

Microsoft bond issue sparks takeover rumors

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A Microsoft booth at a technology fair. Microsoft launched its first bond issue on Monday, sparking rumors the US software giant was contemplating a takeover bid.

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Microsoft, in a filing with the US [Securities and Exchange Commission](#) (SEC), said that it would use the money for "general corporate purposes" and planned to offer five-year, 10-year and 30-year notes.

The Redmond, Washington-based company did not specify how much it hoped to raise from the bond offering, but Fitch Ratings put the amount at 3.75 billion dollars.

[Microsoft](#) has already issued two billion dollars in commercial paper, or short-term debt, under a six-billion-dollar debt authorization made by its

board late last year.

Moody's Investors Service assigned a "AAA" rating, its highest, to Microsoft's offering.

"The AAA rating for the company's inaugural debt issuance reflects the company's position as the world's largest software company with a strong and defensible market position throughout its diverse core offerings" Moody's Richard Lane said.

Moody's added that Microsoft's "very strong debt protection measures are supported by over 22 billion dollars of operating profit and nearly 12 billion dollars of free cash flow in a challenging business environment."

Microsoft was rebuffed last year in a 47.5-billion-dollar bid to take over Yahoo! but management has since changed at the Internet firm and the two companies have reportedly discussed a potential partnership.

Microsoft [chief executive Steve Ballmer](#) has said repeatedly that he is open to a tieup with Yahoo! on Web search, dominated by rival Google.

Business software firm SAP was seen as another potential target for Microsoft.

Microsoft shed 0.51 percent in New York on Monday to close at 19.32 dollars.

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