

Google To Buy Motorola Mobility For \$12.5B

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MOUNTAIN VIEW, California (AP) — Google Inc. is buying cell phone maker Motorola Mobility Holdings Inc. for \$12.5 billion in cash. It's by far Google's biggest acquisition and a sign the online search leader is serious about expanding beyond its core Internet business and setting the agenda in the fast-growing mobile market.

Google will pay \$40.00 per share, a 63 percent premium to Motorola's closing price on Friday.

Google's Android operating system runs smartphones that compete with iPhones, BlackBerrys and Windows-based mobile devices. Motorola Mobility was separated from the rest of Motorola in January. The company has remade itself as a maker of smartphones based on Android, but has struggled against Apple Inc. and Asian smartphone makers.

"Motorola Mobility's total commitment to Android has created a natural fit for our two companies," said Google CEO Larry Page in a statement. "Together, we will create amazing user experiences that supercharge the entire Android ecosystem for the benefit of consumers, partners and developers."

The acquisition has the approval of both companies' boards and is expected to close by the end of this year or early 2012. That may be overly ambitious, however, as the deal is likely to face regulatory scrutiny. It dwarfs Google's previous biggest deal, the 2008 purchase of DoubleClick for \$3.2 billion, which took a year to get approval.

What Google likely wants from the acquisition is Motorola's trove of more than 17,000 patents on phone technology. Google recently lost out to a consortium that included Microsoft Corp., Apple and Research In Motion Ltd. in bidding for thousands of patents from Novell Inc., a maker of computer-networking software, and Nortel Networks, a Canadian telecom gear maker that is bankrupt and is selling itself off in pieces

Motorola has nearly three times more patents than Nortel.

In premarket trading, shares of Motorola Mobility soared 60 percent, or \$14.72, to \$39.19. Shares of Google, meanwhile, fell \$14.68, or 2.6 percent, to \$549.95.

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