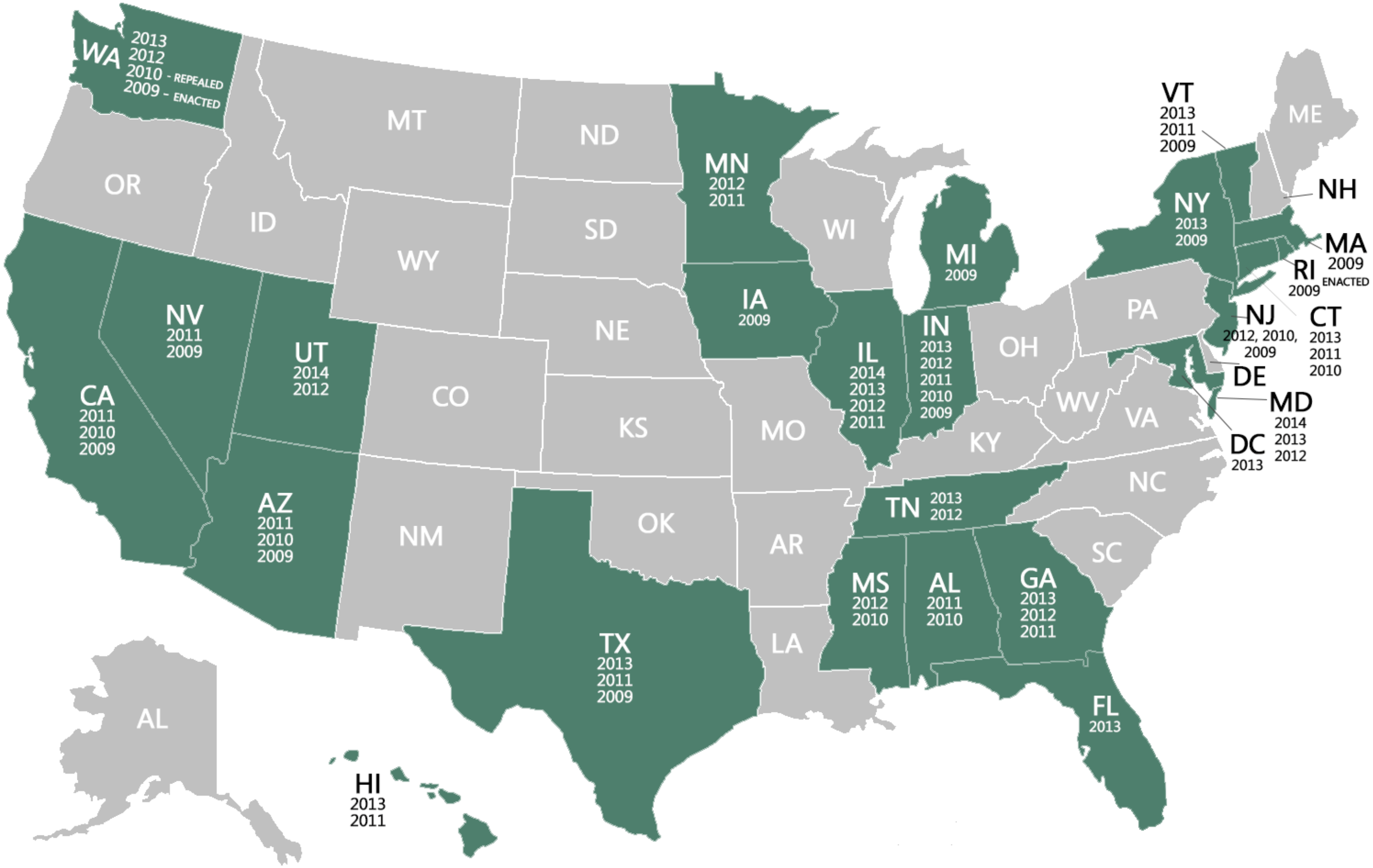
Satellite TV's Position on Discriminatory TV Taxes

Satellite TV dish *circa* 1981

$500 Million in Lost Revenue Over 5 Years



Since 2009, Cable Has Pushed For A Discriminatory Tax 72 Times in 25 States



Cable companies pay rent to local government for the right to dig up public streets and sidewalks and string wires from utility poles.

That rent is called a Franchise Fee.

Satellite TV uses innovative technology that does not require us to dig up streets and sidewalks to deliver service to our subscribers.

Making satellite customers pay franchise fees is like making airline passengers pay for train tracks.

Satellite & Cable: Same Service, Different Business Costs

comcast®

2017 Annual Report to the SEC

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, 2017
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMCAST

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	I.R.S. Employer Identification No.
001-32871	COMCAST CORPORATION PENNSYLVANIA One Comcast Center Philadelphia, PA 19103-2838 (215) 286-1700	27-0000798
001-36438	NBCUniversal Media, LLC DELAWARE 30 Rockefeller Plaza New York, NY 10112-0015 (212) 664-4444	14-1682529

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
5.50% 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 ☐
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, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Comcast Corporation Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

2017 Franchise Rights Valuation: **$59,364 Billion**

Comcast Corporation
Consolidated Balance Sheet

December 31 (in millions, except share data)		2017		2016
Assets				
Current Assets:				
Cash and cash equivalents	$	**3,428**	$	3,301
Receivables, net		**8,546**		7,955
Programming rights		**1,613**		1,250
Deposits		**9**		1,772
Other current assets		**2,464**		2,083
Total current assets		**16,060**		16,361
Film and television costs		**7,076**		7,252
Investments		**6,931**		5,247
Property and equipment, net		**38,470**		36,253
Franchise rights		**59,364**		59,364
Goodwill		**36,780**		35,980
Other intangible assets, net		**18,779**		17,274
Other noncurrent assets, net		**3,489**		2,769
Total assets	$	**186,949**	$	180,500
Liabilities and Equity				
Current Liabilities:				
Accounts payable and accrued expenses related to trade creditors	$	**6,926**	$	6,915
Accrued participations and residuals		**1,683**		1,726
Deferred revenue		**1,552**		1,132
Accrued expenses and other current liabilities		**6,266**		6,282
Current portion of long-term debt		**5,134**		5,480
Total current liabilities		**21,561**		21,535
Long-term debt, less current portion		**59,422**		55,566
Deferred income taxes		**24,256**		34,854
Other noncurrent liabilities		**10,904**		10,925
Commitments and contingencies (Note 16)				
Redeemable noncontrolling interests and redeemable subsidiary preferred stock		**1,357**		1,446
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, 5,507,854,670 and 5,614,950,039; outstanding, 4,635,063,642 and 4,742,159,011		**55**		56
Class B common stock, $0.01 par value—authorized, 75,000,000 shares; issued and outstanding, 9,444,375		**—**		—
Additional paid-in capital		**37,497**		38,230
Retained earnings		**38,192**		23,076
Treasury stock, 872,791,028 Class A common shares		**(7,517)**		(7,517)
Accumulated other comprehensive income (loss)		**379**		98
Total Comcast Corporation shareholders' equity		**68,606**		53,943
Noncontrolling interests		**843**		2,231
Total equity		**69,449**		56,174
Total liabilities and equity	$	**186,949**	$	180,500

See accompanying notes to consolidated financial statements.

Charter®
COMMUNICATIONS

2017 Franchise Rights Valuation: **$67,319 Billion**

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in millions, except share data)

	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 621	$ 1,535
Accounts receivable, less allowance for doubtful accounts of $113 and $124, respectively	1,635	1,432
Prepaid expenses and other current assets	299	333
Total current assets	2,555	3,300
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of $18,077 and $11,103, respectively	33,888	32,963
Customer relationships, net	11,951	14,608
Franchises	67,319	67,316
Goodwill	29,554	29,509
Total investment in cable properties, net	142,712	144,396
OTHER NONCURRENT ASSETS	1,356	1,371
Total assets	$ 146,623	$ 149,067
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 9,045	$ 7,544
Current portion of long-term debt	2,045	2,028
Total current liabilities	11,090	9,572
LONG-TERM DEBT	68,186	59,719
DEFERRED INCOME TAXES	17,314	26,665
OTHER LONG-TERM LIABILITIES	2,502	2,745
SHAREHOLDERS' EQUITY:		
Class A common stock; $.001 par value; 900 million shares authorized; 238,506,059 and 268,897,792 shares issued and outstanding, respectively	—	—
Class B common stock; $.001 par value; 1,000 shares authorized; 1 share issued and outstanding	—	—
Preferred stock; $.001 par value; 250 million shares authorized; no shares issued and outstanding	—	—
Additional paid-in capital	35,253	39,413
Retained earnings	3,832	733
Accumulated other comprehensive loss	(1)	(7)
Total Charter shareholders' equity	39,084	40,139
Noncontrolling interests	8,447	10,227
Total shareholders' equity	47,531	50,366
Total liabilities and shareholders' equity	$ 146,623	$ 149,067

The accompanying notes are an integral part of these consolidated financial statements.

Cable Companies:

Franchise fees are rent

Franchise fees, in turn, are commonly understood to be consideration for the contractual award of a government benefit. Many cases have treated franchise fees as a form of "rent." Cable franchises are enforceable as contracts, even though they are traditionally awarded by ordinance. . . . The contractual nature of cable franchise fees removed them far from "taxes." Taxes simply have no contractual element; they are a demand of sovereignty. The consent of the taxpayer is not necessary to their enforcement.

Brief submitted by Time Warner in the case of Time Warner Ent't – Advance Newhouse P'ship v. City of Lincoln, Case No. 8:04- CV-2049 (D. Neb. 2004).

United States Supreme Court:

Right of way fees are rent
for private use of public land.

CITY OF ST. LOUIS V. WESTERN UNION TEL. CO., 148 U.S. 92, 99 (1893)

Federal Case Law:
Franchise fees are rent

"Franchise fees are not a tax . . . but essentially a form of rent [i.e.,] the price paid to rent use of public right-of-ways . . . there can be no doubt that franchise fees imposed on the cable operator are part of a cable operator's expense of doing business."

City of Dallas v. FCC, 118 F.3d 393, 397-98 (5th Cir. 1997)

Cities:
Franchise fees are rent

What is a franchise fee? In short, franchise fees are the "rent" or "reimbursement" utility and cable providers pay for the use of the public's right-of-way.

Are franchise fees a tax? No. “For the use of city property, cable … companies must pay cities a franchise fee—no different than paying rent for the use of land or a building.” .

GEORGIA MUNICIPAL ASSOCIATION, www.gmanet.com

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… Typically when we acquire a cable system, the most significant asset we record is the value of the cable franchise rights.

the cable franchise rights. we record is the value of the most significant asset acquire a cable system,

to Comcast's consolidated financial statements). Our contractual obligations do not include certain expenditures related to the construction and development of the Universal Studios theme park in Beijing, China, as these commitments were not executed as of December 31, 2017.

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

(in millions)		
Liabilities recorded on the balance sheet	$	73,945
Commitments not recorded on the balance sheet		53,293
Total	**$**	**127,238**

Off-Balance Sheet Arrangements

As of December 31, 2017, 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, including the impact of the adoption of the updated accounting guidance related to revenue recognition.

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 we assess their carrying values annually, or more frequently whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value ("impairment testing").

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 intangible assets allows for the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of the asset 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

TWC Allocation of Purchase Price. Franchises: $54 Billion

Bright House Allocation of Purchase Price. Franchises: $7.2 Billion

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017, 2016 AND 2015
(dollars in millions, except share or per share data or where indicated)

The tables below present the final allocation of the purchase price to the assets acquired and liabilities assumed in the Transactions.

TWC Allocation of Purchase Price

Cash and cash equivalents	$	1,058
Current assets		1,417
Property, plant and equipment		21,413
Customer relationships		13,460
Franchises		54,085
Goodwill		28,337
Other noncurrent assets		1,040
Accounts payable and accrued liabilities		(4,107)
Debt		(24,900)
Deferred income taxes		(28,120)
Other long-term liabilities		(3,162)
Noncontrolling interests		(4)
	$	60,517

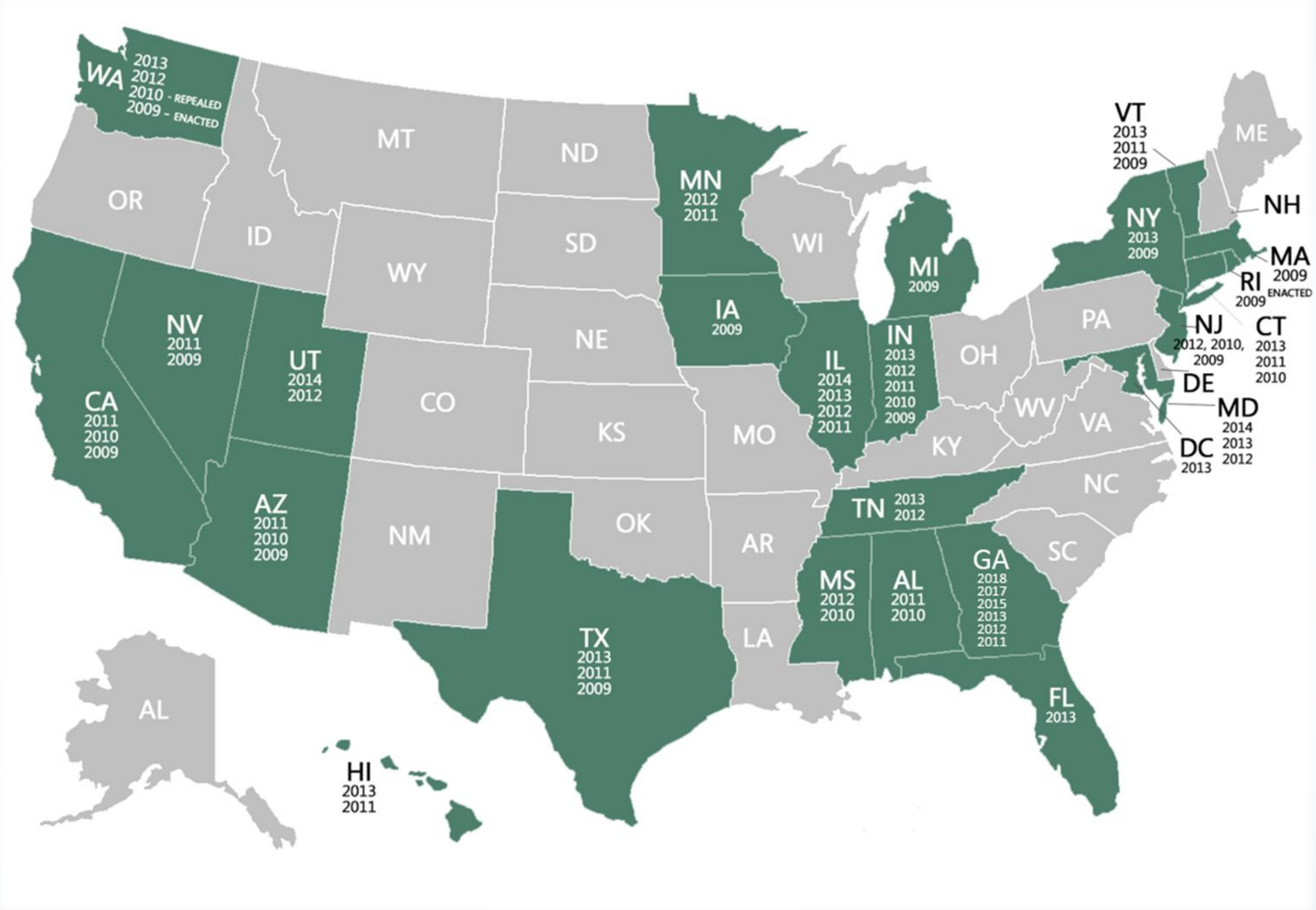
Subsequent to December 31, 2016 and through the end of the measurement period, the Company made adjustments to the fair value of certain assets acquired and liabilities assumed in the TWC Transaction, including a decrease to working capital of $73 million and a decrease of $28 million to deferred income tax liabilities, resulting in a net increase of $45 million to goodwill.

Bright House Allocation of Purchase Price

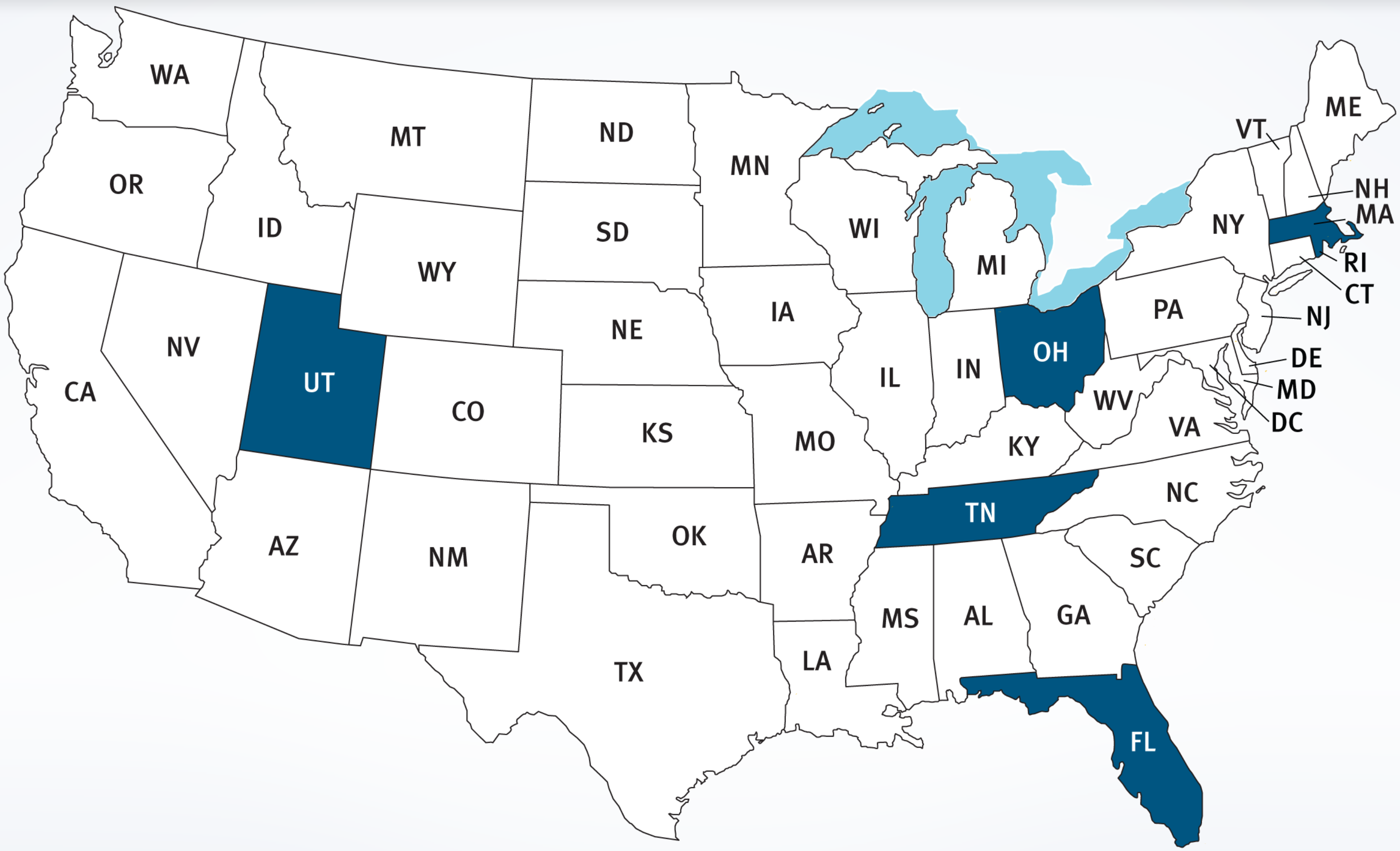
Current assets	$	131
Property, plant and equipment		2,884
Customer relationships		2,150
Franchises		7,225
Goodwill		44
Other noncurrent assets		86
Accounts payable and accrued liabilities		(330)
Other long-term liabilities		(12)
Noncontrolling interests		(22)
	$	12,156

Satellite TV's Position on Discriminatory TV Taxes

Since 2009, Cable Has Pushed For A Discriminatory Tax 72 Times in 25 States



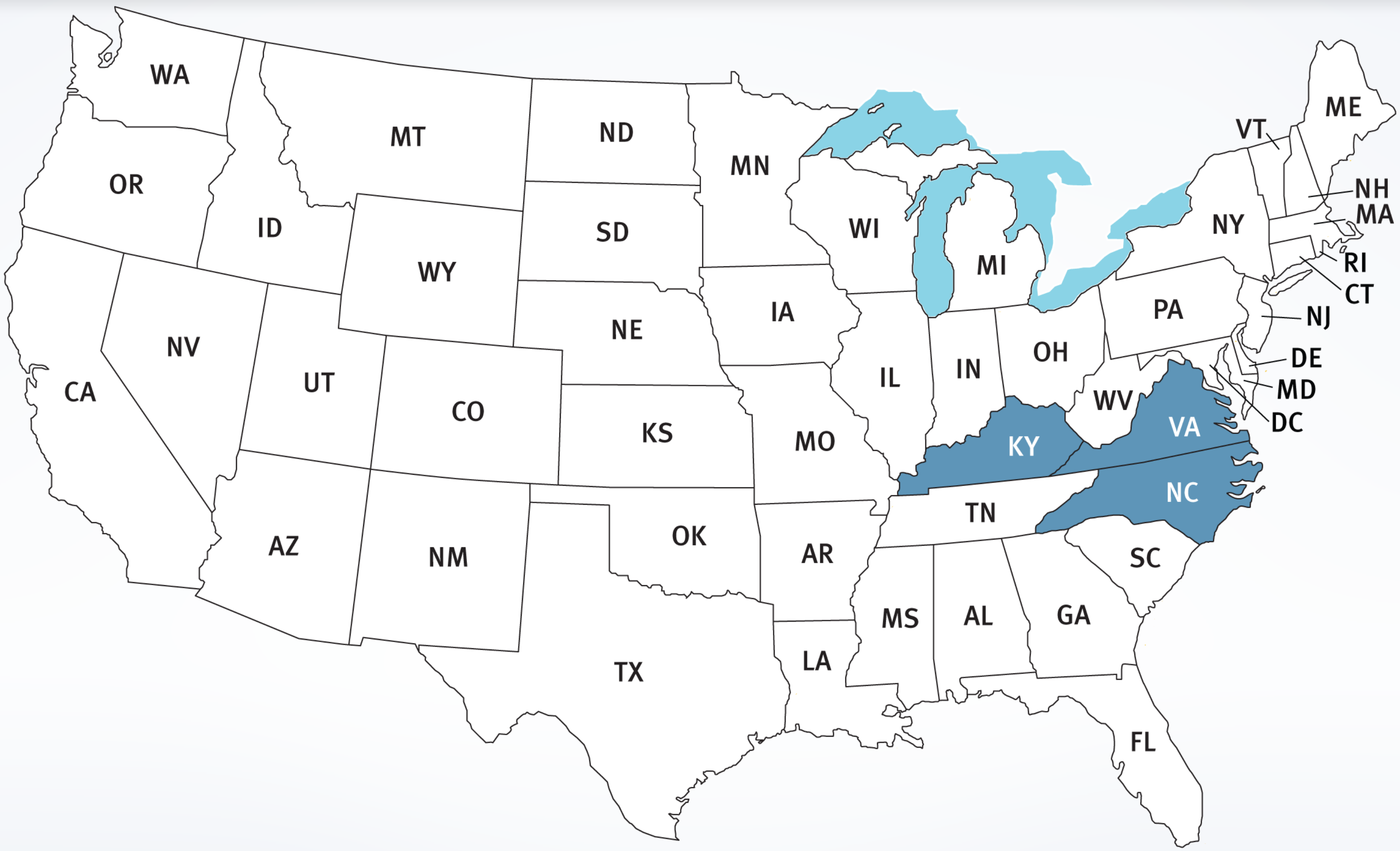
5 States Have Enacted Some Form Of Discriminatory State Tax on Satellite TV.



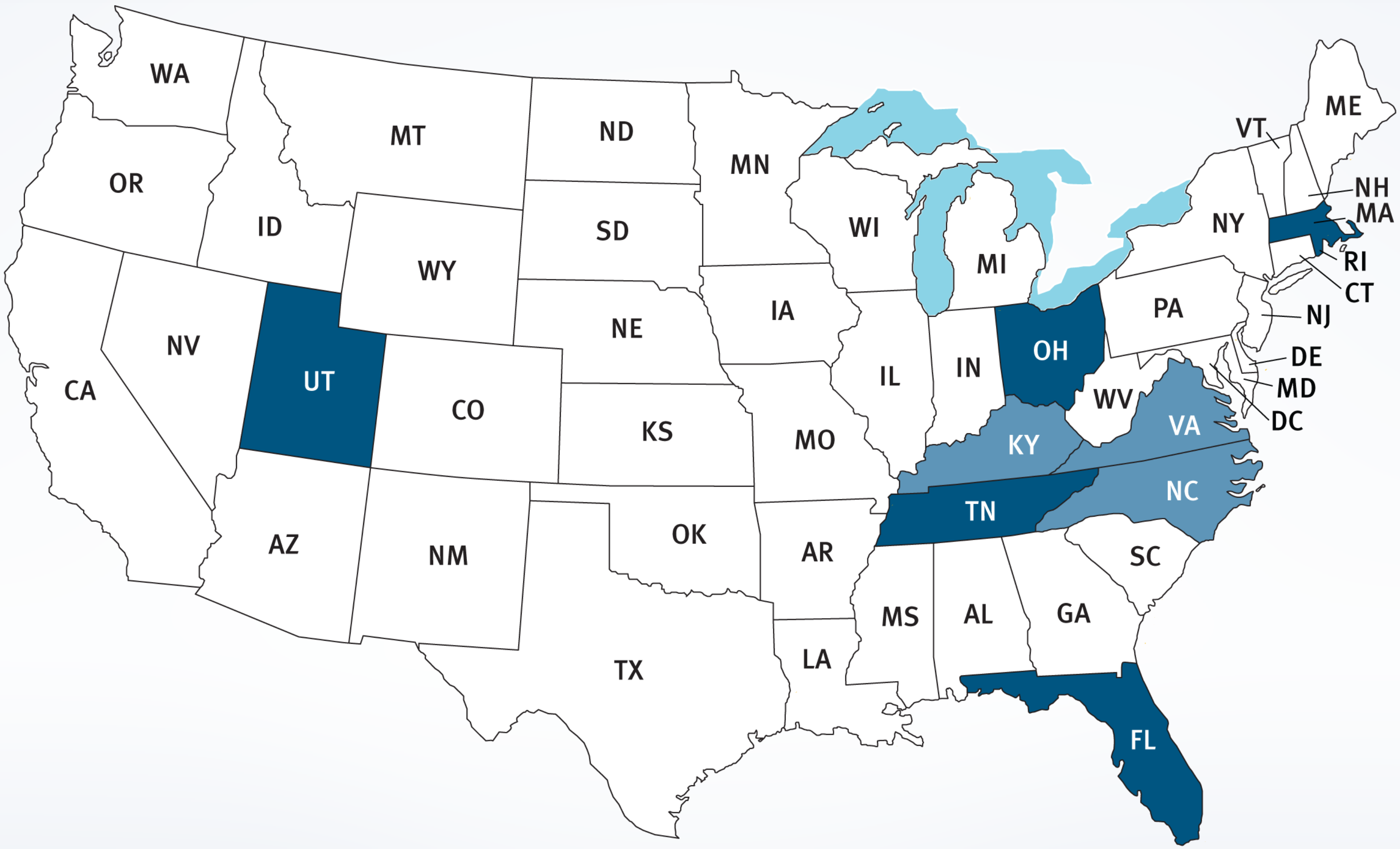
The 5 Discriminatory Tax Schemes

Tennessee (1999):	Sales tax exemption for first $15 of cable bills, but not satellite bills.
Florida (2001):	6.8% Tax on Cable; 10.8% tax on Satellite TV.
Ohio (2003):	5% state sales tax on only satellite TV.
Utah (2007):	6.25% state sales tax on all pay TV providers; offset of up to 50% of cable franchise fees.
Mass. (2009):	5% state sales tax on satellite TV only.

Another 3 States Eliminated Franchise Fees and Forced Satellite TV Subscribers To Help Backfill The Lost Revenue.



5 + 3 = 8 States ...



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NH
MA
RI
CT
NJ
DE
MD
DC

By Contrast, 42 States Treat All Pay TV The Same – No State Sales Tax Or Equal State Sales Tax On Pay TV