Major Renesas shareholders decide on restructuring

The Associated Press

TOKYO, Dec. 6 (Kyodo) — Three major shareholders of Renesas Electronics Corp. have decided on specific measures to turn around the Japanese chipmaker, with Mitsubishi Electric Corp. accepting around 300 employees, sources close to the matter said Thursday.

The two other major shareholders, Hitachi Ltd. and NEC Corp., will not employ anyone from Renesas but they will instead each provide the chipmaker with about 3 billion yen for it to use for restructuring costs, the sources said.

Each shareholder's decision was made as Renesas plans to further slash its workforce to receive an investment totaling some 200 billion yen from a government-backed turnaround fund and other companies.

The Innovation Network Corp. of Japan and major manufacturers, including Toyota Motor Corp. and Panasonic Corp., have already agreed on a buyout plan for Renesas, according to the sources.

Renesas, a leading maker of microcontrollers and other semiconductor products, plans to announce its turnaround measures as early as Monday, the sources said.

The government-backed fund had been asking the three major shareholders to employ about 1,000 of 5,000 Renesas workers who would be reduced additionally as part of its rehabilitation programs.

While Mitsubishi Electric has agreed to accept the request, NEC and Hitachi have judged it difficult to take on staff and decided to shoulder part of the expenses Renesas needs to cut its workforce, such as retirement benefits, according to the sources.

Under the buyout plan, the fund will invest more than 180 billion yen and acquire around two-thirds of Renesas' shares. It also plans to send a majority of board members to lead Renesas' management.

The remainder of the new investment will be made by Toyota, Panasonic and six other major business partners of the chipmaker.

With the investment, Renesas aims to bolster its financial base and accelerate its restructuring efforts, including cuts in workforce and closure of plants to pull out of money-losing operations.

The Bank of Tokyo-Mitsubishi UFJ and other Renesas' main creditors will support its

restructuring by taking such steps as extending repayment deadlines and lowering interest rates for lending, the sources said.

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