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### Intel to Increase Chip Capabilities; Move to Offer 64-Bit Power Emulates Step by AMD; H-P Deal Likely Will Suffer

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#### Abstract (Article Summary)

The announcement received a videotaped expression of support from Steve Ballmer, CEO of Microsoft Corp., which is developing a version of Windows that is expected to take advantage of 64-bit technology from both Intel and AMD. H-P said it would use the upgraded Xeon chips, as well as Itanium, and also is expected later to announce plans to use AMD's Opteron. International Business Machines Corp. and Unisys Corp. also said they would use both kinds of 64-bit chips from Intel.

AMD, of Sunnyvale, Calif., long has been known as a follower of Intel's technology lead. The new Intel announcement reverses those roles, in a sense, because the new Xeon chips are expected to run the same 64-bit application programs as AMD's Opteron line.

ChipShots  
BR> BR> A look at chips from Intel and Advanced Micro Devices that bring advanced 64-bit technology to server systems.  
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BR> BR> -- Intel Xeon: A popular 32-bit chip for servers that the company is upgrading with 64-bit technology, an approach pioneered by AMD.  
BR> BR> -- AMD Opteron: An AMD chip for servers introduced in April 2003. Like the new Xeons, it runs both 32-bit and 64-bit software.  
BR> BR> Source: WSJ research

#### Full Text (712 words)

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Intel Corp. confirmed plans to significantly boost the capabilities of its standard microprocessor chips, a move to counter Advanced Micro Devices Inc. that complicates the plans of some big computer makers.

The company's long-rumored announcement will add 64-bit technology to Intel's line of Xeon chips for server systems and desktop workstations in the second quarter, earlier than some analysts expected. The move emulates a strategy that AMD adopted in a line of chips called Opteron that has been on sale since April.

Intel's decision is a delicate one, because the company spent a decade with Hewlett-Packard Co. developing another 64-bit chip called Itanium that has taken off slowly. Rivals have argued that the upgraded Xeons are a negative signal about the future of the Itanium, which is believed to have required billions of dollars to develop.

But Craig Barrett, Intel's chief executive, reiterated the company's support for Itanium at a conference for hardware and software developers in San Francisco. He said that the chip is being adopted rapidly by computer makers and large corporate customers.

In a veiled reference to AMD, Mr. Barrett suggested that his company has formidable resources and industry connections to help develop software and other technology needed to make the Itanium and upgraded Xeon chips useful to customers. "You have to develop the whole ecosystem," Mr. Barrett said.

The announcement received a videotaped expression of support from Steve Ballmer, CEO of Microsoft Corp., which is developing a version of Windows that is expected to take advantage of 64-bit technology from both Intel and AMD. H-P said it would use the upgraded Xeon chips, as well as Itanium, and also is expected later to announce plans to use AMD's Opteron. International Business Machines Corp. and Unisys Corp. also said they would use both kinds of 64-bit chips from Intel.

AMD, of Sunnyvale, Calif., long has been known as a follower of Intel's technology lead. The new Intel announcement reverses those roles, in a sense, because the new Xeon chips are expected to run the same 64-bit application programs as AMD's Opteron line.

"In the past, we've been the one who's been compatible," said Martin Seyer, an AMD vice president. "We're taking a leadership role here."

But Intel officials stressed it simply designed the new 64-bit technology to work with Microsoft's forthcoming operating system, rather than copying AMD circuitry. "Their design was not a factor in anything we had to do with this," said Tom Beerman, a company spokesman.

Most chips used in personal computers and low-end servers process 32 bits of data at a time. Moving to 64-bit technology gives computers the ability to tap into much larger pools of memory, an important capability for working with databases and other high-end applications.

The version of Xeon that has additional 64-bit circuitry is code-named Nocona. Intel, Santa Clara, Calif., also said it will add the technology by midyear to a line of chips called Prescott, for desktop workstations and low-end servers. It didn't give any timetable for making a 64-bit chip for desktop PCs, though AMD chip began selling on in September called Athlon 64.

Mark Feverston, a Unisys vice president of platform marketing, said his company expects the upgraded Xeon's to appeal to some customers that have low-end servers now that they may eventually want to enhance. But he argued that many companies have high-end systems that are now based on proprietary hardware and software, and are more likely to shift to Itanium-based systems.

In 4 p.m. trading yesterday on the Nasdaq Stock Market, Intel was at \$30.81, up 67 cents. In 4 p.m. composite trading yesterday on the New York Stock Exchange, AMD was at \$14.93, off one cent.

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Mark Boslet of Dow Jones Newswires contributed to this article.

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