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## Qimonda looks to unload space in Cary

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CARY – **Qimonda**, which filed for bankruptcy in Germany on Jan. 23 amid plunging prices for the type of semiconductor chips it makes, is working to shrink the footprint of its North American headquarters in Cary.



Steve Wilson

Henry Becker left as CEO of Qimonda North America in November.

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Munich-based Qimonda, which had 300 people working in Cary as recently as October, now has just 100. Company spokesman Glen Haley says the remaining employees work in human resources, finance, information technology and sales.

Haley confirms that the company is looking for a tenant to sublease at least two of the three floors Qimonda occupies in a 100,000-

square-foot building on Centre Green Way – including a laboratory on the first floor.

In October, as part of a 3,000-employee global cut at Qimonda, all research work was transferred to Germany, negating the need for the lab space in Cary. Haley says that over the next few weeks, Qimonda will consolidate operations on the third floor, leaving the first two floors available for sublease. The company would move to another location if a tenant is found for the entire building.

“We, like every other company in this economy, are looking to save as much (on) costs as possible,” Haley says.

The past several months have brought a stream of departures for Qimonda’s Cary headquarters. Besides the layoffs, Henry Becker in November left his job as president of Qimonda North America. CFO Miriam Martinez, who stepped in to head the region’s operations, was unavailable for comment.

It was not immediately clear how Qimonda’s involency filing, the term used in Germany for a bankruptcy filing, would affect the company’s North American operations. The court in the Munich area where Qimonda filed will appoint an administrator to oversee a restructuring of the company, which blamed falling prices for its products, the global economic crisis and difficulty securing financing as its reasons for going into insolvency.

Qimonda makes memory chips called dynamic random access memory, or DRAM. This type of memory is used in a wide variety of electronic devices, such as digital cameras and cell phones, that require a lot of memory at a low cost, says Bao Liu, professor of electrical engineering and computer engineering at the [University of Texas at San Antonio](#).

Over the past two years, chip makers have flooded the market with more DRAM chips than electronics companies need, says Jim Feldhan, president of Phoenix consultancy **Semico Research**. To be efficient, manufacturing facilities must operate close to capacity, Feldhan explains. Also, chipmakers are reluctant to scale back production because each one wants to increase its market share. The result is an oversupply of DRAM chips that hurts all DRAM makers, Feldhan says.

“It’s very simple math: Five players can’t each have 25 percent market share,” he says.

In December, Qimonda announced it had reached a deal for a \$450 million loan to help keep the company running. The company had said that without the money, it could have gone out of business in 2009. The company also delayed release of its fourth quarter and fiscal 2008 results but has said it expects losses to widen.

Qimonda is struggling to maintain its listing on the New York Stock Exchange. The exchange notified Qimonda on Nov. 7 that the company was not in compliance with listing standards because its shares had traded below \$1 for 30 consecutive days. The exchange notified Qimonda on Dec. 5 that the company’s market capitalization, which had fallen below \$100 million over a consecutive 30-day period, also does not meet listing standards.

Qimonda has until May 7 to increase the average closing price of its stock and until June 5, 2010, to raise its market capitalization or face delisting.

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