

Britain's BT in talks to buy mobile operator EE

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BT Group PLC said Monday it is in exclusive talks to buy mobile phone operator EE from Germany's Deutsche Telekom and France's Orange for 12.5 billion pounds (\$20 billion) in cash and shares.

BT, Britain's biggest home telephone and Internet provider, announced last month that it was planning to re-enter the mobile market, which it left in 2001. EE would mark a major re-entry into the [mobile phone](#) market for BT. EE is the country's biggest with its 24.5 million customers.

In an after-hours statement Monday, BT said the period of exclusivity "will last several weeks" and allow it to "complete its due diligence and for negotiations on a definitive agreement to be concluded."

It foresees a deal that would leave Deutsche Telekom with a 12 percent stake in BT and Orange a 4 percent stake. EE was created from the merger of mobile phone brands Orange and T-Mobile in 2010 before the business went on to launch the U.K.'s first 4G network in 2012.

BT said EE would give it "the U.K.'s most advanced 4G network, giving it greater control in terms of future investment and product innovation." It also said it expected "significant" cost savings from any deal.

BT is the latest telecoms company to adopt a "quad play" strategy, offering customers packages including mobile and fixed-line phone, Internet and television services. The company has moved into the TV

sports market, and has bought a clutch of high-profile football rights, such as English Premier League and Champions League broadcasts.

A deal would require the approval of BT shareholders and could raise some regulatory concerns at industry regulator Ofcom.

"It combines the U.K. market-leader in fixed-line with the number one mobile operator," said Paolo Pescatore, a communications analyst at CCS Insight. "We believe it is unlikely that Ofcom would block the deal, but the combined entity could be forced to dispose of some spectrum."

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