

Apple bond offering among biggest ever

April 30 2013



The Apple logo is displayed on the exterior of an Apple Store on April 23, 2013, in San Francisco, California. A bond offering from Apple expected to be priced later today will be one of the largest ever for a US company, according to leading financial newspapers Tuesday.

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Apple is selling \$17 billion in investment-grade bonds, which would be a

record for a US corporate debt issue, according to the [Wall Street Journal](#), which cited investors familiar with the deal.

The [Financial Times](#), also citing sources close to the deal, said the offering would be \$15 billion, but might be increased due to heavy demand.

Underwriters have been able to lower the interest rate to be paid on the bonds, due to apparent high demand, the Journal said.

Apple's bond offering would be in the same ballpark as historic bond issues, such as Swiss pharmaceutical company Roche's \$16.5 billion offering in 2009, [France Telecom](#)'s \$16.4 billion bond in 2001 and US [pharmaceutical firm](#) AbbVie's \$14.7 billion offering last year, the two reports said.

Apple itself has not said how much debt it plans to raise, but the money raised is to help fund an expanded shareholder payout program.

Facing pressure from shareholders over its recent drop in [share price](#), the company said last week that it would spend up to \$100 billion on dividends and share buybacks through 2015.

Apple is offering six tranches of debt, four at fixed rates and two at floating rates with the maturity between three and 30 years, according to documents filed with the [Securities and Exchange Commission](#).

The bond offering gives Apple the chance to take advantage of low interest rates to fund its dividends and buybacks.

Apple held \$145 billion in cash as of the end of March. But a large quantity of these funds is held overseas and would face high repatriation taxes if brought back to the US for the purpose.

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