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Comcast Corp. reported better-than-expected financial results and added video customers again in the first quarter, extending a strong streak for the cable industry in a weak overall pay-TV market. The company added 53,000 video customers, compared with a loss of 8,000 in the prior-year quarter. Its quarterly profit rose to $2.13 billion, or 87 cents a share, up from $2.06 billion, or 81 cents a share, a year ago.

Excluding certain gains and costs, adjusted profit per share for the latest quarter was 84 cents. Revenue grew 5.3% to $18.79 billion. Both figures exceeded estimates from analysts, who were projecting adjusted earnings of 79 cents a share on $18.6 billion in revenue, according to Thomson Reuters. Since its Time Warner Cable Inc. deal fell apart last year amid regulatory opposition, Comcast has been on the lookout for new deals, investing in digital media companies and theme parks. The company is in talks to buy DreamWorks Animation SKG Inc. for more than $3 billion, The Wall Street Journal reported late Tuesday. Class A shares of Comcast, up 13% over the past three months, rose 2% to $62.30 in premarket trading. DreamWorks Animation shares jumped 20% to $32.50.

Comcast's results add to the cable industry's comeback after years of losing video subscribers to satellite and phone companies. Cable companies are benefiting from pouring more investment into their cable TV products and bundling that alongside fast broadband, as well as offering cheaper, slimmed-down bundles of programming for more cost-conscious consumers.

Wall Street analysts say Comcast, in particular, is beginning to benefit from the aggressive rollout of its next-generation X1 Internet-connected set-top box and guide, which the company has said increases customers' time spent watching TV and makes them more likely to stick with Comcast. The company said 35% of its customers now have X1 boxes.

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Comcast has also said that subscriber retention has been helped by its efforts to turn around customer service operations after some poor interactions with sales reps went viral. It has budgeted hundreds of millions of dollars toward hiring more technicians, increasing the number of its call centers and supporting an Uber-like app to allow customers to track and rate their technicians.

Comcast has been among cable companies in recent quarters to bolster its video customers even as the overall pay TV industry continues to experience "cord-cutting" and "cord-shaving," when people disconnect their subscriptions or opt for cheaper, skinnier packages. Comcast's broadband and business services divisions posted strong sales growth in the first quarter, lifting overall revenue at the cable business—which accounts for the bulk of Comcast's top line—by 6.7% to $12.2 billion.

Broadband revenue increased 7.6% to $3.3 billion, while voice revenue fell 1.1% to $896 million. Video revenue grew 3.9% to $5.5 billion. Business-services revenue jumped 17.5% to $1.3 billion. The cable giant added 438,000 broadband customers in the quarter compared with 407,000 a year earlier. Voice customer additions grew to 102,000, compared with 77,000.

At NBCUniversal, revenue grew 3.9% to $6.9 billion, as its cable networks and theme parks businesses offset revenue declines at filmed entertainment and broadcast TV. Excluding the year-ago boost from the 2015 Super Bowl, NBCU's revenue increased 10.2%. Operating cash flow at NBCU increased 10% to $1.6 billion. Revenue grew 4% at the unit that includes the company's cable TV networks, and operating cash flow grew

6.4% to $956 million. Revenue at the broadcast-TV segment, which includes the flagship NBC network, declined 7.3%, though excluding the impact of the Super Bowl last year, it would have grown 11.4%.

Coming off a blockbuster year, filmed entertainment saw a drop in revenues and operating cash flow. Revenue at the theme parks segment, however, grew 58% to $1 billion, thanks to the inclusion of Universal Studios Japan, which Comcast bought control of last September. – ***Wall Street Journal***

Comcast Corp. is in talks to buy DreamWorks Animation SKG Inc. for more than $3 billion, according to people familiar with the matter, in a deal that could make the cable giant a rival to Walt Disney Co. in the lucrative family-entertainment business.

Comcast's Universal Pictures studio has enjoyed success in recent years with its animated "Despicable Me" and "Minions" movies but is still a relatively small player. Its parent company, though, has been moving aggressively to mimic Disney by using its animation properties to build out its consumer products and theme parks businesses, a strategy that could be accelerated by the addition of DreamWorks, which makes the "Shrek," "Kung Fu Panda," and "Madagascar" movies, among others. As with all such talks, a deal may not be reached. The tentative purchase price represents a healthy premium over DreamWorks' current $2.3 billion market value.

Separately on Wednesday, Comcast reported better-than-expected financial results and added video customers again in the first quarter. At NBCUniversal, revenue grew 3.9% to $6.9 billion, as its cable networks and theme parks businesses offset revenue declines at filmed entertainment and broadcast TV. Class A shares of Comcast, up 13% over the past three months, rose 2% to $62.25 in premarket trading Wednesday. DreamWorks Animation shares, up 6.9% over the past three months, jumped 20% to $32.45.

It wasn't immediately clear what the deal would mean for DreamWorks' chief executive, the veteran Hollywood mogul Jeffrey Katzenberg. One person with knowledge of the talks said that DreamWorks and Illumination Entertainment, Universal's animation studio, would remain separate brands. Mr. Katzenberg would receive a total payout of about $21.9 million if the company is sold and he leaves DreamWorks, according to the company's most recent proxy statement. Additionally, he controls about 60% of the company's common voting stock, according to the proxy. He has been seeking a buyer for his studio, one of the last in Hollywood not part of a larger conglomerate, for several years.

In 2014, DreamWorks held talks with Japan's SoftBank Corp. and toy maker Hasbro Inc. More recently it has held discussions with potential buyers in China, said people close to the company. At the same time, Mr. Katzenberg has told investors in recent years he is working to diversify his company into new businesses such as television, online video, and consumer products, in hopes of stabilizing the inconsistent returns from movie releases. Several box-office flops between 2012 and 2014 forced the company in early 2015 to lay off 500 employees, close a Northern California operation and cut its feature-film output to two movies a year, from three.

DreamWorks is in the midst of a multiyear deal to produce hundreds of hours of television for Netflix Inc. and has recently enjoyed success with digital video company AwesomenessTV, which it acquired in 2013. Verizon Communications Inc. this month bought a 24.5% stake in AwesomenessTV that valued the online video studio at $650 million.

Some of DreamWorks Animation's challenges have come from nimbler new competitors such as Illumination, which rather than building a large studio infrastructure such as DreamWorks', produces its movies with foreign animators at significantly lower cost. That has led investors to pressure DreamWorks to lower its costs of production, which typically range between $130 million and $145 million, compared with about $80

million for Illumination.

As brand-name franchises have become the most important markers of success in the movie business, family entertainment has become arguably the industry's most valuable asset—capable of crossing cultural boundaries at the box office and driving spending on everything from DVDs to toys to vacation destinations. Since it acquired the NBCUniversal media conglomerate in 2011, Comcast has invested billions in its theme-parks business and built up consumer-products licensing, both of which should allow it to better profit from DreamWorks' brands and characters than that studio has been able to do independently.

The deal would also give Universal a stronger presence in China, where Mr. Katzenberg has focused much of his energy for the past few years. The CEO travels there at least once a month and opened a joint venture in Shanghai, Oriental DreamWorks, that co-produced the January release "Kung Fu Panda 3." DreamWorks Animation movies are marketed and distributed by 21st Century Fox's Twentieth Century Fox, though that deal will expire in 2017. 21st Century Fox and News Corp, owner of The Wall Street Journal, were until mid-2013 part of the same company. DreamWorks Animation spun off in 2004 from DreamWorks SKG, an entertainment company founded in 1994 by Mr. Katzenberg and fellow moguls Steven Spielberg and David Geffen.

DreamWorks SKG's ambitions to become a seventh major Hollywood studio never came to fruition, but its animation division had some early success with hits like "The Prince of Egypt" and "Shrek" before it separated with a public stock offering. The live-action movie business, run by Mr. Spielberg, has relaunched twice after near-death experiences and recently signed a distribution deal with Universal, meaning an acquisition of the animation company by Comcast would, in a way, bring the two units back together. DreamWorks Animation shares closed Tuesday at $27.12, down three cents. Comcast stock closed at $61.05, up 5 cents. – ***Wall Street Journal***

Telecommunications companies often use mergers to limit consumer choice and raise prices. That's why federal regulators are right to seek tough conditions before approving a deal that would combine **three cable companies**.

The proposed deal involves Charter Communications's $65.5 billion acquisitions of Time Warner Cable and Bright House Networks. The new Charter would be the country's second-largest broadband company, after Comcast, and the third-largest cable and satellite-TV company, after Comcast and AT&T, which last year **acquired DirecTV**. There is no question that these acquisitions would give Charter significantly more power over millions of consumers, media companies and Internet businesses like Netflix and Amazon.

To limit potential harm, federal regulators are **seeking three conditions**. The chairman of the Federal Communications Commission, Tom Wheeler, would require Charter to sell consumers high-speed Internet service without limiting how much data people can download. This should make it easier for customers to stream TV shows and movies over the Internet — instead of buying cable TV service from Charter — because they would not have to worry about how much data they were using. The commission would also require Charter not to charge Internet streaming companies for access to its customers.

As the third condition, the Justice Department's antitrust division proposes that the new company not be allowed to sign exclusive deals with media companies like Disney and Fox. That would leave content providers free to sell programming to Internet streaming companies. Many of Time Warner Cable's contracts with media companies include exclusive deals that would no longer be permitted. All three conditions would be in place for seven years. The F.C.C. still has to vote on this plan and the Justice Department has to get the approval of a federal judge.

Critics of the proposed deals, like the statellite-TV company Dish Network, want regulators

to block the Charter deals altogether, as the government did last year when it **stopped Comcast** from acquiring Time Warner Cable. But it would be hard to convince a judge that the Charter deals should not go through. If Comcast had been allowed to acquire Time Warner Cable, the company would have clearly dominated the industry in a way that the new Charter would not. Comcast's proposal would have given it control of about 60 percent of the national broadband market, along with outsize influence over how Americans use the Internet. The postmerger Charter would have only **23 percent** of that market.

That said, the Charter acquisitions clearly pose antitrust problems. They would increase consolidation in an important industry where power is already concentrated in the hands of a few companies. Regulators should fully enforce these merger conditions if the deals go through and come up with other policies to encourage more competition. – ***New York Times***

AT&T said on Tuesday the No. 2 U.S. wireless carrier lost television subscribers and signed up fewer-than-expected monthly wireless customers in the first quarter, even as it beat profit estimates. Shares of AT&T, which had gained 10.7 percent so far this year, fell almost 2 percent in extended trading.

AT&T has been seeking new revenue sources in an oversaturated wireless market, and has acquired satellite-TV provider DirecTV to offer bundles of cellular, broadband, TV and fixed-line phone services. AT&T is in the early stages of implementing this plan after completing the $48.5 billion merger in July, which created the country's largest pay-TV company. "(AT&T's) strategy is to bundle wireless services with entertainment and broadband and so far that has shown mixed results," MoffettNathanson LLC analyst Craig Moffett said in a phone interview.

AT&T said it added 328,000 DirecTV subscribers in the quarter ended March 31. But it lost 382,000 U-verse TV customers as the company started to phase out that service. AT&T, which is battling wireless providers like Verizon Communications and T-Mobile US for subscribers, added 129,000 postpaid customers in the quarter. Postpaid customers, who pay bills monthly, tend to spend more than prepaid customers. The increase fell short of analysts' average estimate of 287,000 postpaid net additions, according to market research firm FactSet StreetAccount.

AT&T signed up more than 3 million wireless customers after it reintroduced unlimited wireless data to AT&T wireless subscribers who had DirecTV and U-verse TV, Chief Financial Officer John Stephens said on a conference call after the company released earnings. "Our new unlimited wireless with video offer started fast and continues at a solid pace," he added. Net income attributable to AT&T rose to $3.80 billion from $3.26 billion in the year-ago quarter. On a per share basis, net income fell to 61 cents from 63 cents. – ***Reuters***