Toshiba names a preferred bidder for the sale of its much wanted memory chip business-- a consortium bringing together the Japanese government and interests from the US and S. Korea.



The group consists of the state-backed Innovation Network Corp of Japan (INCJ) fund, the Development Bank of Japan (DBJ) and US private equity firm Bain Capital. Also involved in financing are S. Korean chipmaker SK Hynix and the core banking unit of the Mitsubishi UFJ Financial Group. It promises to offer at least $18 billion, the minimum Toshiba is asking for the unit, and should automatically receive the Japanese government's seal of approval.

“Toshiba has determined that the consortium has presented the best proposal, not only in terms of valuation, but also in respect to certainty of closing, retention of employees, and maintenance of sensitive technology within Japan,” a company statement reads.

However the war for the memory unit is not over yet, not with ongoing legal disputes with Western Digital, who insists to have last word on the transaction. The consortium insists the dispute must be resolved before it coughs up the cash... and Toshiba desperately needs said cash, what with the multi-billion failure of US nuclear subsidiary Westinghouse.

Also complicating the sale from the start were government officials insisting Japanese technology must stay out of the hands of foreign rivals. In fact, the INCJ looked for a deal with Western Digital and private equity group KKR, but had to switch to the Bain-SK Hynix consortium. That said, the involvement of SK Hynix is also being questioned, since Japanese taxpayer funding might end up boosting the S. Korean chipmaking industry.

Go Toshiba Chooses US-Japan Bidder for Memory Chip Biz Sale (The New York Times)

Go Uncertainty Hangs Over Agreed Toshiba Chip Sale