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Politico
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The Hill
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USA Today
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Bloomberg

AT&T Inc. warned that the coronavirus crisis is clouding its financial outlook as cash-strapped customers spend less and TV production grinds to a halt. The Dallas telecommunications company on Wednesday withdrew the financial targets it gave investors in November, citing the economic uncertainty caused by the recent wave of job losses. Executives previously had projected three years of moderate revenue growth powered by the company's core cellphone business.

The coronavirus crisis instead is pulling AT&T's divisions in different directions. Tens of millions of housebound workers are boosting demand for its wireless and broadband services, yet emergency measures telecom companies are taking to keep Americans connected are capping roaming and overage fees. AT&T's WarnerMedia division plans to cater to cooped-up families by launching a new streaming video service on Memorial Day weekend while its studios sit idle and new film releases go straight to video. "We have a strong cash position, a strong balance sheet, and our core businesses are solid and continue to generate good free cash flow—even in today's environment," Chief Executive Randall Stephenson said in a statement.

AT&T added 163,000 postpaid phone subscribers during the first quarter, retaining a valuable group that pays for wireless service at the end of a

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Hollywood Reporter
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Allentown Morning Call
Gov. Wolf plots Pennsylvania comeback from coronavirus amid higher death toll

Pittsburgh Post-Gazette
Is the COVID-19 death count understated? Counties acknowledge disconnect with state

Pennlive
Why some Pa. election officials oppose a mail-only primary: 'Considerable potential for serious problems'

Philadelphia Inquirer
Editorial: Louder than noisy 'reopener' protesters: The majority of Pennsylvanians who are quietly staying home

billing cycle, which encourages customer loyalty. The company's premium TV unit, which includes DirecTV, lost 897,000 customers. Its streaming AT&T TV Now service lost 138,000 customers. Revenue from telecom operations fell 2.6% to $34.25 billion as weaker contributions from pay-TV and business internet services offset slight gains in the wireless division. Sales at WarnerMedia, which owns a stable of cable channels including CNN, TBS and HBO, dropped 12% to $7.4 billion as ad revenue shriveled near the end of March. Its Warner Bros. studios remain in limbo as health precautions force producers to put shoots on hold.

The harshest effects of the pandemic affected only the last two weeks of the first quarter, but that was enough to drag down results. WarnerMedia lost an estimated $400 million of sales without a college basketball tournament to air, and wireless customers spent $175 million less buying cellphones and other equipment. The company set aside $250 million to cover bad debt from customers skipping payments and reported a $56 million impact from studio production shutdowns. AT&T said about half of its employees are working from home. The company spent $114 million to boost compensation for front-line employees, including technicians maintaining its networks and store workers who have lost commission payments.

The company was also among the network operators that joined a Federal Communications Commission pledge in March to waive certain fees and keep overdue accounts active during the pandemic. It isn't clear how carriers will respond next month, when the voluntary commitments expire. Overall, AT&T earned $4.61 billion, or 63 cents a share, during the three months that ended March 30, down from $4.86 billion, or 56 cents, a year earlier. The company's per-share result improved after it bought back some of its common stock in recent months. Total revenue slipped 4.6% to $42.78 billion.

Investors tend to flock to phone and internet companies when the economy sours to take advantage of relatively stable demand for telecom services. AT&T's stance is complicated by its foray into show business, which saddled the company with debt and exposed its bottom line to less predictable income. AT&T executives have said their media assets will deliver more long-term growth as video consumption skyrockets. WarnerMedia next month will offer HBO Max, an expanded version of the premium TV brand with reruns of popular shows like "Friends," to an at-home audience hungry for new things to watch.

But with no live sports to carry for the foreseeable future, WarnerMedia's basic cable channels offer a less-certain picture. Advertisers are spending less on TV as basketball and baseball leagues put their seasons on hold. DirecTV could also lose more customers in the months ahead as a growing economic crisis forces customers to cull their satellite bundles. The company earlier this month reassured investors it would keep paying a dividend and secured a short-term $5.5 billion loan to shore up its cash reserves. AT&T also halted plans to buy back $4 billion of its own stock this quarter after pledging months earlier to keep retiring shares. AT&T said it had about $10 billion of cash on hand at the end of March. The company has focused on cutting costs in recent months and counted about 244,000 employees on its payroll, down from about 248,000 at the end of 2019. – ***Wall Street Journal***

Netflix Inc. ended the first quarter with nearly 16 million new subscribers as people around the globe stuck at home due to the coronavirus pandemic are increasingly turning to streaming services to entertain themselves.

T he 15.8 million net customer additions were more than double what the streaming giant had forecast—a breakneck pace of growth the company said was unlikely to continue. Netflix now has 182.9 million subscribers world-wide. “Like other home entertainment services, we’re seeing temporarily higher viewing and increased membership growth,” Netflix said in its letter to shareholders, noting that much of that growth came in March when shelter-at-home orders began. “We expect viewing to decline and membership growth to decelerate as home confinement ends, which we hope is soon.”

In a video to discuss the results, Chief Executive Reed Hastings said, “We, too, are really unsure of what the future brings.” He said it would be a couple of months before the company can “grapple with the long-term implications.” With the pandemic leading to the shutdown of movie theaters, professional sports leagues, concerts and other events, streaming services such as Netflix have emerged as one of the rare video-entertainment options still available. “People want entertainment. They want to be able to escape and connect whether times are difficult or joyous,” Mr. Hastings said.

Netflix said it was able to operate remotely “with minimal disruption in the short to medium term,” but it, too, faces tremendous challenges due to the coronavirus. Production on practically all movie and television content has been shut down for weeks, and there is no set date for the content factories to start churning again. Netflix said the production shutdown will only have a modest impact on new content for the next three months. But if producers and actors remain on the sidelines, it could become problematic. Netflix is rushing to finish shows that are in final edits and is aggressively acquiring content from third-party suppliers. “Our 2020 slate of series and films are largely shot and we’re pretty deep into our 2021 slate,” said Ted Sarandos, chief content officer.

Despite the production shutdown, Netflix said the bulk of its animation production team is working from home. It also has more than 200 projects in postproduction, which can also be done during the quarantine. Writers on existing series are continuing to work on new scripts. Mr. Sarandos said several things have to happen before production can resume, including the lifting of shelter-at-home orders and protocols for testing on sets and elsewhere. “We have to be able to look our employees and cast and crew in the eye and say this is a safe place to work,” Mr. Sarandos said.

Most of the company’s subscriber growth occurred outside of North America. Netflix said it added almost 7 million subscribers in the region including Europe and the Middle East, 2.9 million in Latin America and 3.6 million in Asia. In the U.S. and Canada, where it faces more competition as other media companies launch their own streaming services, Netflix reported 2.3 million new paid subscribers, compared with a gain of 548,000 in the fourth quarter and 1.9 million in the first quarter a year ago. Shares rose 1% in after-hours trading. The stock is up 34% year to date, making the streaming service one of the few companies to see its shares appreciate since the coronavirus crisis started.

Usage was boosted in the quarter by several popular original efforts, including the third season of the drama “Ozark” and the documentary series “Tiger King: Murder, Mayhem and Madness.” Netflix said “Tiger King” was sampled by 64 million member households. Its unscripted dating show, “Love is Blind,” also broke through with 30 million member

households tuning into some or all of the series. The increase in subscribers and viewing hours put pressure on internet capabilities in some parts of the world during the quarter. Netflix reduced bandwidth in Australia, Mexico, India and elsewhere after requests from local governments. Netflix said the quality of its service was maintained and it is working with internet service providers to increase capacity.

The company said its service has seen "significant disruption when it comes to customer support and content production." Netflix said it has added 2,000 remote agents to handle the surge in customer calls which are an offshoot of the increased demand for content. Netflix said it generated revenue of $5.77 billion for the first quarter, up from $4.52 billion a year earlier. Analysts had forecast $5.75 billion in revenue for the latest period. The company said strong subscriber growth was offset by a sharply stronger U.S. dollar, which depressed its international revenue. Profit rose to $709.1 million, or $1.57 a share, from $344.1 million, or 76 cents a share, the year earlier. The company was expected to earn $1.64 a share, according to estimates compiled by FactSet.

Netflix, which raised its prices in the U.S. in the first quarter of last year, isn't planning any increases in the near future. "We're not even thinking about price increases," said Chief Product Officer Greg Peters. Netflix is facing heightened competition from traditional media. Walt Disney Co.'s Disney+, which launched last November and costs $6.99 a month, said earlier this month it has passed 50 million paid subscribers world-wide. "I've never seen such a good execution of the incumbent learning the new way and mastering it," Mr. Hastings said of Disney's early success.

WarnerMedia, a unit of AT&T Inc., said Tuesday its new streaming service HBO Max, will launch May 27 at a monthly fee of $14.99. Comcast Corp.'s Peacock platform made its debut in the cable giant's homes last week and will be available nationally in July. Apple Inc. also launched a streaming option last fall called Apple TV+.

Americans spent an average of $37 a month on streaming services in March, up $30 in November, according to a recent survey by The Wall Street Journal and the Harris Poll. The survey found Netflix was the biggest streaming beneficiary in the crisis, with some 30% of respondents saying they added a Netflix subscription in March. Netflix said its deep reserve of acquired and original content likely puts it in better position to weather the pandemic than its rivals, which are also affected by production shutdowns.

Comcast last week said most of the original shows that were to headline the launch of Peacock likely won't be ready until 2021, while WarnerMedia on Tuesday said a much-anticipated reunion of the cast of "Friends" won't be released until the summer or fall. "Since we have a large library with thousands of titles for viewing and very strong recommendations, our member satisfaction may be less impacted than our peers' by a shortage of new content, but it will take time to tell," Netflix said. – ***Wall Street Journal***

House Republicans demonstrated on Tuesday they are not willing to wait for May 8, when Pennsylvania Gov. Tom Wolf plans to gradually reopen the economy. They want businesses to reopen now.

The state House of Representatives passed bills primarily along party-lines that would allow construction, auto sales, and retail stores to begin

reopening, provided they practice social distancing and adhere to other COVID-19 mitigation measures. Those bills now go to the Senate for consideration.

One day after hundreds protested outside the Capitol demanding the reopening of Pennsylvania, the GOP-controlled House responded. House Republicans demonstrated they are running out of patience with the governor's measured approach to begin to open up the economy. Wolf, a Democrat, said on Monday he was tentatively looking to allow limited construction activity to begin in three weeks in regions of the state where the data and science indicate the surge of COVID-19 cases is on the decline.

Hours later, it was announced the governor signed legislation allowing online auto sales to occur as well as letting the state's liquor stores offer curbside pickup of wine and spirits. He also vetoed a GOP-backed bill that would have allowed businesses to reopen; the measure would have used federal guidelines established by the U.S. Department of Homeland Security to determine if businesses could open their doors. But Republicans said during the House debate they saw Wolf's actions as inconsistent with his closure order that picked big businesses as winners, while leaving smaller retail stores shuttered for over a month now.

Rep. Brad Roae, R-Crawford County, touted his bill that would allow retail stores to open but limit them to one employee and one customer inside at a time and also allowed for contactless curbside pickup. Roae said it would be easier to maintain social distancing than big-box stores which allow 200 to 300 people in at a time. Pointing to the governor's decision to allow liquor stores to offer curbside pickup, House Majority Leader Bryan Cutler, R-Lancaster County, said, "If curbside pick is good enough for the government, it should be good enough for all the other businesses that wish to employ it safely."

The construction bill, sponsored by House Speaker Mike Turzai, R-Allegheny County, would allow public and private construction activity to resume, provided workers adhere to CDC mitigation measures. Another measure offered by Rep. Natalie Mihalek, R-Allegheny County, would allow auto dealers to go back to allowing in-person auto sales, provided worker protections were taken to prevent the spread of COVID-19. Much of the arguments for and against each measure hit on the same themes.

Republicans argued that Pennsylvanians can't afford to wait any longer to get back to work, to buy a car, or to complete construction on an unfinished house. Democrats countered the measures were reckless and short-sighted and could led to a resurgence in cases of the coronavirus. A section of a letter from Health Secretary Dr. Rachel Levine was read, cautioning against supporting the bill allowing retail stores to open, saying it would dilute mitigation efforts. "There is much unfair right now in this world," said Rep. Matt Bradford, D-Montgomery County. "Not the least of which is the amount of death that is going on because of this pandemic. But I realize in this building we have decided to follow our own path and ignore the data and science and experts and we have chosen a path that says the bottom line above all else."

Wolf has also argued reopening businesses too quickly would endanger public health and potentially do more damage to the state's economy, especially if new outbreaks only force businesses to shut down again. -- ***Pennlive***

Stay safe

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