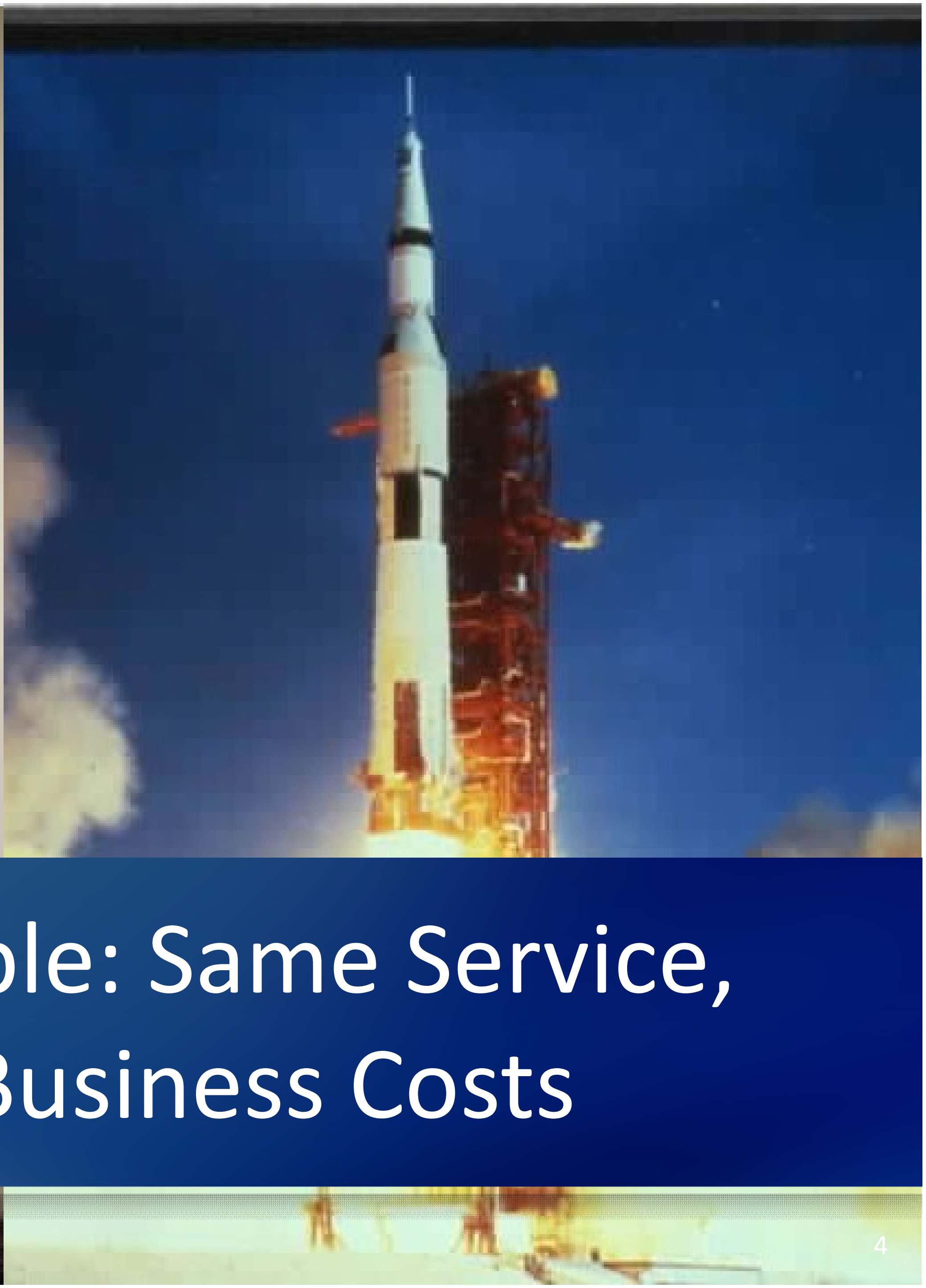
Satellite TV's Position on Discriminatory TV Taxes

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 <u>Franchise Fee</u>.

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



Satellite & Cable: Same Service, Different Business Costs

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


It would be like making cable customers help pay to launch satellites into outer space.

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)

State Case Law:

Franchise fees are compensation

The [right-of-way] fee is not a tax but instead is compensation, representing a specific charge assessed … for commercial use of [city]-owned rights-of-way to generate private profit.

CITY OF GARY v. INDIANA BELL TEL. CO., 732 N.E.2d 149, 156 (Ind. 2000).

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. Franchise fees are simply the cost utility and cable providers incur for being allowed to place their facilities in the public's right-of-way. Franchise fees are considered a cost of doing business.

GEORGIA MUNICIPAL ASSOCIATION, www.gmanet.com

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).

comcast®

2015 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, 2015
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
5.00% 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 ☐
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, 2015, the aggregate market value of the Comcast Corporation common stock held by non-affiliates of the registrant was $148.617 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, 2015, there were 2,432,953,988 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 May 2016.

NBCUniversal Media, LLC – NONE

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.

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

(in millions)	
Liabilities recorded on the balance sheet	$ 60,578
Commitments not recorded on the balance sheet	55,688
Total	**$ 116,266**

Off-Balance Sheet Arrangements

As of December 31, 2015, 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 new 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").

2015 Franchise Rights Valuation: **$59,364 Billion**

Comcast Corporation
Consolidated Balance Sheet

December 31 (in millions, except share data)	2015	2014
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,295	$ 3,910
Investments	106	602
Receivables, net	6,896	6,321
Programming rights	1,213	839
Other current assets	1,793	1,859
Total current assets	12,303	13,531
Film and television costs	5,855	5,727
Investments	3,224	3,135
Property and equipment, net	33,665	30,953
Franchise rights	59,364	59,364
Goodwill	32,945	27,316
Other intangible assets, net	16,946	16,980
Other noncurrent assets, net	2,272	2,180
Total assets	$ 166,574	$ 159,186
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	$ 6,215	$ 5,638
Accrued participations and residuals	1,572	1,347
Deferred revenue	1,302	915
Accrued expenses and other current liabilities	5,462	5,293
Current portion of long-term debt	3,627	4,217
Total current liabilities	18,178	17,410
Long-term debt, less current portion	48,994	43,864
Deferred income taxes	33,566	32,959
Other noncurrent liabilities	10,637	10,819
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests and redeemable subsidiary preferred stock	1,221	1,066
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, 2,869,349,502 and 2,496,598,612; outstanding, 2,432,953,988 and 2,131,137,862	29	25
Class A Special common stock as of December 31, 2014, $0.01 par value—authorized, 7,500,000,000 shares; issued, 471,419,601; outstanding, 400,484,837	—	5
Class B common stock, $0.01 par value—authorized, 75,000,000 shares; issued and outstanding, 9,444,375	—	—
Additional paid-in capital	38,518	38,805
Retained earnings	21,413	21,539
Treasury stock, 436,395,514 and 365,460,750 Class A common shares as of December 31, 2015 and 2014, respectively, and 70,934,764 Class A Special common shares as of December 31, 2014	(7,517)	(7,517)
Accumulated other comprehensive income (loss)	(174)	(146)
Total Comcast Corporation shareholders' equity	52,269	52,711
Noncontrolling interests	1,709	357
Total equity	53,978	53,068
Total liabilities and equity	$ 166,574	$ 159,186

Time Warner Cable®

2015 Annual Report to the SEC

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

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

Commission file number 001-33335

TIME WARNER CABLE INC.

(Exact name of registrant as specified in its charter)

Delaware	**84-1496755**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

60 Columbus Circle
New York, New York 10023
(Address of principal executive offices) (Zip Code)

(212) 364-8200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	New York Stock Exchange
5.750% Notes due 2031	New York Stock Exchange
5.250% Notes due 2042	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. 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. 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. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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 amendment to this Form 10-K. ☑

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of the close of business on February 10, 2016, there were 283,270,372 shares of the registrant's Common Stock outstanding. The aggregate market value of the registrant's voting and non-voting common equity securities held by non-affiliates of the registrant (based upon the closing price of such shares on the New York Stock Exchange on June 30, 2015) was approximately $50.4 billion.

DOCUMENTS INCORPORATED BY REFERENCE

Description of document	Part of the Form 10-K
Portions of the definitive Proxy Statement to be used in connection with the registrant's 2016 Annual Meeting of Stockholders	Part III (Item 10 through Item 14) (Portions of Items 10 and 12 are not incorporated by reference and are provided herein)

As an example, TWC is assessed franchise fees by franchising authorities, which are passed on to the customer.

Table of Contents

TIME WARNER CABLE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

other payments to third parties. To the extent revenue is recorded on a gross basis, any commissions or other payments to third parties are recorded as expense so that the net amount (gross revenue less expense) is reflected in operating income. Accordingly, the impact on operating income is the same whether the revenue was recorded on a gross or net basis.

As an example, TWC is assessed franchise fees by franchising authorities, which are passed on to the customer. The accounting issue presented by these arrangements is whether the revenue should be reported based on the gross amount billed to the ultimate customer or on the net amount received from the customer after payments to franchising authorities. In instances where the fees are being assessed directly to the Company, amounts paid to governmental authorities and amounts received from customers are recorded on a gross basis. That is, amounts paid to governmental authorities are recorded as operating costs and expenses and amounts received from customers are recorded as revenue. The amount of such fees recorded on a gross basis related to video, high-speed data and voice services was $684 million in 2015, $666 million in 2014 and $685 million in 2013.

Operating Costs and Expenses

Programming, high-speed data connectivity and voice network costs are recorded as the services are provided. Programming costs are recorded based on the contractual agreements with programming vendors, which are generally multi-year agreements under which payments are made to programming vendors at agreed upon rates based on the number of subscribers to which programming services are provided. If a programming contract expires prior to the entry into a new agreement and the service continues to be distributed, programming costs are estimated during contract negotiations considering previous contractual rates, inflation and the status of the negotiations. When the programming contract terms are finalized, an adjustment to programming expense is recorded, if necessary, to reflect the terms of the new contract. Estimates are also made in the recognition of programming expense related to other items, such as the accounting for free periods and credits from service interruptions, as well as the allocation of consideration exchanged between the parties in multiple-element transactions. Additionally, judgments are also required when multiple services are purchased from the same programming vendor. In these scenarios, the total consideration provided to the programming vendor is allocated to the various services received based upon their respective estimated fair values. Because multiple services from the same programming vendor may be received over different contractual periods and may have different contractual rates, the allocation of consideration to the individual services may have an impact on the timing of expense recognition. Accounting for consideration exchanged between the parties in multiple-element transactions is discussed further in "—Multiple-element Transactions—Contemporaneous Purchases and Sales" below.

Content acquisition costs for the Los Angeles Lakers' basketball games and Los Angeles Dodgers' baseball games are recorded as games are exhibited over the applicable season.

Launch fees received from programming vendors are recognized as a reduction of expense on a straight-line basis over the term of the related programming arrangement. Amounts received from programming vendors representing the reimbursement of marketing costs are recognized as a reduction of marketing expense as the marketing services are provided.

Advertising costs are expensed upon the first exhibition of the related advertisements. Marketing expense (including advertising), net of certain reimbursements from programmers, was $720 million in 2015, $684 million in 2014 and $676 million in 2013.

Multiple-element Transactions

Multiple-element transactions involve situations where judgment must be exercised in determining the fair value of the different elements in a bundled transaction. As the term is used here, multiple-element transactions can involve (i) contemporaneous purchases and sales (e.g., advertising services are sold to a customer and at the same time programming services are purchased) and/or (ii) sales of multiple products and/or services (e.g., video, high-speed data and voice services are sold to a customer).

2015 Franchise Rights Valuation: **$26,936 Million**

TIME WARNER CABLE INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

7. INTANGIBLE ASSETS AND GOODWILL

Intangible assets and related accumulated amortization as of December 31, 2015 and 2014 consisted of the following (in millions):

	December 31, 2015			December 31, 2014		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets subject to amortization:						
Customer relationships	$ 597	$ (353)	$ 244	$ 600	$ (262)	$ 338
Cable franchise renewals and access rights	306	(138)	168	297	(130)	167
Other	57	(32)	25	42	(24)	18
Total	$ 960	$ (523)	$ 437	$ 939	$ (416)	$ 523
Intangible assets not subject to amortization:						
Cable franchise rights	$ 26,936	$ (922)	$ 26,014	$ 26,934	$ (922)	$ 26,012

The Company recorded amortization expense of $136 million in 2015, $135 million in 2014 and $126 million in 2013. Based on the remaining carrying value of intangible assets subject to amortization as of December 31, 2015, amortization expense is expected to be $133 million in 2016, $129 million in 2017, $51 million in 2018, $32 million in 2019 and $26 million in 2020. These amounts may vary as acquisitions and dispositions occur in the future.

Changes in the carrying value of goodwill from January 1 through December 31 are presented below (in millions):

	2015	2014
Balance at beginning of year	$ 3,137	$ 3,196
Acquisition of DukeNet [(a)]	—	(61)
Other changes and adjustments	2	2
Balance at end of year [(b)]	$ 3,139	$ 3,137

(a) During the first quarter of 2014, the Company finalized its fair value estimates for certain long-lived assets (e.g., primarily property, plant and equipment and finite-lived intangible assets) acquired in the acquisition of DukeNet resulting in a net $61 million adjustment to goodwill, which was allocated to each reporting unit based upon relative fair value.

(b) There were no accumulated goodwill impairment charges as of December 31, 2015 and 2014.

SEC filings must be certified as true under threat of criminal penalties

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Time Warner Cable Inc., a Delaware corporation (the "Company"), for the year ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his respective knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 13, 2015

/s/ Robert D. Marcus
Robert D. Marcus
Chief Executive Officer
Time Warner Cable Inc.

Date: February 13, 2015

/s/ Arthur T. Minson, Jr.
Arthur T. Minson, Jr.
Chief Financial Officer
Time Warner Cable Inc.

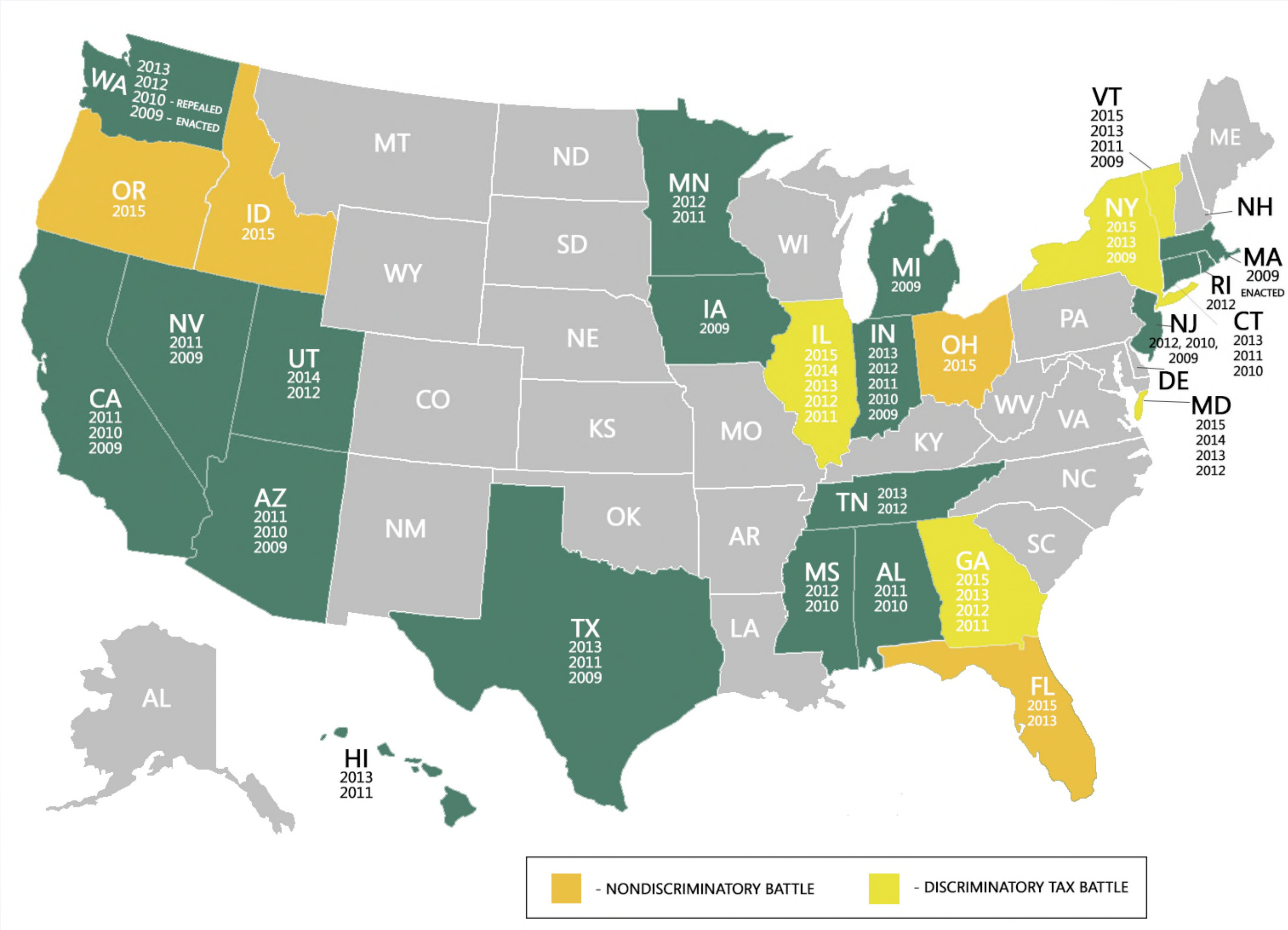
Sec. 1350. Failure of corporate officers to certify financial reports

(c) Criminal Penalties.--Whoever—

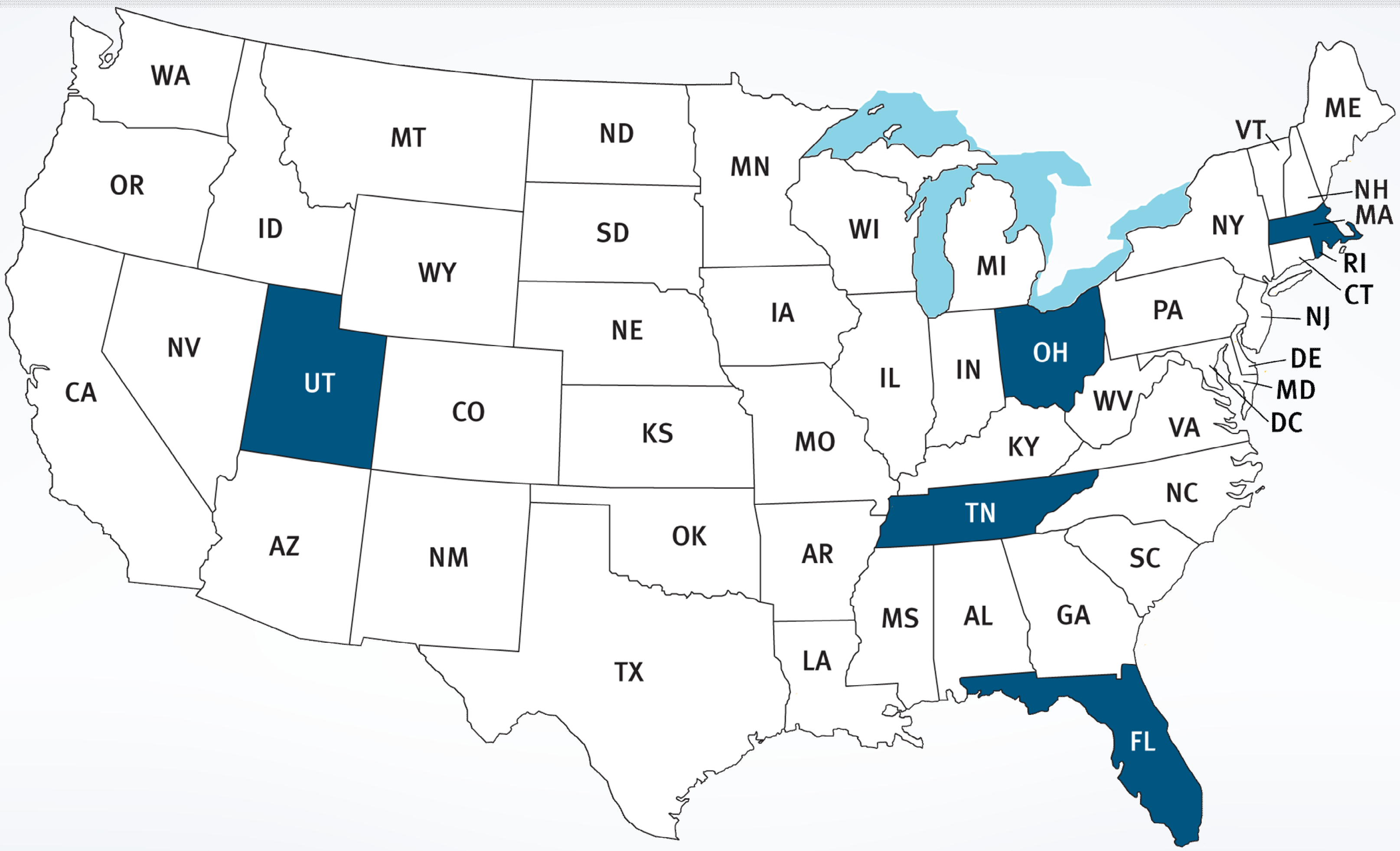
(1) certifies any statement ... knowing that the periodic report accompanying the statement does not comport with all the requirements set forth in this section shall be fined not more than $ 1,000,000 or imprisoned not more than 10 years, or both; or

(2) willfully certifies any statement ... knowing that the periodic report accompanying the statement does not comport with all the requirements set forth in this section shall be fined not more than $ 5,000,000, or imprisoned not more than 20 years, or both.

Since 2009, Cable Has Pushed For A Discriminatory Tax 62 Times in 25 States



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

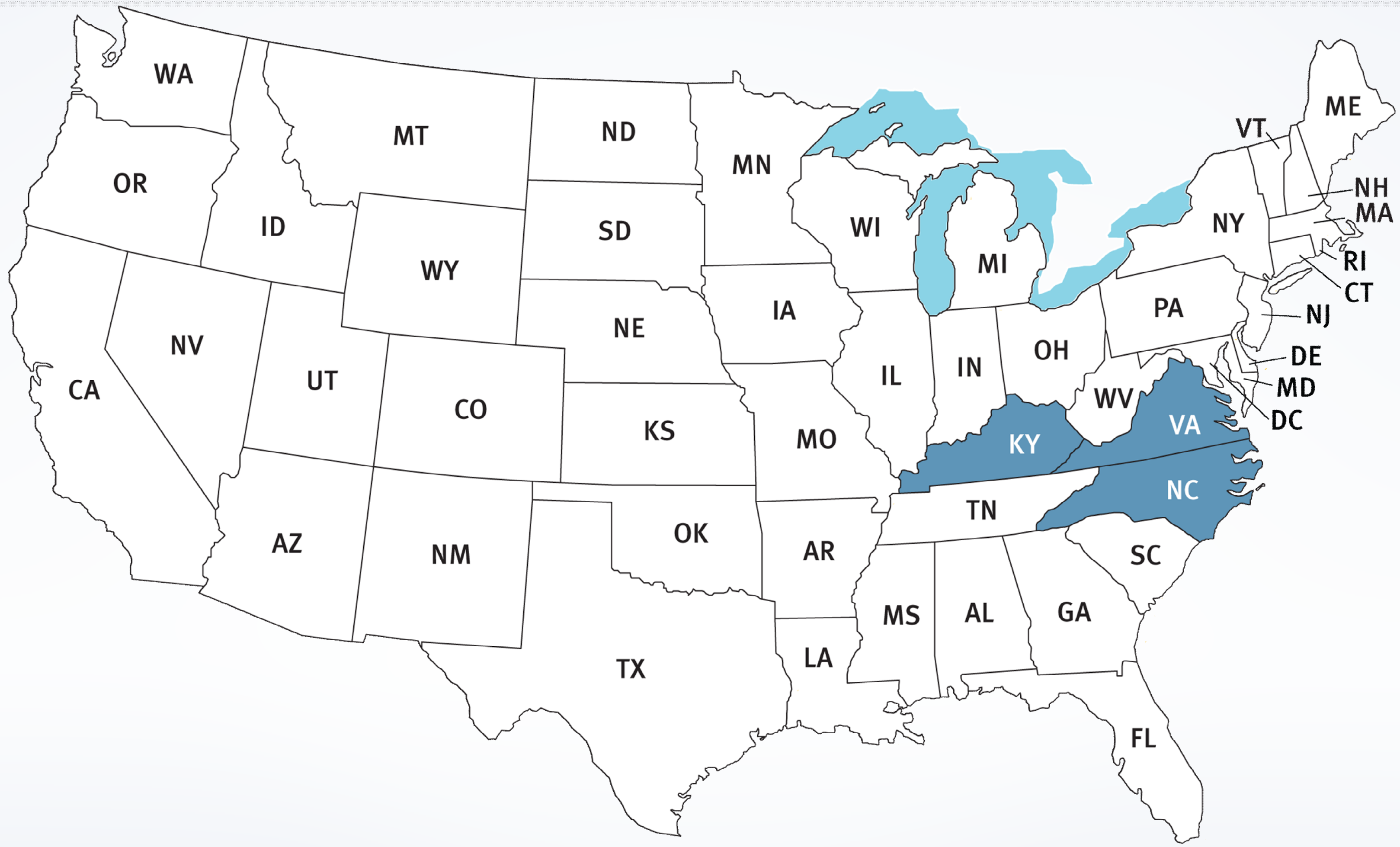


The 5 Discriminatory Tax Schemes

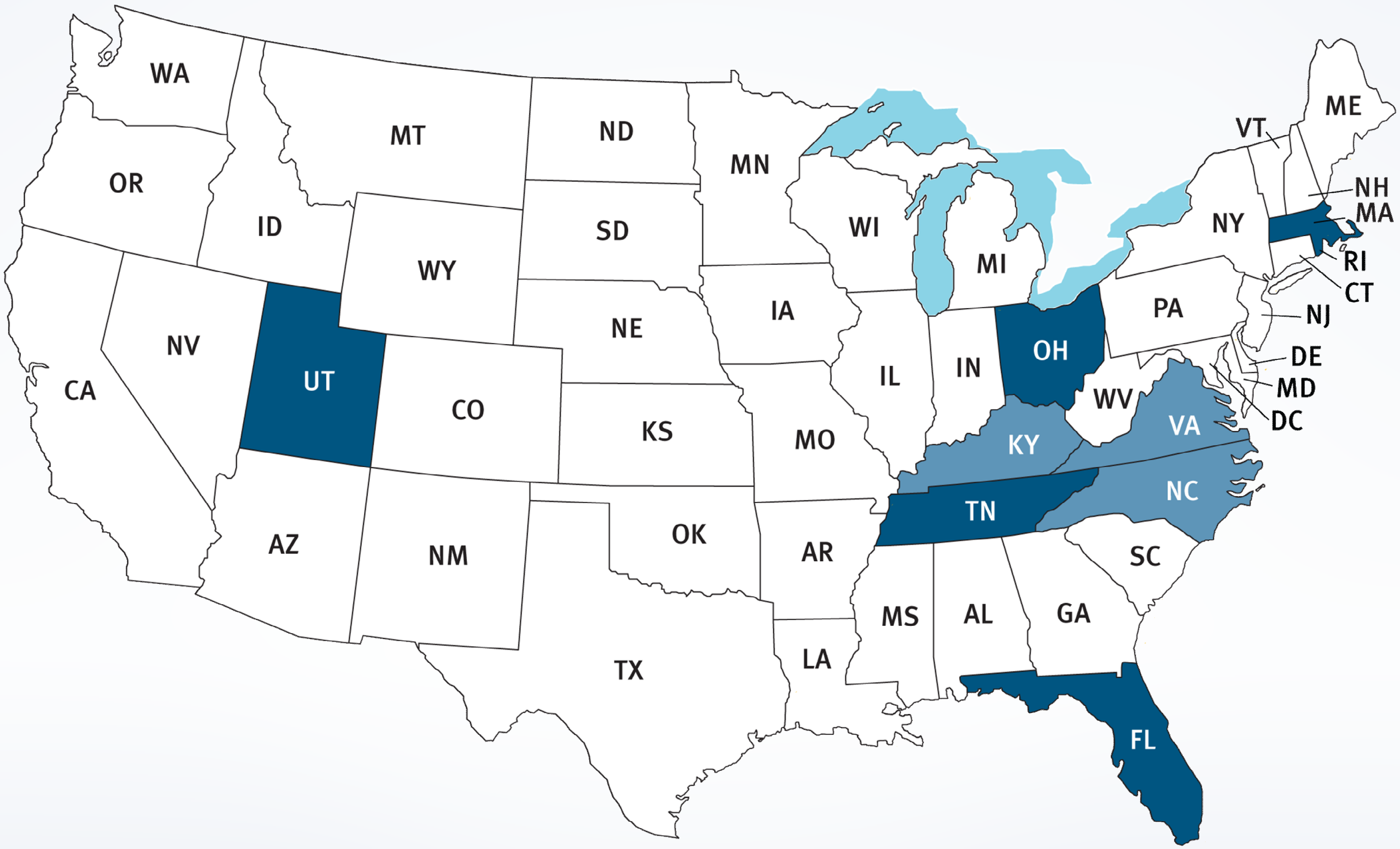
Tennessee (1999):	Sales tax exemption for first $15 of cable bills, but not satellite bills.
***Florida (2001):**	5.9% Tax on Cable; 9.9% tax on Satellite TV.
Ohio (2003):	5% state sales tax on only satellite TV.
Utah (2007):	6.25% state sales tax on all pay TV providers; offset of up to 50% of cable franchise fees.
Mass. (2009):	5% state sales tax on satellite TV only.

On June 11, 2015, a Florida appellate court ruled that the state's discriminatory tax on satellite TV – which dates back to 2001 – violates the dormant Commerce Clause of the U.S. Constitution. That decision is being appealed. On June 16, 2015, legislation was enacted to permanently reduce the state portion of cell phone and satellite taxes by 0.9 percent.

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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In summary:

- Despite repeated efforts by cable’s army of lobbyists, no state has enacted a discriminatory satellite Tax since 2009.
- The *only growing trend* is state legislatures’ **repeated rejection** of cable-sponsored discriminatory satellite TV tax proposals.

Conclusion

Competition brings lower prices, higher quality and better service. But, when discriminatory taxes are imposed, competition suffers, service gets worse, quality goes down, and prices go up.