

Toshiba pushes back closing deal on memory unit sale

June 28 2017, by Elaine Kurtenbach

Japanese electronics and energy giant Toshiba has delayed its deadline for reaching an agreement on selling its lucrative computer memory chip business.

The company said Wednesday negotiations were continuing on a 2 trillion yen (\$18 billion) deal with a consortium led by a Japanese government-backed fund. Tokyo-based Toshiba had hoped to have an agreement in time for Wednesday's shareholders meeting, being held in a city east of Tokyo.

Financially ailing Toshiba is facing the risk of having its shares delisted and needs the cash from selling Toshiba Memory Corp. to survive. Its shares are being bumped from the first to the second section of the Tokyo Stock Exchange, and it faces a deadline for getting auditors to sign off on its long-delayed earnings statements by Aug. 10.

The consortium led by government-backed Innovation Network Corp. of Japan includes Bain Capital Private Equity LP and the Development Bank of Japan.

Toshiba, whose sprawling business includes everything from TV sets to high-speed trains, said in a statement that it was "taking time to reach a consensus" because multiple parties are involved. It is facing opposition to the deal from Western Digital of the U.S., which has a [joint venture](#) in Japan with Toshiba.

Toshiba's U.S. nuclear unit Westinghouse Electric Co. filed for bankruptcy protection in March.

Toshiba announced last week that it had chosen the group led by INCI and Bain as the preferred bidder for buying its memory chip business.

Such sales can be sensitive because they involve the transfer of technology.

Western Digital of the U.S. owns some SanDisk chip operations including the joint venture with Toshiba. It says Toshiba "has no right" to transfer the joint venture without its consent.

In 2015, Toshiba acknowledged it had been systematically falsifying its books since 2008, trying to meet overly ambitious targets. An outside investigation found profits had been inflated and expenses hidden across the board.

The company's nuclear [business](#) is in deep trouble: Reactors that Westinghouse is building in the U.S. are still unfinished, partly because of beefed-up safety regulations following the 2011 Fukushima nuclear disaster.

Toshiba, is also responsible for decommissioning of Fukushima Dai-ichi nuclear plant, where three reactors suffered meltdowns after a massive earthquake and tsunami.

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