

# Microsoft to offer \$1.15B in convertible debt

June 8 2010

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(AP) -- Microsoft is planning to raise \$1.15 billion by selling convertible debt to institutional investors. Proceeds will be used to repay debt.

The senior notes due 2013 can be converted into cash, [stock](#) or a combination of both. Microsoft also is offering an additional \$100 million in senior notes if there's excess demand.

To prevent share dilution once the debt is converted into stock, the Redmond, Wash., company plans to use capped call transactions that would automatically buy shares if the stock hits a certain price or higher.

The interest rate Microsoft will pay to debt holders, as well as the notes' conversion rate and other terms, will be set by the software giant and investors in negotiations.

[Microsoft](#) plans to buy back shares once terms of the note are settled.

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