

## EC Accuses Intel Of Pushing Out AMD

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*Friday, Jul 27, 2007* --- The European Commission has accused microchip maker Intel Corp. of trying to muscle rival Advanced Micro Devices out of the market for certain computer processing units.

Regulators sent a formal statement of objections to Intel on Thursday, alleging that the company had violated Commission rules on abuse of dominant position. The Commission said that Intel, which controls 80% of the global market for CPU microchips, engaged in three types of market abuse.

“First, Intel has provided substantial rebates to various Original Equipment Manufacturers (OEMs) conditional on them obtaining all or the great majority of their CPU requirements from Intel,” the Commission said. “Secondly, in a number of instances, Intel made payments in order to induce an OEM to either delay or cancel the launch of a product line incorporating an AMD-based CPU. Thirdly, in the context of bids against AMD-based products for strategic customers in the server segment of the market, Intel has offered CPUs on average below cost.”

Regulators claim that Intel engaged in anti-competitive behavior to drive rival AMD out of the market for CPU chips, calling Intel's alleged violations “a single overall anti-competitive strategy.”

Intel's general counsel said Friday that the company had not violated EC law.

“We are confident that the microprocessor market segment is functioning normally and that Intel's conduct has been lawful, pro-competitive, and beneficial to consumers,” Intel spokesman Bruce Sewell said in a statement.

AMD said that the antitrust charges against Intel will benefit both chip makers and consumers.

“We are confident that this statement of objections will be a catalyst in opening the global microprocessor markets for the benefit of consumers and PC companies alike,” AMD president for Europe, Middle East and Africa Giuliano Meroni said in a statement.

Intel and AMD have locked horns repeatedly over alleged antitrust violations.

AMD's U.S. antitrust suit, currently pending against Intel in a Delaware court, has ground to a halt after Intel admitted that its preservation system had failed and that it had lost countless e-mails generated since the complaint

was filed by AMD in June 2005.

Advising the Delaware federal court of “document retention lapses,” Intel said it regretted the foul-up but was taking extensive steps to address the problem.

Describing the admission as troubling, AMD blasted Intel for “systemic evidence preservation breaches” and called on the court to launch an investigation into Intel’s culpability and to assess the impact on the case.

“Through what appears to be a combination of gross communication failures, an ill-conceived plan of document retention and lackluster oversight by outside counsel, Intel has apparently allowed evidence to be destroyed,” AMD said.

AMD said the irretrievable loss of potentially massive amounts of e-mail correspondence could damage its case against the microprocessor giant.

The complaint, which was followed by numerous shareholders suits, accuses Intel of engaging in shady tactics to maintain its monopoly on the sale of microprocessors, which are used in most personal computers.

According to court papers, Intel’s system of automatically purging every 35 days all e-mails sent or received continued after the lawsuit was lodged, in what AMD described as typical behavior by a company that “shuns creating a record of what goes on within its walls” under the best of circumstances.

AMD said Intel instead relied on a “half-hearted” honor system, which required employees to voluntarily save documents. And it failed to give even these basic instructions to over one-third of the relevant employees until two weeks ago, it added.

--Additional reporting by Christine Caufield