



HWL reaches agreement with Telefónica to acquire O2 UK

**£9.25bn deal will create the number 1 mobile operator in the UK
with the financial strength to drive competition**

(25 March 2015, Hong Kong) – Hutchison Whampoa Limited (HWL), parent company of UK telecom operator Three, has entered into an agreement with Telefónica to buy its UK subsidiary, O2 UK, for £9.25 billion (approximately HK\$106.75 billion) which will be paid at closing, and deferred upside interest sharing payments of up to a further £1 billion (approximately HK\$11.54 billion) in the aggregate payable after the cumulative cash flow of the combined businesses of Three and O2 UK has reached an agreed threshold. The timing and amounts of these payments will depend on the actual cash flow positions of the combined businesses.

The acquisition of O2 UK will create the number 1 mobile operator in the UK with almost 33 million customers and the deal is expected to generate significant synergy potential. This combination will provide our business with the scale and financial strength necessary to be an even more effective and aggressive competitor in the rapidly evolving UK telecommunications sector. The combined business will have a much stronger ability to compete and businesses and consumers alike will benefit from the combined networks which will deliver better network coverage and quality of service.

Commenting on the deal Canning Fok, Group Managing Director of HWL, said: “We are proud of the business built up by Three in the UK. It is a market leader in mobile data and customers benefit from a superior high speed mobile data network. The signature of definitive agreements with Telefónica today is a major milestone. Completion of the transaction is expected in 2016 as it is of course subject to conditions, including most importantly, satisfactory approvals from competition regulators. The combination of Three UK and O2 UK will create a business with unmatched scale and strength that will allow us to better compete against other operators in the marketplace and will also enable us to provide even better service and innovation to UK customers in a market that will remain fully competitive. This very significant investment for Hutchison also reflects our continued confidence in the UK economy and its commitment to maintain and foster a dynamic telecommunications sector.”

Commenting on the deal David Dyson, CEO of Three said: “Three’s leadership in mobile data together with O2’s strength on network coverage is a great combination that will bring very real benefits to businesses and consumers throughout the UK. The highly complementary network assets will deliver market leading coverage and capacity for talk, text and data and will be well placed to satisfy rapidly growing demand.”

The completion of this transaction remains subject to EU competition approval.

###

For further information please contact:

Hong Kong enquiries:

Hans Leung
Hutchison Whampoa Limited
Tel: +852 2128 1370
Fax: +852 2128 1766
Email: hansl@hwl.com.hk

UK enquiries:

Guy Lamming, Rollo Head, Anjali Unnikrishnan
Finsbury
Tel: +44 20 7251 3801
Email: Anjali.Unnikrishnan@Finsbury.com

Brussels enquiries:

Marcus Pepperell, Claire Harris, Charles Palmer
FTI Consulting
Tel: +32 2 289 0930
Email: Marcus.Pepperell@FTIConsulting.com

Note to editors.

About Hutchison Whampoa

- Hutchison Whampoa Limited (HWL) is a renowned multinational conglomerate committed to innovation and technology. Its diverse businesses employ over 280,000 people in over 50 countries across the world.
- HWL's operations range from some of the world's biggest port operators and retailers, to property development and infrastructure, to innovative telecommunications and data services.
- HWL is a leading global operator of mobile telecommunications and data services and a major owner and operator of fibre-optic fixed-line networks in Hong Kong.
- The 3 Group operates leading-edge mobile services in the UK, Austria, Denmark, Hong Kong, Italy, Ireland, Macau and Sweden. The 3 Group has over 25 million customers in Europe alone.