

Discovery Communications, Inc.  
Form 10-Q  
November 01, 2016

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

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34177

Discovery Communications, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware 35-2333914  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

One Discovery Place 20910  
Silver Spring, Maryland  
(Address of principal executive offices) (Zip Code)  
(240) 662-2000  
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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

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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. (Check one):

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 Exchange Act). Yes  No

Total number of shares outstanding of each class of the Registrant's common stock as of October 26, 2016:

Series A Common Stock, par value \$0.01 per share 151,943,509

Series B Common Stock, par value \$0.01 per share 6,512,379

Series C Common Stock, par value \$0.01 per share 234,668,886

DISCOVERY COMMUNICATIONS, INC.  
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## PART I. FINANCIAL INFORMATION

## ITEM 1. Unaudited Financial Statements.

## DISCOVERY COMMUNICATIONS, INC.

## CONSOLIDATED BALANCE SHEETS

(unaudited; in millions, except par value)

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 224	\$ 390
Receivables, net	1,545	1,479
Content rights, net	350	313
Deferred income taxes	110	68
Prepaid expenses and other current assets	454	346
Total current assets	2,683	2,596
Noncurrent content rights, net	2,117	2,030
Property and equipment, net	464	488
Goodwill	8,179	8,164
Intangible assets, net	1,621	1,730
Equity method investments	515	567
Other noncurrent assets	271	289
Total assets	\$ 15,850	\$ 15,864
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 202	\$ 282
Accrued liabilities	1,045	988
Deferred revenues	180	190
Current portion of debt	95	119
Total current liabilities	1,522	1,579
Noncurrent portion of debt	7,901	7,616
Deferred income taxes	536	556
Other noncurrent liabilities	440	421
Total liabilities	10,399	10,172
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests	247	241
Equity:		
Discovery Communications, Inc. stockholders' equity:		
Series A convertible preferred stock: \$0.01 par value; 75 shares authorized; 71 shares issued	1	1
Series C convertible preferred stock: \$0.01 par value; 75 shares authorized; 31 and 38 shares issued	1	1
Series A common stock: \$0.01 par value; 1,700 shares authorized; 155 and 153 shares issued	1	1
Series B convertible common stock: \$0.01 par value; 100 shares authorized; 7 shares issued	—	—
Series C common stock: \$0.01 par value; 2,000 shares authorized; 379 and 376 shares issued	4	4
Additional paid-in capital	7,016	7,021
Treasury stock, at cost	(6,214	) (5,461
Retained earnings	5,038	4,517

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Accumulated other comprehensive loss	(643	) (633	)
Total equity	5,204	5,451	
Total liabilities and equity	\$ 15,850	\$ 15,864	

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

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DISCOVERY COMMUNICATIONS, INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (unaudited; in millions, except per share amounts)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
	2016	2015	2016	2015
Revenues:				
Distribution	\$806	\$776	\$2,420	\$2,309
Advertising	670	699	2,170	2,200
Other	80	82		