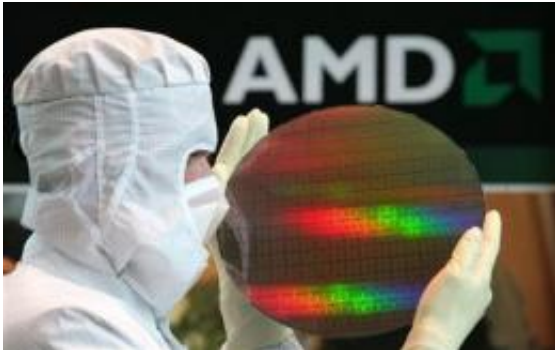


AMD posts deeper loss, shares fall

April 21 2009, By JORDAN ROBERTSON , AP Technology Writer



FILE - In this Sept. 10, 2007 file photo, a staff technician presents a 300 millimeter chip wafer at Advanced Micro Devices Inc. (AMD) in Dresden, eastern Germany. Advanced Micro Devices Inc. on Tuesday, April 21, 2009 announced its first-quarter loss widened as demand and prices for its microprocessors slumped and heavy restructuring charges took their toll. Shares fell more than 6 percent in after-hours trading on disappointing guidance. (AP Photo/Matthias Rietschel, file)

(AP) -- Advanced Micro Devices Inc.'s loss widened in the first quarter as demand and prices for its microprocessors slumped and charges for the biggest restructuring in the company's 40-year history took their toll.

Its shares slipped almost 5 in after-hours trading on disappointing guidance.

AMD reported after the market closed Tuesday that it lost \$416 million, or 66 cents per share, in the opening three months of the year. It wasn't

as bad as Wall Street projected.

Without one-time charges, the loss would have been 62 cents per share. On that basis, analysts polled by Thomson Reuters expected a loss of 66 cents per share. During the same period last year, AMD lost \$364 million, or 60 cents per share.

Sales dropped 21 percent to \$1.18 billion, but were still higher than estimates of \$978 million.

The Sunnyvale-based company forecast lower second-quarter sales, which likely disappointed investors who were expecting more optimistic guidance - along the lines of AMD's bigger rival Intel Corp. Last week, Intel projected that its sales would be flat, and Chief Executive Paul Otellini said the [personal computer market](#) might have "bottomed out" after its worst stretch in six years.

Analysts were expecting AMD to record \$975 million in second-quarter sales, down about 28 percent from the \$1.35 billion in revenue from the second quarter of 2008.

The guidance raised questions about whether AMD expects to lose market share to Intel, a prospect that AMD's CEO Dirk Meyer sought to knock down. Intel has about 80 percent of the worldwide market for personal computer [microprocessors](#) - the brains of those machines. AMD has roughly the rest.

"The economy is still weak, making it very difficult to forecast end-user demand," Meyer said on a conference call with analysts, noting that the first and second quarters are typically the weakest for chip makers. "I've heard some say we've hit bottom. I don't know how someone could say we've hit bottom in the current economic climate."

AMD said it sold fewer microprocessors and they commanded lower prices, on average. The average selling prices for server chips was up while notebook chip prices were down, Meyer said. The microprocessor division's sales fell 21 percent to \$938 million.

The number of graphics chips sold were also down, but their prices were up. Sales in AMD's graphics division fell 15 percent to \$222 million.

AMD has paid dearly to get a foothold in graphics chips: its \$5.6 billion acquisition of graphics chip maker ATI Technologies in 2006 saddled AMD with major debt that has contributed to the company's financial woes in recent years.

AMD underwent a major transformation in the [first quarter](#), spinning off its manufacturing arm with the help of the Abu Dhabi government, a move designed to save money. It was also a concession that AMD can't keep pace with [Intel](#) in the race to build costly, cutting-edge chip factories.

AMD's latest results included numbers from AMD and the spinoff, which is called GlobalFoundries. Included in the one-time charges are \$195 million in restructuring charges and spinoff-related charges.

AMD shares shed 16 cents, or 4.8 percent, to \$3.20 in after-hours trading. During the regular session, they gained 5 cents, or 1.5 percent, to close at \$3.36.

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