

AMD posts a profit, thanks to \$1.25B Intel payment

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Advanced Micro Devices Inc. posted its first quarterly profit in three years because it got \$1.25 billion in a legal settlement with its archrival.

The world's No. 2 maker of computer microprocessors said Thursday it would have lost money were it not for the payment it received from Intel Corp. to squash a long-running antitrust battle.

AMD also appeared to benefit from a lift in the overall computer market. Revenue was up 42 percent over last year, and unit sales of microprocessors and graphics chips grew, even though prices fell.

These results add to the evidence that spending on technology appears to be increasing again.

Intel, which kicked off the tech earnings season last week, reported better sales in all its major product categories and the highest gross profit margin in the company's history. This week IBM Corp. raised its profit forecast for 2010 and reported better sales of the types of computer servers that use AMD and Intel chips. And on Thursday, Gartner Inc. predicted that worldwide spending on information technology in 2010 would improve at a faster rate than expected.

AMD said after the market closed Thursday that it made \$1.2 billion, or \$1.52 per share, in the period ended Dec. 26. In the same period last year, it lost \$1.4 billion, or \$2.36 per share.

Excluding the settlement and other items, AMD lost \$57 million, or 8 cents per share. Analysts polled by Thomson Reuters were expecting a loss of 18 cents per share, excluding items.

AMD's revenue was \$1.6 billion, a 42 percent improvement over the year-ago period.

For the full year, AMD's net income was \$304 million and revenue was \$5.4 billion. In 2008, AMD had a net loss of \$3.1 billion and revenue of \$5.8 billion.

The \$1.25 billion payment that AMD collected from Intel in the latest period settled an antitrust lawsuit that AMD filed against Intel in 2005 and was set to go to trial in March.

However, the deal didn't end other cases that AMD had encouraged. For years AMD has been complaining to antitrust regulators around the world about Intel's sales

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tactics, which AMD argues are illegal. As a result of those complaints, Intel was slapped with a record \$1.45 billion fine in the European Union, an antitrust lawsuit by the U.S. Federal Trade Commission, and separate cases in South Korea and New York state. Intel denies the allegations and is fighting those cases.

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