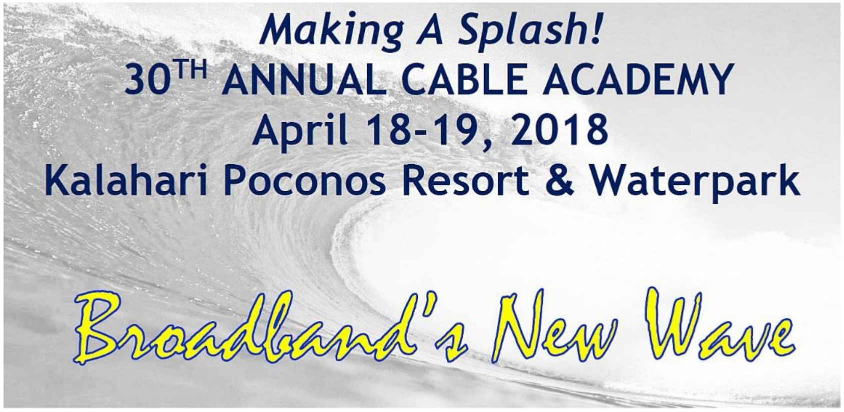

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Cable giant Comcast Corp. and Walt Disney Co. have brought their chess game over 21st Century Fox Inc. to Europe.

Comcast early Tuesday said it was planning a £22.1 billion ($30.9 billion) offer for Sky, topping a rival bid from Fox to consolidate ownership of the U.K. broadcaster—and moving to peel away one of the most attractive overseas assets that Walt Disney Co. has **separately agreed to buy from Fox.** Comcast is offering £12.50 a share for all of Sky, significantly higher than the £10.75-a-share offer from Fox for the 61% of Sky it doesn't already own. The offer comes as investors were already betting that Fox would need to raise its bid, with Sky's share price trading well above the offer price. Sky's shares rose more than 20% in early trading in London to £13.47. Investors are now gearing up for a bidding war between Comcast on one side and Disney and Fox on the other.

Late last year, Disney agreed to buy a big chunk of assets from Fox, including its stake in Sky, for more than $52 billion. Sky was seen as a particularly attractive asset in the package—a way Disney could grow its overseas footprint. That's the same rationale Comcast Chief Executive Brian Roberts said is driving his interest. In an early Tuesday conference call, he said he values Sky's unusual position as both a telecom operator—selling TV, internet and wireless plans across Europe—and media company that broadcasts its own channels and produces original sports, entertainment and news programming. Sky has about 23 million customers in the U.K., Ireland, Germany, Austria and Italy.

Comcast's bid comes as the latest, dramatic proposed deal in a years-long consolidation and conversion play convulsing the telecom and media sectors. The companies that own TV and internet pipes also want to own the content that flows through them. Most prominent among those efforts is AT&T Inc.'s proposal to buy Time Warner Inc. for about $85 billion. The Justice Department is suing the companies to block the deal, saying it would hurt pay-TV competition. Mr. Roberts said Tuesday that Comcast preferred to buy 100% of Sky, including Fox's current 39% stake. He said Comcast would also settle for a majority stake, and would be prepared to be co-

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owners with either Fox or Disney. Comcast said a firm offer for Sky is subject to, and won't be made without, final approval from Comcast's board. In response, Sky said in a statement that its independent directors were "mindful of their fiduciary duties" and obligations under U.K. takeover rules, adding a further announcement would be made as and when appropriate. Representatives of Fox and Disney couldn't immediately be reached for comment early Tuesday.

The separate Fox-Sky deal has been subject to a **gantlet of regulatory reviews in Britain**. Regulators have raised concerns that full Fox ownership of Sky, which operates a British news operation, would give Rupert Murdoch's media holdings too much sway in the country. Mr. Murdoch and his family are significant shareholders in both Fox and News Corp , which owns three major British newspapers. News Corp also owns The Wall Street Journal. Fox has said there are sufficient news outlets in the country—including new, online ones—that media control wouldn't be concentrated with the deal. Britain's antitrust regulator has said it would make a final recommendation on the deal later this year. The British government has final say. Fox has proposed ring fencing Sky's news division with an independent board, a move that regulators have said they would consider. Such a structure would then no longer be necessary should Disney then complete its deal for Fox.

Amid that regulatory opening, Sky shares have strengthened recently on expectation the Fox-Sky deal would get done. Big investors, including U.S. hedge-fund manager Paul Singer's Elliott Management Corp., have poured money into Sky shares, betting on a higher bid. The Comcast bid is the latest move in complicated, four-way deal talks that have been under way for more than a year between, first, Fox and Sky, then Fox and Disney and, separately, Fox and Comcast.

Over the course of those negotiations, **Mr. Murdoch has pivoted from buyer**—aggressively moving to consolidate its ownership of Sky after failing to do so several years earlier—to a seller of assets. Comcast's Mr. Roberts earlier walked away from deal talks with Mr. Murdoch over buying Fox. However, **Comcast executives have recently started to reconsider a bid for Fox**, or parts of it, according to people familiar with the matter. Mr. Roberts said on the conference call Tuesday he hadn't spoken with the Murdoch family since they broke off talks two months ago. In its deal with Disney, Fox agreed to sell the 39% of Sky it already owns, plus the additional 61% if its bid for full ownership of the broadcaster is ultimately successful. Disney has said, though, that should the U.K. government block Fox's efforts to buy the rest, it could consider bidding separately for the remainder of Sky. The broadcaster has a distribution footprint across Europe, and has rights to valuable content, including to prized English Premier League soccer matches.

In a recent auction, Sky retained its rights for those matches, paying a lower price than many thought—further boosting shares. Mr. Roberts said the lower-than-expected cost of the soccer rights factored into Comcast's decision to go after Sky. So did a November trip to the U.K., he said, when he discussed Sky with a taxi driver and then saw the company's product in person. He was impressed with the U.K. pay-TV company's offering, he said. "The trip was not the deciding factor, but it was another reminder for me how impressive Sky is and how lucky we would be at Comcast to combine together," Mr. Roberts said.

The offer puts the ball in the courts of Fox and Disney. If Fox was to raise its bid—a move that shareholders would expect given Sky's soaring share price—it would likely need to discuss the structure of any new bid with Disney. Fox, meanwhile, is in a difficult position somewhere in the middle. Its 39% interest in Sky makes it a big potential beneficiary of the significantly sweetened bid. But accepting the Disney changes the major contours of the Disney-Fox deal. The fine print of the Disney deal stipulates that Disney must approve of any sale of Sky shares. It's unclear whether Disney would want to end up partners with Comcast. Mr. Murdoch's son, James, is Sky's chairman. Fox would be required to pay Disney a $1.53 billion breakup fee if Fox's board changed its recommendation for the Disney deal. Similarly, Disney would have to pay Fox the same breakup fee if a change in Disney's board recommendation for the merger caused Fox to end the pact. Another option for Fox: Hold on to its 39% stake, making it a partner with Comcast in Sky, at least until Disney completes its Fox takeover. – ***Wall Street Journal***; **From *Reuters***, **Comcast CEO hails cab driver's influence in bid for Sky 'jewel'**

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The Oregon House of Representatives passed a bill Monday that aims to restore "net neutrality" protections for the internet, a little more than two months after the Federal Communications Commission voted to remove rules that enforced those protections. **House Bill 4155** would require that state and local governments contract only with internet companies that abide by the principles of net neutrality. That's a concept that suggests internet providers should not give preferential treatment to certain websites. The House approved the bill by a vote of 40-17, with several Republicans joining Democrats in support. It now moves to the Senate. Gov. Kate Brown has previously signaled her support of net neutrality.

Advocates of an open internet say that removing net neutrality protections could open the door for Comcast and other large companies to charge websites or customers extra for speedy, reliable access to their sites. The FCC established rules enforcing net neutrality during the Obama administration. Large internet providers say net neutrality amounts to government intrusion in the internet, which could stifle innovation.

Because federal law limits local authority to regulate the internet, Oregon is one of several states that hope to use their government contracts to encourage online service providers to comply with net neutrality guidelines. Two of Oregon's major internet providers, Frontier Communications and CenturyLink, say government contracts represent an important part of their business. But Comcast's financial statements give no indication that local government contracts are a major source of its revenue. – ***Portland Oregonian***

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The nation's top telecommunications regulator on Monday laid out his plan for accelerating the development of 5G wireless service in the U.S. through market-oriented approaches. Federal Communications Commission Chairman Ajit Pai, in a speech to the Mobile World Congress in Barcelona, said he would aim to auction two chunks of the airwaves for next-generation wireless service this fall, as the U.S. seeks to win an emerging global race to roll out the technology.

To carry out his plan, Mr. Pai said, the agency needs quick action from Congress to remove a bureaucratic barrier that could hinder the planned fall auctions. He has said big banks are no longer willing to hold pre-auction payments from carriers because of the banks' capitalization and collateralization requirements. So the FCC is seeking a change from Congress to allow the Treasury Department to hold the prepayments. Congress must act by May 13 for the fall auctions to take place on schedule, Mr. Pai said.

The competition to develop next-generation wireless service is expected to be crucial because 5G is eventually expected to support large new markets, including autonomous vehicles as well as the so-called Internet of Things. The 5G service will rely extensively on mid- and high-band portions of the airwaves that previously have been regarded as ill-suited for wireless. Mr. Pai's speech suggested he wants to reassure officials and investors that the U.S. remains a powerful force in the race to 5G.

A leaked government memo on 5G recently suggested some U.S. officials fear the U.S. is falling behind China in developing the potentially-lucrative technology. The memo noted that China has used extensive government intervention to aid its telecommunications firms in developing 5G technologies. Mr. Pai was among officials in Washington who **criticized the memo's**

recommendations for greater U.S. government intervention in 5G. But administration officials say they are still examining how to ensure U.S. success in 5G.

FCC Commissioner Jessica Rosenworcel, a Democrat, also has been ramping up pressure over the FCC's auction schedule, noting at last week's FCC meeting that other nations are moving at "warp speed" to auction 5G spectrum. She tweeted last week that it's "time -- past time -- for the @FCC to schedule its next spectrum auction." Mr. Pai, a Republican, said in his speech that he wants the U.S. "to be the best country for innovating and investing in 5G networks." He added that "government's role is not to command and control, but to enable and encourage."

House Republicans cheered Mr. Pai's remarks. In a statement, House Commerce Chairman Greg Walden (R., Ore.) and subcommittee chairman Marsha Blackburn (R., Tenn.) said the race to 5G "is a sprint, not a marathon, and the proposed spectrum auctions will help ensure the United States remains at the forefront of this emerging technology." The U.S. also faces other challenges in rolling out 5G, including finding ways to cut through red tape that sometimes slows the construction of telecommunications infrastructure. Those bottlenecks could be especially acute for 5G service that relies on the high-band spectrum Mr. Pai wishes to auction. That is because it will require thousands of new small antennas to pick up phone signals.

The government also is stepping up efforts to speed 5G development in some mid-band spectrum that doesn't require so much physical infrastructure. The Commerce Department's telecommunications office announced Monday that it would study some mid-band spectrum for 5G. And Mr. Pai said the FCC in coming months would propose steps to make more mid-band spectrum available for commercial use and would move forward by year's end on new unlicensed uses in other bands. – ***Wall Street Journal***

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CNN President Jeff Zucker has joined the chorus asking tech and ad firms to help monetize news on mobile platforms. "Otherwise, good journalism will go away," Zucker said at the Mobile World Congress show in Barcelona on Monday. The CNN boss also called current US antitrust efforts misdirected. "Everyone is looking at whether these combinations of AT&T and Time Warner or Fox and Disney pass government approval and muster," he said. "The fact is nobody for some reason is looking at these monopolies that are Google and Facebook."

A decade ago, as president and CEO of NBCUniversal, Zucker famously complained that media companies were in danger of "trading analog dollars for digital pennies." Although Zucker modified digital pennies to digital dimes, he made it clear on Monday that tech titans could still crush journalism. "In a Google and Facebook world, monetization of digital and mobile continues to be more difficult than we would have expected or liked," Zucker said. – ***New York Post***

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Auditor General Eugene DePasquale announced Monday morning that he won't run for U.S. House, ending days of speculation. DePasquale, a Democrat from York County, said many people contacted him after the **Pennsylvania Supreme Court issued a new congressional map** last week and asked if he would be interested in running in one of the newly revised districts; his home district was drawn in a way that made it more competitive for Democrats than before.

DePasquale said he seriously considered a run because he's frustrated with dysfunction in Washington and felt an obligation to the country. But, he said, he ultimately felt he needed to fulfill a campaign promise to complete his term as auditor general and that he still has work to do in that office. He was elected to a second four-year term in 2016. "Everything I would do for the next nine months, instead of being viewed as how it's going to make Pennsylvania better, would be viewed through the political lens," he said. "So, I think it would take away nine months of critical work." – ***Pittsburgh Post-Gazette***

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