

Telefonica to sell UK phone operator O2 to Hutchison Whampoa

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European cell phone operator Telefonica SA said Tuesday it has reached an agreement to sell its British business, O2, to Hong Kong conglomerate Hutchison Whampoa Ltd. for 10.25 billion pounds (\$15.24 billion).

Spain-based Telefonica said the purchase price includes an initial amount of 9.3 billion pounds and another 1 billion pounds to be paid later.

The deal was reached after due diligence over O2 was completed, Telefonica said in a brief statement. It added that the completion of the transaction is subject to regulatory approval, which could take a year.

Hutchison already owns the smaller British mobile operator Three. The agreement, if approved, will bring about the merger of two of Britain's four major operators.

"This deal will—subject to merger clearance—result in the creation of the most customer-centric mobile operator in the UK," O2 said in a statement. It added that as a result of the deal, it was confident its customers would "benefit from greater value, quality and innovation."

Hutchison's owner, Hong Kong billionaire Li Ka-shing, announced in January the plans to buy O2.

Li is Asia's richest individual, with a fortune estimated by Forbes at about \$35 billion. His sprawling ports-to-retail global conglomerate

operates in more than 50 countries.

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