

## EU Details Intel's Illegal Monopolizing

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BRUSSELS (AP) — The European Union on Monday published e-mail excerpts from computer makers and Intel Corp. to show that Intel pressured chip buyers into choosing Intel over rival Advanced Micro Devices Inc.

Intel was hit by a record EU antitrust fine of euro1.06 billion (\$1.45 billion) last May for what the EU said was using strong-arm sales tactics such as threatening to withdraw price rebates to squeeze out AMD. The company rejects the charges and is appealing to the EU courts.

EU spokesman Jonathan Todd said the publication of the EU's decision "gives full details of the hard facts on which the Commission's decision was based."

"You can see for yourselves the way in which Intel broke the law and deprived millions of European consumers of choice of the type of computer chip they wanted to have in their computers," he told reporters.

Intel spokesman Robert Manetta said the company believed that the EU's views of its business practices "are wrong, both factually and legally." He said regulators overlooked or misinterpreted testimony from senior executives that would have cleared Intel of the charges.

"The Commission relied heavily on speculation found in emails from lower level employees that did not participate in the negotiation of the relevant agreements," he said. "They ignored or minimized hard evidence of what actually happened."

The Santa Clara, California, company has previously defended its sales practices — which include rebates to big Intel customers — as legitimate and good for customers because it can lead to lower prices.

The European Commission sees that differently, alleging that the company's actions ultimately harmed consumers by limiting competition.

They said Dell Inc. executives were warning each other by e-mail in 2003 that buying more AMD chips could trigger retaliation from Intel that would be "severe and prolonged with impact to all lines of business."

Joining the "AMD exodus" would see Dell's rebate from Intel stripped to zero "for at least one quarter while Intel investigates the details," the Dell executive said in an e-mail.

Dell also complained to Intel in a 2004 e-mail that sticking to Intel chips "results in Dell being uncompetitive ... we have slower, hotter products that cost more across the board in the enterprise with no hope of closing the performance gap for 1-2

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

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years."

Hewlett Packard Co.'s rebates from 2002 to 2005 were linked to it buying at least 95 percent of its business desktop chips from Intel, the EU said.

HP were keen to keep this secret. An executive wrote a 2003 e-mail asking staff "please do not ...communicate to the regions, your team members or AMD that we are constrained to 5 percent AMD by pursuing the Intel agreement."

Another HP e-mail from 2004 said it could only sell AMD-based business desktops to small and medium companies directly — and not via distributors — warning that any move to do differently carried a high risk.

"You can NOT use the commercial AMD line in any country ... If you do and we get caught (and we will) the Intel moneys (each month) is gone (they would terminate the deal). The risk is too high," the e-mail said.

An NEC. Corp. e-mail said the company had agreed to buy 80 percent of its desktop and notebook chips from Intel in return for a support and an "aggressive" price. The EU also quoted an e-mail from Intel saying that Acer Inc. had decided to drop an AMD notebook line in 2003 after calls with Intel executives.

Europe's biggest computer retailer Media Saturn Holding received payments from Intel to shun AMD-based computers from 2002 to 2007, the EU said.

In a statement to regulators, MSH said it understood that selling more computers with AMD chips would see it receive less from Intel — even if it sold the same number of Intel-based computers.

**Source URL (retrieved on 10/21/2014 - 5:06pm):**

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