COMCAST CORP
Form 10-Q
May 04, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 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

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**	**14-1682529**

DELAWARE

30 Rockefeller Plaza

New York, NY 10112-0015

(212) 664-4444

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 twelve 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 x	No ¨
NBCUniversal Media, LLC	Yes x	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 during the preceding 12 months (or for such period that the registrant was required to submit and post such files).

Comcast Corporation	Yes x	No ¨
NBCUniversal Media, LLC	Yes x	No ¨

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

Comcast Corporation	Large accelerated filer	x	Accelerated filer	¨	Non-accelerated filer	¨	Smaller reporting company	¨
NBCUniversal Media, LLC	Large accelerated filer	¨	Accelerated filer	¨	Non-accelerated filer	x	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 x
NBCUniversal Media, LLC	Yes ¨	No x

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

As of March 31, 2015, there were 2,122,916,309 shares of Comcast Corporation Class A common stock, 381,182,478 shares of Comcast Corporation Class A Special common stock and 9,444,375 shares of Comcast Corporation Class B common stock outstanding.

Not applicable for NBCUniversal Media, LLC.

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

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Explanatory Note

This Quarterly Report on Form 10-Q 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 H(1)(a) and (b) of Form 10-Q and is therefore filing its information within this Form 10-Q 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 condensed consolidated financial statements for each company, along with notes to the condensed consolidated financial statements, are included in this report. Unless indicated otherwise, throughout this Quarterly Report on Form 10-Q, 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 consolidated subsidiaries as Comcast Cable; Comcast Holdings Corporation as Comcast Holdings; and NBCUniversal, LLC as NBCUniversal Holdings.

This Quarterly Report on Form 10-Q is for the three months ended March 31, 2015. This Quarterly Report modifies and supersedes documents filed prior to this Quarterly Report. 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 Quarterly Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Quarterly Report.

You should carefully review the information contained in this Quarterly Report and particularly consider any risk factors set forth in this Quarterly Report and in other reports or documents that we file from time to time with the SEC. In this Quarterly Report, 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, believes, es potential, or continue, or the negative of those words, and other comparable words. You should be aware that these statements are only our predictions. In evaluating these statements, you should specifically consider various factors, including the risks outlined below and in other reports we file with the SEC. Actual events or our actual results may differ materially from any of our forward-looking statements. We undertake no obligation to update any forward-looking statements.

Our businesses may be affected by, among other things, the following:

- 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 changes in consumer behavior driven by new products and services may adversely affect our businesses and challenge existing business models

a decline in advertising expenditures or changes in advertising markets could negatively impact our businesses

our businesses depend on keeping pace with technological developments

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

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

programming expenses for our video services are increasing, which could adversely affect our Cable Communications segment s businesses

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

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

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

we may be unable to obtain necessary hardware, software and operational support

weak economic conditions may have a negative impact on our businesses

our businesses depend on using and protecting certain intellectual property rights and on not infringing the intellectual property rights of others

acquisitions and other strategic transactions present many risks, and we may not realize the financial and strategic goals that were contemplated at the time of any transaction

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

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

we face risks relating to doing business internationally that could adversely affect our businesses 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

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PART I: FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

Comcast Corporation

Condensed Consolidated Balance Sheet

(Unaudited)

(in millions, except share data)	March 31, 2015	December 31, 2014
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,937	$ 3,910
Investments	158	602
Receivables, net	6,144	6,321
Programming rights	945	839
Other current assets	1,737	1,859
Total current assets	12,921	13,531
Film and television costs	5,637	5,727
Investments	3,235	3,135
Property and equipment, net of accumulated depreciation of $46,037 and $45,410	31,127	30,953
Franchise rights	59,364	59,364
Goodwill	27,302	27,316
Other intangible assets, net of accumulated amortization of $10,507 and $10,170	16,852	16,980
Other noncurrent assets, net	2,319	2,333
Total assets	**$ 158,757**	**$ 159,339**
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses related to trade creditors	$ 6,157	$ 5,638
Accrued participations and residuals	1,387	1,347
Deferred revenue	970	915
Accrued expenses and other current liabilities	5,808	5,293
Current portion of long-term debt	4,180	4,217
Total current liabilities	18,502	17,410
Long-term debt, less current portion	42,953	44,017
Deferred income taxes	32,855	32,959
Other noncurrent liabilities	10,837	10,819
Commitments and contingencies (Note 11)		
Redeemable noncontrolling interests and redeemable subsidiary preferred stock	1,099	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, 2,488,377,059 and 2,496,598,612; outstanding, 2,122,916,309 and 2,131,137,862	25	25
Class A Special common stock, $0.01 par value authorized, 7,500,000,000 shares; issued, 452,117,242 and 471,419,601; outstanding, 381,182,478 and 400,484,837	5	5
Class B common stock, $0.01 par value authorized, 75,000,000 shares; issued and outstanding, 9,444,375		
Additional paid-in capital	38,660	38,805
Retained earnings	21,186	21,539
Treasury stock, 365,460,750 Class A common shares and 70,934,764 Class A Special common shares	(7,517)	(7,517)
Accumulated other comprehensive income (loss)	(188)	(146)
Total Comcast Corporation shareholders equity	52,171	52,711
Noncontrolling interests	340	357

Total equity	52,511	53,068
Total liabilities and equity	**$ 158,757**	**$ 159,339**

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Income

(Unaudited)

(in millions, except per share data)	Three Months Ended March 31 2015	2014
Revenue	$ 17,853	$ 17,408
Costs and Expenses:		
Programming and production	5,463	5,908
Other operating and administrative	5,079	4,749
Advertising, marketing and promotion	1,355	1,213
Depreciation	1,634	1,569
Amortization	432	401
	13,963	13,840
Operating income	3,890	3,568
Other Income (Expense):		
Interest expense	(656)	(642)
Investment income (loss), net	33	113
Equity in net income (losses) of investees, net	33	32
Other income (expense), net	102	(15)
	(488)	(512)
Income before income taxes	3,402	3,056
Income tax expense	(1,261)	(1,118)
Net income	2,141	1,938
Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock	(82)	(67)
Net income attributable to Comcast Corporation	**$ 2,059**	**$ 1,871**
Basic earnings per common share attributable to Comcast Corporation shareholders	**$ 0.82**	**$ 0.72**
Diluted earnings per common share attributable to Comcast Corporation shareholders	**$ 0.81**	**$ 0.71**
Dividends declared per common share	**$ 0.25**	**$ 0.225**

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Comprehensive Income

(Unaudited)

(in millions)	Three Months Ended March 31 2015	2014
Net income	$ 2,141	$ 1,938
Unrealized gains (losses) on marketable securities, net of deferred taxes of $ and $(17)		30
Deferred gains (losses) on cash flow hedges, net of deferred taxes of $23 and $1	(39)	(2)
Amounts reclassified to net income:		
Realized (gains) losses on marketable securities, net of deferred taxes of $ and $30		(50)
Realized (gains) losses on cash flow hedges, net of deferred taxes of $(22) and $2	37	(3)
Currency translation adjustments, net of deferred taxes of $23 and $(1)	(40)	2
Comprehensive income	2,099	1,915
Net (income) loss attributable to noncontrolling interests and redeemable subsidiary preferred stock	(82)	(67)
Comprehensive income attributable to Comcast Corporation	**$ 2,017**	**$ 1,848**

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Cash Flows

(Unaudited)

(in millions)	Three Months Ended March 31 2015	2014
Net cash provided by operating activities	**$ 5,245**	**$ 4,486**
Investing Activities		
Capital expenditures	(1,726)	(1,448)
Cash paid for intangible assets	(273)	(217)
Acquisitions and construction of real estate properties	(24)	
Proceeds from sales of businesses and investments	180	300
Purchases of investments	(32)	(37)
Other	181	(103)
Net cash provided by (used in) investing activities	**(1,694)**	**(1,505)**
Financing Activities		
Proceeds from (repayments of) short-term borrowings, net	(150)	(364)
Proceeds from borrowings		2,187
Repurchases and repayments of debt	(909)	(2,260)
Repurchases and retirements of common stock	(2,000)	(750)
Dividends paid	(572)	(508)
Issuances of common stock	28	20
Distributions to noncontrolling interests and dividends for redeemable subsidiary preferred stock	(62)	(66)
Other	141	96
Net cash provided by (used in) financing activities	**(3,524)**	**(1,645)**
Increase (decrease) in cash and cash equivalents	27	1,336
Cash and cash equivalents, beginning of period	3,910	1,718
Cash and cash equivalents, end of period	**$ 3,937**	**$ 3,054**

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

Condensed Consolidated Statement of Changes in Equity

(Unaudited)

(in millions)	Redeemable Noncontrolling Interests and Redeemable Subsidiary Preferred Stock	Common Stock A	Common Stock A Special	Common Stock B	Additional Paid-In Capital	Retained Earnings	Treasury Stock at Cost	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total Equity
Balance, December 31, 2013	$ 957	$ 25	$ 5	$	$ 38,890	$ 19,235	$ (7,517)	$ 56	$ 364	$ 51,058
Stock compensation plans					242	(206)				36
Repurchases and retirements of common stock					(172)	(578)				(750)
Employee stock purchase plans					26					26
Dividends declared						(585)				(585)
Other comprehensive income (loss)								(23)		(23)
Issuance of subsidiary shares to noncontrolling interests	82									
Contributions from (distributions to) noncontrolling interests, net	(5)								(37)	(37)
Other	(5)				(1)				(6)	(7)
Net income (loss)	24					1,871			43	1,914
Balance, March 31, 2014	**$ 1,053**	**$ 25**	**$ 5**	**$**	**$ 38,985**	**$ 19,737**	**$ (7,517)**	**$ 33**	**$ 364**	**$ 51,632**
Balance, December 31, 2014	$ 1,066	$ 25	$ 5	$	$ 38,805	$ 21,539	$ (7,517)	$ (146)	$ 357	$ 53,068
Stock compensation plans					232	(189)				43
Repurchases and retirements of common stock					(407)	(1,593)				(2,000)
Employee stock purchase plans					30					30
Dividends declared						(630)				(630)
Other comprehensive income (loss)								(42)		(42)
Contributions from (distributions to) noncontrolling interests, net									(34)	(34)
Other	7								(39)	(39)
Net income (loss)	26					2,059			56	2,115
Balance, March 31, 2015	**$ 1,099**	**$ 25**	**$ 5**	**$**	**$ 38,660**	**$ 21,186**	**$ (7,517)**	**$ (188)**	**$ 340**	**$ 52,511**

See accompanying notes to condensed consolidated financial statements.

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Comcast Corporation

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1: Condensed Consolidated Financial Statements

Basis of Presentation

We have prepared these unaudited condensed consolidated financial statements based on SEC rules that permit reduced disclosure for interim periods. These financial statements include all adjustments that are necessary for a fair presentation of our consolidated results of operations, financial condition and cash flows for the periods shown, including normal, recurring accruals and other items. The consolidated results of operations for the interim periods presented are not necessarily indicative of results for the full year.

The year-end condensed consolidated balance sheet was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles in the United States (GAAP). For a more complete discussion of our accounting policies and certain other information, refer to our consolidated financial statements included in our 2014 Annual Report on Form 10-K.

Reclassifications

Reclassifications have been made to our condensed consolidated financial statements for the prior year period to conform to classifications used in 2015.

Note 2: Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board 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 entities have to refer. In April 2015, the FASB voted to propose deferring the effective date by one year to December 15, 2017 for annual reporting periods beginning after that date. The FASB also proposed permitting early adoption of the updated accounting guidance, but not before the original effective date of December 15, 2016. The updated accounting guidance provides companies with alternative methods of adoption. We are currently in the process of determining the impact that the updated accounting guidance will have on our consolidated financial statements and our method of adoption.

Debt Issuance Costs

In April 2015, the FASB updated the accounting guidance related to the balance sheet presentation of debt issuance costs. The updated accounting guidance requires that debt issuance costs be presented as a direct deduction from the associated debt liability. The updated accounting guidance will be effective for us on January 1, 2016, and early adoption is permitted. The updated accounting guidance will be applied retrospectively to all prior periods presented. We do not currently expect that the updated accounting guidance will have a material impact on our consolidated balance sheet.

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Note 3: Earnings Per Share

Computation of Diluted EPS

	Three Months Ended March 31					
	2015			2014		
(in millions, except per share data)	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount	Net Income Attributable to Comcast Corporation	Shares	Per Share Amount
Basic EPS attributable to Comcast Corporation shareholders	$ 2,059	2,520	$ 0.82	$ 1,871	2,603	$ 0.72
Effect of dilutive securities:						
Assumed exercise or issuance of shares relating to stock plans		36			42	
Diluted EPS attributable to Comcast Corporation shareholders	**$ 2,059**	**2,556**	**$ 0.81**	**$ 1,871**	**2,645**	**$ 0.71**

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).

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 for the three months ended March 31, 2015 and 2014.

Note 4: Significant Transactions

Time Warner Cable Merger and Related Divestiture Transactions

On February 12, 2014, we entered into an agreement and plan of merger (the merger agreement) with Time Warner Cable Inc. (Time Warner Cable), which contemplated that Time Warner Cable would become our wholly owned subsidiary. On April 24, 2015, we and Time Warner Cable entered into a termination agreement, which terminated the merger agreement.

On April 25, 2014, we entered into an agreement with Charter Communications, Inc. (Charter), which contemplated three transactions: (1) a spin-off of certain of our existing cable systems into a newly formed public entity, (2) an exchange of certain former Time Warner Cable cable systems for Charter cable systems, and (3) a sale to Charter of certain former Time Warner Cable cable systems for cash (collectively, the divestiture transactions). In accordance with the terms of this agreement, the divestiture transactions became terminable upon termination of the merger agreement. On April 24, 2015, we delivered a notice of termination of the agreement to Charter.

In connection with the Time Warner Cable merger and the divestiture transactions, we incurred incremental expenses of $99 million and $17 million for the three months ended March 31, 2015 and 2014, respectively. The transaction-related expenses included legal, accounting and valuation services and advisory fees, all of which are reflected in other operating and administrative expenses.

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Comcast Corporation

Note 5: Film and Television Costs

(in millions)	March 31, 2015	December 31, 2014
Film Costs:		
Released, less amortization	$ 1,244	$ 1,371
Completed, not released	444	71
In production and in development	952	1,189
	2,640	2,631
Television Costs:		
Released, less amortization	1,361	1,273
In production and in development	407	505
	1,768	1,778
Programming rights, less amortization	2,174	2,157
	6,582	6,566
Less: Current portion of programming rights	945	839
Film and television costs	**$ 5,637**	**$ 5,727**

Note 6: Investments

(in millions)	March 31, 2015	December 31, 2014
Fair Value Method	$ 182	$ 662
Equity Method:		
The Weather Channel	336	335
Hulu	279	167
Other	534	517
	1,149	1,019
Cost Method:		
AirTouch	1,572	1,568
Other	490	488
	2,062	2,056
Total investments	3,393	3,737
Less: Current investments	158	602
Noncurrent investments	**$ 3,235**	**$ 3,135**

Investment Income (Loss), Net

	Three Months Ended March 31	
(in millions)	2015	2014
Gains on sales and exchanges of investments, net	$	$ 83
Investment impairment losses	(15)	(5)
Unrealized gains (losses) on securities underlying prepaid forward sale agreements	42	(113)
Mark to market adjustments on derivative component of prepaid forward sale agreements and indexed debt instruments	(38)	117
Interest and dividend income	28	28
Other, net	16	3

Investment income (loss), net	**$ 33**	**$ 113**

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Comcast Corporation

Fair Value Method

During the three months ended March 31, 2015, we settled $517 million of our obligations under prepaid forward sale agreements by delivering equity securities. As of March 31, 2015, we have no remaining liabilities related to obligations under prepaid forward sale agreements.

Cost Method

AirTouch

We hold two series of preferred stock of AirTouch Communications, Inc. (AirTouch), a subsidiary of Verizon Communications Inc., which are redeemable in April 2020. As of March 31, 2015, the estimated fair values of the AirTouch preferred stock and the associated liability related to the redeemable subsidiary preferred shares issued by one of our consolidated subsidiaries were each $1.7 billion. The estimated fair values 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.

Note 7: Long-Term Debt

As of March 31, 2015, our debt had a carrying value of $47.1 billion and an estimated fair value of $54.9 billion. 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.

Debt Repayments

In January 2015, we repaid at maturity $900 million aggregate principal amount of 6.50% senior notes due 2015. In April 2015, we repaid at maturity $1 billion aggregate principal amount of 3.65% senior notes due 2015.

Revolving Credit Facilities

As of March 31, 2015, amounts available under our consolidated revolving credit facilities, net of amounts outstanding under our commercial paper programs and outstanding letters of credit, totaled $6.6 billion, which included $650 million available under NBCUniversal Enterprise Inc. s (NBCUniversal Enterprise) revolving credit facility.

Commercial Paper Programs

As of March 31, 2015, NBCUniversal Enterprise had $700 million face amount of commercial paper outstanding.

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Comcast Corporation

Note 8: 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 valuation techniques (market approach, income approach and cost approach). Level 1 consists of financial instruments whose values are based on quoted market prices for identical financial instruments in an active market. Level 2 consists of financial instruments that are valued using models or other valuation methodologies. These models use inputs that are observable either directly or indirectly. Level 3 consists of financial instruments whose 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. Our financial instruments that are accounted for at fair value on a recurring basis are presented in the table below.

Recurring Fair Value Measures

	Fair Value as of				
	March 31, 2015				December 31, 2014
(in millions)	Level 1	Level 2	Level 3	Total	Total
Assets					
Trading securities	$ 42	$	$	$ 42	$ 523
Available-for-sale securities	1	121	10	132	132
Interest rate swap agreements		91		91	84
Other		48	8	56	71
Total	**$ 43**	**$ 260**	**$ 18**	**$ 321**	**$ 810**
Liabilities					
Derivative component of prepaid forward sale agreements and indexed debt instruments	$	$ 3	$	$ 3	$ 361
Contractual obligations			904	904	883
Contingent consideration			632	632	644
Other		50		50	8
Total	**$**	**$ 53**	**$ 1,536**	**$ 1,589**	**$ 1,896**

Contractual Obligations and Contingent Consideration

The estimated fair values of the contractual obligations and contingent consideration in the table above are primarily based on certain expected future discounted cash flows, the determination of which involves the use of significant unobservable inputs. The most significant unobservable inputs we use include our estimates of the future revenue we expect to generate from certain NBCUniversal businesses, which are related to our contractual obligations, and future net tax benefits that will affect payments to General Electric Company (GE), which are related to our contingent consideration. The discount rates used in the measurements of fair value were between 5% and 13% and are based on the underlying risk associated with our estimate of future revenue, the terms of the respective contracts and the uncertainty in the timing of our payments to GE. The fair value adjustments to contractual obligations and contingent consideration are sensitive to the assumptions related to future revenue and tax benefits, respectively, as well as to current interest rates, and therefore the adjustments are recorded to other income (expense), net in our condensed consolidated statement of income.

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Comcast Corporation

Changes in Contractual Obligations and Contingent Consideration

(in millions)	Contractual Obligations	Contingent Consideration
Balance, December 31, 2014	$ 883	$ 644
Fair value adjustments	40	7
Payments	(19)	(19)
Balance, March 31, 2015	**$ 904**	**$ 632**

Fair Value of Redeemable Subsidiary Preferred Stock

As of March 31, 2015, the fair value of the NBCUniversal Enterprise redeemable subsidiary preferred stock was $764 million. The estimated fair value is 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.

Note 9: Share-Based Compensation

Our share-based compensation primarily consists of awards of stock options and RSUs to certain employees and directors as part of our approach to long-term incentive compensation. Additionally, through our employee stock purchase plans, employees are able to purchase shares of Comcast Class A common stock at a discount through payroll deductions.

In March 2015, we granted 17.6 million stock options and 5.1 million RSUs related to our annual management awards. The weighted-average fair values associated with these grants were $11.79 per stock option and $59.50 per RSU.

Recognized Share-Based Compensation Expense

	Three Months Ended March 31	
(in millions)	2015	2014
Stock options	$ 35	$ 36
Restricted share units	58	48
Employee stock purchase plans	8	6
Total	**$ 101**	**$ 90**

As of March 31, 2015, we had unrecognized pretax compensation expense of $461 million and $725 million related to nonvested stock options and nonvested RSUs, respectively.

Note 10: Supplemental Financial Information

Receivables

(in millions)	March 31, 2015	December 31, 2014
Receivables, gross	$ 6,634	$ 6,885
Less: Allowance for returns and customer incentives	297	359
Less: Allowance for doubtful accounts	193	205

Receivables, net	**$ 6,144**	**$ 6,321**

Comcast Corporation

Accumulated Other Comprehensive Income (Loss)

(in millions)	March 31, 2015	March 31, 2014
Unrealized gains (losses) on marketable securities	$ 1	$ 47
Deferred gains (losses) on cash flow hedges	(6)	(50)
Unrecognized gains (losses) on employee benefit obligations	(68)	71
Cumulative translation adjustments	(115)	(35)
Accumulated other comprehensive income (loss), net of deferred taxes	**$ (188)**	**$ 33**

Net Cash Provided by Operating Activities

	Three Months Ended March 31	
(in millions)	2015	2014
Net income	$ 2,141	$ 1,938
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,066	1,970
Share-based compensation	135	119
Noncash interest expense (income), net	51	42
Equity in net (income) losses of investees, net	(33)	(32)
Cash received from investees	22	18
Net (gain) loss on investment activity and other	(121)	(59)
Deferred income taxes	(119)	(226)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Current and noncurrent receivables, net	119	195
Film and television costs, net	(38)	154
Accounts payable and accrued expenses related to trade creditors	372	82
Other operating assets and liabilities	650	285
Net cash provided by operating activities	**$ 5,245**	**$ 4,486**

Cash Payments for Interest and Income Taxes

	Three Months Ended March 31	
(in millions)	2015	2014
Interest	$ 691	$ 623
Income taxes	$ 118	$ 186

Noncash Investing and Financing Activities

During the three months ended March 31, 2015:

we acquired $978 million of property and equipment and intangible assets that were accrued but unpaid we recorded a liability of $630 million for a quarterly cash dividend of $0.25 per common share paid in April 2015

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

we recorded a liability of $123 million for a capital contribution for an investment that was accrued but unpaid

Note 11: Commitments and Contingencies

Contingencies

We are a defendant in several unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. In certain of these cases other industry participants are also defendants, and also in certain of these cases we expect that any potential liability would be in part or in whole the responsibility of our equipment and technology vendors under applicable contractual indemnification provisions.

We are also subject to other legal proceedings and claims that arise in the ordinary course of our business. While the amount of ultimate liability with respect to such actions is not expected to materially affect our results of operations, cash flows or financial position, any litigation resulting from any such legal proceedings or claims could be time-consuming and injure our reputation.

Note 12: Financial Data by Business Segment

We present our operations in five reportable business segments:

Cable Communications: Consists of the operations of Comcast Cable, which is the nation s largest provider of video, high-speed Internet and voice services (cable services) to residential customers under the XFINITY brand; we also provide similar and other services to small and medium-sized businesses 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 production operations.

Broadcast Television: Consists primarily of the NBC and Telemundo broadcast networks, our NBC and Telemundo owned local broadcast television stations, the NBC Universo national cable network, and our broadcast television production operations.

Filmed Entertainment: Consists primarily of the studio operations of Universal Pictures, which produces, acquires, markets and distributes filmed entertainment worldwide.

Theme Parks: Consists primarily of our Universal theme parks in Orlando, Florida and Hollywood, California.

In evaluating the profitability of our operating segments, the components of net income (loss) below operating income (loss) before depreciation and amortization are not separately evaluated by our management. Our financial data by business segment is presented in the tables below.

	Three Months Ended March 31, 2015				
(in millions)	Revenue[d]	Operating Income (Loss) Before Depreciation and Amortization[e]	Depreciation and Amortization	Operating Income (Loss)	Capital Expenditures
Cable Communications[a]	$ 11,430	$ 4,674	$ 1,675	$ 2,999	$ 1,445
NBCUniversal					

Cable Networks	2,359	898	184	714	6
Broadcast Television	2,248	182	29	153	11
Filmed Entertainment	1,446	293	5	288	1
Theme Parks	651	263	66	197	162
Headquarters and Other[b]	4	(140)	80	(220)	88
Eliminations[c]	(104)	(2)			