

Google Breaks Down Motorola's \$12.5B Price Tag

Maisie Ramsay

If \$12.5 billion seemed to some Google shareholders like a lot of money to pay for a largely unprofitable handset maker, the Internet search giant is now providing some details about its rationale for the transaction.

In a quarterly report filed with the [SEC today](#), [1] Google broke down the price tag for its acquisition of Motorola Mobility, a deal that is "expected to protect and advance our Android ecosystem and enhance competition in mobile computing."

Google valued Motorola's patents and technology at \$5.5 billion and pegged its customer relationships at \$730 million. Google has said Motorola's patents were a key factor in its decision to buy the company, as the assets provide it with legal ammunition to defend its Android operating system against litigation from rival Apple.

It also included Motorola's \$2.9 billion cash reserves and valued its other assets at \$670 million. The additional \$2.6 billion of goodwill value was attributed to "the synergies expected to arise after the acquisition."

Since first announcing the buyout last August, Google has stayed quiet about how exactly it expects to benefit from owning a company that manufactures smartphones using its Android operating system.

It replaced Motorola's CEO with its own executive this spring, but has otherwise kept mum about its plans for the company. The transaction closed in May after being held up by delays with Chinese trade regulators.

Google CFO Patrick Pichette said during an earnings call [last week](#) [2] that the company was not ready to make its plans for Motorola public since the deal closed "only a few weeks" ago. However, "everybody should expect some changes at Motorola," he said.

Motorola Mobility continued a long string of losses last quarter, falling \$233 million into the red on sales of \$1.25 billion. The impact of that loss on its new parent company was insignificant: Google made \$2.8 billion last quarter on sales of \$12.21 billion.

Source URL (retrieved on 06/12/2013 - 5:53pm):

<http://www.wirelessweek.com/news/2012/07/google-breaks-down-motorolas-125b-price-tag>

Google Breaks Down Motorola's \$12.5B Price Tag

Published on Wireless Week (<http://www.wirelessweek.com>)

Links:

[1] <http://www.sec.gov/Archives/edgar/data/1288776/000119312512312575/d357361d10q.htm>

[2] <http://www.wirelessweek.com/News/2012/07/Google-stays-coy-on-motorola-plans/>