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February 26, 2016

# **VIA ELECTRONIC FILING**

Ms. Marlene H. Dortch, Secretary Federal Communications Commission 445 Twelfth Street, S.W. Washington, D.C. 20554

Re: In the Matter of Applications of Comcast Corporation, General Electric Company, and NBC Universal Inc. for Consent to Assign Licenses and Transfer Control of Licensees, MB Docket No. 10-56

Dear Ms. Dortch:

In accordance with the provisions of the Memorandum Opinion and Order adopted in the above-referenced proceeding, <sup>1</sup> Comcast Corporation, for itself and on behalf of NBCUniversal Media, LLC (collectively, the "Company"), hereby submits its Fifth Annual Report of Compliance with Transaction Conditions. This report summarizes the steps the Company has taken across its various business units to comply with each of the Conditions in Appendix A of the *Transaction Order*. A copy of this report will be available at http://corporate.comcast.com/news-information/nbcuniversal-transaction.

Please do not hesitate to contact me should you have any questions.

Sincerely yours,

Lynn R. Charytan

EVP & General Counsel

Comcast Cable

SVP & Senior Deputy General Counsel

**Comcast Corporation** 

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<sup>&</sup>lt;sup>1</sup> Applications of Comcast Corporation, General Electric Company, and NBC Universal, Inc. for Consent to Assign Licenses and Transfer Control of Licensees, Memorandum Opinion and Order, 26 FCC Rcd 4238 (2011) ("Transaction Order").

Ms. Marlene H. Dortch February 26, 2016 Page 2

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# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC

In the Matter of	)	
	)	
Applications of Comcast Corporation,	)	
General Electric Company,	)	MB Docket No. 10-56
and NBC Universal, Inc.	)	
	)	
For Consent to Assign Licenses and	)	
Transfer Control of Licensees	)	

# FIFTH ANNUAL REPORT OF COMPLIANCE WITH TRANSACTION CONDITIONS

Comcast Corporation NBCUniversal Media, LLC

300 New Jersey Avenue, NW Suite 700 Washington, DC 20001 (202) 379-7121

# TABLE OF CONTENTS

	Pa	ge
COMF	PLIANCE WITH SPECIFIC CONDITIONS	2
I.	DEFINITIONS	2
II.	ACCESS TO COMCAST-NBCUNIVERSAL PROGRAMMING	
III.	CARRIAGE OF UNAFFILIATED VIDEO PROGRAMMING	
	Non-Discriminatory Carriage	
	2. Neighborhooding	
	3. New Independent Networks	
	4. Program Carriage Complaints	
IV.	ONLINE CONDITIONS	
A.	Online Program Access Requirements and Procedures	3
B.	Exclusivity/Windowing	4
C.	Continued Access to Online Content and Hulu	4
	1. Continued Programming on NBC.com	4
	2. Preexisting OVD Deals	
	3. Provision of Content to Hulu	4
	4. Relinquishment of Control over Hulu	5
D.	Standalone Broadband Internet Access Service ("BIAS")	5
	1. Provision of Standalone BIAS	
	2. Visibly Offer and Actively Market Retail Standalone BIAS	5
	3. BIAS Annual Report	5
E.	Other BIAS Conditions	6
	1-2.Specialized Service Requirements	
	3. 12 Mbps Offering	
F.	"Specialized Service" on Comcast Set-Top Boxes ("STBs")	
G.	Unfair Practices	
V.	NOTICE OF CONDITIONS	
VI.	REPLACEMENT OF PRIOR CONDITIONS	
VII.	COMMERCIAL ARBITRATION REMEDY	
VIII.	MODIFICATION TO THE AAA RULES FOR ARBITRATION	7
IX.	BROADCAST CONDITIONS	7
Χ.	DIVERSITY CONDITIONS	
	1. Telemundo Multicast Channel	
	2-3.Telemundo and mun2 Programming on VOD and Online	
	4. New Weekly Business Program	
	5. Independent Programming Reports	
XI.	LOCALISM	
	1. News, Public Affairs, and Other Local Public Interest Programming	
	a. Preservation of Current Levels of NBC and Telemundo News and Information	
	Programming	
	b. Increased Investment in NBC Local News	
	c Increased Investment in Telemundo Local News	12

# TABLE OF CONTENTS

		Page
	2-3. 1,000 Hours of Additional Local News and Information Programming	13
	a. NBC Owned Television Stations	13
	b. Telemundo Station Group	14
	4. News and Information Programming Reports	14
	5. Non-Profit News Partners	14
	6. More VOD Choices at No Additional Charge	14
	7. Broadcast Content on VOD	
XII.	JOURNALISTIC INDEPENDENCE	15
XIII.	CHILDREN'S PROGRAMMING	15
	1. Additional Children's VOD and E/I Programming	15
	2. Ratings Icons and Parental Controls	15
	a. Improved Ratings Icons	15
	b. Improved Parental Controls	15
	c. Parental Dashboard	15
	d. Blocking Capabilities of IP-based STBs	16
	e. Online Ratings Icons	16
	3. Partnership with Common Sense Media ("CSM")	16
	4-5.Interactive Advertising	
	6. PSAs	16
XIV.	PEG CONDITIONS	17
	1. No Migration to Digital Delivery	17
	2. PEG Carriage on Digital Starter	17
	3. Quality of PEG Delivery	17
	4. PEG Pilot Program	17
XV.	NCE AND LOCAL NCE	18
XVI.	BROADBAND DEPLOYMENT AND ADOPTION	18
	1. Broadband Footprint Expansion	
	a. 1,500-mile Expansion	
	b. Internet Service Upgrades to Rural Communities	18
	c. Additional Courtesy Accounts	
	2. Broadband Adoption – <i>Internet Essentials</i> , the Comcast Broadband Opportu	
	Program	18
XVII.	GENERAL	
VIII.	VIOLATIONS	
XIX.	REPORTING REQUIREMENTS	
XX.	TERM	

# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC

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February 26, 2016

# FIFTH ANNUAL REPORT OF COMPLIANCE WITH TRANSACTION CONDITIONS

Comcast Corporation ("Comcast"), for itself and on behalf of NBCUniversal Media, LLC ("NBCUniversal") (and collectively, the "Company"), submits its fifth annual report regarding the Company's compliance with the conditions set forth in Appendix A (the "Conditions") of the *Transaction Order*<sup>1</sup> for the period of January 29, 2015 through January 28, 2016 (the "Reporting Period"). In accordance with Condition XIX of the *Transaction Order*, a copy of this report is available as of today on the Corporate Website.<sup>2</sup>

This report is organized to correspond with each section of the Conditions. Where a particular section is definitional only or otherwise does not include directives requiring or prohibiting certain conduct, this report nonetheless includes a reference for completeness.

As previously reported, transaction compliance is led by David L. Cohen, Comcast Corporation's Senior Executive Vice President, and supported by dedicated Transaction Compliance Teams at both Comcast and NBCUniversal. The teams collaborate to ensure consistency in compliance methods, interpretation, and oversight across the Company's numerous business units, train relevant personnel, and review any transaction that may implicate

Applications of Comcast Corporation, General Electric Company, and NBC Universal, Inc., for Consent to Assign Licenses and Transfer Control of Licensees, Memorandum Opinion and Order, 26 FCC Rcd 4238 (2011) (as amended by the Erratum released on March 9, 2011). Capitalized terms have the meaning ascribed herein and do not necessarily conform to the terms or definitions used in the *Transaction Order*.

<sup>&</sup>lt;sup>2</sup> See <a href="http://corporate.com/ast.com/news-information/nbcuniversal-transaction">http://corporate.com/ast.com/news-information/nbcuniversal-transaction</a> ("Corporate Website").

the Conditions. The Company also operates an enterprise-wide database to track compliance with each of the Conditions.

## **COMPLIANCE WITH SPECIFIC CONDITIONS**

#### I. **DEFINITIONS**

Provision defining the terms used in the Conditions: This section is definitional only.

#### II. ACCESS TO COMCAST-NBCUNIVERSAL PROGRAMMING

Provision establishing that multichannel video programming distributors ("MVPDs") may submit program access disputes to commercial arbitration: NBCUniversal remains committed to good faith commercial negotiations designed to make its programming available to MVPDs at a mutually acceptable price, and on mutually acceptable terms and conditions. Comcast received its first arbitration demand from an MVPD relating to a dispute over the terms of carriage. The affected programming continues to be carried in the interim.

#### III. CARRIAGE OF UNAFFILIATED VIDEO PROGRAMMING

## 1. Non-Discriminatory Carriage

Prohibition on the Company discriminating in video programming distribution on the basis of affiliation or non-affiliation: Compliance with the program carriage requirements is integrated into the Company's day-to-day business and guides its carriage decisions; this is also an area of focus for the Comcast Transaction Compliance Team. No program carriage complaints were filed against Comcast during the Reporting Period.

Comcast continued to demonstrate its commitment to the distribution of unaffiliated programming by launching new independent networks and substantially expanding the distribution of several existing independent networks owned by or focused on diverse audiences. Comcast carries over 160 independent networks, including many small, diverse, and international ones, and six of every seven networks carried by Comcast are unaffiliated with the Company.

#### 2. Neighborhooding

Requirement that independent news channels be included if Comcast creates news neighborhoods: As previously reported, Comcast has fully repositioned Bloomberg Television in all relevant markets in accordance with the Commission's order in *Bloomberg L.P. v. Comcast Cable Communications, LLC*, MB Docket No. 11-104, Memorandum Opinion and Order (rel. Sep. 26, 2013). The Company has received no other neighborhooding requests.

#### 3. New Independent Networks

Requirement to launch 10 new independently owned or operated networks within eight years, eight of which are to be minority owned or controlled: Since 2011, Comcast has added over 20 independent networks (including four independent networks with African American or Hispanic American ownership – ASPiRE, BabyFirst Americas, REVOLT, and El Rey) and has substantially expanded carriage of over 140 independent networks to over 217 million subscribers. The Company is also reviewing proposals for two substantially Hispanic American owned, independent English-language networks that it will launch in select Comcast markets by January 28, 2017.<sup>3</sup>

# 4. Program Carriage Complaints

Procedure for bringing carriage complaints: This section is administrative in nature.

#### IV. ONLINE CONDITIONS

# A. Online Program Access Requirements and Procedures

Provision setting forth program access requirements that obligate the Company to provide its programming for online display by third parties in certain circumstances: Agreements with online video distributors ("OVDs") continue to be a regular part of the Company's program licensing business, as they were before the Transaction. NBCUniversal entered into or renewed agreements with several OVDs during the Reporting Period, including deals with Amazon, AOL, Hulu, Netflix, and others, 4 as well as deals with several MVPDs that include access to linear channels across multiple platforms. Separate from these content distribution deals, NBCUniversal produced original programming for Netflix and Hulu. 5

<sup>&</sup>lt;sup>3</sup> Comcast Cable Accepting Proposals for Two New Hispanic American Owned Independent Networks (Aug. 26, 2015), *available at* <a href="http://corporate.comcast.com/news-information/news-feed/comcast-cable-accepting-proposals-for-two-new-hispanic-american-owned-independent-networks">http://corporate.comcast.com/news-information/news-feed/comcast-cable-accepting-proposals-for-two-new-hispanic-american-owned-independent-networks</a>.

<sup>&</sup>lt;sup>4</sup> K. Stanhope, *Amazon Prime Acquires USA's Mr. Robot*, The Hollywood Reporter (Sep. 25, 2015), *available at* <a href="http://www.hollywoodreporter.com/live-feed/amazon-prime-acquires-usas-mr-827175">http://www.hollywoodreporter.com/live-feed/amazon-prime-acquires-usas-mr-827175</a>; J. Lafayette, *NBCU and AOL in Streaming Deal*, Broadcasting & Cable (Apr. 28, 2015), *available at* <a href="http://www.broadcastingcable.com/news/technology/nbcu-and-aol-streaming-deal/140364">http://www.broadcastingcable.com/news/technology/nbcu-and-aol-streaming-deal/140364</a>; Netflix Licenses Global Streaming Rights for "Colony" from Legendary Television and Universal Cable Productions (Sep. 28, 2015), *available at* <a href="https://pr.netflix.com/WebClient/getNewsSummary.do?newsId=2623">https://pr.netflix.com/WebClient/getNewsSummary.do?newsId=2623</a>.

D. Itzkoff, *Tina Fey's "Unbreakable Kimmy Schmidt" Heads to Netflix*, The New York Times (Feb. 20, 2015), *available at* <a href="http://www.nytimes.com/2015/02/22/arts/television/tina-feys-unbreakable-kimmy-schmidt-heads-to-netflix.html">http://www.nytimes.com/2015/02/22/arts/television/tina-feys-unbreakable-kimmy-schmidt-heads-to-netflix.html</a>; T. Spangler, *Hulu Renews Amy Poehler's "Difficult People" for Season 2*, (Aug. 27, 2015) Variety, *available at* <a href="http://variety.com/2015/digital/news/hulu-difficult-people-season-2-renewed-amy-poehler-1201579687">http://variety.com/2015/digital/news/hulu-difficult-people-season-2-renewed-amy-poehler-1201579687</a>; L. Goldberg, *Netflix Orders Psychological Thriller "Gypsy" to Series*, (Jan. 6,

As previously reported, the applications for review in the Project Concord arbitration remain pending, as does the application for review filed by several content companies challenging the Media Bureau's clarification that OVDs invoking the Benchmark Condition must disclose the terms of the comparable peer agreements to NBCUniversal's outside counsel and consultants to the extent necessary to enable NBCUniversal to carry out its obligations under the Condition.

# B. Exclusivity/Windowing

Restriction on the Company's ability to enter into or enforce provisions designed to limit online video distribution, except in certain circumstances: The Company carefully reviews proposals to limit online display of video programming, whether in carriage or licensing agreements, to ensure compliance with this Condition. The Company believes that its approach positions it as the most "online friendly" programmer and MVPD in the industry.

# C. Continued Access to Online Content and Hulu

# 1. Continued Programming on NBC.com

Requirement to continue to provide equivalent programming on NBC.com on equivalent terms and conditions: During the Reporting Period, NBC.com maintained programming of the equivalent type, quantity, and quality as provided by the site on the date of the *Transaction Order*, and on equivalent terms and conditions.

# 2. Preexisting OVD Deals

Obligation to honor any agreement or arrangement entered into before the date of the Transaction Order providing rights to online video programming: Preexisting licenses for online display of programming continue to be honored until the close of their existing terms, absent material breach by the licensee.

#### 3. Provision of Content to Hulu

Requirement that NBCUniversal renew its agreements with Hulu on substantially the same terms and conditions as the other two content partners (Disney-ABC Television Group and Fox Entertainment Group): The parties' interactions in this regard have been conducted in accordance with the provisions of this Condition.

2016), The Hollywood Reporter, *available at* <a href="http://www.hollywoodreporter.com/live-feed/netflix-orders-psychological-thriller-gypsy-852403">http://www.hollywoodreporter.com/live-feed/netflix-orders-psychological-thriller-gypsy-852403</a>.

-4-

<sup>&</sup>lt;sup>6</sup> In the Matter of Arbitration between Project Concord, Inc. v. NBCUniversal Media, LLC, MB Docket No. 10-56, Project Concord, Inc.'s Application for Review (filed Dec. 13, 2012); NBCUniversal Media LLC's Application for Review (filed Dec. 13, 2012).

<sup>&</sup>lt;sup>7</sup> MB Docket No. 10-56, Order (rel. Dec. 4, 2012).

# 4. Relinquishment of Control over Hulu

Obligation to convert NBCUniversal's interest in Hulu to one that is purely economic: As previously reported, this obligation has been completed.

# D. Standalone Broadband Internet Access Service ("BIAS")

#### 1. Provision of Standalone BIAS

Requirement to provide BIAS on a standalone basis and to offer a new 6 Mbps down service at no more than \$49.95 per month: Comcast continues to offer, on a standalone basis and at reasonable prices, any tiers of BIAS that it offers on a bundled or multi-product basis. Comcast also offers its "Performance Starter" tier, a standalone BIAS service with speeds of at least 6 Mbps down, priced at \$49.95 per month. As previously reported, pursuant to the Broadband Consent Decree, Comcast satisfied the requirement in full by offering Performance Starter through February 21, 2015, though the Company continues to offer the service tier to date. The Broadband Consent Decree also imposes training and other requirements to reinforce Comcast's standalone BIAS obligations, which are discussed in a separate report.

# 2. Visibly Offer and Actively Market Retail Standalone BIAS

Obligation to visibly offer and actively market standalone BIAS: Comcast regularly promotes standalone BIAS in its general marketing efforts, referencing the standalone BIAS options in advertisements and other promotional materials. As required by this Condition, Comcast supplemented its normal practices during the Reporting Period with a major advertising campaign for its standalone BIAS offerings. Comcast has also implemented safeguards designed to ensure that standalone BIAS services are actively marketed, including a requirement that information concerning standalone BIAS offerings, including Performance Starter, is included on Comcast product lists and in ordering systems at Comcast retail locations. Comcast also maintains a linkable web page devoted exclusively to describing (e.g., price and speed) and permitting online purchase of all retail standalone BIAS offerings, including Performance Starter, by both new and existing Comcast customers. As in previous years, an increasing percentage of the standalone BIAS customers are signing up through the web page.

#### 3. BIAS Annual Report

Requirement that Comcast file a report regarding its compliance with Condition IV.D.1 annually and upon any standalone BIAS price adjustment: Comcast filed the reports required by this Condition.<sup>9</sup>

<sup>8</sup> In the Matter of Comcast Corporation, File No.: EB-11-IH-0163, Consent Decree (rel. Jun. 27, 2012) ("Broadband Consent Decree"), at ¶ 15. Most of the substantive provisions of the Broadband Consent Decree, including the requirement to offer Performance Starter, expired on Feb. 21, 2015.

Letters from Lynn R. Charytan, Senior Vice President, Legal Regulatory Affairs, Senior Deputy General Counsel, Comcast Corporation, to Marlene H. Dortch, Secretary, FCC, MB

## **E.** Other BIAS Conditions

# 1-2. Specialized Service Requirements

Requirements that apply should Comcast offer a "Specialized Service" that includes its own or third-party content: Comcast is not offering any "Specialized Service" as described in Condition IV.E.

#### 3. 12 Mbps Offering

Obligation to offer a BIAS tier of at least 12 Mbps down in all Comcast DOCSIS 3.0 markets: A "Performance" service tier with at least 12 Mbps download speeds continues to be offered across Comcast's entire DOCSIS 3.0 footprint. The downstream speed of the Performance tier has been increased to at least 25 Mbps in Comcast's top 30 markets – and in fact, each of those same markets offers service with downstream speed of at least 150 Mbps, and 29 out of the 30 markets offer Comcast's Gigabit Pro 2 Gbps service.

# F. "Specialized Service" on Comcast Set-Top Boxes ("STBs")

Provision noting that the requirements of Condition IV.E.1 and 2 will apply should Comcast STBs enable access to a "Specialized Service": Because Comcast is not offering any "Specialized Service" as described in Condition IV.E, this Condition does not apply.

#### G. <u>Unfair Practices</u>

Prohibition on unfair methods of competition, retaliation, and improper influence: The requirements of this Condition are consistent with the Company's ordinary business practices and have been fully complied with.

#### V. NOTICE OF CONDITIONS

Requirement that the Company provide notice of the Conditions to OVDs, MVPDs, and video programming vendors in connection with expiring agreement or new requests: In response to new requests for carriage or programming, or expiring agreements, the Company provides the requesting party with a copy of the Conditions by e-mail. During the Reporting Period, NBCUniversal distributed over 580 notices of Conditions to MVPDs, video programming vendors, and OVDs, and Comcast distributed over 180 notices to programmers.

#### VI. REPLACEMENT OF PRIOR CONDITIONS

Provision replacing Adelphia arbitration procedures: This Condition is administrative in nature.

Docket No. 10-56 filed on Feb. 20, 2015; May 20, 2015; Jul. 8, 2015; Jul. 30, 2015; Aug. 25, 2015; Oct. 22, 2015; Nov. 6, 2015; Dec. 8, 2015; and Jan. 12, 2016.

#### VII. **COMMERCIAL ARBITRATION REMEDY**

Procedures for arbitration: This Condition is administrative in nature; however, to the extent that the Company has engaged in arbitration pursuant to the Conditions to date, these procedures have governed.

#### VIII. MODIFICATIONS TO AAA RULES FOR ARBITRATION

Modification of the American Arbitration Association's rules: This Condition is administrative in nature.

#### IX. **BROADCAST CONDITIONS**

Requirement to comply with Sections 2, 3, and 7 of the June 3, 2010 Agreement between Comcast Corporation, NBC Universal, Inc., and the NBC Television Affiliates (the "NBC Affiliates Agreement"), and with all of the terms of the June 21, 2010 Agreement between Comcast Corporation and the ABC Television Affiliates Association, the CBS Television Network Affiliates Association, and the FBC Television Affiliates Association (the "ABC, CBS and Fox Affiliates Agreement"):

The Company abides by its affiliate market integrity obligations, and it has maintained major sporting events on the NBC Network, including NFL Sunday Night Football (the No. 1 show in primetime for the past eight consecutive fall TV seasons) and the NHL on NBC, which are scheduled to air 12 games during the regular season. Starting in the 2016 season, NBC will also feature at least five new Thursday night NFL games, the first broadcast network to present multiple primetime NFL programs in the same season. 10 The Company's substantial investment has ensured that NBC will be the broadcast home of the Olympics through 2032, including this year's Summer Olympics in Rio de Janeiro. NBC also clinched first place for the full 52-week 2014-15 primetime ratings season in the key demographic of adults 18-49, the network's second consecutive victory.11

Further, the Company maintains separation between its cable and broadcast businesses with respect to NBCUniversal's negotiation of affiliation agreements and retransmission consent agreements with non-Comcast MVPDs, and Comcast's negotiations of retransmission consent agreements with broadcasters.

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<sup>&</sup>lt;sup>10</sup> B. Steinberg, NFL to Split "Thursday Night Football" Rights between CBS, NBC, Variety (Feb. 1, 2016), available at http://variety.com/2016/tv/news/thursday-night-football-nfl-

NBC Claims Second Consecutive Primetime TV Crown (Sep. 15, 2015), available at http://corporate.comcast.com/news-information/news-feed/nbc-finishes-1-for-the-full-52-week-2014-15-primetime-television-season.

#### X. DIVERSITY CONDITIONS

Over the past five years, Comcast and NBCUniversal have taken significant steps toward becoming the most successful model of diversity and inclusion in the communications and entertainment industry. The Company's strategic approaches and detailed plans are designed to achieve and build upon the diversity and inclusion initiatives in five key focus areas that cut across all aspects of the business: Governance, Workforce, Procurement, Programming, and Community Investment. Detailed facts and figures spanning these five focus areas are included in *Our Principles in Practice*, the Company's Diversity and Inclusion Progress Report released in June 2015. This voluntary, best-in-class publication describes the Company's year-end 2014 Diversity & Inclusion progress.<sup>12</sup>

In particular, the Company has been a demonstrated leader in supporting diverse programming and remains committed to delivering programming that reflects the diverse interests of its customers across all platforms, including linear channels, VOD, and Online. Comcast carries more than 100 networks geared toward diverse audiences, including multiple networks owned or operated by minorities. Comcast is proud to be one of the nation's largest providers of Latino content, with a television distribution platform that offers more than 60 Latino networks, in both Spanish and English, to its customers.

Comcast continues to enhance its next-generation X1 platform for its Latino customers. First, Comcast's X1 interface is now available in both Spanish and English. This new experience lets Latino customers find and discover their favorite programming in the language of their choice and helps bridge the content divide for millions of Spanish-speaking households within the Comcast service area. Also, when the interface is set to Spanish, the X1 voice remote will recognize commands spoken in this language, so Spanish-dominant customers can more easily navigate the guide and find programming. Comcast also added new features and filters within the guide, including one-touch access to turn on/off the SAP feed via the video toolbar, to help viewers more easily discover Spanish-language and SAP-enabled content available on XFINITY VOD.<sup>13</sup>

The Company is also committed to making its products and programming accessible to the widest possible audience. During the 2015 Academy Awards, Comcast aired *Emily's Oz*, a national commercial featuring the industry's first voice-enabled television user interface. In addition, NBC aired *The Wiz Live!* with visual description in December 2015, making it the first live entertainment program in U.S. broadcast history to be accessible to people with a visual disability.

Comcast also has expanded the quality and quantity of diverse programming available through its VOD and Online platforms to nearly 12,000 combined hours by year-end 2015, an increase of 70% over 2014 and more than 1,100% over year-end 2010. The Company's

Available at <a href="http://corporate.comcast.com/images/2014-Diversity-and-Inclusion-Report.pdf">http://corporate.comcast.com/images/2014-Diversity-and-Inclusion-Report.pdf</a>.

<sup>&</sup>lt;sup>13</sup> J. Garcia, *X1 en Español – First-Ever Spanish-Language TV Interface* (Sep. 17, 2015), available at <a href="http://corporate.com/com/com/com/cost-voices/x1-en-espanol-xfinity-customers-can-now-access-first-ever-spanish-language-tv-interface">http://corporate.com/com/com/cost-voices/x1-en-espanol-xfinity-customers-can-now-access-first-ever-spanish-language-tv-interface</a>.

comprehensive diverse content offerings are available on the XFINITY VOD platform, where customers can access a special Multicultural folder for a wide array of culturally-relevant content, including Black Cinema On Demand, Hispanic Cinema On Demand, and Cinema Asian America. In addition, entertainment geared towards diverse audiences – *i.e.*, XFINITY.com/CelebrateBlackTV, XFINITY Latino, XFINITY Asia, XFINITY.com/LGBT, and special content in honor of Native American Heritage Month<sup>14</sup>— are first-of-their-kind, one-stop Internet destinations for entertainment features and news geared towards diverse audiences. Each of these microsites features audience-specific news, blogs, and XFINITY TV programming, including award-winning movies, TV shows, celebrity interviews, behind-the-scenes footage and entertainment news featuring entertainers, artists, and historical figures. This year also saw the return of XFINITY Freeview Latino, a two week all-access pass to discover and view Latino content, with more than 3,500 hours and more than 5,000 VOD choices in English and Spanish.<sup>15</sup>

The Company continues to invest hundreds of millions of dollars in Telemundo. The Telemundo Network delivered the highest primetime ratings in its history among total viewers and adults. Telemundo continues to draw bigger audiences through a multi-platform approach that includes investments in news, original programming, including its telenovelas and "super series," reality TV shows geared to Latinos, such as *La Voz Kids*, and sports, including exclusive U.S. Spanish-language TV rights to air the 2016 Summer Olympics and the FIFA World Cup competitions through 2026. The Company also broke ground on a new \$250 million, 450,000 square foot facility in Miami that will serve as the NBCUniversal Telemundo Enterprises' new headquarters and house the Telemundo Network, Telemundo Studios, and Telemundo International, as well as cable network NBCUniverso and Telemundo's digital media operations. The company also broke ground on the Telemundo International, as well as cable network NBCUniverso and Telemundo's digital media operations.

#### 1. Telemundo Multicast Channel

Requirement that the Company launch a new multicast channel on its Telemundo Station

<sup>&</sup>lt;sup>14</sup> K. Boyd, *Comcast Celebrates Native American Heritage Month with Curated Collection of Content*, Comcast Voices (Nov. 3, 2015), *available at* <a href="http://corporate.comcast.com/comcast-voices/comcast-celebrates-native-american-heritage-month-with-curated-collection-of-content">http://corporate.comcast.com/comcast-voices/comcast-celebrates-native-american-heritage-month-with-curated-collection-of-content</a>.

<sup>&</sup>lt;sup>15</sup> XFINITY Freeview Latino Returns with More Content than Ever Before (Sep. 21, 2015) *available at* <a href="http://corporate.com/news-information/news-feed/xfinity-free-view-latino-returns-with-more-content-than-ever-before">http://corporate.com/news-information/news-feed/xfinity-free-view-latino-returns-with-more-content-than-ever-before</a>.

Telemundo Delivers Best Monday-Friday Primetime Ratings in its History among Total Viewers and Adults 18-49 in 2015 (Dec. 10, 2015), *available at* <a href="https://www.nbcumv.com/news/telemundo-delivers-best-monday-friday-primetime-ratings-its-history-among-total-viewers-and.">https://www.nbcumv.com/news/telemundo-delivers-best-monday-friday-primetime-ratings-its-history-among-total-viewers-and.</a>

L. Cobo, *NBCUniversal Telemundo to Build New \$250 Million Global Headquarters in Miami*, Billboard (Feb. 9, 2016), *available at* <a href="http://www.billboard.com/articles/columns/latin/6873864/nbcuniversal-telemundo-build-new-global-headquarters">http://www.billboard.com/articles/columns/latin/6873864/nbcuniversal-telemundo-build-new-global-headquarters</a>.

Group stations by January 28, 2012, and make this programming available to Telemundo affiliates: As previously reported, this obligation has been completed.

#### 2-3. Telemundo and mun2 Programming on VOD and Online

Requirement that the Company use its Video on Demand ("VOD") and Online platforms to feature Telemundo programming and increase the number of Telemundo and mun2 VOD programming choices from 35 to 100 choices within 12 months and by an additional 200 choices within 3 years: As previously reported, this obligation has been completed.

#### 4. New Weekly Business Program

Obligation to work with an independent producer to produce a new weekly business news program: As previously reported, this obligation has been completed.

# 5. Independent Programming Reports

Requirement to file quarterly reports concerning the independent programming aired by the Company's owned or controlled stations and programming networks: The Company filed reports with the Commission containing information on the independent programming aired by each of the Company's owned or controlled stations and programming networks during each calendar quarter. The reports were posted and remain available on the Corporate Website, and are also accessible through a link posted on the homepage of each reporting station or network. While the Condition establishes no target, it is worth noting that, as detailed in the reports, the Company's owned or controlled stations and programming networks collectively aired approximately 125,000 hours of independent programming during 2015, an average of over 31,000 hours per quarter.

#### XI. LOCALISM

1. News, Public Affairs, and Other Local Public Interest Programming

Obligation to "preserve and enrich the output of local news, local public affairs, and other public interest programming" through the use of certain windows on the NBCUniversal-owned stations, time slots on the cable channels, and Comcast VOD and Online platforms: Beyond the considerable, long-term investments in local news operations summarized in previous annual reports, the Company continues to preserve and enhance local news by making strategic investments in its owned stations (*see* subsections XI.1.b and c below) and through innovations like the Everyblock hyper-local news platform.<sup>19</sup>

The reports were filed in MB Docket No. 10-56 on Apr. 15, 2015 (first quarter); Jul. 15, 2015 (second quarter); Oct. 10, 2015 (third quarter); and Jan. 14, 2016 (fourth quarter) and posted at <a href="http://corporate.com/news-information/nbcuniversal-transaction/independent-programming">http://corporate.com/news-information/nbcuniversal-transaction/independent-programming</a>.

<sup>&</sup>lt;sup>19</sup> EveryBlock is a hyper-local, free online service and mobile app that aggregates and curates content at the neighborhood level. EveryBlock is currently available in Chicago, Fresno,

# a. <u>Preservation of Current Levels of NBC and Telemundo News and Information</u> Programming

Prohibition on reduction of current level of news and information programming on the stations that comprise the NBC Owned Television Stations and Telemundo Station Group divisions: During the Reporting Period, the NBCUniversal-owned NBC and Telemundo television stations collectively aired more news and information programming than aired in the year preceding the Closing of the Transaction. Total hours of news programming for both station groups are provided in sections XI.2-3 below.

#### b. Increased Investment in NBC Local News

Obligation to expand newscasts at the stations that comprise the NBC Owned Television Stations division: The Company has made a series of strategic investments in the NBC Owned Stations' news operations. Since the Closing of the Transaction, the NBC Owned Stations have added more than 3,000 hours of local news across its markets, and will add even more in 2016. All 10 NBC Owned Stations now have investigative units – a total of approximately 70 journalists. The Company also invested in brand new facilities in several markets – KXAS in Dallas-Fort Worth opened a state-of-the-art facility in late 2013, and KNBC in Los Angeles moved to the newly opened Brokaw Center on the Universal lot. KNSD in San Diego is moving into a new building later this year and WCAU in Philadelphia will be moving into the new Comcast Innovation and Technology Center when it is complete in 2017. In addition, many markets now have new or upgraded studios, including WNBC in New York, WMAQ in Chicago, WRC in Washington, and WTVJ in South Florida, and the stations in New York, Los Angeles, Chicago, Philadelphia, and Dallas-Fort Worth now have their own news helicopters. NBC Owned Stations has also invested in digital platforms, refocusing its websites and launching content across social platforms and mobile apps to make it easy for consumers to watch whenever and wherever it is convenient.

NBC Owned Stations continued to expand newscasts and the news-gathering capabilities of its stations during the Reporting Period:

- NBC Bay Area / KNTV added three new bureaus to its operation in addition to its San Francisco and San Jose newsrooms, including one that is co-branded with Telemundo Bay Area / KSTS.
- NBC5 Chicago / WMAQ launched a 4:00 AM 30 minute newscast in August 2015, extending the morning newscast from 4:00 AM until 7:00 AM.<sup>20</sup>

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Hialeah, Philadelphia, Houston, Boston, Denver, Medford, and Nashville.

<sup>&</sup>lt;sup>20</sup> L. Lazare, WMAQ-Channel 5 Expanding Early Morning News Program, Chicago Business Journal, Biz Journal (Aug. 19, 2015), available at

 $<sup>\</sup>underline{http://www.bizjournals.com/chicago/news/2015/08/19/wmaq-channel-5-expanding-early-morning-news.html.}$ 

- The NBC Owned Stations announced that four stations will be launching hourlong 4:00 PM newscasts starting in May 2016: NBC 4 New York / WNBC, NBC4 Southern California / KNBC, NBC 6 South Florida / WTVJ, and NBC Connecticut / WVIT. These stations will be joining the other four NBC-owned stations that already air 4:00 PM newscasts.
- NBC 4 Southern California / KNBC added a second helicopter to its fleet, greatly enhancing its ability to cover news developments across that the station's 41,000 square mile, five county market.<sup>21</sup>
- NBC Connecticut / WVIT enhanced its weather coverage with the first-ever weather vehicle equipped with mobile radar.
- The NBCUniversal-owned stations both NBC and Telemundo hosted and/or aired a dozen political debates in state and local races throughout the country.

#### c. Increased Investment in Telemundo Local News

Obligation to increase investment in the Telemundo Station Group's locally-produced newscasts, over five years: The news operations of the Telemundo Station Group's stations continue to benefit from the Company's multimillion dollar investment to support local news expansions, bolster newsgathering efforts, and ensure that each news team has the resources it needs to compete in their local markets. Thanks to a significant investment made by the Company, the enhancements that the Telemundo Station Group has made in its local stations since the Closing of the Transaction include the addition of more than 75 hours of live, local news a week from new newscasts all across the United States and Puerto Rico; the hiring of more than 160 new employees, including news reporters, producers, and photographers to support the boost in news; the debut of new state-of-the-art sets at several stations; the roll-out of new on-screen graphics at all of the stations; the purchase of new vehicles and cameras to help stations' live reporting capabilities; and integrating a digital web editor at the stations to boost their digital presences. Thanks to these efforts, the Telemundo-owned Stations in Los Angeles Miami, Houston, Philadelphia, Phoenix, and Boston had the most watched newscasts in any language in these markets during 2015.<sup>22</sup> The ratings win was especially notable for Telemundo

NBC4 Adds Second Helicopter to Fleet (Mar. 19, 2015), available at http://www.nbclosangeles.com/on-air/as-seen-on/NBC4-NewsChopper4-Helicopter-296935741.html.

Telemundo Stations in Los Angeles, Miami, Houston, Philadelphia and Boston Markets have the Most-Watched Late Local Newscasts during November 2015 (Nov. 30, 2015), available at https://www.nbcumv.com/news/telemundo-stations-los-angeles-miami-houston-philadelphiaand-boston-markets-have-most-watched?division=150&network=5266626. Telemundo 51 Miami closed out 2015 as the most watched station in South Florida, regardless of language. See http://www.nbcumv.com/news/telemundo-51-closed-out-2015-number-one-station-south-floridaregardless-language-and-most?search=1&term=most-watched%20station.

Boston, which launched the station's first-ever local newscast this year.<sup>23</sup> The ratings of the local newscasts are also benefiting from the performance of the network's *Noticiero Telemundo*, which was the fastest-growing evening news program in any language.<sup>24</sup>

The group has also invested in a first-of-its-kind consumer investigative franchise called *Telemundo Responde* (Telemundo Responds), which is charged with standing up for consumers who have been wronged. *Telemundo Responde* has fielded more than 1,500 calls and recovered more than \$4 million for consumers all across the United States and Puerto Rico. *Telemundo Responde* teams have stood up for Latino viewers across nine markets, with two more consumer investigative units slated to launch in Tucson and Phoenix markets, soon.

The Telemundo Station Group also launched newly redesigned digital platforms, which include an updated and streamlined look for 15 Telemundo-owned station online properties, including desktop and mobile apps. The enhancements deliver Spanish-speaking viewers best-inclass digital features, including an enhanced weather experience, up-to-the-minute severe weather push alerts and a new and easy-to-access "Breaking News" bar on its desktop, mobile and app platforms, to help viewers stay ahead of the news when they're on the go.<sup>25</sup>

## 2-3. 1,000 Hours of Additional Local News and Information Programming

#### a. NBC Owned Television Stations

Requirement that the stations that comprise the NBC Owned Television Stations division produce an additional 1,000 hours per year of original, local news and information programming to air on multiple platforms: During 2015, across the 10 stations that comprise the NBC Owned Television Stations division, the Company produced and aired approximately 3,330 hours of regularly scheduled local news programming over and above the amount aired in the year preceding the Closing of the Transaction. This total exceeds the requirement in this Condition by approximately 2,330 hours.

In addition, COZI TV, a 24 hour national network that airs on the NBC-owned stations' multicast channels, offers flexible time blocks for the stations to air expanded of local news and public affairs. In 2015, COZI ran special localized live coverage of Pope Francis's visit in New

Telemundo Boston/WNEU Set to Launch its First Spanish-Language Local Newscast to Better Serve Local Spanish Speaking Community (Jun. 11, 2015), *available at* <a href="http://www.nbcumv.com/news/telemundo-boston-wneu-set-launch-its-first-spanish-language-local-newscasts-better-serve-local?search=1&term=telemundo%20boston.">http://www.nbcumv.com/news/telemundo-boston-wneu-set-launch-its-first-spanish-language-local-newscasts-better-serve-local?search=1&term=telemundo%20boston.</a>

Telemundo Delivers Best Monday-Friday Primetime Ratings in its History among Total Viewers and Adults 18-49 in 2015 (Dec. 10, 2015), *available at* <a href="https://www.nbcumv.com/news/telemundo-delivers-best-monday-friday-primetime-ratings-its-history-among-total-viewers-and?network=33144&lng=es">https://www.nbcumv.com/news/telemundo-delivers-best-monday-friday-primetime-ratings-its-history-among-total-viewers-and?network=33144&lng=es</a>.

Telemundo Stations Unveil Newly Redesigned Digital Platform (Dec. 10, 2015), *available at* <a href="http://www.nbcuniversal.com/press-release/telemundo-stations-unveil-newly-redesigned-digital-platforms#sthash.ABCg6Dnq.dpuf">http://www.nbcuniversal.com/press-release/telemundo-stations-unveil-newly-redesigned-digital-platforms#sthash.ABCg6Dnq.dpuf</a>.

York, Philadelphia, and Washington, D.C. on many of the NBC Owned Stations. In New York, COZI carries an hour of original local news from NBC 4 New York every weekday. COZI also has carried news specials such as the NBC Owned Stations' I-Team investigative journalism reports and serves as a platform for breaking news and weather coverage.

# b. Telemundo Station Group

Requirement that at least six of the stations that comprise the Telemundo Station Group division collectively produce an additional 1,000 hours per year of original, local news and information programming: During 2015, the Telemundo-owned stations collectively produced and aired approximately 6,280 hours of regularly scheduled local news programming over and above the amount aired in the year preceding the Closing of the Transaction. This total exceeds the requirement in this Condition by approximately 5,280 hours.

#### 4. News and Information Programming Reports

Requirement to file quarterly reports regarding the news and information programming aired on the stations that comprise the NBC Owned Television Stations and the Telemundo Station Group divisions: The Company filed reports with the Commission containing information on the news and information programming aired by the stations that comprise the NBC Owned Television Stations and the Telemundo Station Group divisions during each calendar quarter. The reports were posted and remain available on the Corporate Website, and are also accessible through a link posted on the homepage of each reporting station. While the Condition establishes no target, it is noteworthy that, as detailed in the reports, the stations collectively aired over 31,600 hours of news and information programming during 2015, an average of approximately 7,900 hours per quarter.

#### **5.** Non-Profit News Partners

Requirement that half of the 10 stations that comprise the NBC Owned Television Stations division establish cooperative arrangements with locally focused non-profit news organizations: As previously reported, this obligation has been completed.

#### 6. More VOD Choices at No Additional Charge

Obligation to continue providing at least 20,000 VOD choices at no additional charge to Comcast customers within three years of the Closing of the Transaction: As previously reported, this obligation has been completed.

# 7. Broadcast Content on VOD

Obligation to make available certain broadcast content at no additional charge on Comcast's VOD service for three years after the Closing of the Transaction: As previously reported, this obligation has been completed.

The reports were filed in MB Docket No. 10-56 on the dates listed in footnote 18.

#### XII. JOURNALISTIC INDEPENDENCE

Requirement that the Company continue NBCUniversal's policy of journalistic independence: Comcast maintains a policy to ensure the journalistic independence of the news programming organizations of all NBCUniversal networks and stations. NBCUniversal's policy of journalistic independence remains in effect and is overseen by David McCormick, NBCUniversal News Ombudsman and Senior Vice President, Standards, NBCUniversal News Group, and supported by Kevin Keeshan, Senior Vice President, News Content and Standards of the NBC Owned Television Stations division and Ozzie Martinez, Senior Vice President of News and Standards for the Telemundo Stations Group.

#### XIII. CHILDREN'S PROGRAMMING

#### 1. Additional Children's VOD and E/I Programming

- a-b. Requirement to add an additional 500 VOD programming choices appealing to children and families to Comcast's central VOD storage facilities by year-one and an additional 1,000 choices by year-three: As previously reported, this obligation has been completed.
- c. Obligation to provide one additional hour per week of children's "core" E/I programming: As previously reported, this obligation has been completed.

#### 2. Ratings Icons and Parental Controls

# a. <u>Improved Ratings Icons</u>

Requirement that the Company provide clear and understandable on-screen TV ratings information for all original entertainment programming on its broadcast and cable networks in compliance with the cable industry's best-practice standards: As previously reported, this obligation has been completed.

#### b. <u>Improved Parental Controls</u>

Requirement that the Company provide improved parental controls for Comcast program guides and STB applications: As previously reported, this obligation has been completed.

#### c. Parental Dashboard

Obligation to provide a parental dashboard that places all parental controls in one place, and white listing capabilities on tru2way boxes, by the end of 2013: As previously reported, this obligation has been completed.

# d. <u>Blocking Capabilities of IP-based STBs</u>

Obligations to provide parental controls and blocking capabilities for IP-based STBs: Comcast has not commercially deployed IP-based STBs, so the obligations in this subsection have not been triggered.

# e. Online Ratings Icons

Obligation to include program ratings information in the Company's produced or licensed programming that the NBCUniversal networks provide to NBC.com, to other NBCUniversal websites, and to Hulu.com: As previously reported, this obligation has been completed.

#### 3. Partnership with Common Sense Media ("CSM")

Requirement to expand the Company's partnership with organizations offering enhanced information to help guide family viewing decisions: The Company continues to use CSM materials as part of its efforts to provide parents with information to help them make educated viewing decisions for their families. As previously reported, CSM content – including thousands of review videos, tip videos, ratings, and recommendations – is integrated into Comcast's VOD service and promoted on XFINITYTV.com. On the X1 platform (including the XFINITY TV mobile app), families can use CSM ratings to filter age-appropriate content for live programming. During the Reporting Period, Comcast launched "Kids Zone," a new feature on X1 that gives parents extra peace of mind by offering a safe and secure experience for children to explore their favorite content and discover new programming. When in Kids Zone, children can browse all on their own, selecting live programming, free XFINITY VOD content, movies, and TV shows purchased through the XFINITY Digital Store, as well as any saved programming on the DVR – all of which has either been flagged by the network or studio as children's programming, or deemed age-appropriate for children 12 and under by CSM.<sup>27</sup>

#### 4-5. Interactive Advertising

Restrictions on the use of "Interactive Advertising" in programming produced primarily for children: Comcast and NBCUniversal prohibit the insertion of interactive advertisements into networks or programming produced and transmitted primarily for an audience of children 12 years old or younger.

## 6. PSAs

Requirement that the Company, for five years, provide \$15 million worth of PSAs per year on various public interest topics: From January 1, 2015 through December 31, 2015, the Company aired PSAs with a value of over \$37.6 million on the four topics designated by this

J. Musser Metz, *Welcome to the Kids Zone*, Comcast Voices (May 5, 2015), *available at* http://corporate.comcast.com/comcast-voices/welcome-to-the-kids-zone.

Condition (digital literacy, parental controls, nutritional guidelines, <sup>28</sup> and childhood obesity) on networks that have a higher concentration than the median cable network of adults 25-54 with children under 18 in the household. <sup>29</sup> This investment exceeds the yearly \$15 million value required by the Condition by more than \$22.6 million, raising the cumulative five year value of Condition-specific PSAs to nearly \$200 million. The 2015 value includes the PSAs on childhood obesity that, as required, aired at least once during each hour of NBC's "core" educational/informational ("E/I") programming, plus an average of two times a day on Sprout, as well as additional childhood obesity and digital literacy PSAs that ran on Sprout and during NBC and Telemundo's E/I blocks.

#### XIV. PEG CONDITIONS

#### 1. No Migration to Digital Delivery

Prohibition on migrating PEG (Public, Educational, and Governmental) channels to digital delivery on any Comcast cable system until the system has converted to all-digital distribution: During the Reporting Period, Comcast did not migrate any PEG channels to digital delivery on any system that has not converted to all-digital distribution.

#### 2. PEG Carriage on Digital Starter

Requirement that Comcast carry all PEG channels on its digital starter (D0) tier: During the Reporting Period, Comcast maintained carriage of all PEG channels on its digital starter (D0) tier or on an equivalent tier that reaches 85% of subscribers on the applicable Comcast system.

#### 3. Quality of PEG Delivery

Prohibition on changing the method of delivery of PEG channels that results in a material degradation of signal quality or impairment of viewer reception: During the Reporting Period, Comcast did not implement any changes in the method of delivery of PEG channels that resulted in a material degradation of signal quality or impairment of viewer reception.

#### 4. PEG Pilot Program

Obligation to develop a platform to host PEG content on VOD and online: As previously reported, this obligation has been completed.

The Company aired PSAs on the nutritional guidelines promulgated by the U.S. Department of Agriculture.

<sup>&</sup>lt;sup>29</sup> Qualifying networks were identified using viewership information obtained through The Nielsen Co. and are reviewed on a quarterly basis for changes.

#### XV. NCE and LOCAL NCE

Requirements with respect to Comcast's carriage of Qualified Noncommercial Educational ("NCE") Stations and Qualified Local Noncommercial Educational ("Local NCE") Stations: During the Reporting Period, no NCE or Local NCE stations carried on Comcast cable systems relinquished their broadcast spectrum.

#### XVI. BROADBAND DEPLOYMENT AND ADOPTION

# 1. Broadband Footprint Expansion

# a. 1,500-mile Expansion

Requirement that Comcast expand its broadband network by at least 1,500 miles per year for three years and extend its broadband plant to approximately 400,000 additional homes: As previously reported, this obligation has been completed.

# b. <u>Internet Service Upgrades to Rural Communities</u>

Requirement to upgrade Internet service to at least six additional rural communities in 2011: As previously reported, this obligation has been completed.

#### c. Additional Courtesy Accounts

Requirement to provide an additional 600 Comcast courtesy video and BIAS account locations over three years at a rate of 200 additional locations per year: As previously reported, this obligation has been completed.

# 2. Broadband Adoption – *Internet Essentials*, the Comcast Broadband Opportunity Program

Requirement to launch the Comcast Broadband Opportunity Program: As previously reported, although this Condition was satisfied in June 2014, Comcast has extended the service offering indefinitely.

#### XVII. GENERAL

Prohibition on the Company entering into any agreement or arrangement or taking any other action that has the purpose or effect of impairing the effectiveness of these Conditions: The Transaction Compliance Team and the Company's internal review process are in place to oversee compliance with this Condition.

#### XVIII. VIOLATIONS

Provision stating that any violation of the Conditions shall be a violation of the Transaction Order: This section is informational only.

# XIX. REPORTING REQUIREMENTS

Requirement that the Company report to the Commission annually regarding compliance with these Conditions and post each such report on its website: The filing of this Annual Report satisfies this Condition for the fifth year. A copy is available as of today on the Corporate Website.

# XX. TERM

*Provision setting general seven-year term for the Conditions:* This section is informational only.