

Google raised Motorola bid by \$3B to get deal done

September 14 2011, By MICHAEL LIEDTKE , AP Technology Writer

Google prized Motorola Mobility's patent portfolio so much that it threw in an extra \$3 billion to get its takeover offer accepted last month.

That tidbit emerged Tuesday in [Securities and Exchange Commission](#) documents that shed light on the negotiations that culminated in cell phone and tablet maker Motorola Mobility Holdings Inc. agreeing to be sold to Google Inc. for \$12.5 billion, or \$40 per share. That's 33 percent more than Google initially offered, according to the SEC filing.

The proposed acquisition still requires approval from [antitrust regulators](#). If the deal falls through, Google will still have to pay Motorola Mobility \$2.5 billion.

Google is digging deeper into its pockets than at any point in its 13-year history to protect its Android software from an onslaught of lawsuits alleging the technology for mobile devices infringes on other patents. Motorola Mobility offers some legal insulation because it already owns 17,500 mobile patents and has submitted another 7,500 for approval.

The discussions between the two companies began in early July, a few weeks after a group that included Google rivals Apple Inc. and Microsoft Corp. paid \$4.5 billion for 6,000 patents owned by [Nortel Networks](#).

Andy Rubin, who oversees Google's mobile operations, made the first contact with Motorola Mobility CEO Sanjay Jha, in early July according

to the documents. Later, Google CEO [Larry Page](#) and Nikesh Ahora, the company's chief business officer, entered the talks.

After nearly a month of confidential discussions, Google offered \$30 per share in an Aug. 1 letter to Motorola Mobility's board. At the time, Motorola Mobility's stock was hovering around \$22 per share.

Motorola Mobility rejected the first bid and asked for \$43.50 per share on the advice of [Silicon Valley](#) investment banker Frank Quattrone of Qatalyst Partners.

Google then suggested a price of \$37 per share before finally agreeing to pay \$40 per share on Aug. 9.

The final \$12.5 billion price tag exceeds the combined total that Google had paid for the 136 previous acquisitions that it has completed since going public in 2004. Those earlier deals cost Google a combined \$9.1 billion.

Buying Motorola Mobility is considered to be risky because it will thrust [Google](#) into the business of manufacturing hardware for the first time and threatens to alienate other device makers who have helped promote the free Android software. If the deal goes through, it will also test Google's ability to avoid culture clashes as it absorbs [Motorola](#) Mobility's 19,000 employees into its workforce.

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