

California

Micron May Settle Rambus Claim

Los Altos firm's shares jump 12% on reports that its competitor may admit to conspiring to manipulate prices of memory chips.

From Bloomberg News

Shares of **Rambus Inc.**, which sells computer memory chip designs, rose 12% on Tuesday after analysts said competitor **Micron Technology Inc.** may have to pay the company to settle potential price-fixing charges.

People familiar with the probe said Monday that Micron, as part of a deal to win amnesty from prosecution by the Justice Department, may admit it conspired with rivals to manipulate chip prices.

An agreement could help Los Altos, Calif.-based Rambus, said Erach Desai, an American Technology Research analyst.

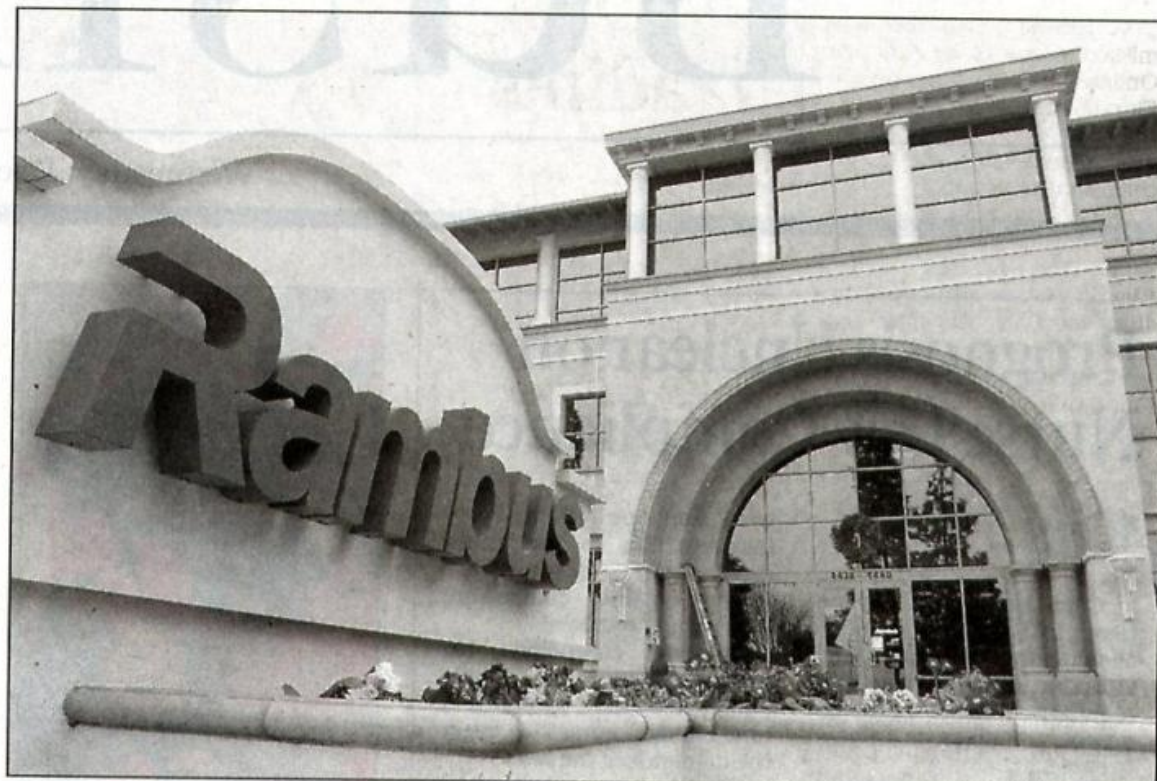
Rambus, whose designs compete with a standard used by Micron and other chip makers, has claimed that producers including Micron conspired to fix prices so that Rambus' designs didn't become an industry standard, Desai said.

"Investors are speculating that Micron isn't going to leave themselves vulnerable to action from Rambus over price-fixing," he said.

Shares of Rambus on Tuesday rose \$3.27 to \$29.77 in Nasdaq trading. They have more than quadrupled this year.

Boise, Idaho-based Micron fell 22 cents to \$13.73 on the New York Stock Exchange.

The Federal Trade Commission last year charged that Rambus committed fraud while pursuing patents for its chip technology. While the FTC trial was going on this year, Rambus presented evidence that chip makers including Micron con-



Bloomberg News

LEGAL DISPUTE: Rambus has claimed that chip producers including Micron conspired to fix prices so that Rambus' designs didn't become an industry standard, an analyst said.

spired to fix prices, Desai said.

Micron spokesman David Parker said he wouldn't comment on speculation about Rambus. The company is "fully and actively cooperating with the Justice Department," he said.

The Justice Department is investigating whether Micron, **Samsung Electronics Co.**, **Infinion Technologies** and **Hynix Semiconductor Inc.** — which together account for two-thirds of memory chip sales — manipulated the spot market for chips.

About 80% of memory chips are sold in contracts with computer manufacturers such as **Dell Inc.**, and the remainder is traded on spot markets in Asia and the United States. The spot prices form the basis for contract terms and are used by investors and analysts to gauge global supply and demand.

Micron has declined to participate in a joint defense with the other companies and instead is negotiating amnesty with the Justice Department, people familiar with the talks said.

Alfred P. Censullo, a former Micron sales manager, has agreed to plead guilty to obstructing justice in the price-fixing investigation.

The FTC case focuses on whether Rambus violated the rules of a standard-setting body by keeping silent on its patent applications while attending meetings in the early 1990s.

Administrative Law Judge Stephen McGuire told the FTC two weeks ago that he needed more time to rule on the Rambus case, and he delayed his decision until as late as Feb. 17.

Rambus shares dropped 14% after that announcement and

fluctuated widely based on court decisions and speculation about the outcome of the lawsuits, Desai said. The stock rose 38% on Oct. 6 after an appeal by Infineon over its fraud suit was rejected.

About 90% of the 4 billion chips sold each year comply with the industry standards, with a value of \$13 billion to \$25 billion, the FTC has said.

If allowed to pursue its efforts to collect money on its patents from the chip industry, Rambus may receive as much as \$3 billion a year.

Rambus has sued Micron, Infineon and Hynix to win royalties after those chip makers refused to sign licensing agreements. The cases are pending.

Rambus licenses its technology to **Samsung** and **Intel Corp.**, the world's largest semiconductor maker.