

LOOKING AHEAD TO A SUSTAINABLE FUTURE

A MESSAGE FROM MICHAEL L. ULICA, CHIEF OPERATING AND FINANCIAL OFFICER

At the National Geographic Society, we push the boundaries of exploration to further understanding of our planet and empower us all to generate solutions for a healthier and more sustainable future. Secure finances are essential for us to pursue our ambitious goals and ensure that the National Geographic legacy endures for generations to come. And, as we move forward into the Society's 130th year, we seek new partners and pathways to grow both our resources and our community— and strengthen our resolve to invest in bold people and transformative ideas that carry us further.

Last year found the Society in a solid financial position, with a revenue stream to both support our existing programs and explore new opportunities to expand the reach of our mission. It was a year of growth and momentous change for us—our first full year after the relationship between the Society and National Geographic Partners (NGP) was solidified in late 2015.

Gary E. Knell, President and CEO, National Geographic Society, has noted that this new paradigm was designed to “amplify, not change” the global efforts of National Geographic, and it has proven to be a transformative partnership. An enhanced joint venture, NGP embraces National Geographic's world-class media, content, and experiences with Fox's scale and expertise in building global media brands—all across an unparalleled portfolio of award-winning media assets. The Society owns 27% of NGP and receives annual distributions of the joint venture's proceeds. This relationship supports a dynamic and synergistic cycle of storytelling and philanthropy committed to research, science, conservation, exploration, and education.

Together, the distribution from NGP and the support of our nearly 70,000 donors and partners represents a substantial commitment to the Society's mission. Our Washington, D.C. museum and popular programming like National Geographic Live!, as well as school publishing, also generate important revenue to support our global efforts—and play a significant role in engaging the public in our story. Looking to the future, we are also pursuing sustainable, prudent investments in harmony with our mission and philosophy, and our portfolio includes a commitment of \$50 million for impact investing.

E A C H D O L L A R I M P A C T S O U R F U T U R E

All of these critical funding sources make our flagship programs like Pristine Seas, the Big Cats Initiative, Photo Ark, and the Okavango Wilderness Project possible. They support our efforts for the future of exploration, too—opening the way for new voices of discovery, research, and innovation across the planet. Each donor is a member of our extended global family, and each contribution helps make astonishing things possible.

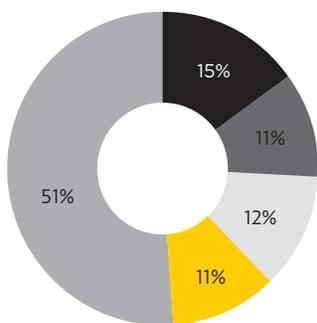
Now, we are excited to embark on a new strategy to exponentially expand opportunities through significant partnerships with organizations and individuals who share our vision for innovation, discovery, and conservation.

In July, we announced an enhanced partnership with Rolex—the first of its kind in National Geographic history—that further unifies the efforts of our two organizations. Rolex has journeyed with the Society for many decades, and we are thrilled about what this new partnership means. Together, we'll enable and participate in expeditions that lead to scientific discovery, foster research and invention that will yield new exploration technologies, and convene summits and activities that generate public support for conservation.

As we move forward, we seek to build more of these critical relationships with bold partners ready to explore, inspire, and spark solutions for the future.

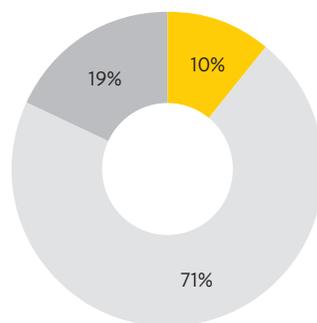
We are excited about what lies ahead for the National Geographic Society and for our family of explorers, scientists, educators, and partners everywhere. There are generations of challenges, victories, and moments of pure joy in discovery before us. As John Wesley Powell, one of our founders, said, "We have an unknown distance yet to run, an unknown river to explore."

2016 CASH SOURCES



- Joint Venture Partnership
- Rent
- Program Revenue
- Endowment/Investment Draw
- Contributions

2016 OPERATING EFFICIENCY 2016



- Program Expenses
- Management and General
- Fundraising

NATIONAL GEOGRAPHIC CONSOLIDATED STATEMENTS
2016 FINANCIAL SUMMARY
(IN THOUSANDS)

SUMMARY STATEMENTS OF ACTIVITIES
SUPPORT AND REVENUE

Rent and royalty revenue	\$ 33,474
Program and other revenue	13,165
Contributions and grants	16,924
Income from investments, net	10,133
Total Support and Revenue	\$ 73,696

EXPENSES

Scientific research and exploration, grants, and outreach	\$ 70,709
Other educational activities	37,061
Program Expenses	\$ 107,770
Management and general	29,782
Fundraising	15,630
Total Expenses	\$ 153,182
Operating Loss	(79,486)
Income tax expense	(9,911)
Non-operating gains*	118,916
Change in Net Assets	\$ 29,519

Net Assets, beginning of year	2,195,256
Net Assets, end of year	\$ 2,224,775

STATEMENTS OF FINANCIAL POSITION

Cash and cash equivalents	\$ 21,554
Receivables, prepaids, and other assets, net	28,166
Deferred tax assets	80,760
Investments (including endowments)	2,662,403
Property and equipment, net	45,475
Total Assets	\$ 2,838,358
Accounts payable, accrued expenses, and deferred revenue	26,691
Pension and postretirement benefits	133,831
Deferred tax and other liabilities	453,061
Total Liabilities	\$ 613,583
Total Net Assets	\$ 2,224,775
Total Liabilities and Net Assets	\$ 2,838,358

* "Non-operating gains" primarily consist of net realized and unrealized investment gains and equity earnings from National Geographic Partners.