

Director Advances Advanced Micro Stake

By **CATHERINE SHU**

ADVANCED MICRO DEVICES director Morton L. Topfer has taken advantage of a slump in the chip giant's shares to boost his holdings to the tune of \$2.1 million.

Topfer, a former vice chairman of Dell, bought 100,000 AMD shares on Wednesday for \$20.85 a share. AMD's stock price, which lost 13% on Oct. 19 after reporting lower profit margins and average selling prices for chips in its third-quarter earnings release, has plunged 51% from the 52-week intraday high of \$42.70 it hit on March 3. Shares closed at \$20.88 on Friday.

Thursday's purchase is Topfer's fifth since he joined AMD's board in February 2005, and his largest in terms of monetary value.

Ben Silverman, director of research at InsiderScore.com, said Topfer has "been able to pick the temporary bottom [for AMD shares] pretty well."

Silverman notes that the director's previous purchase was made on July 24, only four days after AMD shares fell to a 52-week intraday low of \$16.90 after the company reported disappointing second-quarter results.

Topfer bought 100,000 shares for an average price of \$18.22 on July 28, right before the stock started on a brief rally, climbing as high as \$26.98 on Sept. 21 before falling again on the company's third-quarter earnings report. His three earlier purchases were also made during dips in AMD's share prices. Including his first purchase of AMD shares on the open-market in February 2005, Topfer has spent a total of about \$4.8 million on 250,000 AMD shares, paying from \$14.30 to \$20.85 each. Topfer's stake is less than 1% of AMD's 485.9 million outstanding shares.

"This is his price range and right now that seems to be an area he's comfortable buying at," says Silverman.

Topfer's tendency to buy "on the valleys" in AMD's stock price is indicative "of a real long-term outlook for him," Silverman adds.

A call to Advanced Micro Devices' media relations office was not returned in time for this article.

Michael Painchaud, managing director of research at Market Profile Theorems, says that the size of Topfer's purchase boosts his firm's rating on insider sentiment at the company to a Buy, up from a Neutral rating, especially since other AMD insiders routinely exercise and sell options.

Topfer is the only AMD insider who has purchased shares since May 17, 2005, when director Bruce Claflin spent \$38,855 on 2,500 shares.

Painchaud also says that insider sentiment within the rest of the semiconductor industry has picked up in the past three months, including at Intel, where selling among insiders has fallen off since peaking in between April and August. The uptick in sentiment is notable, Painchaud explains, "because of the inherent bias to be sellers" among industry insiders.

Jonathan Moreland, director of research of InsiderInsights.com, says Topfer's purchase would usually present a "conflicted" rather than bullish signal because it is the lone buy amidst a string of exercise and sells by other insiders. Topfer's reputation, however, boosts the profile of his transaction.

Moreland, however, adds that he would wait to gauge sentiment among AMD's institutional shareholders during the fourth quarter before following Topfer's lead.

"With this large of a market cap, you need institutions to generate enough trading to get the stock moving," Moreland says.

Shares held by institutional shareholders rose to 414 million shares at the end of the second quarter, up from 336 million shares at the end of the fourth quarter of 2005. However, Joshua Hong, director of research at OwnershipAnalyzer.com, notes that most of the increase can be attributed to AMD's top shareholder, AXA Financial, which purchased 54.2 million shares in between Dec. 31, 2005 and July 31, 2006.

Other than AXA's buy, institutional investor activity in AMD shares has been neutral since the end of 2005, says Hong.

Analysts have also been mixed on the stock's prospects since AMD's third-quarter report.

In a note issued Friday, First Global chief strategist Devina Mehra maintained her Market Perform rating on the stock "with an Underperform bias."

Mehra wrote that rival Intel may be "better placed to weather the ravages of a brutal price war" with AMD.

On the other hand, Thomas Weisel analyst Eric Gomberg maintained an Outperform rating on the stock in an Oct. 25 report.

Wiesel believes that AMD's recently completed acquisition of fellow chip-maker ATI Technologies "marks the beginning of a new chapter."