

[« Back to Article View](#)[Databases selected:](#) ProQuest Newspapers**THE WALL STREET JOURNAL.****Intel, AMD Signal Optimism for Chip Market***Don Clark and Donna Fuscaldo. Wall Street Journal. (Eastern edition). New York, N.Y.: Nov 21, 2003. pg. B.4*

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Intel started using the larger wafers in 2002, though it won't use them in high volume until 2004. AMD, which accounts for roughly 20% of microprocessor sales, believes it has cost and technology advantages over Intel but said the larger wafers will be an important addition.

Intel, which spent \$28 billion on manufacturing capacity and research and development during the technology downturn, said it is ready to reap the benefits as people in emerging countries buy personal computers and connect to the Internet. Intel is shifting to a more-sophisticated production process in early 2004 that AMD won't adopt until the second half of next year. Paul Otellini, Intel's president and chief operating officer, said Intel expects to cut costs on chip production by 25% by the end of this year and another 25% by the end of 2005.

**Full Text** (486 words)

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Intel Corp. and Advanced Micro Devices Inc., fierce rivals in the market for microprocessor chips, gave encouraging signals about the rebound in that long-struggling sector.

Intel Chief Executive Craig Barrett said countries outside of the U.S., particularly in Western Europe and Asia, are beginning to invest again in information-technology infrastructure. Intel had launched an effort to get chief information officers at large organizations to collectively buy 10 million more computers than they had planned, and Mr. Barrett said Intel is on track to reach that goal in the fourth quarter.

AMD said it will build a \$2.4 billion manufacturing plant near its factory in Dresden, Germany, which will begin operation in 2006. The new plant will be AMD's first to use a larger generation of silicon wafers, which reduces production costs per chip by roughly 25% to 30% and will be needed to meet expected demand.

Intel started using the larger wafers in 2002, though it won't use them in high volume until 2004. AMD, which accounts for roughly 20% of microprocessor sales, believes it has cost and technology advantages over Intel but said the larger wafers will be an important addition.

"It will be a significant improvement in our ability to manufacture efficiently," said Hector Ruiz, AMD's chief executive.

AMD selected Dresden, where it expects to create 1,000 jobs, partly because of about \$1.5 billion in financial assistance, Mr. Ruiz said. That includes \$500 million in grants and allowances from the federal and local government, \$320 million in equity funding from the German state of Saxony and private investors, and \$700 million in loans, with 80% of those backed by government guarantees. Mr. Ruiz said the state of New York offered attractive incentives, but the proximity to AMD's plant in Dresden was an overwhelming advantage.

AMD is developing the production process that will be used in the new factory with help from International Business Machines Corp., and is considering other partnerships that could make use of some of the new plant's capacity.

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Likely drivers of demand include Intel's bundle of chips for mobile computers dubbed Centrino, which Mr. Otellini said has generated \$2 billion in sales in its first nine months on the market.

Shares of AMD fell \$1.10, or 6%, to \$16.50 in New York Stock Exchange composite trading. Shares of Intel fell 69 cents, or 2%, to \$31.83 in Nasdaq trading.

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