Micron Technology buying Elpida for about $750M

Associated Press

BOISE, Idaho (AP) -- Memory-chip maker Micron Technology Inc. has agreed to buy Elpida Memory Inc. for approximately $750 million in cash in a deal that would boost its wafer manufacturing capacity by about 50 percent.

Elpida specializes in dynamic random access memory chips used in mobile phones and computers. It has been developing a plan of reorganization since filing for the largest manufacturing bankruptcy ever in Japan earlier this year.

Elpida wanted to reorganize after years of sliding chip prices amid a glut of supply, punishing competition from South Korea's Samsung Electronics Co. and weaker sales due to last year's flooding in Thailand that disrupted production.

Micron and Elpida said Monday that the total value of their deal is about $2.5 billion including about $1.75 billion in future annual installment payments that Micron would make through 2019.

Micron Technology shares rose 29 cents, or 4.6 percent, to $6.60 in premarket trading.

Elpida's reorganization plan is expected to be submitted in August to the Tokyo District Court for approval.

Last month Micron Technology said that it was in talks to purchase Elpida. Micron Technology said at that time that the Tokyo District Court had allowed Elpida's trustees to negotiate an agreement with Micron to become Elpida's sponsor and acquire its entire business in accordance with corporate reorganization proceedings.

The Micron deal requires approval from Elpida's creditors, the Tokyo District Court and antitrust approvals.

Boise, Idaho-based Micron Technology also said Monday that it is buying Powerchip Technology Corp.'s 24 percent stake in Rexchip Electronics Corp. for approximately $334 million. Elpida has about a 65 percent stake in Rexchip. Combined, this will give Micron Technology an 89 percent stake in Rexchip.

The deals are expected to close during the first half of 2013. Micron's transaction with Powerchip will take place once the Elpida acquisition is complete.

Source URL (retrieved on *12/27/2014 - 9:56pm*):

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