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**Abstract** (Article Summary)

AMD's numbers were being closely watched for signs related to the company's perennial competition with Intel, the dominant maker of microprocessor chips used in personal computers. AMD makes chips that use the same internal instructions as Intel's, but it has blazed a new trail with chips for servers and desktop computers that also can run a new generation of 64-bit software.

AMD's performance in chips known as flash memory was equally strong, more than doubling to \$566 million. The company has benefited from Intel's stumbles in that business, including an ill-timed price increase that hurt Intel's standing among cellular-phone makers that use those chips.

**Full Text** (456 words)

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Advanced Micro Devices Inc. finally returned to profitability in the fourth quarter, helped by a revenue surge that reflects strength in both of its chip businesses that compete with industry leader Intel Corp.

The Sunnyvale, Calif., semiconductor maker, which last posted a quarterly profit in 2001, reported net income for the period ended Dec. 28 of \$43 million, or 12 cents a share. The company had a loss of \$855 million, or \$2.49 a share, a year earlier.

AMD's latest quarter includes a gain of \$14 million, or three cents a share, from accounting adjustments associated with establishing a joint venture. Excluding the gain, AMD's per-share earnings would have been nine cents, well above analysts' average estimate of four cents a share, as reported by Thomson First Call.

The company's revenue rose 76% to \$1.2 billion from \$686 million. The result was above the average estimate of \$1.08 billion reported by Thomson First Call.

"You are beginning to see a pattern of delivering on our promises," said Hector Ruiz, AMD's chief executive, during a conference call with analysts. "We did everything we said we would do."

AMD's numbers were being closely watched for signs related to the company's perennial competition with Intel, the dominant maker of microprocessor chips used in personal computers. AMD makes chips that use the same internal instructions as Intel's, but it has blazed a new trail with chips for servers and desktop computers that also can run a new generation of 64-bit software.

The company said revenue at its computation-products group, which includes microprocessors, rose 38% to \$581 million from a year earlier. AMD said sales momentum continued for the 64-bit chips, the Athlon 64 and Opteron.

AMD's performance in chips known as flash memory was equally strong, more than doubling to \$566 million. The company has benefited from Intel's stumbles in that business, including an ill-timed price increase that hurt Intel's standing among cellular-phone makers that use those chips.

John Lau, an analyst with Banc of America Securities, noted that Intel reported only a 3% rise in fourth-quarter revenue in the division that includes flash memory. "This indicates very strong market-share gains" for AMD, Mr. Lau said.

AMD's shares were at \$17.38, up 62 cents, at 4 p.m. in New York Stock Exchange trading. The stock has increased steadily in recent trading sessions on expectations the company would beat Wall Street estimates. The stock slid back in after-hours trading following the announcement to \$16.96, according to Inet ATS Inc.

Mr. Ruiz said the company has persuaded a number of big computer concerns to use its Athlon 64 chips for the consumer market, and it has posted strong sales gains among computer-game enthusiasts of a speedier version identified by the designation FX.

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