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January 22, 2020

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Minnesota is awarding more than $23 million in grants to 30 projects throughout the state to help bring high-quality broadband access to underserved and unserved parts of the state, **Gov. Tim Walz** (D)announced Tuesday. “Fast, reliable broadband access is a critical economic development tool that improves quality of life and makes businesses in Greater Minnesota more competitive,” Walz said in a statement. “These grants help us get closer to our goal to ensure that every Minnesotan has high-speed internet access by 2022.”

The governor's office said the projects, which will be funded by the Department of Employment and Economic Development and local matching funds, will provide fast, reliable internet access to more than 10,900 businesses, homes, and community institutions. Gaining high-speed service has long been a priority for communities throughout rural America. The U.S. Department of Agriculture, which runs rural development programs across the country, will start taking applications Jan. 31 for $550 million in broadband aid this year. “You simply can’t participate in the innovation sector — or almost any sector of the economy today, for that matter — without high speed access to the internet,” DEED Commissioner Steve Grove said in the governor's statement. “These grants help us reach that last mile of service in Minnesota and our goal to be a model state where you don’t have to move to a metro area to participate in the 21st century economy.”

The agriculture budget bill that Walz signed last year included $40 million in one-time funds for the **Border-to-Border Broadband Development Grant program** in 2020 and 2021. DEED received requests for $70 million for 80 projects during the latest application round. This is the fifth year of the program. The new grants bring the number of homes and businesses gaining broadband access through the program since 2014 to 49,900.

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Associated Press

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Pittsburgh Post-Gazette

Editorial: A risk not worth taking – Legislature neuters a bill to target distracted driving

The state's goal is that by no later than 2022, all businesses and homes should have access to high-speed broadband with minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second, with the targets rising by 2026 to download speeds of at least 100 megabits and upload speeds of at least 20. The new grants range from $2.9 million for a project that will bring broadband to farms in Houston and Winona counties of southeastern Minnesota to $42,921 to bring gigabit speeds to previously unserved Miltona Township in Douglas County of western Minnesota. – ***Associated Press***

Netflix Inc. missed its forecast for U.S. subscriber growth for the third straight quarter, but blew through its expectations for overseas expansion, a mixed performance that comes as the streaming giant faces heightened competition from a gaggle of rivals. The Los Gatos, Calif., company said Tuesday that it added 423,000 domestic subscribers in the fourth quarter, compared with its forecast of 600,000 additions. It also posted an increase of 8.3 million subscribers in overseas markets, more than the seven million the company was expecting. It now has 167 million subscribers world-wide, including 60.4 million in the U.S. Shares in Netflix were up 2.3% in after-hours trading on Tuesday.

The results underscore that Netflix has two very different stories to tell Wall Street at the moment. Its operations abroad look as promising as ever, without any sign of a significant competitive threat, while clouds are beginning to gather in the company's home market, where rivals are offering new services and chasing creative talent in Hollywood. In November, Walt Disney Co. 's Disney+ streaming platform went live with a $6.99 monthly service that offers a range of content including animated classics and the "Star Wars" and Pixar franchises. Disney said a day after the service began that it had signed up 10 million users, but the company has yet to provide updated results.

Apple Inc. launched Apple TV+ the same month, offering consumers access for $4.99 a month. Netflix's standard plan costs $12.99 a month. Apple has a relatively small offering of original shows and doesn't possess the vast libraries of classic programming that Netflix and others have.

This spring, Comcast Corp. 's NBCUniversal and AT&T Inc.'s WarnerMedia plan to introduce their direct-to-consumer streaming services: Peacock and HBO Max, respectively. On a call with investors and analysts, Netflix Chairman and Chief Executive Reed Hastings said the new competition wouldn't prompt significant strategy changes at the company. "We've had the same strategy for 20 years: Please our members and they help us grow," Mr. Hastings said.

Disney+, Mr. Hastings said, is likely to take just "a little from us" and pose a bigger threat to traditional television. "We compete very broadly for viewing...and our viewing on a per-member basis is up," he said. In a letter to shareholders, Netflix attributed the company's softness in the U.S. and Canada to the new competition, as well as to the effects of price increases being rolled out to its users. The company said it has a "big head start in streaming" and believes it will "continue to prosper," even in a tougher battleground. The growing number of streaming

services, Netflix told shareholders, will harm traditional TV, not its own business.

Mr. Hastings also explained why Netflix doesn't want to introduce an advertising-supported version of its service. "There's not easy money there," he said, adding that the company would be hard-pressed to take ad business away from Amazon.com Inc., Facebook Inc. and Alphabet Inc.'s Google. He said Netflix wants to be "the safe respite" for its subscribers, with "none of the controversy around exploiting users with advertising."

Netflix's Europe, Middle East and Africa segment powered the company's international growth, with 4.4 million subscriber additions and a 42% jump in revenue. The Latin America segment added 2.04 million users. The Asia region is growing the fastest, but it is also the smallest—with just 16 million paid subscribers. Netflix reported a fourth-quarter profit of $586.9 million, or $1.30 a share, as a one-time tax adjustment bolstered the bottom line. Revenue rose 31% to $5.47 billion.

New content the company premiered during the quarter included "The Irishman," a film about organized crime, and "Marriage Story," a movie about the demise of a marriage. Each film received multiple Oscar nominations. Netflix has begun to face questions about the sustainability of its growth, particularly in the U.S. The company lost domestic customers for the first time in nearly a decade in the second quarter of 2019, and narrowly missed its growth forecast the next period. Netflix has said price increases have damped growth to some extent as they roll out across the company's footprint, and has pointed to rising revenue per customer.

Still, Netflix has a huge lead over streaming rivals and is adding international customers at a rapid rate the rest of Hollywood envies. Wall Street has remained optimistic about Netflix's potential, with shares in the company rallying over the past several months after a skid last year. Alongside the race for subscribers, Netflix is also battling new competitors—including some whose services have yet to be launched—to sign up talent and rights to key programming. Holding on to popular old shows is proving challenging. "Friends" ended its run on Netflix at the end of last year and will be available on HBO Max later this year, while Comcast's Peacock service will carry reruns of "The Office" starting in 2021. Other popular Netflix content, such as "Grey's Anatomy," is expected to roll off the service as contracts expire. Ted Sarandos, Netflix's chief content officer, said on the analyst call that the service hasn't experienced any negative impact from the loss of "Friends," a situation-comedy.

Netflix did **acquire streaming rights to "Seinfeld"** when it leaves Hulu in 2021, and continues to bid aggressively for popular shows. The company is investing heavily in original TV shows and movies, betting that such content will ultimately keep subscribers happy. Among the original titles Netflix said performed well in the fourth quarter were "The Witcher," the stalker drama "You," "The Crown" and the cartoon "Big Mouth."

Netflix still discloses little viewing data for its content. In previous quarters, it provided the number of member households that watched 70% or more of a title. Now it is providing the number of member

households that **started watching a title and stuck with it for at least two minutes**. The company said it made the change because the 70% methodology favored shorter-form content. However, the new approach can also boost the numbers by 35%, the company said.

Using the new metric, Netflix said “The Witcher” had the biggest debut season of any series on the service, with 76 million members watching at least two minutes during the show’s first month on the platform. The latest season of “The Crown” attracted 21 million member households in its first month of availability. Netflix is estimating it will add seven million paid users in the first quarter, compared with 9.6 million a year earlier, in part because of the challenges in the U.S market. – ***Wall Street Journal***

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