Google launches $3 billion debt offering

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Google Inc. added to its cash hoard Monday by issuing $3 billion in corporate debt at low interest rates. It's the first time Google has tapped the corporate bond market for money.

After paying its expenses, Google expects to get about $2.97 billion in proceeds. Management intends to use some of the money to repay short-term debt, and the rest for yet-to-be determined purposes. As of March 31, Google listed $3.2 billion in short-term debt, which consisted mostly of commercial paper.

The Internet search leader sold the notes in three-, five- and 10-year pieces: $1 billion carrying an interest rate of 1.25 percent and coming due in 2014; $1 billion at an interest rate of 2.125 percent and a 2016 maturity; and $1 billion at an interest rate of 3.625 percent that comes due in 2021.

Standard & Poor's rated the debt at 'AA-', which is four notches below the top triple-A rating.

Mountain View-based Google ended March with $36.7 billion in cash. The company has been putting more cash to use, making the commitment to hire at least 6,200 workers this year, the most in its 13-year history. Google also keeps a big chunk of its cash, nearly $17 billion, in overseas accounts to avoid paying U.S. taxes.

The company gave all its workers a 10 percent raise at the beginning of the year and then went on a hiring splurge. More than half of the new

staff is working on products and services to supplement the search advertising network, which makes most of Google's money.

The new growth opportunities include video ads on Google's YouTube site, ads on smartphones, and more banner advertising to lessen the company's dependence on text ads that appear alongside search results and other Web content. The company also is spending more to promote its Web browser, Chrome.

Citigroup Global Markets Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. Inc. are acting as joint book-running managers

The company's shares fell $11.13, or 2.1 percent, to close Monday at $518.42.

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