

CC AND HSF COUNSEL TELEFONICA ON €36BN MERGER OF O2 AND VIRGIN MEDIA

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Clifford Chance and Herbert Smith Freehills have counselled Telefonica on the merger of its Telecom business O2 with Liberty Global owned Virgin Media



Telefónica and Liberty Global have reached an agreement to merge their businesses in the UK to form a joint venture in which both companies will have a 50% stake. The presidency of the new entity will rotate every two years, and the first president will be Mike Fries, Liberty's CEO.

The pair confirmed they plan to create £6.2 billion (€7.1 billion) of cost savings and other financial benefits of integrating the firms.

The deal values O2 at £12.7 billion (€14.54 billion) and Virgin Media at £18.7 (€21.42 billion) including debt the two businesses currently hold.

The new firm will create an integrated telecommunications provider in the United Kingdom with more than 46.5 million video, broadband and mobile connectivity subscribers and revenues of approximately £11 billion (around €12.6 billion), according to Telefónica's announcement to the CNMV.

Liberty Global and Telefonica anticipate that closing of the transaction is expected to take place around the middle of 2021.

Herbert Smith Freehills' team was led by head of global M&A Gavin Davies and London office TMT partner, David Coulling.

Clifford Chance's team was led by Corporate co-head Melissa Fogarty who was assisted by Corporate partners Nigel Wellings (London) and Jennifer Mbaluto (East Africa), and senior associates Nick Spurrell and Adam Dalton. The Competition aspects of the acquisition were led by Madrid office partner Miguel Odriozola and London office partner Jenine Hulsmann, together with Madrid office lawyer Belén Irissarry. The Commercial aspects were managed by partner André Duminy, the Tax aspects by partner Nick Mace, the Capital Markets aspects by partner Paul Deakins, the Banking and Finance aspects by partner Peter Dahlen, and the Pension aspects by partner Clare Hoxey (all from London office).

Liberty's legal advisors have been Allen & Overy and Shearman & Sterling, while the financial advisors have been JP Morgan and LionTree Advisors. Allen & Overy London Corporate M&A partners Jeremy Parr and Alex Tilley and global co-head of Antitrust and TMT Antonio Bavasso are leading the deal, marshalling a huge team of over 50 lawyers including many Commercial and IP/IT lawyers and a wide range of specialists.