

Elpida Plans To Select Micron As Rehabilitation Sponsor

The Associated Press

TOKYO, May 7 (Kyodo) — Japanese chipmaker Elpida Memory Inc. plans to select Micron Technology Inc. of the United States as its rehabilitation sponsor, granting the company priority rights for negotiations, sources close to the matter said Monday.

Elpida aims to make a final decision by the end of this month, paving the way for the company to rebuild itself with the help of a foreign firm.

Elpida filed for a bankruptcy protection in February, although the Japanese government used public funds to help the company in the face of a management crisis in 2009.

The company is the only Japanese maker of dynamic random access memory chips used in personal computers and smartphones. In the 1980s, Japanese manufacturers held an overwhelming share of about 80 percent of the global market.

Though three parties -- Micron, South Korea's SK Hynix Inc., and a coalition of U.S. and Chinese funds -- had survived the first round of bidding, SK Hynix subsequently dropped out, leaving the other two parties to participate in the second round of bidding held on Friday.

According to the sources, SK Hynix had shown reluctance to maintain Elpida's plants and workforce.

Toshiba Corp. had aimed to join SK Hynix in the second round of bidding after being eliminated in the first round.

Meanwhile, a Chinese fund joined the bidding by forming a coalition with a U.S. fund, apparently with the aim of procuring DRAM chips for PC manufacturer Lenovo Group Ltd. as it belongs to the group.

But the Economy, Trade and Industry Ministry and others in Japan had been cautious toward the joint bid by the Chinese-U.S. fund, expressing concern about the possible outflow of Elpida's technology to China, the sources said.

The sources said Micron has offered to provide about 300 billion yen, including leasing fees for manufacturing equipment, and proposed maintaining Elpida's domestic plants and employment, helping the company to place first in the race to choose a sponsor.

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Micron had also been negotiating with Elpida for a capital and business alliance before Elpida filed for bankruptcy protection.

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