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October 27, 2017

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Comcast is earning its peacock feathers. The \$170 billion media firm was early and careful in expanding beyond cable. Two examples are its purchase of NBC Universal — originally with its peacock logo — and a recently launched wireless phone service. Comcast stock has trounced the shares of Verizon Communications and AT&T. The company, led by Brian Roberts, has even pulled away from Walt Disney in terms of market value this year.

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Its earnings report released Thursday confirmed that Comcast lost 125,000 TV subscribers in the third quarter because of competition and hurricanes, something it warned about earlier. That doesn't detract much, though, from the longer-term picture. In 2004 Mr.

Roberts, the chief executive, made a hostile lurch for Disney only to drop the bid. Comcast finally scored when it bought NBC Universal from General Electric in a two-part, \$39 billion deal. The TV outfit's former chief executive officer, Bob Wright, groused in his book that G.E., hobbled by the financial crisis, had given away the broadcaster for a song. He reckoned it was worth \$45 billion.

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Editorial:
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spend

AT&T has tried belatedly to follow. The telecom firm offered some \$85 billion for Time Warner, owner of HBO, in October last year and is still waiting for regulatory approval. It may have overpaid: When the deal was announced, Breakingviews calculated that the expected \$1 billion in cost savings wouldn't cover the hefty \$20 billion premium.

Comcast is prudently moving into other areas as well. It introduced a mobile service using Verizon's infrastructure, avoiding acquiring a carrier like T-Mobile US. That may yet be an option, but for the moment it's mostly upside for Comcast as it dips into the cellphone business. Mr. Roberts has made mistakes. For one, he misjudged the political climate and had to drop a bid for Time Warner Cable, which Charter Communications scooped up.

But investors have little to complain about. Since March 2013, when the NBC Universal deal was finally completed, Comcast's total return, including dividends reinvested, of 96 percent beats the S.&P. 500-share index and Disney, at around 80 percent each. AT&T and Verizon have managed only 15 percent and 26 percent, respectively. Comcast's steady strategy is paying off. — *New York Times*; [more from Philadelphia Inquirer](#)

Twitter Inc. on Thursday said it overstated its number of users for the past three years and committed to take advertising off its site from two Russian media outlets, while reporting modest user growth for the third quarter.

Even so, the social-media company's shares gained nearly 19% as Twitter also reported a narrower loss for the quarter and raised its earnings forecast for the current period. At Thursday's closing price of \$20.32, the stock is still below its 2013 initial offer price of \$26. Twitter said it will no longer accept advertising from any account [owned by Russian-backed news outlets](#) RT and Sputnik. U.S. intelligence officials have described RT as "the Kremlin's principal international propaganda outlet."

Twitter's decision marks a stark change in company practice. The RT's editor in chief said in a tweet on Thursday that Twitter approached RT ahead of the 2016 U.S. presidential election to pitch ways RT could advertise on the service during that stretch. Commenting on the interactions between RT and Twitter, a person familiar with the matter said it is the job of any advertising sales team to aggressively recruit and retain clients. "We did not come to this decision lightly," Twitter said in a statement.

In the latest quarter, Twitter realized that it had been mistakenly including users of a service for third-party apps in the company's tally of monthly users, a spokeswoman said. Twitter restated its user counts for the past three quarters—revising them down by one million to two million—but said it didn't have user data going back further than that.

Twitter in the third quarter added four million monthly users—analysts were expecting just over one million—bringing its total to 330 million monthly users. For the second quarter, however, the adjusted numbers showed the company's tally actually shrank for likely the first time since 2015, by one million users. Previously Twitter had said user growth was flat in the second quarter. Revenue in the third quarter declined 4.2% from a year earlier to \$590 million. Analysts were expecting \$587 million, according to FactSet.

Twitter has posted a string of quarterly losses as a public company, but its latest, \$21.1 million, was the smallest and compared with \$103 million in last year's third quarter. "Our work to increase relevance and make Twitter easier is making an impact," Twitter Chief Executive Jack Dorsey said on the company's earnings call. Mr. Dorsey attributed the user growth in the latest quarter to improvements made to the company's short-messaging service in the period, noting that Twitter is focusing increasingly on personalizing the content that appears in users' feeds.

For years, content in the timeline was listed chronologically without algorithmic tweaks, but now the company is expanding its team of artificial intelligence specialists responsible for identifying new content that users might want to see. "We're hiring, and we continue to look for leadership in all these areas," Mr. Dorsey said. Twitter's error in counting users threatens the company's credibility during a critical period. The growth of Snap Inc.'s Snapchat [has increased competition](#) for advertising dollars between the social-media rivals. Meanwhile, Twitter is facing scrutiny on multiple fronts for how it handles problem accounts on its network, including people posting abusive content and [alleged Russian manipulation](#). "It really is make-or-break time for Twitter," said Jim Cridlin, global head of innovation at Mindshare, a unit of ad-agency giant WPP PLC.

Twitter said the error in counting monthly users didn't impact its measure of daily users, which grew 14% in the quarter. Twitter doesn't disclose its raw number of daily users, but said fewer than half of its 330 million monthly users log on daily. The service that erroneously counted the monthly users, Digits,

allowed people to log into other apps using their credentials from Twitter. Alphabet Inc.'s Google bought Digits from Twitter earlier this year as a part of a larger acquisition of developer tools.

The Twitter spokeswoman said the company believes the impact of the error was smaller before this year because Digits had fewer users. Twitter said it doesn't have the data to reconcile its user figures going back further than the end of 2016 because of its retention policies for certain kinds of information. For the fourth quarter, Twitter projected adjusted earnings before interest, tax, depreciation and amortization of between \$220 million and \$240 million—a more ambitious target than the \$197 million analysts expect, according to FactSet. If Twitter hits the high end of that range, it could record its first quarterly profit since going public in late 2013, the spokeswoman said. A year ago, Twitter publicly articulated the goal of “driving toward” profitability in 2017. “We feel really good about the progress we’ve made,” said Twitter’s chief of operations, Anthony Noto. “We’re ahead of where I would have guessed back in January today.” – *Wall Street Journal*

You thought Mike Stack had problems before?

Pennsylvania's lieutenant governor has had a rough six months, since the harsh treatment he and his wife leveled at state troopers and other staffers [went public in April](#), prompting an investigation by the state inspector general, swift punishment from Gov. Wolf, and a public apology from Stack. Now Stack's going to have John Fetterman to deal with.

Fetterman will secure in the Nov. 7 general election his fourth term as mayor of Braddock. He's the only candidate on the ballot for mayor in the steel-mill town near Pittsburgh he has been working to revitalize. Clout hears Fetterman will quickly turn his attention toward a campaign to defeat Stack's bid for a second term as lieutenant governor in the May Democratic primary. What a contrast.

Stack, a career politician educated in Northeast Philly ward politics, is known for being nattily attired in skinny suits. Fetterman, a Harvard University Kennedy School of Government grad, is known for outfitting his enormous frame in oversize black work shirts and pants. Stack has been — understandably — lying low. Fetterman just made his latest national television appearance Sunday on CNN's ["Parts Unknown"](#) with Anthony Bourdain. Fetterman on Thursday declined to comment about his future.

Former Gov. Ed Rendell told us he met with Fetterman last month to talk about trying to unseat Stack. “If Fetterman has the guts to run without Wolf's blessing, I think he'll win,” Rendell predicted. “He's hoping to get Wolf's blessing.” So we asked Wolf's campaign: Does the governor support Stack for reelection? Or will he support another candidate or remain neutral? “No comment,” said Wolf campaign spokesman Jeff Sheridan. Sounds pretty neutral to us.

Rendell says Fetterman could reorder the 2022 Democratic gubernatorial pecking order by becoming lieutenant governor, leaping ahead of potential candidates like state Attorney General Josh Shapiro, Auditor General Eugene DePasquale, and Treasurer Joe Torsella. We hear Fetterman still wants in 2022 what he wanted last year — a chance at knocking off Sen. Pat Toomey, a Lehigh County Republican who will be seeking a third term that year. Fetterman's antiestablishment populism played well in the 2016 Democratic primary, but Katie McGinty won the nomination to challenge Toomey.

Stack, who represented the state Senate's Fifth District for 13 years before winning election as lieutenant governor in 2014, did not respond Thursday to requests for comment. Marty Marks, a spokesman for Stack's campaign, shrugged off news of Fetterman's plans and said his boss expected to be reelected. “We don't see him as being any different than anyone else,” Marks said of Fetterman.

Two other Democrats, Chester County Commissioner Kathi Cozzone and Aryanna Berringer of Westmoreland County, declared their candidacies this summer for lieutenant governor. Stack is widely regarded as politically vulnerable after Wolf ordered the inspector general to investigate reports that he and his wife, Tonya, verbally abused members of their state police security detail and the household staff at their official residence near Harrisburg. Wolf [yanked Stack's security detail](#) and nearly all his other staffers. Stack publicly apologized for angry outbursts — he called them ["Stack moments"](#) — and his wife [checked into a mental-health facility](#). – *Philadelphia Daily News*

As the state House debated higher-education funding Wednesday night, [Rep. Will Tallman](#) (R., Adams) questioned the appropriation for the University of Pennsylvania's veterinary school. Hadn't the university declared itself a “sanctuary campus” for undocumented immigrants? There was a buzz on the floor. Nobody seemed to know. “It's a sanctuary,” said [Rep. Jordan Harris](#) (D., Phila.), “for dogs and cats and other animals.” – *Philadelphia Daily News*



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