EXHIBIT 1

10KWIZARD

FORM 10-K405

ADVANCED MICRO DEVICES INC - amd

Filed: March 20, 2001 (period: December 31, 2000)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

Table of Contents

EX-10.15 (AMD VICE PRESIDENT INCENTIVE PLAN)

EX-10.24 (AMD'S STOCK OPTION PROGRAM)

EX-10.50(A4) (AMENDMENT AGREEMENT NO. 3)

EX-10.50(F4) (THIRD AMENDMENT TO SPONSOR'S SUPPORT AGREEMENT)

EX-10.50(J1) (FIRST AMENDMENT TO AMD HOLDING WAFER PURCHASE AGREEMENT)

EX-10.50(L3) (SECOND AMENDMENT TO AMD SAXONIA WAFER PURCHASE AGREEMENT)

EX-10.51(A1) (SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT)

EX-13 (FINANCIAL HIGHLIGHTS)

EX-21 (LIST OF AMD SUBSIDIARIES)

EX-24 (POWER OF ATTORNEY)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 2000

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from to

Commission File Number 1-7882
ADVANCED MICRO DEVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	94-1692300
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One AMD Place, Sunnyvale, California	94086
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (408) 732-2400

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
$.01 Par Value Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X]

Aggregate market value of the voting stock held by non-affiliates as of February 26, 2001.

$7,175,108,834

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

314,747,355 shares as of February 26, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the Annual Report to Stockholders for the fiscal year ended December 31, 2000, are incorporated into Parts II and IV hereof.
(2) Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on April 26, 2001, are incorporated into Part III hereof.

AMD, Advanced Micro Devices, AMD-K6, AMD Athlon, AMD Duron and 3DNow! are either our trademarks or our registered trademarks. Vantis is a trademark of Lattice Semiconductor Corporation. Microsoft, Windows, Windows NT and MS-DOS are either registered trademarks or trademarks of Microsoft Corporation. Alpha is a trademark of Compaq Computer Corporation. Pentium is a registered trademark of Intel Corporation. Other terms used to identify companies and products may be trademarks of their respective owners.

PART I

ITEM 1. BUSINESS

Cautionary Statement Regarding Forward-Looking Statements

The statements in this report that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially. The forward-looking statements relate to, among other things, operating results; anticipated cash flows; capital expenditures; adequacy of resources to fund operations and capital investments; our ability to increase customer and market acceptance of AMD Athlon(TM) and AMD Duron(TM) microprocessors, our seventh-generation microprocessors; our ability to maintain average selling prices for our seventh-generation microprocessors; our ability, and the ability of third parties, to provide timely infrastructure solutions (chipsets and motherboards) to support our microprocessors; the effect of foreign currency hedging transactions; our new submicron integrated circuit manufacturing and design facility located in Dresden, Germany (Dresden Fab 30); our ability to ramp production in Dresden Fab 30 and the Fujitsu AMD Semiconductor Limited (FASL) manufacturing facilities. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see the "Financial Condition" and "Risk Factors" sections set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our 2000 Annual Report to Stockholders, and such other risks and uncertainties as set forth below in this report or detailed in our other Securities and Exchange Commission reports and filings.

General

Advanced Micro Devices, Inc. was incorporated under the laws of Delaware on May 1, 1969. Our mailing address and executive offices are located at One AMD Place, Sunnyvale, California 94086, and our telephone number is (408) 732-2400. Unless otherwise indicated, references to "AMD," "we" and "us" in this report include our subsidiaries.

We are a semiconductor manufacturer with manufacturing facilities in the U.S., Europe and Asia and sales offices throughout the world. Our products include a wide variety of industry-standard digital integrated circuits (ICs) which are used in many diverse product applications such as telecommunications equipment, data and network communications equipment, consumer electronics, personal computers (PCs), workstations and servers.

For segment information with respect to sales, operating results and identifiable assets, refer to the information set forth in Note 9 of the Consolidated Financial Statements contained in our 2000 Annual Report to Stockholders.

For a discussion of the risk factors related to our business operations, please see the "Cautionary Statement Regarding Forward-Looking Statements," "Risk Factors" and "Financial Condition" sections set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our 2000 Annual Report to Stockholders.

The IC Industry

The IC market has grown dramatically over the past ten years, driven primarily by the demand for electronic business and consumer products. Today, virtually all electronic products use ICs, including PCs and related peripherals, voice and data communications and networking products, facsimile and photocopy machines, home entertainment equipment, industrial control equipment and automobiles.

The market for ICs can be divided into separate markets for digital and analog devices. We participate primarily in the market for digital ICs. The three types of digital ICs used in most electronic systems are:

- microprocessors, which are used for control and computing tasks, and complementary chipset devices;
- memory circuits, which are used to store data and programming instructions; and
- logic circuits, which are employed to manage the interchange and manipulation of digital signals.

A discussion of the principal parts of the digital IC market in which we participate follows.

The Microprocessor Market

The microprocessor market is comprised of two broad categories, which are based on the function of the products. A microprocessor that performs computing tasks is known as the Central Processing Unit (CPU) of a computer system. Microprocessors used for control applications are often referred to as embedded processors. AMD participates primarily in the CPU category, which is the largest category within the microprocessor market.

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

A CPU processor is an IC generally consisting of millions of transistors that serves as the brain of a computer system such as a PC. The microprocessor is typically the most critical component to the performance and efficiency of a PC. The microprocessor controls data flowing through the electronic system and manipulates such data as specified by the hardware or software which controls the system. In 1981, IBM introduced its first PC containing a microprocessor based upon the x86 instruction set developed by Intel Corporation and utilizing the Microsoft(R) Corporation MS-DOS(R) operating system. As circuit design and very large scale integration process technology have evolved, performance and functionality of each new generation of x86 microprocessors have increased. The x86 microprocessor market has been dominated by Intel since IBM's introduction of the PC.

The x86 microprocessor market is characterized by intense competition, short product life cycles, and rapid advances in product design and process technology. Today, the greatest demand for microprocessors is from PC manufacturers. With few exceptions, PC manufacturers require x86 microprocessors which are Microsoft Windows(R) compatible. Improvements in the performance characteristics of microprocessors and decreases in production costs resulting from advances in process technology have broadened the market for PCs and increased the demand for microprocessors.

The PC original equipment manufacturer (OEM) market is highly competitive. Most PC suppliers have evolved from fully integrated manufacturers with proprietary system designs to vendors focused on building brand recognition and distribution capabilities. Almost all of these suppliers now rely on Intel or on third-party manufacturers for the major subsystems of their PCs, such as the motherboard and chipsets. These suppliers are also increasingly outsourcing the design and manufacture of complete systems. The third-party manufacturers of these subsystems, based primarily in Asia, are focused on providing PCs, motherboards and complementary chipset devices that incorporate the latest trends in features and performance at low prices. Increasingly, these third-party manufacturers are also supplying fully configured PC systems through alternative distribution channels.

Embedded processors are also an important part of the microprocessor market. Embedded processors are general purpose devices used to carry out a single application with limited user interface and programmability. A system designed around an embedded processor usually cannot be programmed by an end user because the system is preprogrammed to execute a specific task. Key markets for embedded processors include telecommunications, networking, office automation, storage, automotive applications and industrial control.

The Memory Market

Memory ICs store data and instructions, and are characterized as either volatile or non-volatile. Volatile devices lose their stored information after electrical power is shut off, while non-volatile devices retain their stored information. The three most significant categories of semiconductor memory are (1) Dynamic Random Access Memory (DRAM) and (2) Static Random Access Memory (SRAM), both of which are volatile memories, and (3) non-volatile memory, which includes Read-Only Memory (ROM), Erasable Programmable Read-Only Memory (EPROM), Electrically Erasable Electrically Programmable Read-Only Memory (EEPROM) and Flash memory devices. DRAM provides large capacity main memory, and SRAM provides specialized high-speed memory. We do not produce any DRAM products, which are the largest part of the memory market, or SRAM products. Flash and other non-volatile memory devices are used in applications in which data must be retained after power is turned off. However, ROM cannot be rewritten, EPROM requires ultraviolet light as part of an erasure step before it can be rewritten, and EEPROM utilizes a larger, more expensive, memory cell.

Several factors have contributed to an increasing demand for memory devices in recent years, including the:

- expanding unit sales of PCs in the business and consumer markets;
- increasing use and functionality of cellular phones;
- increasing use of PCs to perform memory-intensive graphics and multimedia functions;
- volume of memory required to support faster microprocessors;
- proliferation of increasingly complex PC software; and
- increasing performance requirements of workstations, servers and networking and telecommunications equipment.

Flash memory devices are being utilized for an expanding range of uses. Flash memory devices have a size and cost advantage over EEPROM devices, and the ability of Flash memory devices to be electrically rewritten to update parameters or

system software provides greater flexibility and ease of use than other non-volatile memory devices, such as ROM or EPROM devices. Flash memory devices can store control programs and system-critical data in communication devices such as cellular telephones and routers (devices used to transfer data between local area networks). Another common application for Flash memory product is in PC cards, which are inserted into notebook and subnotebook computers or personal

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

digital assistants to provide added data storage.

The Logic Market

Logic devices consist of structurally interconnected groupings of simple logical "AND" and logical "OR" functions, commonly described as "gates." Typically, complex combinations of individual gates are required to implement the specialized logic functions required for system applications. The greater the number of gates on a logic device, the higher that logic device's density and, in general, device cost (for a particular process and architecture). Logic devices are generally grouped into five families of products (from lowest density to highest density):

- standard logic devices;
- programmable logic devices (PLDs);
- conventional gate-arrays;
- standard cells; and
- full custom ICs.

Conventional gate-arrays, standard cells and full-custom ICs are often referred to as application-specific ICs (ASICs).

Many manufacturers of electronic systems are striving to develop new and increasingly complex products to address evolving market opportunities rapidly. Achievement of this goal often precludes the use of standard logic ICs and ASICs. Standard logic ICs generally perform simple functions and are not customizable, limiting a manufacturer's ability to adequately tailor an end-product system. Although ASICs can be manufactured to perform customized functions, they generally involve relatively high initial design, engineering and manufacturing costs, significant design risks, and may increase an end-product's time to market. As a result, ASICs are generally limited to high-volume products and products for which time to market may be less critical.

A growing category of the full custom IC market is Application Specific Standard Products (ASSPs). In this category, a full custom design, such as an Ethernet controller, is used to implement a particular function and is sold to multiple customers. Because the market requirements for these products have become increasingly standard, they can achieve the cost advantages of full custom design with the time to market advantages of a standard product. Almost all of our networking products are a part of the ASSP category.

Unlike ASICs and standard logic ICs, PLDs are standard products, purchased by system manufacturers in an unprogrammed or blank state. Each system manufacturer may then program the PLDs to perform a variety of specific logic functions. Certain PLDs are reprogrammable. Compared to standard logic ICs and ASICs, PLDs allow system designers to design and implement custom logic more quickly. On June 15, 1999, we sold Vantis Corporation (Vantis), our PLD subsidiary, to Lattice Semiconductor Corporation (Lattice), and we now function as a foundry and provide administrative services to Vantis.

Product Segments

In 2000, we participated in all three technology areas within the IC market--microprocessors, memory circuits and logic circuits--through our Core Products, Voice Communications and Foundry Services segments. Our Core Products segment includes our PC processors, Memory products and Other IC products. PC processors include AMD seventh-generation microprocessors and AMD-K6(R) microprocessors. Memory products include Flash memory devices and EPROM devices. Other IC products include embedded processors, platform products and networking products. Our Voice Communications segment consisted of our voice communications products subsidiary, Legerity, Inc. (Legerity), until July 31, 2000, the effective date of its sale. Our Foundry Services segment consists of fees for services that we provide to Legerity and Vantis, our former PLD subsidiary.

On August 4, 2000, we completed the sale of 90 percent of Legerity for approximately $375 million in cash, effective July 31, 2000. We retained a ten percent ownership interest in Legerity and a warrant to acquire approximately an additional ten percent. As part of the transaction, we entered into various service contracts with Legerity to continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Legerity.

Core Products

Core Products ($4.361 billion, or 94 percent, of our 2000 net sales) include PC processor, memory and other IC products, with the majority of the Core Products segment's net sales being derived from PC processors and Flash memory devices.

PC Processors

In 2000, our most significant microprocessor product sales were from the AMD Athlon(TM) and AMD Duron(TM) processors, our seventh-generation microprocessor products. The AMD Athlon and AMD Duron microprocessors are based

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

on superscalar RISC architecture and are designed to be compatible with operating system software such as Windows 2000, Windows NT(R), Windows 98 (and their predecessor operating systems), Linux, Netware and UNIX.

We began volume shipments of AMD Athlon microprocessors in the second half of 1999. The AMD Athlon processor is an x86-compatible, seventh-generation design featuring:

- a superpipelined, nine-issue superscalar microarchitecture optimized for high clock frequency;
- a fully pipelined, superscalar floating point unit;
- high-performance backside L2 cache interface;
- enhanced 3DNow!(TM) technology with 24 additional instructions designed to improve integer math calculations, data movements for Internet streaming, and digital signal processor (DSP) communications; and
- a system bus which is a 200 MHz system interface based on the Alpha(TM) EV6 bus protocol with support for scalable multiprocessing.

We began shipments of AMD Duron processors in the second half of 2000. The AMD Duron processor, a derivative of the AMD Athlon processor core, is designed to provide an optimized solution for value-conscious business and home users, and features:

- full-speed, on-chip L2 cache memory;
- a 200 MHz front side system bus; and
- a superscalar floating point unit with enhanced 3DNow! technology.

Our overall PC processor sales growth in 2001 depends upon a continuing successful production ramp in Dresden Fab 30, timely volume availability of chipsets and motherboards from third party suppliers and increasing commercial and consumer market acceptance of AMD Athlon and AMD Duron microprocessors.

Our microprocessor products have and will continue in 2001 and 2002 to make significant contributions to our overall revenues, profit margins and operating results. We plan to continue to make significant capital expenditures to support our microprocessor products both in the near and long term. Our ability to increase microprocessor product revenues, and benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors, depends upon the success of our seventh-generation and future generations of microprocessors beginning with the "Hammer" family of microprocessors that we plan to introduce in 2002. The Hammer processors will be our first processors capable of 64-bit operation, and are being designed to deliver leading-edge performance on both the 64-bit software used by high-end workstations and servers and the 32-bit software used by the majority of desktop users.

The microprocessor market is characterized by short product life cycles and migration to ever higher performance microprocessors. To compete successfully against Intel in this market, we must transition to new process technologies at a fast pace and offer higher performance microprocessors in significantly greater volumes. We must achieve acceptable yields while producing microprocessors at higher speeds.

Intel has dominated the market for microprocessors used in PCs for many years. Because of its dominant market position, Intel has historically set and controlled x86 microprocessor and PC system standards and, thus, dictated the type of product the market requires of Intel's competitors. In addition, Intel may and does vary prices on its microprocessors and other products at will and thereby affects the margins and profitability of its competitors due to its financial strength and dominant position. Intel also exerts substantial influence over PC manufacturers and their channels of distribution through the "Intel Inside" brand and other marketing programs. Intel invests billions of dollars in, and as a result exerts influence over, many other technology companies. We expect Intel to continue to invest heavily in research and development, new manufacturing facilities and other technology companies, and to remain dominant:

- through the Intel Inside and other marketing programs;
- through other contractual constraints on customers, retailers, industry suppliers and other third parties;
- by controlling industry standards; and
- by controlling supply and demand of motherboards, chipsets and other system components.

As an extension of its dominant microprocessor market share, Intel also dominates the PC platform. As a result, PC manufacturers have been increasingly unable to innovate and differentiate their product offerings. We do not have the financial resources to compete with Intel on such a large scale. As long as Intel remains in this dominant position, we may be materially and adversely affected by its:

- product mix and introduction schedules;
- product bundling, marketing, merchandising and pricing strategies;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, chipset and basic input/output system (BIOS) suppliers; and

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

. customer brand loyalty.

As Intel expanded its dominance over the PC system platform, many PC manufacturers reduced their system development expenditures and now purchase microprocessors together with chipsets or in assembled motherboards from Intel. PC OEMs are increasingly dependent on Intel, less innovative on their own and, to a large extent, distributors of Intel technology. In marketing our microprocessors to these OEMs and dealers, we depend upon companies other than Intel for the design and manufacture of core logic chipsets, graphics chips, motherboards, BIOS software and other components. In recent years, many of these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies produce chipsets, motherboards, BIOS software and other components to support each new generation of Intel's microprocessors only if Intel makes information about its products available to them in time to address market opportunities. Delay in the availability of such information makes, and will continue to make, it increasingly difficult for these third parties to retain or regain market share.

To compete with Intel in the microprocessor market in the future, we intend to continue to form close relationships with third-party designers and manufacturers of chipsets, motherboards, graphics chips, BIOS software and other components. Similarly, we intend to expand our chipset and system design capabilities, and to offer OEMs licensed system designs incorporating our processors and companion products. We cannot be certain, however, that our efforts will be successful.

We do not currently plan to develop microprocessors that are bus interface protocol compatible with the Pentium III, Pentium IV and Celeron processors because our patent cross-license agreement with Intel does not extend to microprocessors that are bus interface protocol compatible with Intel's sixth and subsequent generation processors. Thus, the AMD Athlon and AMD Duron microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. The same will be true of our Hammer family microprocessors. Our ability to compete with Intel in the market for seventh-generation and future generation microprocessors will depend on our:

- success in designing and developing the microprocessors; and
- ability to ensure that the microprocessors can be used in PC platforms designed to support our microprocessors, or that platforms are available which support both Intel processors and our processors.

Memory Products

Our Flash memory devices are used in cellular telephones, networking equipment and other applications that require memory to be non-volatile and electrically rewritten. This feature provides greater flexibility and ease of use than EPROMs and other similar integrated circuits that cannot be electrically rewritten. Flash memory devices also have a size and cost advantage over EEPROM devices. Communications companies use Flash memory devices in cellular telephones and related equipment to enable users to add and modify frequently called numbers and to allow manufacturers to preprogram firmware and other information. In networking applications, Flash memory devices are used in hubs, switches and routers to enable systems to store firmware and reprogrammed Internet addresses and other routing information. Use of Flash memory devices is proliferating into a variety of other applications, such as set-top boxes, automotive control systems, personal digital assistants, digital cameras and other consumer electronic items.

Competition in the market for Flash memory devices will increase in 2001 and beyond as existing manufacturers introduce new products and industry-wide production capacity increases. In 2000, almost all of our Flash memory devices were produced in Japan through Fujitsu AMD Semiconductor Limited (FASL), our joint venture with Fujitsu Limited.

EPROMs represent an older generation of erasable, programmable read-only memory technology which is used primarily in the electronic equipment industry. These devices are used in cellular telephones, wireless base stations, telecommunication

switching equipment, automotive applications, PC hard disk drives, printer controllers, industrial machine controls and numerous other types of electronic equipment to store firmware which controls the equipment's operation. EPROMs are generally preferred over more expensive Flash memory devices in applications where end users do not need to reprogram the information stored on the IC. We believe the market for EPROMs, which is significantly smaller than the market for Flash memory devices, will continue to decline as EPROMs are replaced in various applications by Flash memory devices.

Other ICs

Embedded Processors. Our embedded processors are x86 software compatible general purpose processors designed specifically for embedded applications. Our 16-bit family of E86 embedded processors are built around the C186/C188 processor with additional integrated features such as additional memory, serial

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

EXHIBIT 13

FINANCIAL HIGHLIGHTS

Five Years Ended December 31, 2000 (Dollars in thousands except per share amounts, ratios, and employment figures)	2000	1999	1998	1997	1996
Net sales	$ 4,644,187	$ 2,857,604	$ 2,542,141	$ 2,356,375	$ 1,953,019
Operating income (loss)	886,736	(320,916)	(263,642)	(90,653)	(253,310)
Net income (loss)*	983,026	(88,936)	(103,960)	(21,090)	(68,950)
Net income (loss) per common share:**					
Basic	3.18	(0.30)	(0.36)	(0.07)	(0.25)
Diluted	2.89	(0.30)	(0.36)	(0.07)	(0.25)
Working capital	1,433,580	499,226	721,308	448,497	445,604
Total assets	5,767,735	4,377,698	4,252,968	3,515,271	3,146,283
Long-term debt, capital lease obligations and other, less current portion	1,167,973	1,427,282	1,372,416	662,689	444,830
Stockholders' equity	3,171,667	1,979,273	2,005,049	2,029,543	2,021,878
Capital additions	805,474	619,772	996,170	729,870	493,723
Depreciation and amortization	579,070	515,520	467,521	394,465	346,774
Research and development	641,799	635,786	567,402	457,877	400,703
Research and development as a percentage of net sales	13.8%	22.2%	22.3%	19.9%	20.5%
Return on equity	38.2%	(4.5)%	(5.2)%	(1.0)%	(3.3)%
Debt as a percentage of capital	26.9%	41.9%	40.7%	24.8%	18.5%
Worldwide employment	14,435	13,354	13,597	12,759	12,181

*Net income for 2000 includes a $212 million gain, net of tax, on the sale of AMD's subsidiary, Legerity, Inc. and a $23 million extraordinary loss on debt retirement, net of tax; net loss for 1999 includes a $259 million gain, net of tax, on the sale of AMD's subsidiary, Vantis Corporation.

**Net income (loss) per common share, basic and diluted, for all prior periods, has been restated to reflect a two-for-one stock split effected in the form of a 100% stock dividend on August 21, 2000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially. The forward-looking statements relate to, among other things, operating results; anticipated cash flows; capital expenditures; adequacy of resources to fund operations and capital investments; our ability to transition to new process technologies; our ability to produce AMD Athlon(TM) and AMD Duron(TM) microprocessors in the volume required by customers on a timely basis; our ability, and the ability of third parties, to provide timely infrastructure solutions (motherboards and chipsets) to support our microprocessors; our ability to increase customer and market acceptance of our microprocessors; our ability to maintain average selling prices for our microprocessors; our ability to meet the demand for Flash memory products; the effect of foreign currency hedging transactions; our new submicron integrated circuit manufacturing and design facility in Dresden, Germany (Dresden Fab 30); and the Fujitsu AMD Semiconductor Limited (FASL) manufacturing facilities. See "Financial Condition" and "Risk Factors" below, as well as such other risks and uncertainties as are detailed in our Securities and Exchange Commission reports and filings for a discussion of the factors that could cause actual results to differ materially from the forward-looking statements.

The following discussion should be read in conjunction with the consolidated financial statements included in this annual report and related notes as of December 31, 2000 and December 26, 1999 and for each of the three years in the period ended December 31, 2000.

RESULTS OF OPERATIONS

In 2000, 1999 and 1998, we participated in all three technology areas within the digital integrated circuit (IC) market--microprocessors, memory circuits and logic circuits--through our Core Products, Voice Communications, Vantis and Foundry Services segments. Our Core Products segment includes our PC processors, Memory products and Other IC products. PC processors include AMD seventh-generation microprocessors and AMD-K6(R) family microprocessors. Memory products

include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. Other IC products include embedded processors, platform products and networking products. Our Voice Communications segment consisted of our voice communications products subsidiary, Legerity, Inc. (Legerity), until July 31, 2000, the effective date of its sale. Our Vantis segment consisted of our programmable logic devices subsidiary, Vantis Corporation (Vantis), until June 15, 1999, the date of its sale. Our Foundry Services segment consists of fees for services that we provide to our former subsidiaries, Legerity and Vantis.

On August 4, 2000, we completed the sale of 90 percent of Legerity for approximately $375 million in cash, effective July 31, 2000. We retained a ten percent ownership interest in Legerity and a warrant to acquire approximately an additional ten percent. As part of the transaction, we entered into various service contracts with Legerity to continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Legerity.

On June 15, 1999, we sold Vantis to Lattice Semiconductor Corporation (Lattice) for approximately $500 million in cash. As part of the transaction, we entered into service contracts with Vantis to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Vantis. We receive fees from Lattice for these services.

The following is a summary of net sales by segment for 2000, 1999 and 1998:

(Millions)	2000	1999	1998
Core Products segment:			
PC Processors	$ 2,337	$ 1,387	$ 1,258
Memory Products	1,567	773	561
Other IC Products	457	400	362
	4,361	2,560	2,181
Voice Communications segment	140	168	156
Vantis segment	-	87	205
Foundry Services segment	143	43	-
Total	$ 4,644	$ 2,858	$ 2,542

Net Sales Comparison of Years Ended December 31, 2000 and December 26, 1999

Total net sales increased by $1,786 million in 2000, or 63 percent, to $4,644 million from $2,858 million in 1999.

PC processors net sales of $2,337 million increased by 68 percent in 2000 compared to 1999. This increase was primarily due to a strong increase in net sales of our seventh-generation microprocessors, the AMD Athlon and AMD Duron microprocessors. The AMD Duron microprocessor, a derivative of the AMD Athlon microprocessor designed to provide a solution for value conscious PC buyers, became available in June 2000. The strong increase in unit sales of our seventh-generation microprocessors more than offset the decline in average selling prices. The increase was partially offset by a decrease in net sales of the AMD-K6 family microprocessors as a result of market shift toward our seventh-generation microprocessors. Overall PC processors sales growth in 2001 depends on a continuing successful production ramp in Dresden Fab 30, availability of chipsets and motherboards from third-party suppliers and increasing market acceptance of our seventh-generation microprocessors, as to which we cannot give any assurance.

Memory products net sales of $1,567 million increased by 103 percent in 2000 compared to 1999 primarily due to growth in sales volume, higher average selling prices, and a rich product mix of Flash memory devices, which was slightly offset by a decline in net sales of EPROMs. We plan to continue to expand manufacturing capacity through FASL to achieve further growth in net sales of Flash memory devices in 2001, as to which we cannot give any assurance.

Other IC products net sales of $457 million increased by 14 percent in 2000 compared to 1999. The increase was primarily due to increased net sales from our chipset and home networking products.

Voice Communications products net sales of $140 million decreased by 17 percent in 2000 compared to 1999 as a result of the sale of our Legerity subsidiary, effective July 31, 2000.

There were no sales from Vantis products in our 2000 net sales. Vantis products

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

contributed $87 million to our 1999 net sales prior to Vantis' sale.

The Foundry Services segment included service fees of $143 million from Lattice and Legerity in 2000 compared to $43 million from Lattice in 1999. The increase was primarily due to the addition of service fees from Legerity and secondarily to an increase in service fees from Lattice.

Net Sales Comparison of Years Ended December 26, 1999 and December 27, 1998

Total net sales increased by $316 million, or 12 percent, to $2,858 million in 1999 from $2,542 million in 1998.

PC processors net sales of $1,387 million increased by ten percent in 1999 compared to 1998. This increase was primarily due to the introduction of AMD Athlon microprocessors, which were our first seventh-generation Microsoft Windows compatible microprocessors, at the end of the second quarter of 1999, and was partially offset by a decrease in net sales of AMD-K6 microprocessors. Although unit sales volumes of AMD-K6 microprocessors increased, net sales decreased due to declines in average selling prices which were caused by aggressive Intel pricing, including marketing programs and product bundling of microprocessors, motherboards, chipsets and combinations thereof.

Memory products net sales of $773 million increased by 38 percent in 1999 compared to 1998 primarily as a result of strong growth in demand for Flash memory devices, which was slightly offset by a decline in net sales of EPROMs.

Other IC products net sales of $400 million increased by ten percent in 1999 compared to 1998 primarily due to an increase in net sales from chipset products and home networking products.

Voice Communications net sales of $168 million were relatively flat between 1999 and 1998. Increases in net sales from our Ethernet controllers and physical layer circuits, as well as increases in net sales of linecard circuits, were offset by a weakness in the sales of mature network products.

Vantis products net sales of $87 million decreased by 58 percent in 1999 compared to 1998 primarily because there were two quarters of sales in 1999 prior to Vantis' sale, as compared to a full year of sales in the prior year.

The Foundry Services segment consisted of service fees of $43 million from Lattice in 1999.

Comparison of Expenses, Gross Margin Percentage and Interest Income and Other, Net

The following is a summary of expenses, gross margin percentage and interest income and other, net for 2000, 1999 and 1998:

(Millions except for gross margin percentage)	2000	1999	1998
Cost of sales	$ 2,515	$ 1,964	$ 1,719
Gross margin percentage	46%	31%	32%
Research and development	$ 642	$ 636	$ 567
Marketing, general and administrative	599	540	420
Restructuring and other special charges	-	38	-
Gain on sale of Vantis	-	432	-
Gain on sale of Legerity	337	-	-
Litigation settlement	-	-	12
Interest income and other, net	86	32	34
Interest expense	60	69	66

We operate in an industry characterized by high fixed costs due to capital-intensive manufacturing processes, particularly the costs to build and maintain state-of-the-art production facilities required for PC microprocessors and memory devices. As a result, our gross margin percentage is significantly affected by fluctuations in product sales. Gross margin percentage growth depends on continually increasing sales from microprocessors and memory products because fixed costs continue to rise due to the ongoing capital investments required to expand production capability and capacity.

Gross margin percentage increased to 46 percent in 2000 compared to 31 percent in 1999. The increase in gross margin in 2000 was primarily due to higher net sales from PC microprocessors and Flash memory devices, partially offset by a reduction of gross margin as a result of the sale of Legerity, effective July 31, 2000 and an increase in fixed costs. Fixed costs will continue to increase as we ramp production capacity in Dresden Fab 30. Dresden Fab 30 went into production in the second quarter of 2000, which contributed to, and will continue to contribute to, increases in cost of sales.

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

Gross margin percentage was relatively flat between 1999 and 1998. The slight decline in gross margin percentage in 1999 was primarily caused by lower average selling prices of AMD-K6 microprocessors combined with higher fixed costs.

Research and development expenses of $642 million in 2000 increased slightly compared to 1999. This slight increase is due to increased costs related to research and development activities for PC microprocessors, offset by a substantial portion of Dresden Fab 30 expenses shifting to cost of sales as production of PC microprocessors commenced in the second quarter of 2000, and research and development subsidies received from the German government.

Research and development expenses of $636 million in 1999 increased 12 percent compared to 1998 due to a full year of expenses associated with the Motorola alliance (discussed below) and increases in spending for facilitization and pre-production process development in Dresden Fab 30 and research and development activities for the AMD Athlon microprocessor. These additional costs were partially offset in 1999 by savings in our Submicron Development Center (SDC) as a result of restructuring activities, savings related to the absence of Vantis expenses in the second half of 1999 and the recognition of deferred credits on foreign capital grants and interest subsidies that were received for Dresden Fab 30.

In 1998, we entered into an alliance with Motorola for the development of logic and Flash memory process technology. Costs related to the alliance are included in research and development expenses. The alliance includes a seven-year technology development and license

agreement, which was amended on January 21, 2000 to include certain additional technology, and a patent cross-license agreement. The agreements provide that we will co-develop with Motorola future generation logic process and embedded Flash technologies. In addition, we have received certain licenses to Motorola's semiconductor logic process technologies, including copper interconnect technology, which may be subject to variable royalty rates. In exchange, we have developed and licensed to Motorola a Flash module design to be used in Motorola's future embedded Flash products. Motorola will have additional rights, subject to certain conditions, to make stand-alone Flash devices, and to make and sell certain data networking devices. The rights to data networking devices may be subject to variable royalty payment provisions.

Marketing, general and administrative expenses of $599 million in 2000 increased 11 percent compared to 1999 primarily as a result of marketing and promotional activities for the AMD Athlon microprocessor, our launch of the AMD Duron microprocessor, and higher expenses associated with higher labor costs including profit sharing. These increases were partially offset by the absence of Legerity expenses during the second half of 2000.

Marketing, general and administrative expenses of $540 million in 1999 increased 29 percent compared to 1998 primarily due to marketing and promotional activities for the AMD Athlon microprocessor, increased costs and related depreciation expense associated with new information systems and software put into production in 1999 and higher labor costs. These increases were partially offset by savings related to the absence of Vantis expenses in the third and fourth quarters of 1999.

In the first quarter of 1999, we initiated a review of our cost structure. Based upon this review, we recorded restructuring and other special charges of $38 million in 1999 as a result of certain of our actions to better align our cost structure with expected revenue growth rates.

The $38 million in restructuring and other special charges consisted of the following:

- $25 million for the closure of a submicron development laboratory facility in the SDC, the write-off of certain equipment in the SDC and the write-off of equipment taken out of service in Fab 25 related to the 0.35-micron wafer fabrication process;
- $6 million for the write-off of capitalized costs related to discontinued information system projects;
- $3 million for the disposal of equipment taken out of service in the SDC;
- $3 million for severance and employee benefits for 178 terminated employees in the Information Technology department, the SDC and certain sales offices; and
- $1 million for costs of leases for vacated and unused sales offices.

As of December 31, 2000, the cumulative total cash outlay for restructuring and other special charges was approximately $7.5 million. We anticipate that the remaining accrual of $0.5 million related to sales office facilities will be

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

utilized over the period through lease terminations in the second quarter of 2002. The payments of the accruals are expected to be funded by cash from operations.

The remaining $30 million of restructuring and other special charges consisted of non-cash charges primarily for asset write-offs. As a result of the restructuring and other special charges,

we expect to save a total of $30 million in depreciation expense over the three to five year period beginning the second quarter of 1999.

On August 4, 2000, we completed the sale of 90 percent of Legerity for approximately $375 million in cash to Francisco Partners, L.P., effective July 31, 2000. Prior to the sale, Legerity was a wholly owned subsidiary of AMD, selling voice communications products. Our pre-tax gain on the sale of Legerity was $337 million. The gain was computed based on the excess of the consideration received for Legerity's net assets as of July 31, 2000, less direct expenses related to the sale. The applicable tax rate on the gain was 37 percent, resulting in an after-tax gain of $212 million. We have retained a ten percent ownership interest in Legerity and a warrant to acquire approximately an additional ten percent. As part of the transaction, we entered into various service contracts with Legerity to continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Legerity.

On June 15, 1999, we completed the sale of Vantis to Lattice Semiconductor Corporation for approximately $500 million in cash. The actual cash received was net of Vantis' cash and cash equivalent balance of approximately $46 million as of the closing of the sale. Our pre-tax gain on the sale of Vantis was $432 million. The gain was computed based on the excess of the consideration received for Vantis' net assets as of June 15, 1999 less direct expenses related to the sale. The applicable tax rate on the gain was 40 percent, resulting in an after-tax gain of $259 million.

A litigation settlement of approximately $12 million was recorded in the first quarter of 1998 for the settlement of a class action securities lawsuit against us and certain of our current and former officers and directors. We paid the settlement during the third quarter of 1998.

Interest income and other, net of $86 million in 2000 increased 168 percent compared to 1999 primarily due to higher average cash and short and long term investment balances. Interest expense of $60 million in 2000 decreased 13 percent compared to 1999 primarily due to lower average debt balances resulting from retirement of a portion of our 11% Senior Secured Notes due 2003 (Senior Secured Notes) in August 2000, offset by a reduction of capitalized interest as a result of completion of Dresden Fab 30.

Interest income and other, net of $32 million in 1999 decreased seven percent compared to 1998 primarily as a result of lower interest income from lower invested cash balances. Interest expense of $69 million in 1999 increased four percent compared to 1998 due to a full year of interest expense in 1999 on the $517.5 million of 6% Convertible Subordinated Notes due 2005 (Convertible Subordinated Notes) sold in May 1998.

On August 2, 2000, we retired approximately $356 million aggregate principal amount of our Senior Secured Notes at a premium to their book value, in connection with a tender offer for those notes. We incurred a one-time extraordinary loss, net of tax, of $23 million in connection with the retirement of the debt.

Income Tax

We recorded income tax provisions of $257 million in 2000 and $167 million in 1999, and a tax benefit of $92 million in 1998. The effective tax rate for the year ended December 31, 2000 was

20.5 percent, reflecting the benefit of realizing previously reserved deferred tax assets. The 1999 effective tax rate of 227 percent reflected the establishment of such reserves against our deferred tax assets due to current and prior operating losses. The effective tax benefit rate was 44 percent for 1998, reflecting the benefits of tax credits and low-taxed foreign income.

We had net deferred tax assets of $14.5 million as of December 31, 2000.

Other Items

International sales as a percent of net sales were 60 percent in both 2000 and 1999 and 55 percent in 1998. During 2000, approximately six percent of our net

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

sales were denominated in foreign currencies. We do not have sales denominated in local currencies in countries which have highly inflationary economies (as defined by generally accepted accounting principles). The impact on our operating results from changes in foreign currency rates individually and in the aggregate has not been material.

Comparison of Segment Income (Loss)

In 2000, we operated in three reportable segments: the Core Products, Voice Communications and Foundry Services segments. As a result of the sale of Legerity, effective July 31, 2000, we re-evaluated our segment reporting structure. Prior period segment information has been restated to conform to the current period presentation. The Core Products segment includes microprocessors, Flash memory devices, EPROMs, embedded processors, platform products and networking products. The Voice Communications segment includes the voice communications products of our former subsidiary, Legerity. The Vantis segment included the programmable logic devices (PLD) of our former subsidiary, Vantis, prior to its sale on June 15, 1999. The Foundry Services segment includes fees for services provided to Legerity and Vantis. For a comparison of segment net sales, refer to the previous discussions on net sales by product group.

The following is a summary of operating income (loss) by segment for 2000, 1999 and 1998:

(Millions)	2000	1999	1998
Core Products	$ 832	$ (342)	$ (162)
Voice Communications	35	14	(24)
Vantis	-	6	22
Foundry Services	22	1	-
Total	$ 889	$ (321)	$ (164)

The Core Products segment operating income increased by $1,174 million in 2000 compared to 1999 primarily due to an increase in net sales of our seventh-generation microprocessors and Flash memory devices which more than offset higher fixed costs.

The Voice Communications segment operating income increased by $21 million in 2000 compared to 1999 primarily due to an increase in net sales of telecommunications linecard circuits and devices for physical-layer Ethernet solutions. The increase in operating income was also due to decreased costs and expenses as a result of the sale of Legerity effective July 31, 2000.

The Vantis segment operating income was zero in 2000 due to the sale of Vantis on June 15, 1999. Vantis had sales activity for 24 weeks in 1999.

The Foundry Services segment operating income increased by $21 million in 2000 compared to 1999 primarily due to the addition of service fees.

FINANCIAL CONDITION

Net cash provided by operating activities was $1,206 million in 2000 primarily due to net income of $983 million and depreciation and amortization of $579 million, offset by a nonrecurring $337 million reduction to operating cash flows from the gain on the sale of Legerity in 2000, a decrease of $269 million in other assets, an increase of $158 million from income tax benefits from employee stock option exercises, a decrease of $156 million in inventory, an increase of $157 million in payables and accrued liabilities, an increase of $143 million from customer deposits under long-term purchase agreements, a decrease of $132 million in accounts receivable, an increase of $79 million in prepaid expenses and a decrease of $35 million from foreign grant and subsidy income.

Net cash provided by operating activities was $260 million in 1999 primarily due to the net loss of $89 million, a nonrecurring $432 million reduction in operating cash flows from the gain on the sale of Vantis in 1999, an increase of $516 million from depreciation and amortization, an increase of $161 million from deferred income taxes, an increase of $156 million in payables and accrued liabilities, a decrease of $102 million in prepaid expenses, an increase of $55 million in other assets, a decrease of $50 million from foreign grant and subsidy income not received in cash, a decrease of $45 million in accounts receivable and a decrease of $23 million in inventory.

Net cash provided by operating activities was $142 million in 1998 primarily due to a net loss of $104 million, an increase of $468 million from depreciation and

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

amortization, a decrease of $107 million in deferred income taxes, a decrease of $88 million in accounts receivable, a decrease of $46 million in other assets, an increase of $19 million in payables and accrued liabilities, a decrease of $13 million in prepaid expenses, an increase of $9 million in tax refund receivable and tax payable and a decrease of $7 million in inventory.

Net cash used in investing activities was $816 million in 2000 primarily due to $805 million used for purchases of property, plant and equipment, offset by $375 million we received in 2000 from the sale of Legerity and $398 million of net purchases of available-for-sale securities. Net cash used in investing activities was $142 million in 1999 primarily due to $454 million from the sale of Vantis, a decrease of $620 million from purchases of property, plant and equipment offset by $19 million in net proceeds from sales of available-for-sale securities, and $4 million in proceeds from sales of property, plant and equipment. Net cash used in investing activities was $997 million in 1998 primarily due to $975 million from purchases of property, plant and equipment.

Net cash used in financing activities was $101 million in 2000 primarily due to $375 million in payments on debt and capital lease obligations offset by $136 million in proceeds from borrowing activities, $123 million in proceeds from issuance of stock and $15 million in

proceeds from foreign grants and subsidies. Net cash used in financing activities was $174 million in 1999 primarily due to $244 million in payments on debt and capital lease obligations offset by $12 million in proceeds from borrowings, $44 million in proceeds from issuance of stock and $14 million in proceeds from foreign grants and subsidies. Net cash provided by financing activities was $950 million in 1998 primarily due to $816 million in proceeds from borrowings, an increase in proceeds of $197 million from foreign grants and subsidies and a decrease of $93 million in payments on debt and capital lease obligations.

Under our Loan and Security Agreement (the Loan Agreement) effective on July 13, 1999, which provides for a four-year secured revolving line of credit of up to $200 million, we can borrow, subject to amounts which may be set aside by the lenders, up to 85 percent of our eligible accounts receivable from Original Equipment Manufacturers (OEMs) and 50 percent of our eligible accounts receivable from distributors. We must comply with certain financial covenants if the level of domestic cash we hold declines to certain levels, or the amount of borrowings under the Loan Agreement rises to certain levels. Our obligations under the Loan Agreement are secured by a pledge of most of our accounts receivable, inventory, general intangibles and the related proceeds. As of December 31, 2000, no funds were drawn under the Loan Agreement. In addition, we had available unsecured, uncommitted bank lines of credit in the amount of $24 million, none of which were outstanding.

We plan to make capital investments of approximately $1 billion during 2001. These investments include those relating to the continued facilitization of Dresden Fab 30 and Fab 25.

On January 29, 2001, we announced that the Board of Directors had authorized a program to repurchase up to $300 million worth of our common shares over a period of time to be determined by management. These repurchases will be made in the open market or in privately negotiated transactions from time to time in compliance with the SEC's Rule 1b-18, subject to market conditions, applicable legal requirements and other factors. This plan does not obligate us to acquire any particular amount of our common stock and the plan may be suspended at any time at our discretion.

AMD Saxony, an indirect wholly owned German subsidiary of AMD, operates Dresden Fab 30 which began production in the second quarter of 2000. AMD, the Federal Republic of Germany, the State of Saxony and a consortium of banks are supporting the project. We currently estimate construction and facilitization costs of Dresden Fab 30 will be $2.3 billion when fully equipped by the end of 2003. We have invested $1.4 billion to date. In March 1997, AMD Saxony entered into a loan agreement and other related agreements (the Dresden Loan Agreements) with a consortium of banks led by Dresdner Bank AG. Because most of the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth below are subject to change based on applicable conversion rates. We used the exchange rate at the end of 2000, which was approximately 2.20 deutsche marks to one U.S. dollar, to value the amounts denominated in deutsche marks. The Dresden Loan Agreements provide for the funding of the construction and facilitization of Dresden Fab 30. The funding consists of:

- equity, subordinated loans and loan guarantees from AMD;
- loans from a consortium of banks; and

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

- grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, we have invested $410 million as of December 31, 2000 in the form of subordinated loans to and equity in AMD Saxony. In addition to support from AMD, the consortium of banks referred to above has made available $750 million in loans to AMD Saxony to help fund Dresden Fab 30 project costs. AMD Saxony had $375 million of such loans outstanding as of December 31, 2000.

Finally, the Federal Republic of Germany and the State of Saxony are supporting the Dresden Fab 30 project, in accordance with the Dresden Loan Agreements, in the form of:

- guarantees of 65 percent of AMD Saxony bank debt up to a maximum of $750 million in bank debt;
- capital investment grants and allowances totaling $287 million; and
- interest subsidies totaling $141 million.

Of these amounts, AMD Saxony had received $284 million in capital investment grants and allowances and $38 million in interest subsidies as of December 31, 2000. The grants and subsidies are subject to conditions, including meeting specified levels of employment in December 2001 and maintaining those levels until June 2007. Noncompliance with the conditions of the grants and subsidies could result in the forfeiture of all or a portion of the future amounts to be received as well as the repayment of all or a portion of amounts received to date. As of December 31, 2000, we were in compliance with all of the conditions of the grants and subsidies.

In February 2001, we amended the Dresden Loan Agreements to reflect new capacity and increased capital expenditure plans for Dresden Fab 30. Under the February 2001 amendments, we agreed to increase and extend our guaranty of AMD Saxony's obligations and to make available to AMD Saxony revolving loans of up to $500 million. We expanded our obligation to reimburse AMD Saxony for the cost of producing wafers for us and we also agreed to cancel the cost overrun facility made available by the banks. Under the February 2001 amendments, we have been released from financial covenants limiting capital expenditure and requiring AMD Saxony to achieve capacity and production cost targets by the end of 2001.

The Dresden Loan Agreements, as amended, also require that we:

- provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, such funding to be repaid to AMD as AMD Saxony receives the grants or subsidies from the State of Saxony;
- fund shortfalls in government subsidies resulting from any default under the subsidy agreements caused by AMD Saxony or its affiliates; and

- guarantee up to 35 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than $99 million or more than $273 million, until the bank loans are repaid in full.

The definition of defaults under the Dresden Loan Agreements includes the failure of AMD, AMD Saxony or AMD Holding, the parent company of AMD Saxony and a wholly owned subsidiary of AMD, to comply with obligations in connection with the Dresden Loan Agreements, including:

- material variances from the approved plans and specifications;
- our failure to fund equity contributions or shareholder loans or otherwise comply with our obligations relating to the Dresden Loan Agreements;
- the sale of shares in AMD Saxony or AMD Holding;
- the failure to pay material obligations;
- the occurrence of a material adverse change or filings or proceedings in bankruptcy or insolvency with respect to us, AMD Saxony or AMD Holding; and
- the occurrence of default under the indenture dated August 1, 1996 between AMD and the United States Trust Company of New York (the Indenture) pursuant to which our Senior Secured Notes were issued or the Loan Agreement.

Generally, any default with respect to borrowings made or guaranteed by AMD that results in recourse to us of more than $2.5 million and is not cured by us, would result in a cross-default under the Dresden Loan Agreements and the Loan Agreement. Under certain circumstances, cross-defaults result under our Convertible Subordinated Notes and the Dresden Loan Agreements. As of December 31, 2000, we were in compliance with all conditions of the Dresden Loan Agreements.

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

In the event we are unable to meet our obligations to AMD Saxony as required under the Dresden Loan Agreements, we will be in default under the Dresden Loan Agreements and the Loan Agreement, which would permit acceleration of certain indebtedness, which would have a material adverse effect on us. We cannot assure that we will be able to obtain the funds necessary to fulfill these obligations. Any such failure would have a material adverse effect on us.

FASL, a joint venture formed by AMD and Fujitsu Limited in 1993, operates advanced integrated circuit manufacturing facilities in Aizu-Wakamatsu, Japan, to produce Flash memory devices. FASL is continuing the facilitization of its second Flash memory device wafer fabrication facility, FASL JV2. The facility, including equipment, is expected to cost approximately $1.1 billion when fully equipped. As of December 31, 2000, approximately $752 million (denominated in yen) of this cost had been funded. In July 2000, FASL broke ground for a third fabrication facility for the manufacture of Flash memory devices in Aizu-Wakamatsu, Japan. As of December 31, 2000, the building was complete and the clean room was under construction. The facility, designated as FASL JV3, is expected to cost approximately $1.5 billion when fully equipped. Capital expenditures for FASL JV2 and FASL JV3 construction to date have been funded by cash generated from FASL operations and borrowings by FASL.

FASL capital expenditures in 2001 will continue to be funded by cash generated from FASL

operations and local borrowings by FASL. However, to the extent that FASL is unable to secure the necessary funds for FASL JV2 or FASL JV3, we may be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL. As of December 31, 2000, we had $38 million in loan guarantees outstanding with respect to these loans. These planned costs are denominated in yen and are, therefore, subject to change due to foreign exchange rate fluctuations. At the end of 2000, the exchange rate was approximately 112.52 yen to one U.S. dollar, which we used to calculate the amounts denominated in yen.

We believe that cash flows from operations and current cash balances, together with available external financing and the extension of existing facilities, will be sufficient to fund operations and capital investments for at least the next 12 months.

On August 4, 2000, we received approximately $375 million for the sale of 90 percent of Legerity. The proceeds of the sale were subsequently used to repurchase approximately $356 million aggregate principal amount of our Senior Secured Notes.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards, No. 133, "Accounting for Derivative Instruments and Hedging Activities," (SFAS 133). SFAS No. 133, as amended by SFAS Nos. 137 and 138, establishes methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. We will be required to implement SFAS No. 133 as of the beginning of our 2001 fiscal year. Our foreign currency exchange rate hedging activities have been insignificant to date and SFAS No. 133 will not have a material impact on our financial position, results of operations or cash flows.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," (SAB 101). SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. Our implementation of SAB 101 in 2000 had no impact on our financial position, results of operations or cash flows for the year ending December 31, 2000.

In March 2000, FASB Interpretation, No. 44, "Accounting for Certain Transactions Involving Stock Compensation-An Interpretation of APB Opinion No. 25," (FIN 44), was issued. FIN 44 clarifies the application of APB No. 25 for certain stock-based compensation issues. FIN 44 clarifies the definition of employee for purposes of applying APB No. 25, the criteria for determining whether a plan qualifies as a non-compensatory plan, the accounting consequences of various modifications to the terms of a previously fixed option or award, and the accounting for an exchange of share compensation awards in a business combination, among other matters. FIN 44 was effective July 1, 2000, but certain conclusions in this interpretation cover specific events that occurred after either December 15, 1998 or January 12, 2000. The implementation of FIN 44 did not have a significant impact on our financial position or results of operations.

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt obligations. We do not use derivative financial instruments in our investment portfolio. We place our investments with high credit quality issuers and, by policy, limit the amount of credit exposure to any one issuer. As stated in our investment policy, we are averse to principal loss and ensure the safety and preservation of our invested funds by limiting default risk and market risk.

We mitigate default risk by investing in only the highest credit quality securities and by constantly positioning our portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. The portfolio includes only marketable securities with active secondary or resale markets to ensure portfolio liquidity.

We use proceeds from debt obligations primarily to support general corporate purposes, including capital expenditures and working capital needs. We have no variable interest rate exposure on the Convertible Subordinated Notes and the Senior Secured Notes. At the end of fiscal 2000, the Company was party to a reverse cancelable interest rate swap with a notional amount of $400 million. The swap converts the Company's Senior Secured Notes from fixed rate to variable rate debt.

				2000					1999
(Thousands)	2001	2002	2003	2004	2005	Thereafter	Total	Fair value	Total
Cash equivalents:									
Fixed rate amounts	$ 200,261	-	-	-	-	-	$ 200,261	$ 202,010	$ 19,505
Average rate	6.69%	-	-	-	-	-			
Variable rate amounts	$ 78,300	-	-	-	-	-	$ 78,300	$ 78,300	$ 143,000
Average rate	6.60%	-	-	-	-	-			
Short-term investments:									
Fixed rate amounts	$ 474,797	-	-	-	-	-	$ 474,797	$ 477,118	$ 175,006
Average rate	6.70%	-	-	-	-	-			
Variable rate amounts	$ 224,590	-	-	-	-	-	$ 224,590	$ 224,590	$ 126,700
Average rate	6.93%	-	-	-	-	-			
Long-term investments:									
Equity investments	-	$ 10,161	-	-	-	-	$ 10,161	$ 26,856	$ 6,161
Fixed rate amounts	-	$ 2,105	-	-	-	-	$ 2,105	$ 2,103	$ 1,907
Average rate	-	6.85%	-	-	-	-			
Total investments:									
Securities	$ 977,948	$ 12,266	-	-	-	-	$ 990,214	$ 1,010,977	$ 472,277
Average rate	6.74%	6.85%	-	-	-	-			
Debt:									
Fixed rate amounts	$ 41,101	$ 138,630	$ 93,299	$ 76,404	$ 589,019	$ 336	$ 936,789	$ 853,288	$ 1,194,237
Average rate	5.36%	5.32%	8.08%	6.10%	6.97%	9.08%			
Variable rate amounts	-	-	-	-	-	-			-

The table above presents principal (or notional) amounts and related weighted-average interest rates by year of maturity for our investment portfolio and debt obligations as of December 31, 2000 and December 26, 1999.

Foreign Exchange Risk We use foreign currency forward and option contracts to reduce our exposure to currency fluctuations on our foreign currency exposures in our foreign sales subsidiaries, liabilities for products purchased from FASL and for foreign currency denominated fixed asset purchase commitments. The objective of these contracts is to minimize the impact of foreign currency exchange rate movements on our operating results and on the cost of capital asset acquisition. Our accounting policy for these instruments is based on our designation of such instruments as hedging transactions. We generally do not use derivative financial instruments for speculative or trading purposes.

We had $207 million (notional amount) of short-term foreign currency forward contracts denominated in Japanese yen, British pound, European Union euro, Singapore dollar and Thai baht outstanding as of December 31, 2000.

In 1998, we entered into an intercompany no-cost collar agreement to hedge Dresden Fab 30 project costs denominated in U.S. dollars. The no-cost collars included purchased put option contracts and no-cost collar written call option contracts, the contract rates of which were structured to avoid payment of any option premium at the time of purchase. During 1999, we entered into various option positions with various third-party banks to neutralize the exposures of the outstanding put and call option contracts. As a result, all the options were offset and canceled and we had no outstanding option contracts as of December 31, 2000.

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

We are party to an interest rate swap under which we received fixed-interest payments in exchange for variable interest payments calculated on a notional principal amount of $400 million. The swap is not designated as a hedging instrument and had a fair value of $2.9 million at December 31, 2000. In February 2001, we cancelled the swap and recognized an incremental gain of $475,000.

Gains and losses related to the foreign currency forward, option contracts and interest rate swaps for the year ended December 31, 2000 were not material. We do not anticipate any material adverse effect on our consolidated financial position, results of operations or cash flows resulting from the use of these instruments in the future. We cannot give any assurance that these strategies will be effective or that transaction losses can be minimized or forecasted accurately.

The table on the next page provides information about our foreign currency forward and option contracts as of December 31, 2000 and December 26, 1999. All of our foreign currency forward contracts mature within the next 12 months.

	2000			1999		
(Thousands except contract rates)	Notional amount	Average contract rate	Estimated fair value	Notional Amount	Average contract rate	Estimated fair value
Foreign currency forward contracts:						
Japanese yen	$ 54,915	110.22	$ (781)	$ 2,425	103.11	$ 4
British pound	5,103	1.45	(16)	1,219	1.63	10
Swiss franc	-	-	-	318	1.57	(1)
European Union euro	134,867	0.88	(1,602)	45,101	1.03	(611)
Singapore dollar	5,573	1.70	7	8,382	1.67	17
Thai baht	6,712	39.52	(619)	1,245	40.18	48
	$ 207,170		$ (3,011)	$ 58,690		$ (533)

RISK FACTORS

Our business, results of operations and financial condition are subject to a number of risk factors, including the following:

Microprocessor Products

Dependence on AMD Seventh-Generation Microprocessors. We must successfully market our seventh-generation Microsoft Windows compatible microprocessors, the AMD Athlon and AMD Duron microprocessors, in order to increase our microprocessor product revenues in 2001 and beyond, and to benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors. We began volume shipments of AMD Athlon microprocessors in the second half of 1999. We began shipments of AMD Duron processors, a derivative of the AMD Athlon processor designed to provide an optimized solution for value-conscious business and home users, in the second half of 2000. Our production and sales plans for AMD Athlon and AMD Duron microprocessors are subject to numerous risks and uncertainties, including:

- our ability to maintain average selling prices of seventh-generation microprocessors despite aggressive Intel marketing programs and product bundling of microprocessors, motherboards, chipsets and combinations thereof;
- whether Tier One OEM customers will use our seventh-generation microprocessors in systems developed for the commercial market;
- our ability to successfully offer new higher performance versions of the AMD Athlon microprocessor competitive with Intel's Pentium III and Pentium IV processors;
- our ability to produce seventh-generation microprocessors in the volume and with the performance and feature set required by customers on a timely basis;
- our ability to expand our chipset and system design capabilities;
- the pace at which we are able to ramp production in Dresden Fab 30 on 0.18-micron copper interconnect process technology;
- the availability and acceptance of motherboards and chipsets designed for our seventh-generation microprocessors; and

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

- the use and market acceptance of a non-Intel processor bus (adapted by us from Digital Equipment Corporation's EV6 bus) in the design of our seventh-generation microprocessors, and the availability of chipsets from vendors who will develop, manufacture and sell chipsets with the EV6 interface in volumes required by us.

If we fail to achieve continued market acceptance of our seventh-generation microprocessors our business will be materially and adversely affected.

Investment in and Dependence on AMD Microprocessor Products. Our microprocessor product revenues have and will continue in 2001 and 2002 to make significant contributions to our overall revenues, profit margins and operating results. We plan to continue to make significant capital expenditures to support our microprocessor products both in the near and long term. These capital expenditures will be a substantial drain on our cash flow and possibly on our cash balances as well.

Our ability to increase microprocessor product revenues, and benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors, depends upon success of the AMD Athlon and AMD Duron microprocessors, which are our seventh-generation Microsoft Windows compatible microprocessors, and future generations of microprocessors beginning with the "Hammer" family of microprocessors that we plan to introduce in 2002. The Hammer processors will be our first processors capable of 64-bit operation, and are being designed to deliver leading-edge performance on both the 64-bit software used by high-end workstations and servers and the 32-bit software used by the majority of desktop users.

The microprocessor market is characterized by short product life cycles and migration to ever-higher performance microprocessors. To compete successfully against Intel in this market, we must transition to new process technologies at a fast pace and offer higher performance microprocessors in significantly greater volumes. We must achieve acceptable yields while producing microprocessors at higher speeds. Any significant difficulty in achieving microprocessor yield and volume plans may adversely affect our results of operations and liquidity. If we fail to offer higher performance microprocessors in significant volume on a timely basis in the future, our business could be materially and adversely affected. We may not achieve the production ramp necessary to meet our customers' volume requirements for higher performance microprocessors. It is also possible that we may not increase our microprocessor revenues enough to achieve sustained profitability.

To sell the volume of AMD Athlon and AMD Duron microprocessors we currently plan to make in 2001 and 2002, we must increase sales to existing customers and develop new customers in both consumer and commercial markets. If we lose any current top tier OEM customers, or if we fail to attract additional customers through direct sales and through our distributors, we may not be able to sell the volume of units planned. This result could have a material adverse effect on our business.

Our production and sales plans for microprocessors are subject to other risks and uncertainties, including:

- the effects of Intel's new product introductions, marketing strategies and pricing;
- adverse market conditions in the personal computer (PC) market and consequent diminished demand for our microprocessors;
- market acceptance of our microprocessors, including the timely volume availability of motherboards and chipsets designed for these processors;
- whether we can successfully fabricate higher performance microprocessors in planned volume and speed mixes;
- whether we will have the financial and other resources necessary to continue to invest in the microprocessor products, including leading-edge wafer fabrication equipment and advanced process technologies;
- the possibility that our newly introduced products may be defective; and
- unexpected interruptions in our manufacturing operations.

See also the discussions below regarding Intel Dominance and Process Technology.

Intel Dominance. Intel has dominated the market for microprocessors used in PCs for many years. Because of its dominant market position, Intel has historically set and controlled x86 microprocessor and PC system standards and, thus, dictated the type of product the market requires of Intel's competitors. In addition, Intel may and does vary prices on its microprocessors and other products at will and thereby affects the margins and profitability of its competitors due to its financial strength and dominant position. Because Intel has dominated the microprocessor market for many years and has brand strength, we have in the past priced AMD microprocessors below the published price of Intel processors offering comparable performance. Thus, Intel's processor marketing and pricing can impact and have impacted the average selling prices of our microprocessors, and consequently can impact and have impacted our overall

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

margins.

Intel also exerts substantial influence over PC manufacturers and their channels of distribution through the "Intel Inside" brand program and other marketing programs. Intel invests billions of dollars in, and as a result exerts influence over, many other technology companies. We expect Intel to continue to invest heavily in research and development, new manufacturing facilities and other technology companies, and to remain dominant:

- through the Intel Inside and other marketing programs;
- through other contractual constraints on customers, retailers, industry suppliers and other third parties;
- by controlling industry standards; and
- by controlling supply and demand of motherboards, chipsets and other system components.

As an extension of its dominant microprocessor market share, Intel also dominates the PC platform. As a result, PC manufacturers have been increasingly unable to innovate and differentiate their product offerings. We do not have the financial resources to compete with Intel on such a large scale. As long as Intel remains in this dominant position, we may be materially and adversely affected by its:

- product mix and introduction schedules;
- product bundling, marketing, merchandising and pricing strategies;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, chipset and basic input/output system (BIOS) suppliers; and
- customer brand loyalty.

As Intel expanded its dominance over the PC system platform, many PC manufacturers reduced their system development expenditures and now purchase microprocessors together with chipsets or in assembled motherboards. PC OEMs are increasingly dependent on Intel, less innovative on their own and, to a large extent, distributors of Intel technology. In marketing our microprocessors to these OEMs and dealers, we depend on companies other than Intel for the design and manufacture of core-logic chipsets, graphics chips, motherboards, BIOS software and other components. In recent years, many of these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies produce chipsets, motherboards, BIOS software and other components to support each new generation of Intel's microprocessors only if Intel makes information about its products available to them in time to address market opportunities. Delay in the availability of such information makes, and will continue to make, it increasingly difficult for these third parties to retain or regain market share.

To compete with Intel in the microprocessor market in the future, we intend to continue to form close relationships with third-party designers and manufacturers of chipsets, motherboards, graphics chips, BIOS software and other components. Similarly, we intend to expand our chipset and system design capabilities, and to offer OEMs licensed system designs incorporating our microprocessors and companion products. We cannot be certain, however, that our efforts will be successful.

We do not currently plan to develop microprocessors that are bus interface protocol compatible with the Pentium III, Pentium IV and Celeron processors because our patent cross-license agreement with Intel does not extend to microprocessors that are bus interface protocol compatible with Intel's sixth and subsequent generation processors. Thus, the AMD Athlon and AMD Duron microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. The same will be true of our Hammer family microprocessors. Our ability to compete with Intel in the market for seventh-generation and future generation microprocessors will depend on our:

- success in designing and developing the microprocessors; and
- ability to ensure that the microprocessors can be used in PC platforms designed to support our microprocessors, or that platforms are available which support both Intel processors and our microprocessors.

A failure for any reason of the designers and producers of motherboards, chipsets, processor modules and other system components to support our microprocessor offerings would have a material adverse effect on our business.

Dependence on Microsoft and Logo License. Our ability to innovate beyond the x86 instruction set controlled by Intel depends on support from Microsoft in its operating systems. If Microsoft does not provide support in its operating

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

systems for the x86 instructions that we innovate and design into our processors, independent software providers may forego designing their software applications to take advantage of our innovations. This would adversely affect our ability to market our processors. For example, we cannot assure that Microsoft will support our Hammer family of microprocessors and its x86-64 bit instruction set. Microsoft's support is vital to the success of the Hammer family products currently in development.

In addition, we have entered into logo license agreements with Microsoft that allow us to label our products as "Designed for Microsoft Windows." We have also obtained appropriate certifications from recognized testing organizations for our microprocessors. If we fail to maintain the logo license agreements with Microsoft, we may lose our ability to label our microprocessors with the Microsoft Windows logo. This could impair our ability to market the products and could have a material adverse effect on our business.

Fluctuations in the PC Market. Since most of our microprocessor products are used in PCs and related peripherals, our future growth is closely tied to the growth of the PC industry. Industry-wide fluctuations in the PC marketplace have in the past and may in the future materially and adversely affect our business.

Flash Memory Products

The demand for Flash memory devices has recently increased substantially due to the increasing use of equipment and other devices requiring non-volatile memory such as:

- cellular telephones;
- routers which transfer data between local area networks;
- PC cards which are inserted into notebook and subnotebook computers or personal digital assistants; and
- Consumer electronic items such as set top boxes, personal digital assistants and digital cameras.

In order to meet forecasted demand, we must increase our production of Flash memory devices through FASL's fabrication facilities, FASL JV1, FASL JV2 and FASL JV3, and through foundry or similar arrangements with others. We cannot be certain that the demand for Flash memory products will remain at current or greater levels, or that we will have sufficient capacity to meet the demand for Flash memory devices. Our inability to meet the demand for Flash memory devices could have a material adverse effect on our business.

Competition in the market for Flash memory devices will increase in 2001 and beyond as existing manufacturers introduce new products and industry-wide production capacity increases. It is possible that we will be unable to maintain or increase our market share in Flash memory devices as the market develops and as existing and potential new competitors introduce competitive products. A decline in our Flash memory device business or decline in revenue in this product line could have a material adverse effect on our business.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Demand for Our Products Affected by Worldwide Economic Conditions

While general industry demand is currently strong, a decline of the worldwide semiconductor market could decrease the demand for microprocessors, Flash memory devices and other integrated circuits. A significant decline in economic conditions in any significant geographic area, either domestically or internationally, could decrease the overall demand for our products, which could have a material adverse effect on our business.

Financing Requirements

We will have significant capital requirements over the next 12 months. To the extent that we cannot generate the required capital internally or obtain such capital externally, our business could be materially affected. We cannot assure the availability of such capital on terms favorable to us, or at all. We currently plan to make capital investments of approximately $1 billion in 2001 although the actual expenditures may vary. These investments include those relating to the continued facilitization of Dresden Fab 30 and Fab 25.

In March 1997, our indirect wholly owned subsidiary, AMD Saxony, entered into the Dresden Loan Agreements with a consortium of banks led by Dresdner Bank AG. The Dresden Loan Agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, we have invested $410 million as of December 31, 2000, in the form of subordinated loans and equity in AMD Saxony. If we are unable to meet our obligations to AMD Saxony as required under the Dresden Loan Agreements, we will be in default under the Dresden Loan Agreement and the Loan Agreement, which would permit acceleration of indebtedness, which would have a material adverse effect on our business.

In July 2000, FASL broke ground for a third fabrication facility, FASL JV3, for the manufacture of Flash memory devices in Aizu-Wakamatsu, Japan. As of December 2000, the building was complete and the clean room was under construction. FASL

Source: ADVANCED MICRO DEVIC, 10-K405, March 20, 2001

EXHIBIT 2

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE INTEL CORP. MICROPROCESSOR ANTITRUST LITIGATION	MDL Docket No. 05-1717-JJF
ADVANCED MICRO DEVICES, INC., a Delaware corporation, and AMD INTERNATIONAL SALES & SERVICE LTD, a Delaware corporation,, Plaintiffs, v. INTEL CORPORATION, a Delaware corporation, and INTEL KABUSHIKI KAISHA, a Japanese corporation, Defendants.	Civil Action No. 05-441-JJF DM _____

DECLARATION OF WILLIAM T. SIEGLE IN SUPPORT OF AMD'S MOTION TO COMPEL

I, William T. Siegle, declare as follows:

1. I joined AMD in 1990 and worked for the Company until my retirement in May, 2005. In early 1999, I assumed responsibility for worldwide silicon wafer production (including microprocessors). Although I relinquished microprocessor manufacturing responsibility at the end of 2001 to my colleague, Gary Heerssen, because of Mr. Heerssen's subsequent illness I remained as a de facto head of microprocessor manufacturing through 2002, and I served in a dual role that included manufacturing until Mr. Heerssen's successor, Daryl Ostrander, was named in 2004. When I left the Company, my title was Senior Vice President and AMD Chief Scientist.

2. As a result of my AMD job responsibilities, I am knowledgeable about the nature, location and capabilities of AMD's various microprocessor fabrication facilities around the

world. I submit this declaration in support of AMD's motion to compel production of documents and other information bearing upon Intel's attempts to prohibit, limit or dissuade its foreign customers from purchasing x86 microprocessors made by AMD or to punish them for doing so.

3. As discussed in greater detail in the paragraphs that follow, AMD manufactured x86 microprocessors domestically through 2002, and it continued to supply customers, including foreign customers, with domestically manufactured processors from its Austin, Texas plant for more than a year thereafter. With the exception of some 486 foundry chips produced in Scotland in the mid-1990s, up to 2000, AMD manufactured all of its x86 microprocessors *exclusively* at facilities located in the United States In that year, AMD brought on line a new production facility in Dresden, Germany.

4. For reasons detailed in AMD's complaint, the excellence of the products we introduced in the late 1990s did not translate into the demand for AMD microprocessors that we had hoped for and anticipated. Thus, while we had expected to continue operations at our Austin plant even as Dresden ramped up to capacity, ultimately worldwide orders were not sufficient to keep both plants operating at efficient levels. We thus abandoned plans to update the technology for microprocessor production at Austin and instead dedicated it to the production of lower margin memory products beginning in 2003. Significantly, to the extent that Intel's conduct — both here and abroad — artificially limited customer demand for AMD microprocessors, that conduct significantly contributed to AMD's decision to cease their manufacture in Austin and to withdraw from the U.S. export market. In the absence of Intel's misconduct, and the consequent limits it placed on AMD's business, we would have continued to manufacture microprocessors in Austin during 2003 and for at least several years thereafter, and remained engaged in the export of U.S. manufactured microprocessors.

Background

5. Microprocessors like other semiconductors are produced in very sophisticated, high-technology "*fab*rication" facilities known in the industry as "fabs." AMD has generally supplied its microprocessor requirements from a single fab.[1] When it first began participating in the semiconductor market in 1969, AMD manufactured chips at a fab (denominated "Fab 1") located adjacent to its Silicon Valley headquarters. In 1979, AMD opened Fab 5 in Austin, Texas, which was followed by two other Austin facilities, Fab 10 which opened in 1982 and Fab 14/15 which opened in 1985.

6. Semiconductor technology is constantly advancing, and as Intel founder Gordon Moore observed, the density of transistor circuitry generally grows at a pace that allows the number of transistors on a given die (the piece of silicon on which they are embedded) to double every eighteen months. However, the process technology necessary to manufacture these ever-more dense parts must keep pace. As a result, while fabs are generally designed to support three generations of leading-edge technology, reinvestment is generally required for each new generation. New facilities are planned when the reinvestment becomes too great, when the disruption to production (in making the upgrades) is too severe, or when the expected business volumes demand additional capacity beyond what an upgraded fab can provide.

7 AMD opened Fab 25 in 1995 to build its fifth generation K5 product and to augment Am486 production being built in AMD's California Submicron Development Center. The fab's capacity, after an expansion, measured in wafer starts,[2] was roughly 5,000 per week,

---

[1] AMD has operated other less technologically advanced fabs for the manufacture of lower value products, such as flash memory and less sophisticated logic circuitry.

[2] A "wafer" is the slice of silicon material on which microprocessor die are built. Typically configured in 8" (200 mm) or, more recently, 12" (300 mm) rounds, the number of processors that can be built from a single wafer depends on the die size of the chip and its

equal to approximately 25-30 million microprocessors per year given their die size at the time.

8. Given the relentless pace of innovation in the microprocessor world, work began almost immediately on AMD's next generation fab, designated Fab 30. AMD broke ground for this facility in Dresden, Germany in 1996. The fab came on line in 2000, but it did not achieve its 5,000 wafer-starts-per-week capacity until the second quarter of 2003 and did not ramp up to achieve this benchmark consistently until the third quarter of 2004. Fab 30 was engineered to initially implement 180nm (or 0.18 micron) technology, with easy extendibility to the 130nm generation, utilizing a copper interconnect process (contrasted to the aluminum interconnect utilized at Fab 25) that AMD had designed with Motorola to achieve higher densities.

The Debate Over the Future of Fab 25

9. With the debut of AMD's sixth generation chip in 1997 (referred to as the "K6"), AMD began building marketshare. The K6 was a clearly viable alternative to Intel products and superior in some graphic applications, enabling AMD to gain a level of acceptance at major computer manufacturers that AMD had not previously enjoyed.

10. The introduction in 1999 of the even more highly-regarded K7, a seventh generation product marketed as the Athlon chip (Bill Gates called it a "home run"), introduced the realistic prospect that the Company might for the first time realize its long-held ambition to achieve a 30% marketshare. The K7 was a clearly superior product to Intel offerings in many applications. It introduced a new micro-architecture that provided power/performance advantages over the existing Intel products and enabled AMD to leapfrog Intel in processing speed and be the first to reach the gigahertz milestone (one billion clock cycles per second), the PC industry's equivalent of breaking the sound barrier. As was the case with the K6,

---

process complexity.

manufacture of the K7 began in Austin.

11. Beginning in early 1999, my manufacturing group was reviewing our capacity strategy, and the role of Fab 25 in light of the distinct possibility that the Company might generate demand for its products beyond the capacity of Fab 30 to fill. AMD was strongly motivated to continue microprocessor production in Austin. Not only did it represent an important presence in the community, but AMD did not want to lose the highly skilled and experienced microprocessor production work force, the proximity the fab had to AMD's Austin circuit design team, and the close coupling with the joint development work with Motorola, being carried out in the nearby Motorola Austin facilities. A two-fab strategy would also provide us greater manufacturing flexibility. Furthermore, many executives made their home in Austin, and there was an important emotional attachment to the fab. Continued production at Fab 25 was practical. Although some of the equipment in the fab was reaching the end of its useful life for microprocessors, we estimated that the fab could be retrofitted with state-of-the-art tools and converted to cutting-edge copper technology supporting 130nm production for less than $500 million, a fraction of the $2-3 billion price tag attached to a completely new facility. And such an upgrade would delay the need to bring on line the next facility slated for construction, then denominated Fab 35.

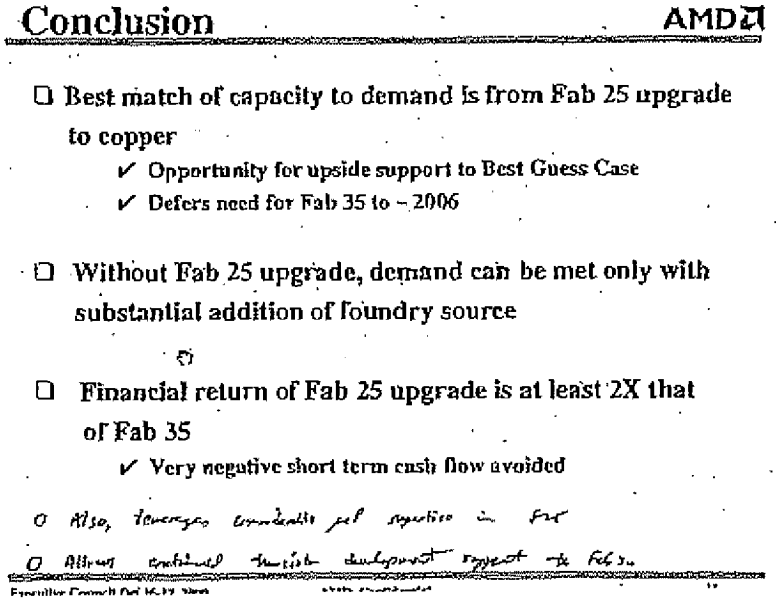
12. The question remained one of demand. AMD's Founder, Chairman and CEO, Jerry Sanders, repeated the Company's goal of achieving a 30% marketshare at the 2000 shareholder's meeting, and declared that if it were met, the Company intended to continue microprocessor production at Austin:

> "Our long-held goal has been, and remains, to capture a 30 percent unit share of the PC processor market by the end of 2001. With the production capacity of Fab 25 in Austin and Fab 30 in Dresden, by

the end of next year we will have in place the production capacity to achieve this goal."

13. My AMD manufacturing co-executive (and manufacturing successor), Gary Heerssen, was tasked with the job of analyzing the economics of our fab production in light of a growing success in the marketplace and recommending a future course for Fab 25. In a presentation he made in the Fall of 2000 to a group of Company senior executives, he concluded that assuming AMD captured and maintained a 30% marketshare, demand would be sufficient to support both fabs. In a slide entitled "How am I Leaning?" Gary reflected the thinking of many of us when he answered "Upgrade Fab 25; Defer Fab 35."

14. Mr. Heerssen refined his analysis later in the year. In an October 2000 presentation made to the AMD Executive Council, Mr. Sanders' semiannual senior executive forum, Heerssen analyzed whether Fab 25 could be efficiently utilized given a variety of production volume scenarios including (a) attaining a 30% marketshare by 2002 in part by attracting Tier 1 Commercial business; (b) attaining it but only by 2005 or 2006; (c) attaining only a 26% marketshare; and (d) attaining no appreciable marketshare increase. He concluded with the following slide recommending an upgrade of Fab 25 and its continued use as a



microprocessor facility:

15. Plans were thereafter initiated to upgrade Fab 25 and establish a dual fab strategy. The conversion of Fab 25 to copper technology so as to keep it in microprocessor service was budgeted in the December 4, 2000 version of our Group's Three Year Plan in 2000.

Reassessment in Light of Insufficient Demand to Fill Two Fabs

16. Despite the Company's unit marketshare improving from a low of 7% in 1995 to 17% in 2000, the optimism of 1999 and early 2000 gave way to disappointment. The 30% marketshare aspirational goal that Mr. Sanders had set began to look unattainable (in any near term) given the volume of customer orders.

17. Ultimately, we determined that current and near future demand for AMD microprocessors would not support two 130nm copper fabs, and thus the cost of upgrading Fab 25 could not be justified. As individual group financial plans were consolidated into a company-wide budget, our manufacturing group plan was amended to abandon the Fab25 upgrade, based on the fact that the unit volumes that could be committed would not produce a viable financial plan with the continued use of a partially loaded Fab 25. We did not entertain the alternative of running one of the two fabs at less than optimum capacity since, given the very high fixed costs associated with a fab, our average costs per unit would have been driven to non-competitive levels. Any shortfall that might develop, we concluded, could hopefully be covered by utilizing independently owned foundries to produce AMD processors.

18. Eventually we settled on a plan to convert Fab 25 to produce lower-margin flash memory in support of a joint venture with a Japanese semiconductor company. Flash shipments began in 2002, though the decision to discontinue microprocessor production at Fab 25 did not become irreversible until 2004, by which we had ramped flash production to full capacity. Using

the fab to make flash was viewed as the most viable way to get continuing value from a capital asset in which we had much invested and to avoid the prospect of significant employee layoffs. Earlier this year, AMD's interest in the joint venture was spun off into an independent, publicly-owned company, Spansion, which now owns Fab 25.

Microprocessor Production at Fab 25 Had Demand Been Greater

19. In short, Fab 25 was removed from microprocessor service because of the absence of sufficient anticipated orders to support two fabs.

20. I defer to those closer to the marketplace for the reasons why we were unable to garner sufficient orders for our very highly regarded Athlon family of processors. Had there been sufficient demand to justify its renovation and continued operation, we would not have closed Fab 25 but instead continued to use it for microprocessors. Based on the analyses we did at the time, we concluded that there was very little prospect of garnering a sustained marketshare of 30% or any lower percentage that would have justified operating two 5,000 wafer-start fabs. Had our forecasts been different, we undoubtedly would have upgraded Fab 25 to 130nm copper technology, which would have enabled it to participate in the production of not only our K7 Athlon product but also the K8 generation of products that we introduced beginning in 2003, including the Opteron, Turion64 and Athlon64.

21. Moreover, had greater demand existed for AMD product in the years prior to the closure of Fab 25, it clearly would have had to come from domestic production. Although Fab 30 began fabricating microprocessors in 2000, it underwent the usual gradual ramp-up for the next three years until reaching its designed capacity of 5,000 wafer starts for the first time during the second quarter of 2003. During the period 2000-2002, on the other hand, Fab 25 was ramping down. From 2000 until its conversion to flash memory production in 2003, the only

AMD-owned facility that could have produced additional processors, had there been additional orders, would have been Fab 25.

22. After Fab 25 was committed to making memory chips, it is likely that we would have sourced additional AMD microprocessors from a foundry (an independently owned fab that manufactures microprocessors as a service) had we received orders beyond the capacity of Fab 30 to fill. (As noted above, the decision to convert Fab 25 to flash memory production was made with the hope that any shortfall could be covered by a foundry.) At the time, of the four foundries capable of 130 nm microprocessor production, two were located in the United States (Motorola and IBM), introducing the distinct possibility that we would have sourced any shortfall by subcontracting for domestically produced microprocessors.

I declare under the penalty of perjury of the laws of the United States and the State of Connecticut that the foregoing is true and correct

Executed this 27th day of October, 2006 at Southbury, Connecticut.

William T. Siegle

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

CERTIFICATE OF SERVICE

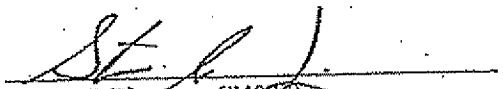
I hereby certify that on October 30, 2006, I electronically filed the foregoing document with the Clerk of Court using CM/ECF which will send notification of such filing(s) and have sent by Hand Delivery to the following:

Richard L. Horwitz, Esquire
Potter Anderson & Corroon LLP
1313 North Market Street
P. O. Box 951
Wilmington, DE 19899

and have sent by Federal Express to the following non-registered participants:

Darren B. Bernhard, Esquire
Howrey LLP
1299 Pennsylvania Avenue, N.W.
Washington, DC 20004-2402

Robert E. Cooper, Esquire
Daniel S. Floyd, Esquire
Gibson, Dunn & Crutcher LLP
333 South Grand Avenue
Los Angeles, California 90071-3197



Steven J. Fineman (#4025)
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, Delaware 19899
(302) 651-7700
fineman@rlf.com

RLF1-2898648-1

EXHIBIT 3

REDACTED IN ITS ENTIRETY

EXHIBIT 4

10KWIZARD

FORM 10-K405

ADVANCED MICRO DEVICES INC - amd

Filed: March 03, 1998 (period: December 28, 1997)

Annual report. The Regulation S-K Item 405 box on the cover page is checked

Table of Contents

EX-10.28(B) (1ST AMENDMENT TO THE AMD EXECUTIVE SAVINGS PLAN)

EX-10.28(C) (2ND AMENDMENT TO THE AMD SAVINGS PLAN)

EX-10.50(A-2) (SUPPLEMENTAL AGRMT TO THE SYNDICATED LOAN AGRMT)

EX-10.50(F-2) (FIRST AMENDMENT TO SPONSORS SUPPORT AGREEMENT)

EX-10.50(G-2) (FIRST AMENDMENT TO SPONSORS LOAN AGREEMENT)

EX-10.50(L-2) (FIRST AMENDMENT TO AMD SAXONIA WAFER PURCHASE AGREEMENT)

EX-10.50(P-2) (CONFIRMATION TO ISDA AGREEMENT DATED 2/6/98)

EX-21 (LIST OF AMD SUBSIDIARIES)

EX-23 (CONSENT OF ERNST YOUNG LLP)

EX-24 (POWER OF ATTORNEY)

EX-27 (FINANCIAL DATA SCHEDULE)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE FISCAL YEAR ENDED DECEMBER 28, 1997

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 1-7882

ADVANCED MICRO DEVICES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	94-1692300
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)
ONE AMD PLACE, SUNNYVALE, CALIFORNIA	94086
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (408) 732-2400

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

(TITLE OF EACH CLASS)	(NAME OF EACH EXCHANGE ON WHICH REGISTERED)
$.01 PAR VALUE COMMON STOCK	NEW YORK STOCK EXCHANGE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

Aggregate market value of the voting stock held by non-affiliates as of February 25, 1998.

$3,092,910,944

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

142,646,957 shares as of February 25, 1998.

AMD, the AMD logo, and combinations thereof, Advanced Micro Devices, Vantis, NexGen, K86, K86 RISC SUPERSCALAR, AMD-K5, AMD-K6, AMD-K7, SLAC, Nx586 and Nx686 are either trademarks or registered trademarks of Advanced Micro Devices, Inc. Microsoft, MS-DOS, Windows, Windows 95 and Windows NT are either registered trademarks or trademarks of Microsoft Corporation. Pentium is a registered trademark and MMX is a trademark of Intel Corporation. Other terms used to identify companies and products may be trademarks of their respective owners.

PART I

ITEM 1. BUSINESS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements in this report that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially. The forward-looking statements relate to operating results; anticipated cash flows; realization of net deferred tax assets; capital expenditures; adequacy of resources to fund operations and capital investments; the Company's ability to access external sources of capital; the Company's ability to transition to new process technologies; anticipated market growth; year 2000 expenses; the effect of foreign currency hedging transactions; the effect of adverse economic conditions in Asia; and the Dresden Fab 30 and FASL manufacturing facilities. For a discussion of the factors that could cause actual results to differ materially, see such other risks and uncertainties as set forth below in this report or detailed in the Company's other Securities and Exchange Commission reports and filings.

GENERAL

Advanced Micro Devices, Inc. was incorporated under the laws of the state of Delaware on May 1, 1969. The Company's mailing address and executive offices are located at One AMD Place, Sunnyvale, California 94086, and its telephone number is (408) 732-2400. Unless otherwise indicated, the terms "Company," "AMD" and "Registrant" in this report refer to Advanced Micro Devices, Inc. and its subsidiaries.

AMD is a semiconductor manufacturer with manufacturing facilities in the U.S. and Asia and sales offices throughout the world. The Company's products include a wide variety of industry-standard integrated circuits (ICs) which are used in many diverse product applications such as telecommunications equipment, data and network communications equipment, consumer electronics, personal computers (PCs) and workstations.

For a discussion of the risk factors related to the Company's business operations please see the "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" sections set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Industry

The IC market has grown dramatically over the past ten years, driven primarily by the demand for electronic business and consumer products. Today, ICs are used in virtually all products involving electronics, including personal computers and related peripherals, voice and data communications and networking products, facsimile and photocopy machines, home entertainment equipment, industrial control equipment and automobiles.

The market for ICs can be divided into separate markets for digital and analog devices. AMD participates primarily in the market for digital ICs. The three principal types of digital ICs used in most electronic systems are: (i) memory circuits, (ii) logic circuits and (iii) microprocessors. Memory is used to store data and programming instructions, logic is employed to manage the interchange and manipulation of digital signals within a system, and microprocessors are used for control and computing tasks. Set forth below is a discussion of the principal segments of the digital IC market in which the Company participates.

The Memory Market

Memory ICs store data or programs and are characterized as either volatile or non-volatile. Volatile devices lose their stored information after electrical power is shut off, while non-volatile devices retain their stored information. The three most significant categories of semiconductor memory are (i) Dynamic Random Access Memory (DRAM) and (ii) Static Random Access Memory (SRAM), both of which are volatile memories, and (iii) non-volatile memory, which includes Read-Only Memory (ROM), Flash memory and Erasable

Programmable Read-Only Memory (EPROM) devices. DRAM provides large capacity "main" memory, and SRAM provides specialized high-speed memory. Flash and other non-volatile memory devices are used in applications in which data must be retained after power is turned off. The Company does not produce any DRAM products, the largest segment of the memory market, or SRAM products.

Several factors have contributed to an increasing demand for memory devices during recent years including the expanding unit sales of personal computers in the business and consumer market segments; the increasing use of personal computers to perform memory-intensive graphics and multimedia functions; the volume of memory required to support faster microprocessors; the proliferation of increasingly complex personal computer software; and the increasing

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

performance requirements of workstations, servers and networking and telecommunications equipment.

The Company believes that Flash memory devices are being used for an expanded use of operations. The ability of Flash memory devices to be electrically rewritten to update parameters or system software provides greater flexibility and ease of use than other non-volatile memory devices, such as ROM or EPROM devices. Flash memory can be used to provide storage of control programs and system-critical data in communication devices such as cellular telephones and routers (devices used to transfer data between local area networks). Another common application for Flash memory is in PC cards, which are inserted into notebook and subnotebook computers or personal digital assistants to provide added data storage.

The Logic Market

Logic devices consist of structurally interconnected groupings of simple logical "AND" and logical "OR" functions, commonly described as "gates." Typically, complex combinations of individual gates are required to implement the specialized logic functions required for system applications. The greater the number of gates on a logic device, the higher that logic device's "density." Logic devices are generally grouped into five families of products (from lowest density to highest density): standard logic devices, programmable logic devices (PLDs), conventional gate-arrays, standard cells and full custom ICs. Conventional gate-arrays, standard cells and full-custom ICs are often referred to as application-specific ICs (ASICs).

Many manufacturers of electronic systems are striving to develop new and increasingly complex products to rapidly address evolving market opportunities. Achievement of this goal often precludes the use of standard logic ICs and ASICs. Standard logic ICs generally perform simple functions and are not customizable, limiting a manufacturer's ability to adequately customize an end system. Although ASICs can be manufactured to perform customized functions, they generally involve relatively high up-front design, engineering and manufacturing costs and significant design risks and may increase an end-product's time to market. As a result, ASICs are generally limited to high-volume products, and products for which time to market may be less critical.

Unlike ASICs and standard logic ICs, PLDs are standard products, purchased by system manufacturers in an unprogrammed or "blank" state, which can be programmed by each system manufacturer to perform a variety of specific logic functions. Certain PLDs, including the Company's, are reprogrammable, which means that the logic configuration can be modified after the device is initially programmed, and, in many cases, while the PLD remains in the end-product system. The programmable and reprogrammable characteristics of PLDs reduce the risk of inventory obsolescence for system designers and distributors by allowing them to stock a large number of standard PLDs that may be programmed for a variety of applications. The system designer enjoys the additional flexibility of having the ability to make last minute design changes, reducing time to market and accelerating design cycle time. Compared to standard logic ICs and ASICs, PLDs allow system designers to more quickly design and implement custom logic.

The PLD market consists primarily of three product categories, which can generally be distinguished by their density: simple programmable logic devices (SPLDs), which have less than 1,000 gates, are considered low-density devices, while complex programmable logic devices (CPLDs), which have up to 20,000 gates, and field programmable gate arrays (FPGAs), which have up to 100,000 gates, are considered high-density devices.

SPLDs are typically based on common architectures that are familiar to most system designers and are supported by standard, widely available software tools. SPLDs are usually the most effective solution to support simple logic functions. However, as the prices of high-density PLDs become more competitive, customers are increasingly migrating to CPLDs or FPGAs to address complex logic requirements and space constraints and to achieve power savings. Typically, the smallest CPLD is equivalent in logic function to, and occupies nearly the same amount of space as, approximately four SPLDs.

CPLDs and FPGAs are typically based on proprietary architectures and require support from sophisticated software tools. In situations requiring complex logic functions, high-density PLDs can provide important advantages over a large cluster of low-density devices, including improved system speed, lower power requirements and lower cost. The Company believes that a substantial portion of high-density PLD customers utilize both CPLD and FPGA architectures within a single system design, partitioning logic functions across multiple devices to optimize overall system performance and cost.

PLDs are used in complex electronic systems, including telecommunications and networking systems, high-performance computers and peripherals, video graphics and imaging systems, and instrumentation and test systems. PLDs are also used in a variety of consumer electronic devices, and in medical instrumentation and industrial control applications.

The Microprocessor Market

In 1981, IBM introduced its first PC containing a microprocessor based upon the x86 instruction set developed by Intel Corporation (Intel) and utilizing the Microsoft(R) Corporation (Microsoft) MS-DOS(TM) operating system. The so-called IBM-compatible computer has evolved over the years with each successive generation of x86 microprocessors. Each new generation of x86 microprocessors has delivered increased performance and functionality while maintaining software, hardware and peripheral compatibility for industry standard operating systems such as Microsoft MS-DOS and Microsoft Windows(R). The microprocessor market is currently dominated by Intel.

The microprocessor, an IC generally consisting of millions of transistors, serves as the central processing unit, or "brain," of a computer system. The microprocessor is typically the most critical component to the performance and efficiency of a PC. The microprocessor is responsible for controlling data flowing through the electronic system, manipulating such data as specified by the hardware or software which controls the system. Developments in circuit design and very large scale integration process technology have resulted in dramatic advances in microprocessor performance over the past ten years. Today, the greatest demand for microprocessors is from personal computer manufacturers and, in particular, for microprocessors which are Microsoft Windows compatible and are based on the x86 instruction set. Improvements in the performance characteristics of microprocessors, coupled with decreases in production costs resulting from advances in process technology, have broadened the market for PCs and increased the demand for microprocessors.

Embedded processors are also an important segment of the microprocessor market. Embedded processors are general purpose devices used to carry out a single application with limited user interface and programmability. A system designed around an embedded processor cannot usually be programmed by an end user because the system is preprogrammed to execute a specific task. Key markets for embedded processors include telecommunications, networking, office automation, storage, automotive applications and industrial control.

The microprocessor business is characterized by short product life cycles, intense price competition and rapid advances in product design and process technology resulting in rapidly occurring product obsolescence.

The establishment of hardware and software standards for PCs and the emergence of numerous PC suppliers have caused the PC industry to be extremely competitive, with short product life cycles, limited product differentiation and substantial price competition. To compete more effectively, almost all PC suppliers have evolved from fully integrated manufacturers with proprietary system designs to vendors focused on building

brand recognition and distribution capabilities. Almost all of these suppliers now rely either on Intel or on third-party manufacturers for the major subsystems of their PCs, such as the motherboard, and are increasingly outsourcing the design and manufacture of complete systems. The third-party suppliers of these subsystems, based primarily in Asia, are focused on providing PCs and motherboards that incorporate the latest trends in features and performance at low prices. Increasingly, these third-party suppliers are also supplying fully configured PC systems through alternative distribution channels.

BUSINESS GROUPS; PRODUCTS

AMD participates in all three segments of the digital IC market--memory circuits, logic circuits and microprocessors--through, collectively, its Communications Group, its Memory Group, its Computation Products Group (CPG) and its programmable logic subsidiary, Vantis Corporation.

COMMUNICATIONS GROUP

Communications Group products ($707 million, or 30 percent, of the Company's 1997 net sales) include telecommunication products, networking and input/output (I/O) products and embedded processors.

Telecommunication Products. The Company's telecommunication products are used primarily in public communications infrastructure systems and cordless telephony applications. Specifically, the products are used in such equipment as central office switches, digital loop carriers, wireless local loop systems, private branch exchange (PBX) equipment and voice/data terminals. Among the Company's more significant products for the communications market are its line card products. In modern telephone communications systems, voice communications are generally transmitted between the speaker and the central office switch in analog format, but are switched and transmitted over longer distances in digital format. The AMD subscriber line interface circuits (SLIC) for line cards connect the user's telephone wire to the telephone company's digital switching equipment. The AMD subscriber line audio processing circuits (SLAC(TM)) line cards are coder/decoders which convert analog voice signals to a digital format and back. The Company's non-cellular telephony products are used in digital cordless phone solutions.

Networking and I/O Products. The Company's networking and I/O products are used within personal computers to manage the connection of the personal computer to local area networks and to manage selected input/output functions.

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

The Company's networking products primarily support data communications and internetworking and are used in hubs, switches, routers and network interface cards used to connect workstations and personal computers to local area networks.

The Company supplies integrated circuits for business applications utilizing the 10-megabit-per-second, the 100-megabit-per-second and the gigabit-per-second Ethernet local area network standards. The Company offers a range of integrated circuits that work with central processing units to manage selected input/output functions such as small computer system interface disk drive controllers and communications and networking devices. The Company also supplies a range of products specially designed to add additional functions, improve performance and reduce costs in computer peripheral, interface or mass storage applications. These are generally special-purpose products which are designed for a specific application. In the case of some large customers, these products are tailored for specific customers' needs.

Embedded Processors. Embedded processors are general purpose devices, consisting of an instruction control unit and an arithmetic and logic unit, used to carry out a single application with limited user interface and programmability. The Company's current product focus for embedded processors utilizes existing x86 cores increasingly targeted at communications applications. The Company offers a line of C186 and C188 processors for use as embedded processors in hard disk drives. The Company offers an expanding range of embedded processors based upon third- and fourth-generation x86 microprocessor technology, for both communications as well as handheld computing applications.

MEMORY GROUP

Memory Group products ($724 million, or 31 percent, of the Company's 1997 net sales) include Flash memory devices and EPROMs.

Flash Memory. The Company's Flash memory devices are used in cellular telephones, networking equipment and other applications which require memory to be non-volatile and to be rewritten. Their ability to be electrically rewritten provides greater flexibility and ease of use than EPROMs and other similar integrated circuits which cannot be rewritten electrically. Communications companies use Flash memory devices in cellular telephones and related equipment to enable users to add and modify frequently called numbers and to allow manufacturers to preprogram firmware and other information. In networking applications, Flash memory devices are used in hubs, switches and routers to enable systems to store firmware and reprogrammed Internet addresses and other routing information.

The market for Flash memory devices has experienced rapid unit growth and continues to experience increased competition as additional manufacturers introduce competitive products and industry-wide production capacity increases. Almost all of the Company's Flash memory devices are produced in Aizu-Wakamatsu, Japan through the Company's joint venture with Fujitsu Limited, Fujitsu AMD Semiconductor Limited (FASL).

EPROMs. EPROMs represent an older generation of erasable programmable read-only memory technology which is used primarily in the electronic equipment industry. The devices are used in cellular telephones, wireless base stations, telecommunication switching equipment, automotive applications, personal computer hard disk drives, printer controllers, industrial machine controls and numerous other types of electronic equipment to store firmware which controls the equipment's operation. The ability of EPROMs to be programmed electrically enables equipment manufacturers to achieve shorter time to market for new products than would otherwise be possible if they were required to have specific integrated circuits manufactured containing their final firmware programs. EPROMs are generally preferred to more expensive Flash memory devices in applications in which it is not necessary to enable the end user to reprogram the information stored on the integrated circuit. The market for EPROMs is significantly smaller than the market for Flash memory devices and the Company believes the market will continue to decline as EPROMs are replaced in various applications by Flash memory devices.

COMPUTATION PRODUCTS GROUP

CPG products ($682 million, or 29 percent, of the Company's 1997 net sales) include microprocessors and core logic products, with the majority of CPG's net sales being derived from Microsoft Windows compatible microprocessors which are used primarily in personal computers.

In 1997, the Company's most significant microprocessor product was the AMD-K6(R) MMX(TM) Enhanced Processor, a sixth-generation microprocessor product and a member of the K86(TM) microprocessor family. The K86 microprocessors are based on Superscalar RISC architecture and are designed to be compatible with operating system software such as MS-DOS, Windows 3.X, Windows 95(R), Windows NT(R) and UNIX. In the second quarter of 1997, the Company began volume shipments of the AMD-K6 microprocessor. The AMD-K6 microprocessor was designed to be competitive in performance to Intel Corporation's sixth-generation microprocessor, the Pentium(R) II, which was designed by Intel specifically for

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

desktop PCs.

The Company's ability to increase microprocessor product revenues, and benefit fully from the substantial financial investments and commitments it has made and continues to make related to microprocessors, depends upon the success of the AMD-K6 microprocessor in 1998 and future generations of K86 microprocessors in 1999 and beyond. The microprocessor market is characterized by very short product life cycles and migration to ever higher performance microprocessors. To compete successfully against Intel Corporation in this market, the Company must transition to new process technologies at a faster pace than before and offer higher performance microprocessors in significantly greater volumes. The Company has recently experienced significant difficulty in achieving its microprocessor yield and volume plans on 0.35 micron process technology, which in turn has adversely affected the Company's results of operations and liquidity. The Company has determined that it must

convert from 0.35 micron to 0.25 micron process technology in its Fab 25 in Austin, Texas as soon as possible in order to meet customer microprocessor needs for performance and volume, and to compete successfully against Intel. The Company's process technology transition schedule is aggressive and entails a high degree of risk. The Company's 0.25 micron process technology, while successfully put into production in the Company's Submicron Development Center in Sunnyvale, California, has not been qualified in Fab 25. There can be no assurance that the Company will execute a successful transition to 0.25 micron process technology in Fab 25, or that the Company will achieve the production ramp necessary to meet customer needs for higher performance AMD-K6 microprocessors in the volumes customers require, or that the Company will increase revenues sufficient to achieve profitability in the microprocessor business. The failure to convert Fab 25 to 0.25 micron process technology on a timely basis could adversely affect unit production yields and volumes, result in the failure to meet customer demands, cause customers to cease purchasing AMD-K6 microprocessors, and could impact the viability of the Company's microprocessor business, any of which would have a material adverse effect on the Company.

AMD is also devoting substantial resources to the development of its seventh-generation Microsoft Windows compatible microprocessor. The success of the AMD-K7 and future generations of microprocessors depends greatly on the Company achieving success and increasing market share with the AMD-K6 microprocessor.

Intel has long held a dominant position in the market for microprocessors used in PCs. Intel Corporation's dominant market position enables it to set and control x86 microprocessor standards and thus dictate the type of product the market requires of Intel Corporation's competitors. In addition, Intel Corporation's financial strength and dominant position enable it to vary prices on its microprocessor products at will and thereby affect the margins and profitability of its competitors. In view of Intel Corporation's industry dominance and brand strength, AMD prices the AMD-K6 microprocessor at least 25 percent below the published price of Intel processors offering comparable performance. Thus, Intel Corporation's decisions on processor prices can impact and has impacted the average selling prices of the AMD-K6 microprocessors, and consequently can impact and has impacted the Company's margins. As an extension of its dominant microprocessor market share, Intel also now dominates the PC platform, which has made it difficult for PC manufacturers to innovate and differentiate their product offerings. The Company does not have the financial resources to compete with Intel on such a large scale.

As Intel has expanded its dominance over the entirety of the PC system platform, many PC original equipment manufacturers (OEMs) have reduced their system development expenditures and have begun to purchase microprocessors in conjunction with core logic chipsets or in assembled motherboards. The trend has been for PC OEMs to be increasingly dependent on Intel, less innovative on their own, and more of a distribution channel for Intel technology. In marketing its microprocessors to these OEMs and dealers, AMD depends upon companies other than Intel for the design and manufacture of chipsets, motherboards, basic input/output system (BIOS) software and other components. In recent years, these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies are able to produce chipsets, motherboards, BIOS software and other components to support each new generation of Intel Corporation's microprocessors only if Intel makes information about its products available to them in time to address market opportunities. Delay in the availability of such information makes, and will continue to make, it increasingly difficult for them to retain or regain market share. To compete with Intel in this market in the future, the Company intends to continue to form closer relationships with third-party designers and manufacturers of chipsets, motherboards, BIOS software and other components. The Company similarly intends to expand its chipset and system design capabilities, and to offer OEMs licensed system designs incorporating the Company's processors and companion products. There can be no assurance, however, that such efforts by the Company will be successful.

VANTIS CORPORATION

In 1997, the Company transferred its operations relating to the design, development and marketing of programmable logic devices (excluding bipolar products) to a wholly owned subsidiary, Vantis Corporation (Vantis). Vantis

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

does not fabricate any of the silicon wafers used in the production of its products. As a result, Vantis relies on the Company and others for manufacturing. In addition, Vantis relies on the Company for certain administrative and other services.

Vantis products ($243 million, or 10 percent, of the Company's 1997 net sales) include both complex and simple, high performance CMOS (complimentary-metal-oxide-semiconductor) programmable logic devices (PLDs).

PLDs are standard products purchased by system manufacturers in an unprogrammed or "blank" state, which can be programmed by each system manufacturer to perform a variety of specific logic functions. Certain PLDs, including the Company's, are reprogrammable, which means that the logic configuration can be modified after the device is initially programmed, and, in many cases, while the PLD remains in the end-product system. PLDs are used by manufacturers of telecommunications and networking systems, computers and industrial and other electronic systems to reduce product development time and costs and to improve system performance and reliability.

Vantis has developed a broad product line of low-density and high-density PLD products, including simple programmable logic devices and complex programmable logic devices, and recently introduced its new line of field programmable gate arrays. PLDs are used in complex electronic systems, including telecommunications and networking systems, high-performance computers and peripherals, video graphics and imaging systems, and instrumentation and test systems. PLDs are also used in a variety of consumer electronic devices, and in medical instrumentation and industrial control applications.

Customers utilizing programmable logic devices generally use special software "fitters," usually provided by the suppliers of the programmable logic devices, that allow electrical circuit designs to be implemented using complex programmable logic devices. Vantis provides its PLD customers with software fitters which it licenses from third parties and is dependent upon third parties for continued development and maintenance of the software. The Company recently initiated efforts to internally manage and control the development and maintenance of software fitters for the Company's products. No assurance can be given that the Company's efforts to internally develop and maintain the software needed to sell and support its products will be successful. An inability of Vantis to continue to obtain appropriate software and improvements from third parties, to license alternative software from another third party, or to successfully develop and maintain its own software internally could materially adversely affect Vantis' business, including the timing of new or improved product introductions, which could have a material adverse effect on the Company.

RESEARCH AND DEVELOPMENT; MANUFACTURING TECHNOLOGY

The Company's expenses for research and development in 1997, 1996 and 1995 were $468 million, $401 million and $417 million, respectively. Such expenses represented 20 percent, 21 percent and 17 percent of net sales in 1997, 1996 and 1995, respectively. The Company's research and development expenses are charged to operations as incurred. Most of the Company's research and development personnel are integrated into the engineering staff.

Manufacturing technology is the key determinant in the improvement in semiconductor products. Each new generation of process technology has resulted in products with higher speeds and greater performance produced at lower cost. AMD continues to make significant infrastructure investments to enable the Company to continue to achieve high volume, high reliability and low cost production using leading edge process technology.

The Company's efforts concerning process technologies are focused in three major areas: non-volatile memory technology used by Flash memory and EPROM products; logic technology used by the Company's microprocessors, embedded processors, I/O, networking and communications products; and programmable logic technology used in the Vantis programmable logic products. The Company's goals are to increase density and improve product performance, to reduce the access time for non-volatile memory products and to increase the clock speed for microprocessor products.

In order to remain competitive, the Company must make continuing substantial investments in improving its process technologies. In particular, the Company has made and continues to make significant research and development investments in the technologies and equipment used in the fabrication of its microprocessor

products and in the fabrication of Flash memory devices. If the Company is not successful in its microprocessor and Flash memory businesses, it will be unable to recover such investments, which could have a material adverse effect on the Company. In addition, any inability of the Company to remain competitive with respect to process technology could have a material adverse effect on the Company.

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

COMPETITION

The IC industry is intensely competitive and, historically, has experienced rapid technological advances in product and system technologies. After a product is introduced, prices normally decrease over time as production efficiency and competition increase, and as a successive generation of products is developed and introduced for sale. Technological advances in the industry result in frequent product introductions, regular price reductions, short product life cycles and increased product capabilities that may result in significant performance improvements. Competition in the sale of ICs is based on performance, product quality and reliability, price, adherence to industry standards, software and hardware compatibility, marketing and distribution capability, brand recognition, financial strength and ability to deliver in large volumes on a timely basis.

In each particular market in which it participates, the Company faces competition from different groups of companies. With respect to the Communications Group product lines, the Company's principal competitors are SGS Thomson, Texas Instruments, Siemens, NEC, LM Ericsson, Alcatel, National Semiconductor, 3Com, Intel and Motorola. With respect to the Memory Group, the Company's principal competitors are Intel, Sharp and Atmel. The Company competes to a lesser degree with Fujitsu Limited, its joint venture partner in FASL. With respect to microprocessors, Intel holds a dominant market position. In Vantis' market, the Company's principal competitors are Altera, Lattice Semiconductor, Xilinx and other smaller companies focused on programmable logic device development and production.

MANUFACTURING FACILITIES

The Company's current integrated circuit manufacturing facilities are described in the chart set forth below:

FACILITY LOCATION	WAFER SIZE (DIAMETER IN INCHES)	PRODUCTION TECHNOLOGY (IN MICRONS)	APPROX. CLEAN ROOM (SQUARE FOOTAGE)
Austin, TX			
Fab 25	8	0.25 & 0.35	89,700
Fab 15	6	0.7	22,000
Fab 14	6	0.8	22,000
Fab 10/1/	5	0.9	22,000
Aizu-Wakamatsu, Japan			
FASL/2/	8	0.35 & 0.5	70,000
FASL II	8	0.35	91,000
Sunnyvale, CA			
SDC	6 & 8	0.25	42,500

(1)Fab 10 will decrease production levels and close by the end of 1998.
(2)The Company owns 49.992 percent of FASL. Fujitsu owns 50.008 percent of FASL.

In the third quarter of 1997, FASL completed construction of the building for a second manufacturing facility in Aizu-Wakamatsu, Japan (FASL II) at a site contiguous to the existing FASL facility. In addition, the Company commenced construction in the second quarter of 1997 of a manufacturing facility in Dresden, Germany (Dresden Fab 30), through a wholly owned subsidiary of the Company. AMD also has foundry arrangements for the production of its products by third parties.

The Company's current assembly and test facilities are described in the chart set forth below:

FACILITY LOCATION	APPROX. ASSEMBLY & TEST SQUARE FOOTAGE	ACTIVITY
Penang, Malaysia	377,000	Assembly & Test
Bangkok, Thailand	77,000	Assembly & Test
Singapore	62,500	Test

In addition to the assembly and test facilities described above, AMD has a 50-year land lease in Suzhou, China, and is constructing an additional assembly and test facility there. Foreign manufacturing and construction of foreign facilities entails political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight and interest rates, and loss or modification of exemptions for taxes

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

and tariffs. For example, if AMD were unable to assemble and test its products abroad, or if air transportation between the United States and the Company's overseas facilities were disrupted, there could be a material adverse effect on the Company.

Certain Material Agreements. Set forth below are descriptions of certain material contractual relationships of the Company relating to FASL and the Company's Dresden Fab 30.

FASL. In 1993, the Company and Fujitsu Limited (Fujitsu) formed a joint venture, FASL, for the development and manufacture of non-volatile memory devices. Through FASL, the two companies have constructed and are operating an advanced integrated circuit manufacturing facility in Aizu-Wakamatsu, Japan, to produce Flash memory devices. The facility began volume production in the first quarter of 1995, and utilizes eight-inch wafer processing technologies capable of producing products with geometrics of 0.5 micron or smaller. Pursuant to the terms of the joint venture, the Company and Fujitsu have each agreed not to independently produce Flash memory devices with geometrics of 0.5 micron or smaller outside of the joint venture.

In the third quarter of 1997, FASL completed construction of the building for a second Flash memory device wafer fabrication facility, FASL II, at a site contiguous to the existing FASL facility. Equipment installation is in progress and the facility is expected to cost approximately $1.1 billion when fully equipped, which is anticipated in the second quarter of 2000. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and borrowings by FASL. To the extent that FASL is unable to secure the necessary funds for FASL II, the Company may be required to contribute cash or guarantee third-party loans in proportion to its 49.992 percent interest in FASL. As of December 28, 1997, the Company had loan guarantees of $48 million outstanding with respect to such loans. The planned FASL II costs are denominated in yen and are therefore subject to change due to foreign exchange rate fluctuations.

In connection with FASL, the Company and Fujitsu have entered into various joint development, cross-license and investment arrangements. Accordingly, the Company and Fujitsu are providing their product designs and process and manufacturing technologies to FASL. In addition, both companies are collaborating in developing manufacturing processes and designing integrated circuits for FASL. The right of each company to use the licensed intellectual property of the other with respect to certain products is limited to certain geographic areas. Consequently, the Company's ability to sell Flash memory products incorporating Fujitsu intellectual property, whether or not produced by FASL, is also limited in certain territories, including the United Kingdom and Japan. Fujitsu is likewise limited in its ability to sell Flash memory devices incorporating the Company's intellectual property, whether or not produced by FASL, in certain territories including the United States and Europe, other than the United Kingdom and Ireland.

Dresden Fab 30. AMD Saxony Manufacturing GmbH (AMD Saxony), an indirect wholly owned German subsidiary of the Company, is building a 900,000-square-foot submicron integrated circuit manufacturing and design facility in Dresden, in the State of Saxony, Germany over the next four years at a presently estimated cost of approximately $1.9 billion. The Federal Republic of Germany and the State of Saxony have agreed to

support the project in the form of guarantees of bank debt, investment grants and subsidies and interest subsidies. In March 1997, AMD Saxony entered into a loan agreement (the Dresden Loan Agreement) with a consortium of banks led by Dresdner Bank AG. The plan for Dresden has been revised recently to reflect planned upgrades in wafer production technology as well as the decline in the deutsche mark relative to the U.S. dollar, which has increased the proportion of the project to be funded by the Company rather than the Federal Republic of Germany, the State of Saxony and the consortium of banks.

In connection with the Dresden Loan Agreement, as amended in February 1998, the Company has agreed to invest in AMD Saxony over the next two years equity and subordinated loans, and to guarantee a portion of AMD Saxony's obligations under the Dresden Loan Agreement until Dresden Fab 30 has been completed. In addition, after completion of Dresden Fab 30, the Company has agreed to make funds available to AMD Saxony if the subsidiary does not meet its fixed charge coverage ratio covenant. The Company has agreed to fund certain contingent obligations, including various obligations to fund project cost overruns, if any.

The Company commenced construction in the second quarter of 1997 and completed construction of the building shell for the plant and administration building at the end of 1997. The planned Dresden Fab 30 costs are denominated in deutsche marks and, are therefore subject to change due to foreign exchange rate fluctuations. The Company entered into foreign currency hedging transactions for Dresden Fab 30 during the first quarter of 1997 and anticipates entering into additional such foreign currency hedging transactions in the first quarter of 1998 and in the future.

MARKETING AND SALES

Source: ADVANCED MICRO DEVIC, 10-K405, March 03, 1998

EXHIBIT 5

REDACTED IN ITS ENTIRETY

EXHIBIT 6

REDACTED IN ITS ENTIRETY

EXHIBIT 7

REDACTED IN ITS ENTIRETY

EXHIBIT 8

REDACTED IN ITS ENTIRETY

EXHIBIT 9

10KWIZARD

FORM 10-K

ADVANCED MICRO DEVICES INC - amd

Filed: February 27, 2006 (period: December 25, 2005)

Annual report which provides a comprehensive overview of the company for the past year

Table of Contents

10-K - FOR THE FISCAL YEAR ENDED DECEMBER 25, 2005

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

SIGNATURES

EX-10.17(C) (THIRD AMENDMENT TO THE AMD)

EX-10.58 (AMENDED AND RESTATED NON-COMPETITION AGREEMENT)

EX-21 (LIST OF AMD SUBSIDIARIES)

EX-23 (CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM)

EX-24 (POWER OF ATTORNEY)

EX-31.1 (CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302)

EX-31.2 (CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302)

EX-32.1 (CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 906)

EX-32.2 (CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the fiscal year ended December 25, 2005

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**
For the transition period from _____ to _____
Commission File Number 001-07882

ADVANCED MICRO DEVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	94-1692300
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One AMD Place, Sunnyvale, California	94088
(Address of principal executive offices)	(Zip Code)

(408) 749-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock per share $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

As of June 24, 2005, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $6,799,159,288 based on the reported closing sale price of $17.17 per share as reported on the New York Stock Exchange on June 24, 2005, which was the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.
480,887,662 shares of common stock, $0.01 par value per share, as of February 17, 2006

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held on May 5, 2006, are incorporated into Part II and III hereof.

AMD, the AMD Arrow logo, AMD Athlon, AMD Opteron, AMD Sempron, AMD Turion, AMD PowerNow!, Alchemy, Geode and combinations thereof are trademarks of AMD. Spansion and MirrorBit, and combinations thereof, are trademarks of Spansion LLC. Vantis is a trademark of Lattice Semiconductor Corporation. Legerity is a trademark of Legerity, Inc. Microsoft, Windows, and Windows NT are either registered trademarks or trademarks of Microsoft Corporation in the United States and/or other jurisdictions. MIPS is a registered trademark of MIPS Technologies, Inc. in the United States and/or other jurisdictions. HyperTransport is a licensed trademark of the HyperTransport Technology Consortium. NetWare is a registered trademark of Novell, Inc. in the United States and/or other jurisdictions. Other terms used to identify companies and products may be trademarks of their respective owners.

Advanced Micro Devices, Inc.
FORM 10-K
For The Fiscal Year Ended December 25, 2005
INDEX

Source: ADVANCED MICRO DEVIC, 10-K, February 27, 2006

PART I

ITEM 1. BUSINESS

Cautionary Statement Regarding Forward-Looking Statements

The statements in this report include forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: our sales; capital expenditures; depreciation and amortization expenses; the adequacy of resources to fund operations and capital expenditures; operating expenses; tax rate; the development and timing of the introduction of new products and technologies; customer and market acceptance of our microprocessors; our ability to remain competitive and maintain or increase our market position; our ability to maintain and develop key relationships with our existing and new customers and suppliers; the ability to produce our products in the volumes and mix required by the market either in our own facilities or at foundries, at acceptable yields and on a timely basis; our ability to maintain the level of investment in research and development and capacity that is required to remain competitive; our ability to transition to advanced manufacturing process technologies in a timely and effective way; our ability to achieve cost reductions in the amounts and in the timeframes anticipated; the process technology transitions in our wafer fabrication facilities; our ability to gain market share in high-growth global markets such as China, Latin America, India and Eastern Europe; Spansion's ability to implement 300-millimeter wafer manufacturing capacity; and customer and market acceptance of Spansion™ Flash memory products based on MirrorBit™ and floating gate technology, including the ORNAND architecture.

For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see the "Financial Condition" and "Risk Factors" sections set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 24 below and such other risks and uncertainties as set forth below in this report or detailed in our other Securities and Exchange Commission (SEC) reports and filings. We assume no obligation to update forward-looking statements.

General

We are a leading semiconductor company with manufacturing or testing facilities in the United States, Europe and Asia, and sales offices throughout the world. We design, manufacture and market microprocessor solutions for the computing, communications and consumer electronics markets. These solutions include embedded microprocessors for personal connectivity devices and other consumer markets. Prior to the closing of the initial public offering, or IPO, of Spansion Inc. on December 21, 2005, which is described in more detail below, we also manufactured and sold Flash memory devices through our formerly consolidated, majority owned subsidiary, Spansion LLC.

Effective June 30, 2003, we and Fujitsu Limited, a company incorporated in Japan, formed a Delaware limited liability company named FASL LLC to integrate AMD's and Fujitsu's Flash memory businesses. On June 28, 2004, FASL LLC changed its name to Spansion LLC. As part of the new joint venture, we and Fujitsu each contributed various assets to Spansion LLC and became Spansion LLC's two members. The contribution of assets included certain intellectual property, equipment and real estate. We owned 60 percent of the membership interests of Spansion LLC, and Fujitsu owned 40 percent of the membership interests of Spansion LLC. Because Spansion LLC was our majority owned subsidiary, its results of operations, financial position and cash flows were consolidated with ours.

Source: ADVANCED MICRO DEVIC, 10-K, February 27, 2006

On December 21, 2005, Spansion Inc. closed its initial public offering, or IPO, of 47,264,000 shares of its Class A common stock as well as offerings of senior notes to institutional investors with an aggregate principal amount of $250 million and senior subordinated notes to us with an aggregate principal amount of $175 million. Shortly prior to the pricing of the IPO, Spansion LLC was reorganized into a corporate structure and became an indirect wholly-owned subsidiary of Spansion Inc. Following the IPO, we own 48,529,403 shares, or approximately 37.9 percent, of Spansion's outstanding common stock. As of December 21, 2005, Spansion Inc. is an independent company and is no longer our majority owned subsidiary. Therefore, its financial position, results of operations and cash flows have been consolidated with ours only through December 20, 2005. We currently report our interest in Spansion's results of operations using the equity method of accounting. As a result, our share of Spansion's net income (loss) will impact our net income (loss). Also, from December 21, 2005, our investment in Spansion is reflected on our consolidated balance sheet in the "Net Investment in Spansion" line item.

This report generally reflects our structure at December 25, 2005, which is after Spansion's IPO. However, because Spansion's results of operations are consolidated with our results of operations for substantially all of 2005, and because Spansion's results of operations can materially affect our results of operations, we include a discussion of the Flash memory market and Spansion's Flash memory operations under this section entitled, "Business," a discussion of the results of operations of our Memory Products segment through December 20, 2005 under the section entitled, "Management's Discussion and Analysis of Financial Condition and Results of Operations," beginning on page 24 below, and risks and uncertainties that Spansion faces that could affect Spansion's results of operations and correspondingly our results of operations under the section entitled, "Risk Factors," beginning on page 54 below.

In connection with Spansion's IPO, we entered into a Stockholders Agreement as of December 21, 2005, with Fujitsu and Spansion, which imposes certain restrictions and obligations on us and Fujitsu and our respective shares of Spansion's common stock and provides for certain matters pertaining to Spansion's management and governance. Pursuant to the Stockholders Agreement, neither we nor Fujitsu can transfer any shares of Spansion's common stock, except to majority owned subsidiaries, until the earlier of December 21, 2006 or the conversion of the Class D common stock, which is a class of common stock owned by Fujitsu, into Class A common stock. In addition, neither we nor Fujitsu can transfer shares in an amount equal to or greater than one percent of the then outstanding common stock to any entity whose principal business competes with Spansion, without first obtaining the consent of the non-transferring party, such consent not to be unreasonably withheld after June 30, 2007. With the exception of board observer rights and stock registration rights, the Stockholders Agreement will terminate when each party's aggregate ownership interest in Spansion falls below ten percent.

Additional Information

We were incorporated under the laws of Delaware on May 1, 1969 and became a publicly held company in 1972. Since 1979 our common stock has been listed on the New York Stock Exchange under the symbol "AMD." Our mailing address and executive offices are located at One AMD Place, Sunnyvale, California 94088, and our telephone number is (408) 749-4000. References in this report to "AMD," "we," "us," "our," or the "Company" means Advanced Micro Devices, Inc. and our consolidated subsidiaries, including, prior to December 21, 2005, Spansion Inc. (formerly Spansion LLC) and its subsidiaries.

We post on the Investor Relations pages of our Web site,www.amd.com, a link to our filings with the SEC, our Principles of Corporate Governance, our Code of Ethics for our Chief Executive Officer, Chief Financial Officer, Corporate Controller and other senior finance executives, our "Worldwide Standards of Business Conduct," which applies to our directors and all our employees, and the charters of our Audit, Compensation, Finance and Nominating and Corporate Governance committees. Our filings with the SEC are posted as soon as reasonably practical after they are filed electronically with the SEC. You can also obtain copies of these documents by writing to us at: Corporate Secretary, AMD, One AMD Place, M/S 68, Sunnyvale, California 94088, or emailing us at:

Source: ADVANCED MICRO DEVIC, 10-K, February 27, 2006

Corporate.Secretary@amd.com. All these documents and filings are available free of charge. Please note that information contained on our Web site is not incorporated by reference in, or considered to be a part of, this report.

For financial information about geographic areas and for segment information with respect to sales and operating results, refer to the information set forth in Note 10 of our consolidated financial statements, beginning on page 107 below.

Our Industry

Semiconductors are critical components used in a variety of electronic products and systems. An integrated circuit, or IC, is a semiconductor device that consists of many interconnected transistors on a single chip. Since the invention of the transistor in 1948, improvements in IC process and design technologies have led to the development of smaller, more complex and more reliable ICs at a lower cost per function. In order to satisfy the demand for faster, smaller and lower-cost ICs, semiconductor manufacturers have continually developed improvements in manufacturing and process technology. For example, ICs are increasingly being manufactured using smaller geometries. In addition, the size of silicon wafers from which ICs are produced has increased, with some semiconductor manufacturers migrating from 200-millimeter wafers to 300-millimeter wafers. Use of smaller process geometries can result in products that are higher performing, use less power and cost less to manufacture on a per unit basis. Use of larger wafers can contribute further to a decrease in manufacturing costs per unit and increase capacity by yielding more chips per wafer.

The availability of low-cost semiconductors, together with increased customer demand for sophisticated electronic systems, has led to the proliferation of semiconductors. Today, virtually all electronic products use semiconductors, including personal computers, or PCs, and related peripherals, wired and wireless voice and data communications and networking products including mobile telephones, facsimile and photocopy machines, home entertainment equipment, industrial control equipment and automobiles.

Within the global semiconductor industry, during 2005 we primarily participated in three markets:

- Microprocessors, which are used for control and computing tasks;
- Flash memory devices, which are used to store data and programming instructions; and
- Embedded microprocessors for commercial and consumer markets.

As a result of Spansion's IPO on December 21, 2005, we no longer directly participate in the Flash memory market. Moreover, we entered into a Non-Competition Agreement as of December 21, 2005, with Fujitsu and Spansion pursuant to which we agreed not to directly or indirectly engage in a business that manufactures or supplies standalone semiconductor devices (including single chip, multiple chip or system devices) containing only Flash memory. These non-competition obligations will last until the earlier of (i) the dissolution of Spansion, and (ii) two years after the date on which our ownership interest in Spansion is less than or equal to five percent.

Computation Products

The Microprocessor Market

A microprocessor is an IC that serves as the central processing unit, or CPU, of a computer. It generally consists of millions of transistors that process data and control other devices in the system, acting as the brain of the computer. The performance of a microprocessor is a critical factor impacting the performance of a PC and other similar devices. The principal indicators of microprocessor performance are work-per-cycle, or how many instructions are executed per cycle, and clock speed, representing the rate at which its internal logic operates, measured in units of hertz, or cycles per second. Other factors impacting microprocessor performance include memory size, data access speed and power consumption. Developments in circuit design and manufacturing

Source: ADVANCED MICRO DEVIC, 10-K, February 27, 2006

EXHIBIT 10

EDGAR Online

INTEL CORP

FORM 10-K
(Annual Report)

Filed 03/23/00 for the Period Ending 12/25/99

Address	2200 MISSION COLLEGE BLVD RNB-4-151 SANTA CLARA, CA 95054
Telephone	4087658080
CIK	0000050863
Symbol	INTC
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

Powered By EDGAR Online
http://www.edgar-online.com
© Copyright 2008, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 25, 1999,

[_] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

Commission File Number 0-6217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	94-1672743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2200 Mission College Boulevard, Santa Clara, California, 95052-8119
(Address of Principal Executive Offices, Zip Code)

Registrant's telephone number, including area code (408) 765-8080

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered

NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.001 par value

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Aggregate market value of voting stock held by non-affiliates of the registrant as of February 25, 2000 $355.2 billion

3,342 million shares of Common Stock outstanding as of February 25, 2000

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of Annual Report to Stockholders for fiscal year ended December 25, 1999 - Parts I, II and IV.
(2) Portions of the Registrant's Proxy Statement related to the 2000 Annual Meeting of Stockholders, to be filed subsequent to the date hereof - Part III

PART I **

ITEM 1. BUSINESS

INDUSTRY

Intel Corporation, the world's largest semiconductor chip maker, supplies the computing and communications industries with chips, boards, systems and software that are integral in computers, servers, and networking and communications products. These products are used by industry members to create advanced computing and communications systems and are offered at various levels of integration. The company was incorporated in California in 1968 and reincorporated in Delaware in 1989.

PRODUCTS

The company's major products include microprocessors, chipsets, flash memory products, networking and communications products, embedded processors and microcontrollers, and digital imaging and other PC-peripheral products. Intel's component-level products consist of integrated circuits used to process information. Integrated circuits are silicon chips, known as semiconductors, etched with interconnected electronic switches. Intel sells to:

. original equipment manufacturers (OEMs) of computer systems, telecommunications and data communications equipment, and peripherals;
. PC and computing appliance users (including individuals, large and small businesses, and Internet service providers) who buy Intel's PC enhancement products, business communications products and networking products through retail and industrial distributors, and resellers throughout the world;
. other manufacturers, including makers of a wide range of industrial and communications equipment;
. businesses, schools, and state and local governments that are building or enhancing Internet data centers.

Intel also provides data center services to businesses needing e-Commerce services.

The company is organized into five operating segments according to Intel's various product lines: the Intel Architecture Business Group, the Wireless Communications and Computing Group (formed out of the former Computing Enhancement Group), the Network Communications Group, the Communications Products Group (formed during 1999) and the New Business Group. Each group has a vice president who reports directly to the Chief Executive Officer of Intel. The Intel Architecture Business Group is the only reportable operating segment for financial statement purposes. No other operating segment represents 10% or more of revenues or operating profit of the company. Reference is made to the information regarding revenues and operating profit by reportable segments, and revenues from unaffiliated customers by geographic region, under the headings "Operating segment and geographic information" on pages 27 and 28 of Intel's 1999 Annual Report to Stockholders and "Management's discussion and analysis of financial condition and results of operations" on pages 30 to 36 of the 1999 Annual Report, which information is hereby incorporated by reference. Operating results of segments that are not individually reportable are included in the "all other" category for financial statement segment reporting purposes.

** Page references to the 1999 Annual Report to Stockholders or to the company's 2000 Proxy Statement for its 2000 Annual Meeting of Stockholders under Item 1 in

Part I and Items 5, 6, 7, 7A and 8 in Part II; Items 10, 11, 12 and 13 in Part

III; and Item 14 in Part IV relate to the bound, printed versions of such annual report and proxy statement, not to the electronic versions appearing at the Intel(R) Internet site (www.intel.com and www.intc.com). However, all data referred to also appears in the electronic versions.

Intel Architecture Business Group

The Intel Architecture Business Group (IABG) tailors platform solutions around Intel's microprocessors and chipsets for all major computing segments worldwide, using a tiered branding approach. Intel's strategy is to provide both the highest performance and the best value through a broad range of microprocessor and chipset solutions that power the client and server market segments. Client platforms incorporate IABG products in desktop computers, notebooks, entry- level servers and workstations, and Internet appliances. Server platform products are targeted for mid-range to high-end servers and workstations. Servers are powerful systems, often with multiple microprocessors working together, housing large amounts of data, directing traffic, and controlling central functions in local and wide area networks and on the Internet. Workstations offer higher performance than standard desktop PCs, especially with respect to graphics, processing power and the ability to carry out several tasks at the same time.

The IABG products include processors based on the P6 microarchitecture (including the Intel(R) Celeron(TM), Pentium(R) III and Pentium(R) III Xeon(TM) processors) and related board- and system-level products. In addition, the core-logic chipset products within IABG provide features improving ease of use, providing new capabilities and enabling system performance to scale as the processor performance increases.

MICROPROCESSORS. A microprocessor is the central processing unit of a computer system. It processes system data and controls other devices in the system, acting as the brains of the computer. The rate at which a microprocessor's internal logic operates, called its clock speed, is measured in units of hertz or cycles processed per second. One megahertz (MHz) equals one million cycles processed per second, and one gigahertz (GHz) equals one billion cycles processed per second. The memory stored on a chip is measured in bytes, with 1,024 bytes equaling a kilobyte (KB), 1.049 million bytes equaling a megabyte (MB) and 1.074 billion bytes equaling a gigabyte (GB). Cache is a memory subsystem in which frequently used data is duplicated for quick access. A second level of cache (L2), located directly on the microprocessor, can also be used to further increase system performance.

Intel's developments in the area of semiconductor design and manufacturing have made it possible to decrease the size of circuits etched into silicon, permitting a greater number of transistors to be used on each microprocessor die, and a greater number of microprocessors to be placed on each silicon wafer. The result is smaller, faster microprocessors that consume less power and cost less to manufacture. The length of the individual transistors on a chip is measured in microns; one micron equals one millionth of a meter. In 1999, Intel began converting its microprocessor manufacturing to the 0.18-micron process technology.

In 1999, Intel announced several new microprocessor products aimed at the various computing market segments ranging from value PCs (systems costing less than $1,000) to high-performance workstations and servers.

Value PCs. Tailored for the value PC market segment, the Intel Celeron processor meets the core computing needs and affordability requirements common to many new PC users. From January 1999 to August 1999, Intel introduced several new higher speed versions of the Intel Celeron processor running at speeds ranging from 366 MHz to 500 MHz. In January 2000, Intel introduced a 533-MHz version of the Intel Celeron processor. All of these Celeron processors have 128 KB of integrated L2 cache on the processor core.

Performance desktop PCs. In February 1999, Intel introduced the Pentium III processor. Targeted for the performance desktop personal computer and low-end server and workstation market segments, the Pentium III processor is designed specifically to enhance the Internet experience and offers high performance and enhanced multimedia realism for Internet applications. The Pentium III processor includes Internet Streaming SIMD Extensions, 70 new instructions that enhance the performance of advanced imaging, 3D graphics, streaming audio, video and speech recognition applications. The 450- and 500-MHz versions, with 512 KB L2 cache, began shipping in March 1999; the 550-MHz version was introduced in May 1999; and the 600-MHz version was introduced in August 1999.

In October 1999, the company introduced new versions of the Pentium III processor built on the 0.18-micron process technology, all integrating 256 KB of L2 Advanced Transfer Cache; these processors run at speeds of up to 733 MHz. With Advanced Transfer Cache, the path between the processor and L2 cache memory is wider, creating better performance than previous Pentium III processors running at the same clock speed. The Advanced Transfer Cache enables application performance to scale with increasing clock frequencies. In December 1999, Intel

introduced Pentium III processors running at 750 and 800 MHz. As of October 1999, new desktop microprocessors introduced include versions available in the flip-chip pin grid array (FC-PGA) package. The flip-chip package uses fewer purchased components and is an improved microprocessor package that is smaller than the previously available Single Edge Contact (SEC) cartridge.

In March 2000, Intel introduced the Pentium III processor running at 1 GHz with integrated L2 Advanced Transfer Cache. This microproeessor has improved performance over previous versions of the Pentium III processor, particularly in running certain applications such as loading complex Web pages.

Mobile PCs. In January 1999, Intel introduced the first mobile Intel Celeron processors, running at 266 and 300 MHz, providing a performance boost for low- cost mobile PCs. From April 1999 to September 1999, the company introduced several new higher speed versions of the mobile Intel Celeron processor running at speeds ranging from 333 to 466 MHz. In February 2000, a 500-MHz version was introduced. All of these processors integrate 128 KB of L2 cache on the processor core.

The Pentium(R) II and Pentium III processors for mobile PCs have been designed to provide mobile users with advanced performance while meeting the power consumption and size constraints of mobile PCs. In January 1999, the company introduced mobile Pentium II processors running at 333 and 366 MHz. These were the first Pentium II processors built on a single processor silicon die with 256 KB of on-die L2 cache. In June 1999, the company introduced the mobile Pentium II processor running at 400 MHz with 256 KB of on-die L2 cache. This was the first processor built on Intel's 0.18-micron process technology. The first mobile Pentium III processors were introduced in October 1999, also built on the company's 0.18-micron process technology and running at 400, 450 and 500 MHz. The mobile Pentium III processor at 400 MHz operates at a low 1.35 volts and is targeted specifically for mini notebook designs, for which power consumption is a significant design concern.

In January 2000, the company introduced the mobile Pentium III processor featuring Intel(R) SpeedStep(TM) technology running at 650 and 600 MHz. These processors have the capability of operating in two different modes, a Maximum Performance Mode and a Battery Optimized Mode. The system by default automatically chooses which mode to run in, depending on whether the computer is running on batteries or is plugged into AC power. This dual-mode capability allows the notebook to run at desktop-class speeds when plugged in, optimizing performance, and optimizing battery life when AC power is not available.

Servers and workstations. In March 1999, Intel announced the Pentium III Xeon processor, targeted to enhance Internet software and application performance for the mid-range to high-end server and workstation market segments. At introduction, the Pentium III Xeon processor was available at speeds of 500 and 550 MHz, available in 512 KB, 1 MB and 2 MB L2 cache versions for 2-, 4- and 8- way servers and workstations. In October, the company introduced three new versions running at 600, 667 and 733 MHz, with 256 KB L2 Advanced Transfer Cache on-die, manufactured using the 0.18-micron process technology and aimed at 2-way servers and workstations. In January 2000, the company introduced an 800-MHz version with the same on-die 256 KB L2 Advanced Transfer Cache.

The company has under development a family of 64-bit microprocessors expected to expand the capabilities of the Intel architecture to address the high- performance server and workstation market segments while still running the software that currently operates on 32-bit Intel processor-based machines. A 64-bit microprocessor is more complex than a 32-bit microprocessor and requires a more complex system architecture, but it can handle twice as much data in each clock cycle. Thus, a 64-bit microprocessor enables most data-intensive applications, such as database and graphics applications, to run faster than they would on a 32-bit microprocessor. In December 1999, Intel began delivering prototype systems based on sample Itanium(TM) processors to system manufacturers, operating system vendors and application providers to help them complete the development and testing of products targeted for the Itanium processor, the first processor based on the IA-64 architecture. The first production Itanium processor-based systems are expected to be available from OEMs in the second half of 2000.

Board-level products. While many of Intel's OEM customers use the company's microprocessors as components in designing their own computer products, some OEMs use Intel-designed board-level products as basic building blocks in their computer products. OEM customers may buy at this level of integration to accelerate their time-to-market and to direct their investments to other areas of their product lines. The company provides board-level

products to give OEM customers flexibility by enabling them to choose whether to buy at the component or board level. Board-level products based on Intel's new microprocessors are available for most computing market segments.

Sales and gross margin. During 1999, sales of microprocessors and related board-level products based on the P6 microarchitecture, which are included in the Intel Architecture Business Group's operations, comprised a substantial majority of Intel's consolidated net revenues and gross margin. For 1998, these represented a majority of Intel's consolidated net revenues and a substantial majority of gross margin. Sales of products based on the P6 microarchitecture first became a significant portion of the company's revenues and gross margin in 1997. Sales of Pentium processor family products, including Pentium processors with MMX(TM) technology, were not significant for 1999, but were a rapidly declining but still significant portion of the company's revenues and gross margin for 1998. During 1997, sales of Pentium processor family products were a majority of the company's revenues and gross margin. For the past several years, the company's sales of microprocessors have generally shown a seasonal trend, with higher sales in the second half of the year, primarily due to back- to-school and holiday demand.

CHIPSETS. Chipsets perform essential logic functions surrounding the central processing unit, and support and extend the graphics, audio, video and other capabilities of many Intel processor-based systems. The company's chipsets are compatible with one or more of a variety of industry-accepted buses, such as the Peripheral Components Interconnect (PCI) Local Bus specification and the Accelerated Graphics Port (AGP) specification. A bus is a circuit that carries data between parts of the system, for example, between the processor and main memory. The company offers the 440BX AGPset family of chipsets for the Pentium III processor to be used in desktop and mobile products.

To help enable computer makers to speed their products to market, Intel designs, manufactures and sells chipsets for each computing market segment. Intel makes chipsets with and without integrated graphics capability. Previously, the company offered stand-alone graphics accelerator chips. However, during 1999 the company shifted its focus to integrating graphics capabilities into certain of its chipset products. In April 1999, Intel launched the Intel(R) 810 Chipset with a 66- or 100-MHz system bus, the company's first chipset integrating multimedia capabilities for value PCs based on the Intel Celeron processor. In September 1999, the Intel(R) 810E Chipset with a 133-MHz system bus was introduced which extended the capabilities of the Intel 810 Chipset as well as adding support for Pentium III processors. In addition to the integrated graphics capability, these new 800 series chipsets double the size of the communications channel within the chipset for a significantly enhanced multimedia experience.

In August 1999, Intel began shipping board-level products with Profusion(R) Chipsets attached, aimed at the mid-range to high-end server market segment, allowing OEMs to more easily build 8-way servers based on the Pentium III Xeon processor.

In October 1999, Intel launched the Intel(R) 840 Chipset with a 133-MHz bus, targeted for entry-level 2- and 4-way servers and workstations utilizing Pentium III and Pentium III Xeon processors. This is the first chipset to enable high-performance Direct Rambus Dynamic Random Access Memory (RDRAM) technology. Direct RDRAM delivers a maximum theoretical memory bandwidth of up to 1.6 GB per second. In November 1999, Intel introduced the Intel(R) 820 Chipset with a 100- or 133-MHz bus, for Pentium III processors. This was the first desktop chipset to enable high-performance Direct RDRAM memory technology and enhance graphics performance through AGP 4x graphics support. The Intel 840 and 820 Chipsets do not have integrated graphics.

Wireless Communications and Computing Group

In December 1999, Intel announced the creation of the Wireless Communications and Computing Group (WCCG), focusing on opportunities in the growing digital cellular and wireless communications areas. WCCG's products consist of component-level hardware and software used in digital cellular communications products and other applications using both low-power processing and flash memory. Within the client platform initiatives, WCCG products support handheld devices such as mobile phones, two-way pagers and personal digital assistants.

FLASH MEMORY. Flash memory components are used to store user data and computer program code and retain information when the power is off. Intel(R) StrataFlash(R) memory, the first flash memory product to store multiple bits of data in one memory cell, expands memory capacity for a variety of consumer and networking applications. In August 1999, Intel introduced the 3 Volt Intel(R) StrataFlash memory with triple the read performance compared

to the previous version. Using 0.25-micron lithography, the new StrataFlash product enables both code execution and data storage on a single 128-MB chip. In September 1999, the company announced the Intel(R) 1.8 Volt Dual-Plane Flash Memory, a 32-MB capacity chip for code execution and data storage in cellular phones and other handheld wireless devices requiring low-power, 1.8-volt operation. In 1999, the company also introduced an updated version of the Intel(R) Advanced+ Boot Block Flash product using low-power, 1.8-volt operation and having fraud protection capability that protects code and data from corruption.

EMBEDDED PROCESSORS FOR HANDHELD DEVICES. Battery-powered handheld devices have embedded processors that use low power yet provide high performance. Intel's StrongARM(R) processors provide such performance at a low cost. During 1999, Intel and Advanced RISK Machines, Ltd. announced a licensing agreement enabling Intel to develop solutions based on current and future versions of the ARM(R) architecture. Intel's StrongARM product portfolio implementation of the ARM architecture utilizes Intel's microarchitecture and low-power technologies, while remaining compatible with software available for ARM cores, to service the portable, handheld and applied computing market segments. In March 1999, Intel announced the addition of the Intel(R) StrongARM SA-1110 processor and the SA-1111 companion chip to the Intel StrongARM product portfolio, providing increased memory and input/output design flexibility.

StrongARM and ARM are trademarks of Advanced RISC Machines, Ltd.

CELLULAR COMMUNICATIONS PRODUCTS. In November 1999, Intel expanded its wireless communications product offerings with the acquisition of DSP Communications, Inc., a leading supplier of chipsets, reference designs, software and other key technologies for the digital cellular communications market segment. The chipsets developed by DSP Communications support a broad range of frequency modulation standards, including Time Division Multiple Access (TDMA), Code Division Multiple Access (CDMA) and Personal Digital Cellular (PDC), a proprietary cellular system that works only in Japan. Under development are chipsets for use in Wideband CDMA (WCDMA) and other third-generation standards. Third-generation standards are expected to deliver high- speed data transmissions combining voice and Internet capabilities into wireless handheld devices. Other product offerings include large-scale reference designs and form-fit reference designs enabling manufacturers of handheld devices to outsource large portions of the development of their handsets.

Network Communications Group

The Network Communications Group (NCG) provides component-level networking silicon products, high-speed adapters for Internet access, and network interface cards to provide networking and Internet connectivity solutions for enterprises, small businesses and consumers. NCG also offers embedded microprocessors and microcontrollers for networking and communications as well as other applications. These embedded control products were previously offered by Intel's former Computing Enhancement Group.

In 1999, Intel acquired several companies to help expand the company's product offerings in networking and communications. In July 1999, the company acquired Softcom Microsystems, Inc., a maker of semiconductor products for OEMs in the networking and communications market segments. In September 1999, the company acquired NetBoost Corporation, a maker of hardware and software solutions for communications equipment suppliers and independent software vendors in the networking and communications segments.

In August 1999, Intel completed the acquisition of Level One Communications, Inc., which provides silicon connectivity solutions for high-speed telecommunications and networking applications, offering increased bandwidth and functionality through silicon integration. The products are used to produce systems for local area networks (LANs), wide area networks (WANs) and public telephone transmission networks. LANs, WANs and telephone transmission networks enable the use of intranets and the Internet. An intranet is a privately maintained network that provides services within an organization similar to the services provided by the Internet.

In September 1999, the company launched the Intel(R) Internet Exchange(TM) architecture, a flexible platform for silicon-based products to help enable the networking and communications industry to build faster, more intelligent networks. In the second half of 1999, Level One Communications announced a family of silicon components based on this architecture.

Intel also continued to introduce new members of a family of networking interface cards based on the multi-platform, single-chip Fast Ethernet controller, the Intel(R) 82559. Featuring Intel(R) SingleDriver technology, these new adapters are designed to lower network support costs and complexity by providing a common set of software drivers for servers, desktops, network PCs and mobile clients. Ethernet refers to a local network used to transfer information at 10 million bits per second, while Fast Ethernet networks transfer information at 100 million bits per second. In January 2000, Intel announced its new family of Intel(R) PRO/100 S network security-enabled adapters, which help enable higher performance and end-to-end security within the LAN.

In January 2000, the company announced the Intel PRO/DSL 3100 Modem. Its predecessor, the Intel(R) PRO/DSL 2100 Modem was introduced in the fourth quarter of 1999. Both modems are based on two new industry standards that allow access to the Internet at speeds up to 150 times faster than the fastest analog modems.

In November 1999, the company introduced a higher performance version of its Intel(R) AnyPoint(TM) Phoneline Home Network product that allows families to connect multiple PCs within a single home with bandwidth of up to 10 million bits per second over existing phone lines.

EMBEDDED CONTROL PRODUCTS. Intel's embedded control products include a range of components used to control functions in networking and communications applications, such as telecommunications, hubs, routers and wide area networking. Intel's embedded control chips are also used in laser printers, imaging, storage media, point-of-sale systems, industrial automation equipment, automotive systems and other applications. Products include low-power- consumption versions of the Pentium processor with MMX technology and the 32-bit i960(R) reduced instruction set computing (RISC) processor with integrated input/output capabilities. Additional products include microcontrollers of the Intel(R) MCS(R)-51 and MCS(R)-296 microcontroller families.

In February 1999, Intel introduced Celeron processors running at 300 and 366 MHz into the embedded product line. In May 1999, Intel announced the addition of the low-power-consumption Pentium II processors running at 266 and 333 MHz as well as the Celeron processor running at 433 MHz to its embedded product line. In February 2000, low-power-consumption Pentium III processors running at 400 and 500 MHz as well as the Pentium III processor running at 600 MHz were made available for embedded products aimed at new networking and communications, point-of-sale and industrial automation equipment applications.

Communications Products Group

The Communications Products Group (CPG) provides system-level hardware, software and support services for e-Business data centers and building blocks for communications access solutions. These products include hubs, routers and switches for Ethernet and Fast Ethernet networks, e-Commerce infrastructure appliances and computer telephony components. Computer telephony is a term used to encompass a wide variety of technologies and applications that use the information processing capabilities of a computer, often a server, to add intelligence to telephone functions and to combine these functions with data processing.

In February 1999, Intel acquired Shiva Corporation to expand Intel's networking product line with remote access and virtual private networking (VPN) solutions for the small to medium enterprise market segment and the remote needs of campuses and branch offices.

In July 1999, Intel acquired Dialogic Corporation, a maker of computer telephony hardware and software. The acquisition is aimed at expanding Intel's standard- high-volume (SHV) server business in the networking and telecommunications market segment by providing standards-based hardware and software building blocks for integrated voice and data networks. Dialogic's hardware products receive and process signals from telecommunications networks and perform computing functions to convert the signals to data (and vice versa) appropriate for computer systems. These computing functions are based upon algorithms for a variety of features, including voice compression and decompression, voice storage, speech recognition, tone recognition and signaling, and facsimile compression and generation. Dialogic hardware products are provided bundled with software elements, such as drivers, which enable the hardware products to work in the host environment and to be compatible with other elements within the system in which they are installed.

In October 1999, Intel acquired IPivot, Inc., a designer and manufacturer of Internet commerce equipment. Internet commerce equipment is a new product category comprising special-function devices that manage information crossing the Internet to help ensure more reliable, faster, more efficient and secure transactions. In February 2000, the company introduced the family of Intel(R) NetStructure(TM) products, combining these Internet commerce products with other Intel networking systems.

In September 1999, Intel introduced the Intel(R) 6000 Switch, now incorporated in the family of NetStructure products as the Intel NetStructure 6000 Switch, and the Intel(R) Express 9500 and 8200 routers. With the addition of these products, Intel has broadened its networking systems offering to provide medium-size enterprise customers with more flexible and manageable end-to-end networking solutions.

New Business Group

The New Business Group (NBG) focuses on nurturing and growing opportunities in new market segments, and it positions the company to serve these emerging market segments. The group provides e-Commerce data center services as well as products such as connected peripherals and security access software. In 1999, the New Business Group launched Intel(R) Online Services, Inc., providing second-generation Web hosting and e-Commerce services to companies worldwide. The company opened two Internet service centers--an 85,000-square-foot, major production facility in Santa Clara, California, hosting more than 10,000 servers, and a development facility in Folsom, California--and has plans to open centers in Virginia, Japan and England. Second-generation Web hosting includes not only offering customers facilities and servers but also additional services to help them successfully maintain and grow their e-Business activities.

Other new products in 1999 include the family of Intel(R) Play(TM) toys, and the Intel(R) PC Camera Pro Pack, an affordable and easy-to-use camera package that includes video phone and video e-mail as well as the capability, through a built-in video capture plug, to bring live or recorded video into PCs.

MANUFACTURING

A majority of the company's wafer production, including microprocessor fabrication, is conducted at domestic Intel facilities in New Mexico, Oregon, Arizona, California and Massachusetts. Intel also produces microprocessor- related board-level products and systems at facilities in Puerto Rico, Oregon and Washington.

A significant and growing portion of Intel's wafer production, primarily wafer production based on the P6 microarchitecture, is conducted outside the United States at facilities in Ireland and Israel. For the fourth quarter of 1999, wafer production in Ireland was just under 15% of the company's total wafer production. In June 1999, a new fabrication facility was opened in Israel to manufacture wafers using the 0.18-micron process technology, primarily for the production of P6 microarchitecture products. Production began at that facility in the second half of 1999 and will continue to ramp toward full production in 2000. Wafer production in Israel is expected to be more than 10% of total wafer production by the end of 2000. A substantial majority of the company's components assembly and testing, including assembly and testing for processors based on the P6 microarchitecture, is performed at facilities in the Philippines, Malaysia, Ireland and Costa Rica. The company also performs components assembly and testing at a facility in the People's Republic of China.

To augment both domestic and foreign capacity, Intel uses subcontractors to perform assembly of certain products and wafer fabrication for certain components, primarily flash memory, chipsets and networking and communications component products. The company also uses subcontractors for production capacity of board-level products and systems.

In June 1999, Intel introduced its first microprocessor built using the 0.18- micron process technology: the mobile Pentium II processor running at 400 MHz. Intel was the first company in the industry to begin high-volume manufacturing utilizing 0.18-micron process technology. The 0.18-micron process technology features structures that are smaller than 1/500th the thickness of a human hair and smaller than the visible wavelength of light (for the human eye). Intel's new 0.18-micron process technology can feature voltages as low as 1.1 to 1.65 volts (the lowest voltage of the products introduced by Intel as of the end of 1999 was 1.35 volts). In October 1999, the company introduced Pentium III processors built using the 0.18-micron process technology. The company is manufacturing wafers using the 0.18-micron process technology at fabrication facilities in Arizona, California, Oregon and Israel.

Also in June 1999, Intel announced plans to start 300mm wafer production in 2002, and in January 2000, the company announced that it intends to build its first 300mm wafer fabrication facility in Arizona. The largest wafer size currently used by Intel in wafer fabrication is 200mm.

In February 2000, Intel announced that it had signed a letter of intent to purchase a wafer fabrication facility in Colorado to add manufacturing capacity. The company expects to begin manufacturing flash memory at the Colorado facility by late 2000.

In general, if Intel were unable to fabricate wafers or to assemble or test its products abroad, or if air transportation between its foreign facilities and the United States were disrupted, there could be a material adverse effect upon the company's operations. In addition to normal manufacturing risks, foreign operations are subject to certain additional exposures, including political instability, currency controls and fluctuations, and tariff, import and other restrictions and regulations. To date, Intel has not experienced significant difficulties related to these foreign business risks.

The manufacture of integrated circuits is a complex process. Normal manufacturing risks include errors and interruptions in the fabrication process and defects in raw materials, as well as other risks, all of which can affect yields. A substantial decrease in yields would result in higher manufacturing costs and the possibility of not being able to produce a sufficient volume of good units to meet demand.

EMPLOYEES

At December 25, 1999, the company employed approximately 70,200 people worldwide.

SALES

Most of Intel's products are sold or licensed through sales offices located near major concentrations of users throughout the United States, Europe, Asia- Pacific, Japan and other parts of the world.

The company also uses industrial and retail distributors and representatives to distribute its products both within and outside the United States. Typically, distributors handle a wide variety of products, including those competitive with Intel products, and fill orders for many customers. Most of Intel's sales to distributors are made under agreements allowing for price protection on unsold merchandise and right of return on stipulated quantities of unsold merchandise. Sales representatives generally do not offer directly competitive products but may carry complementary items manufactured by others. Representatives do not maintain a product inventory; instead, their customers place orders directly with Intel or through distributors. Intel sold products to more than 1,000 customers worldwide in 1999. Sales to each of Compaq Computer Corporation and Dell Computer Corporation in 1999 represented 13% of total revenues. A substantial majority of the sales to these two customers consisted of Intel Architecture Business Group products. No other customer accounted for more than 10% of total revenues. Sales to the company's five largest customers accounted for approximately 44% of total revenues.

Reference is made to the information regarding revenues and operating profit by reportable segments and revenues from unaffiliated customers by geographic region under the heading "Operating segment and geographic information" on pages 27 and 28 of the Registrant's 1999 Annual Report to Stockholders, which information is hereby incorporated by reference.

BACKLOG

Intel's sales are primarily made pursuant to standard purchase orders for delivery of standard products. Intel has some agreements that give a customer the right to purchase a specific number of products during a specified time period. Although not generally obligating the customer to purchase any particular number of such products, some of these agreements do contain billback clauses. Under these clauses, customers who do not purchase the full volume agreed to are liable for billback on previous shipments up to the price appropriate for the quantity actually purchased. As a matter of industry practice, billback clauses are difficult to enforce. The quantity actually purchased by the customer, as well as the shipment schedules, are frequently revised during the agreement term to reflect changes in the customer's needs. In light of industry practice and experience, Intel does not believe that such agreements are meaningful for determining backlog amounts. Intel believes that only a small portion of its order

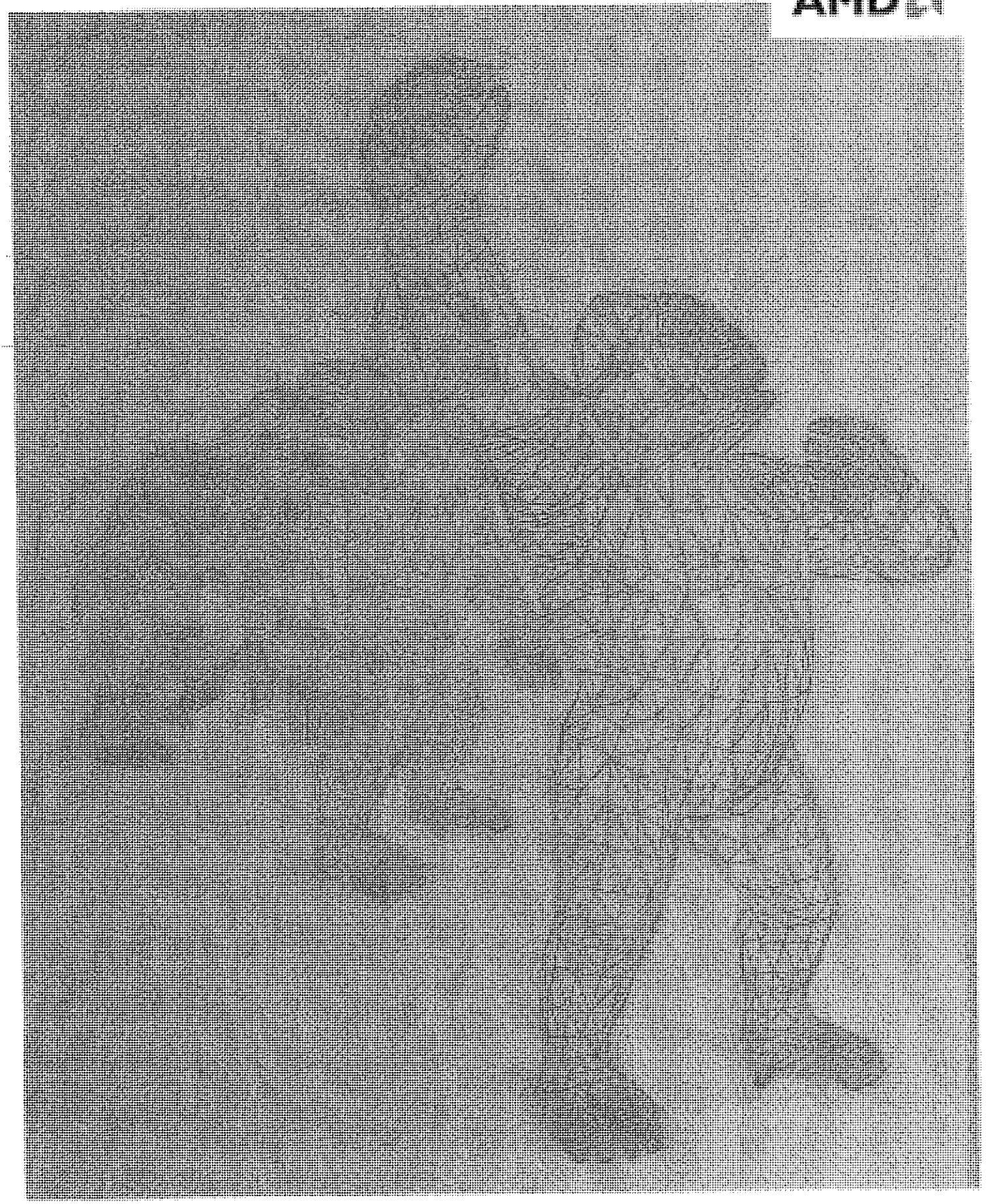
EXHIBIT 11

REDACTED IN ITS ENTIRETY

EXHIBIT 12

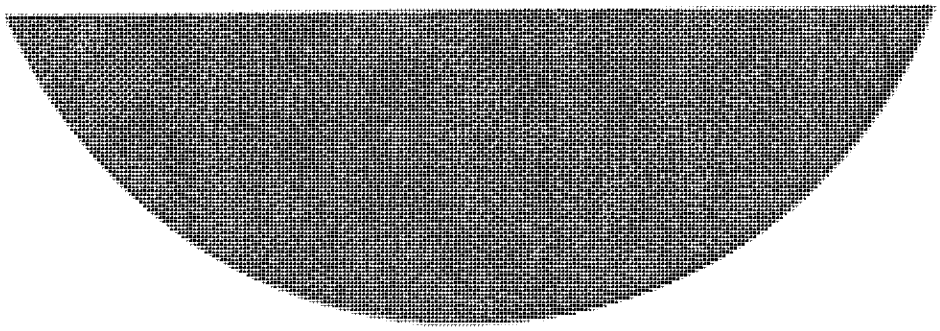
REDACTED IN ITS ENTIRETY

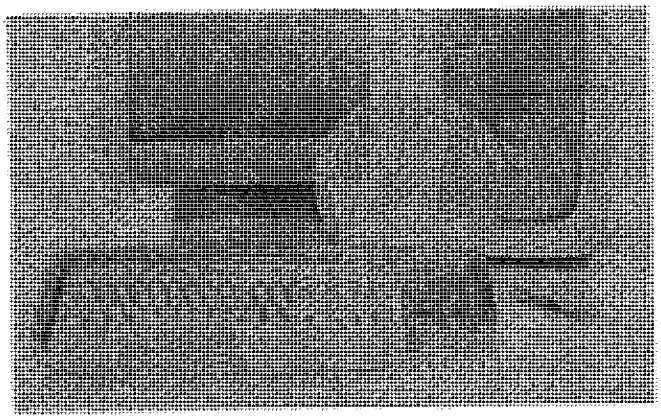
EXHIBIT 13

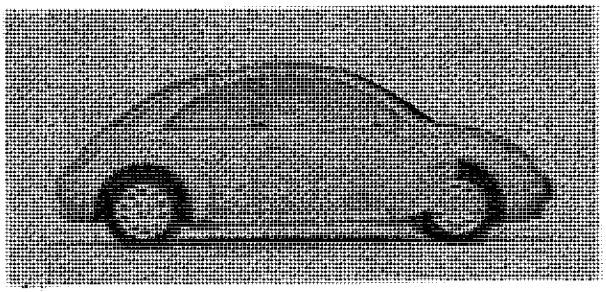


The company's purpose is to empower people everywhere to lead more productive lives. Integrated circuits from AMD enable manufacturers of personal and networked computation and communications systems to offer products that allow users to access, process and communicate information at ever-greater speeds. AMD produces microprocessors, Flash memory devices and support circuitry for communications and networking applications. The company has sales offices worldwide and has manufacturing facilities in Sunnyvale, California; Austin, Texas; Bangkok, Thailand; Penang, Malaysia; Singapore; Suzhou, China; Aizu-Wakamatsu, Japan and Dresden, Germany.

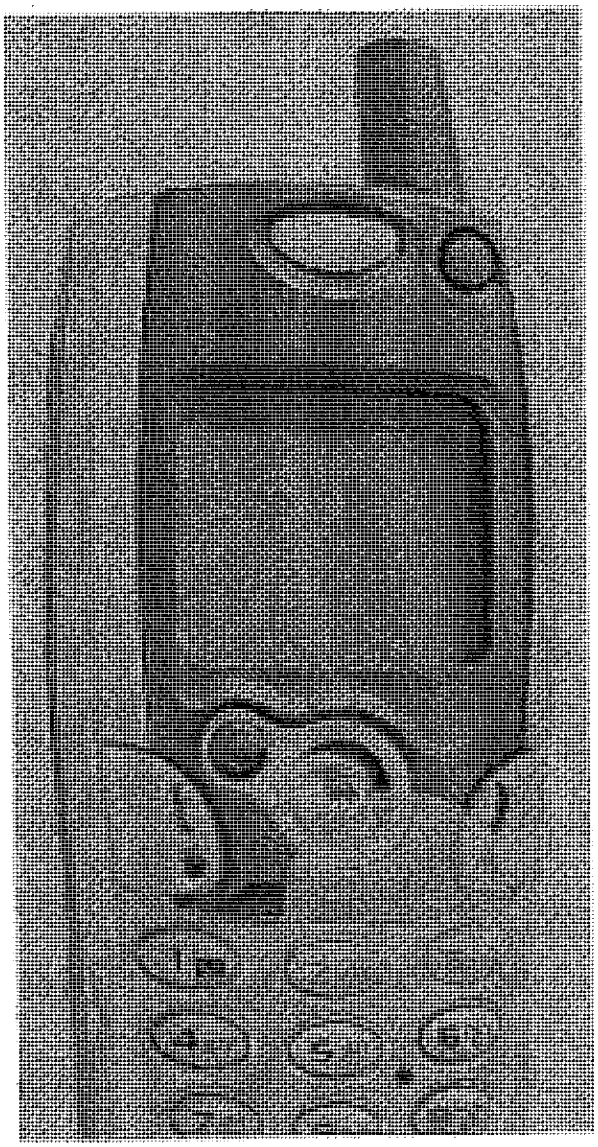
AMD was founded in 1969. The company is headquartered in Sunnyvale, California, and employs approximately 14,400 people worldwide. AMD became a publicly held company in 1972 and since 1979 has been listed on the New York Stock Exchange with the trading symbol of "AMD" for its common shares.







Our integrated components power products from the following companies:



Bosch

Cisco

Compaq

Fujitsu

Gateway

Hewlett-Packard

IBM

NEC

Nokia

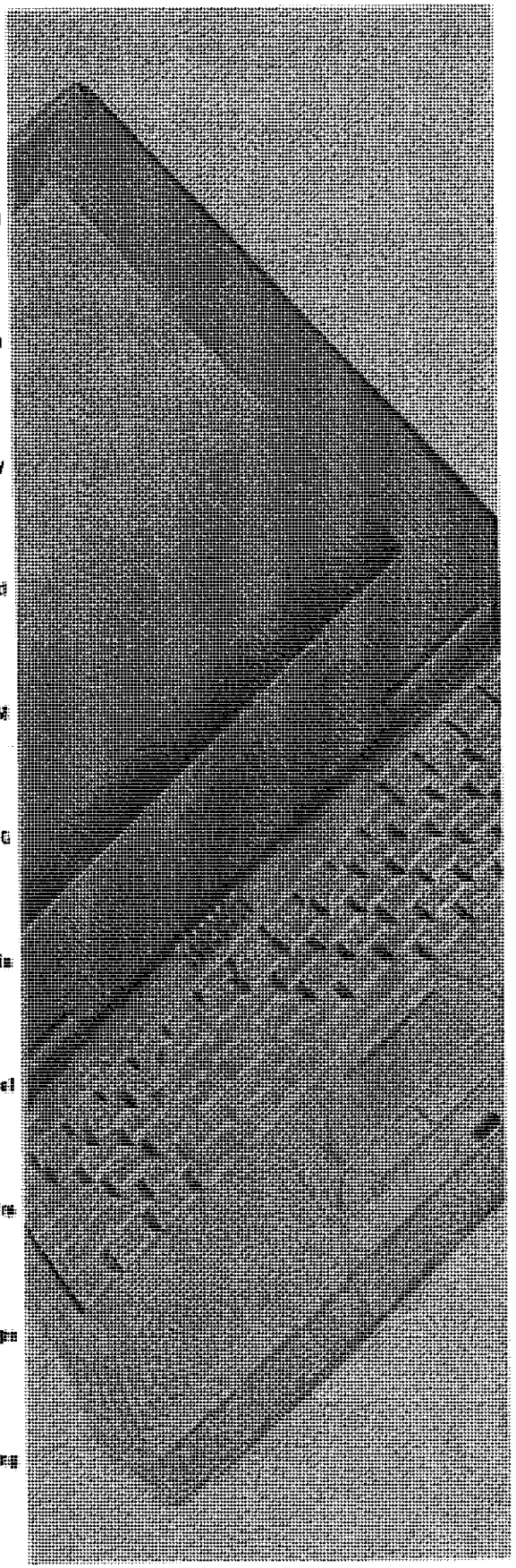
Nortel

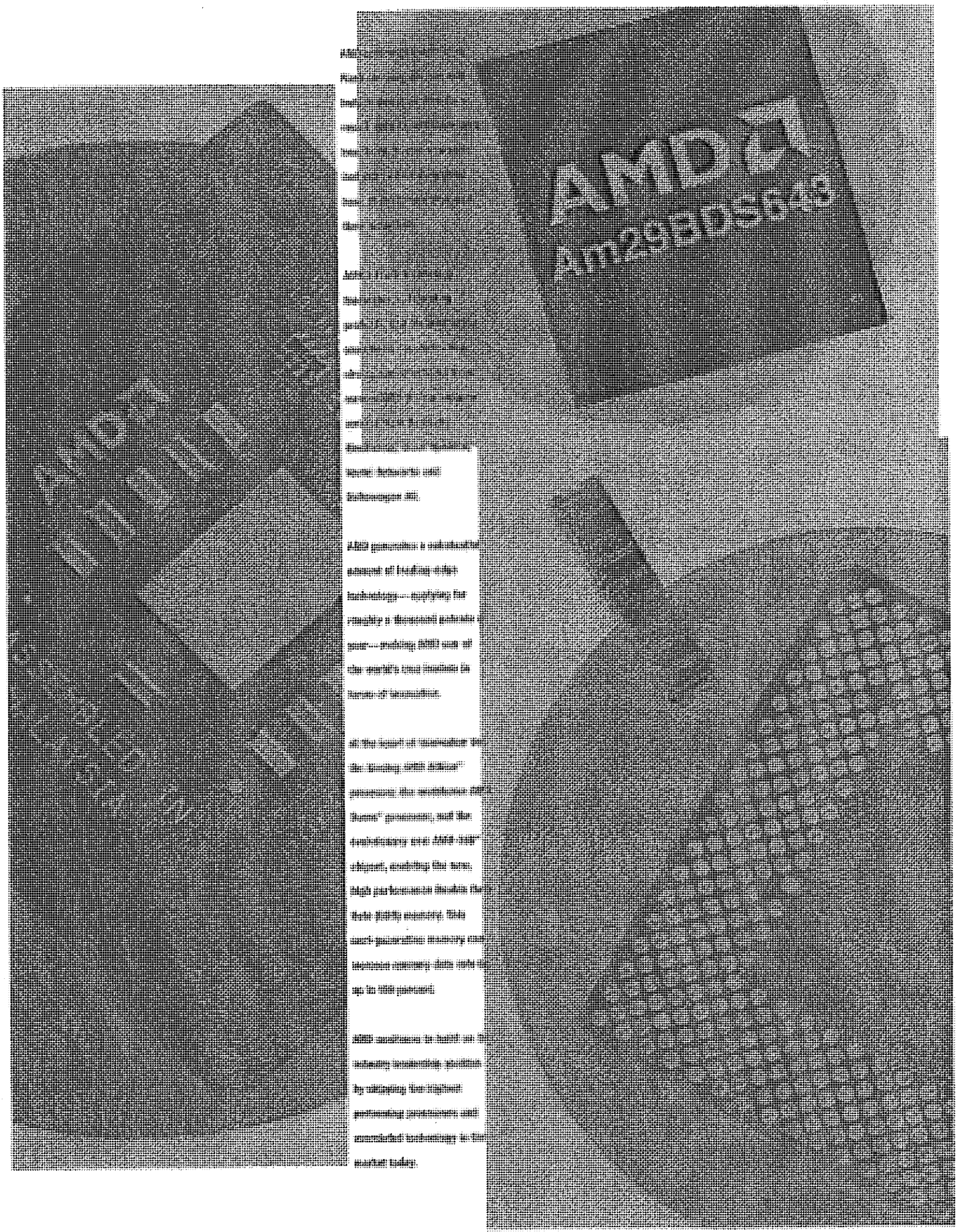
Palm

Philips

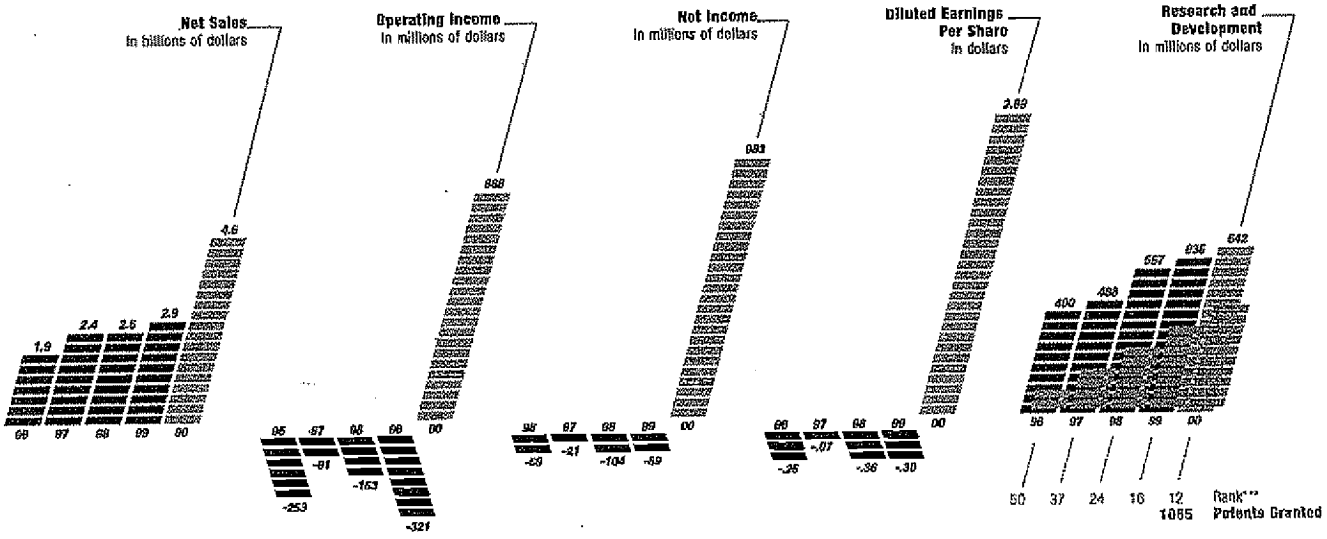
Samsung

Siemens AG





2000 FINANCIAL HIGHLIGHTS:



Five Years Ended December 31, 2000 (Dollars in thousands except per share amounts, ratios, and employment figures)	2000	1999	1998	1997	1996
Net sales	$4,644,187	$2,857,604	$2,542,141	$2,356,375	$1,953,019
Operating income (loss)	888,736	(320,916)	(163,642)	(90,653)	(253,310)
Net income (loss)*	983,026	(88,936)	(103,960)	(21,090)	(68,950)
Net income (loss) per common share:**					
Basic	3.18	(0.30)	(0.36)	(0.07)	(0.25)
Diluted	2.89	(0.30)	(0.36)	(0.07)	(0.25)
Working capital	1,433,580	499,226	721,308	448,497	445,604
Total assets	5,767,735	4,377,698	4,252,968	3,515,271	3,145,283
Long-term debt, capital lease obligations and other, less current portion	1,157,873	1,427,282	1,372,416	662,689	444,830
Stockholders' equity	3,171,667	1,979,273	2,005,049	2,029,543	2,021,878
Capital additions	805,474	619,772	996,170	729,870	493,723
Depreciation and amortization	579,070	515,520	467,521	394,465	346,774
Research and development	641,799	635,786	567,402	467,877	400,703
Research and development as a percentage of net sales	13.8%	22.2%	22.3%	19.9%	20.5%
Return on equity	38.2%	(4.5)%	(5.2)%	(1.0)%	(3.3)%
Debt as a percentage of capital	26.9%	41.9%	40.7%	24.8%	18.5%
Worldwide employment	14,435	13,354	13,597	12,759	12,181

* Net income for 2000 includes a $212 million gain, net of tax, on the sale of AMD's subsidiary, Legerity, Inc. and a $23 million extraordinary loss on debt retirement, net of tax; net loss for 1999 includes a $259 million gain, net of tax, on the sale of AMD's subsidiary, Vantis Corporation.

** Net income (loss) per common share, basic and diluted, for all prior periods, has been restated to reflect a two-for-one stock split effected in the form of a 100% stock dividend on August 21, 2000.

*** Worldwide ranking based on U.S. patents granted.

LETTER TO OUR SHAREHOLDERS

By any measure, 2000 was the most successful year in AMD's history!

At AMD, we define "success" as "profitable growth."

For the year, AMD had record sales, record operating income, record net income, and record earnings per share. With sales of $4,644,187,000, AMD posted year-on-year growth of 63 percent—a phenomenal achievement for a company our size—and eclipsed the semiconductor industry's very strong growth of 37 percent.

Our profit performance was spectacular! We earned nearly $1 billion in net income, and our operating income approaching $890 million was four times the previous best year in our 31-year history. Most gratifying, our operating income

Positioned as the leading vendor of Flash memory devices

Flash

exceeded all of the operating losses incurred during the previous four years as we were making the investments necessary to achieve leadership in Flash memory products and PC processors.

The largest contributor to our achievement of record operating income was our outstanding performance in Flash memory devices. Our achievements in this market—the fastest-growing major segment of the semiconductor industry—are often overlooked and under-reported as analysts and the media focus their attention on our ongoing challenge to the reigning 800-pound gorilla in the PC processor industry. The Flash commentary at the end of this letter discusses our significant achievements as well as the near-term challenges we face in the Flash memory arena.

The vast majority of our capital assets have been applied to achieving success in the PC processor market. Accordingly, the remainder of this letter will focus on the achievements, strategies, and plans

AMD Athlon

Powering the next generation in computing platforms

related to our overarching goal of establishing AMD as the preferred provider—a partner to our customers rather than a competitor—of microprocessor-centric solutions for PCs, workstations, and servers.

In 1996, on the heels of the introduction of a fifth-generation PC processor—our first independently engineered PC processor—we issued a challenge to our worldwide sales force. That challenge was to exploit a 1,000-day window of opportunity to establish an alternative platform for Microsoft® Windows® computing. Thus began the first of several 1,000-day journeys.

We achieved our principal objective for the first 1,000 days, and by the end of 1998, we had established AMD as the nucleating point for an alternative PC platform. The principal objective for our second 1,000-day journey—a journey that will take us through the end of 2001—was to extract value for AMD shareholders from the substantial investments we have made in wealth-producing assets.

The first element of our strategy was the development of *platforms* based on processor products with compelling features that would deliver a competitive advantage within the Microsoft Windows standard. The second element was leading-edge *process* technology that would enable us to deliver high-performance processors at competitive costs. The final element was *production* capacity capable of building our processors utilizing that technology in volume to support our customers as they came to depend on AMD for a growing proportion of their requirements.

Clearly, we are now achieving the objective of our second 1,000 days.

As we began the second 1,000-day journey, we said that the then-forthcoming AMD-K7™ processor would be critical to our success. The AMD-K7 processor, the industry's first seventh-generation processor, came to market in mid-1999 as the high-performance AMD Athlon™ processor. Later, we introduced a derivative version for the value segment of the market, the AMD Duron™ processor. Rapid market acceptance of these industry-leading products enabled us to record a six-fold increase in AMD Athlon/AMD Duron processor revenues to more than $1.6 billion, driving total PC processor revenues to more than $2.3 billion for the year. The largest contributor to our achievement of record sales in 2000 was the success of the AMD Athlon processor.

But we want more than success! We want to *win*, which under our definition means *gaining market share*. We believe AMD gained three points of unit market share in the PC processor arena, to 17 percent in 2000.

In our industry, there are three ways to win: *out-invest*, *out-produce*, or *out-innovate* the competition. We know that we cannot out-invest or out-produce our much larger and much richer competitor. Therefore we plan to win by out-innovating the competition, delivering products and services that contribute to our customers' success.

One important measure of innovative ideas is patents issued by the United States Patent and

Trademark Office. By that measure, AMD has been and is achieving significant returns on its sustained and sizable investments in research and development. In 1998, AMD received 560 patents and ranked number 24 among all the companies in the world in the number of patents issued. In 1999, AMD received 825 patents and moved up to number 18 in the world. Last year, with 1,055 new patents issued, AMD ranked 12 in the world—seven places ahead of Intel!

Obviously, to win in the marketplace, a company must translate its innovative concepts and better ideas into real products that offer a compelling advantage to its customers. Our track record in incorporating better ideas into PC processors and platforms is impressive:

- AMD was the first PC processor producer to use a superscalar RISC implementation of the x86 instruction set to run the Microsoft Windows operating system.
- AMD was first to use "flip-chip" technology in an x86 processor.
- AMD developed *3DNow!*™ technology, the first non-Intel extensions to the x86 instruction set supported by Microsoft.
- AMD was first to use a 100-megahertz (MHz) bus to speed the exchange of data between the processor and the other components of the PC system.

With the introduction of the AMD Athlon processor in mid-1999, AMD accelerated both the pace and the delivered benefits of innovative concepts:

- AMD was the first to introduce a seventh-generation PC processor.
- AMD was the first to employ copper interconnect technology in an x86 processor.
- AMD was the first to use a 200-MHz bus, scalable to 400-MHz (current versions of the AMD Athlon processor feature a 266MHz bus).
- To the critical acclaim of the industry, AMD was the first to break the gigahertz barrier when we introduced the 1-GHz AMD Athlon processor on March 6, 2000.

The AMD Athlon processor was at introduction and today is *the world's highest-performance PC processor!*

Our achievements in delivering compelling solutions to PC manufacturers and users have not gone unnoticed. To date, our seventh-generation AMD Athlon and AMD Duron processors have received more than 80 prestigious awards from independent publications and organizations. These awards are detailed on *page 6* of this report.

The most satisfying of all of these awards was our unprecedented repeat win when the authoritative *Microprocessor Report*, having previously judged the AMD Athlon processor Best PC Processor of 1999 award, followed up by recognizing the latest version of the AMD Athlon processor as the Best PC Processor of 2000! Notably, *Microprocessor Report* chose the AMD Athlon processor in a head-to-head comparison with Intel's Pentium 4 processor!

AMD Duron

Innovative technology that lasts

In the final quarter of 2000, we began volume shipments of a 1.2-GHz version of the AMD Athlon processor. Independent performance benchmarks show that this version of the AMD Athlon processor with the AMD-760 chipset supporting DDR (double-data-rate) SDRAM outperforms Intel's 1.5-GHz Pentium 4 processor on the most commonly used business applications. Even when the Pentium 4 is over-clocked to 1.73GHz, the AMD Athlon processor achieved higher performance on these independent benchmarks.

Simply put, *the AMD Athlon processor is faster at any speed!*

The near-flawless startup of Fab 30 in Dresden in mid-year made important contributions to our success. From the onset of production, yields and speed-grade distributions were excellent, and our Dresden team executed a rapid production ramp, reaching approximately 50 percent of capacity by year-end. Fab 30 began production employing our 180-nanometer, HiP-6 technology with copper interconnects—a technology co-developed under an alliance with Motorola that we entered into in 1998. We plan to ramp Fab 30 to full capacity even as we implement 130-nanometer technology in the fourth quarter of this year.

AMD-760 Chipset

DDR SDRAM memory technology offering peak memory bandwidths up to 2.1GB/sec

Innovation goes beyond process technology, product platforms, and production—it also applies to strategy and organizational approach. We're pragmatic at AMD and we're aware of the often-voiced maxim that "a good *big* man will beat a good *little* man every time." If you're not an 800-pound gorilla and being successful means that you must take one on, you must become a virtual gorilla.

Simply put, this means taking advantage of the existing infrastructure, developing new infrastructure with partners, and forging alliances with technology leaders to leverage our own significant technical achievements with theirs.

Let's look at the progress AMD has made over the past several years.

Our fifth-generation PC processor simply plugged into the existing Intel socket.

For our sixth-generation processor, we extended and enhanced the Intel infrastructure by collaborating with third-party chipset manufacturers and motherboard suppliers.

For our seventh-generation processor family, we extended those relationships further and created an entirely new "bus-independent" infrastructure and DDR platform. Today there are three chipset manufacturers (3 chipset partners, 4 total producing chipsets if you count us) and 50 motherboard suppliers (with more than 260 unique motherboard designs in either development or production!) supporting the AMD Athlon and AMD Duron processors.

AMD PowerNow!™

AMD PowerNow! significantly extends battery life in notebook PCs

Going forward, we plan to extend the reach and penetration of our PC processors. This quarter, we plan to introduce the first power-managed version of the AMD Athlon processor with architectural enhancements that will enable AMD to penetrate the performance and professional mobile market. Additionally, with the advent of the AMD-760™MP chipset, which supports two processors, we will have for the first time a compelling solution for workstation and server applications.

With outstanding operational performance and with a product portfolio better positioned than at any time in our history, we believe we can continue to gain market share.

The current slowdown in PC demand, which came upon the industry so swiftly and severely late last year, will have a dampening effect on our growth and operating results for the first half of 2001. We believe the "Cassandra Chorus" now proclaiming the death of the PC is once again wrong. We continue to believe that the PC, in both wired and wireless forms, will continue to be the hub of the digital universe.

Even in the current environment, however, we believe AMD overall will grow faster than the industry. We expect to continue to extract value for our shareholders from the substantial investments we have made.

Looking beyond the current year, in the first half of 2002, we plan to introduce the Hammer Family and 64-bit computing to our markets. The Hammer Family is the culmination of our long-term strategy for a totally independent alternative that will extend our lead in PC processors and provide competitive platform solutions for PC servers and workstations.

Innovation is all about ideas, and the Hammer Family is clearly a better idea.

The AMD x86-64 technology will deliver unsurpassed 32-bit performance in Windows computing while enabling a seamless transition to 64-bit computing.

Our eighth-generation Hammer Family will be manufactured in the next-generation 130-nanometer, HiP-7 technology, again co-developed through our Motorola alliance. All versions of the Hammer Family will employ SOI (silicon-on-insulator) technology for enhanced performance and reduced power consumption. As yet another example of our virtual gorilla strategy, we have entered into an agreement with IBM, the industry leader in SOI technology, relating to the design of SOI devices to enhance the success of the Hammer Family.

AMD innovations in the instruction set, I/O capability, and architecture in our eighth-generation Hammer Family are designed to catapult AMD to leadership in a 64-bit world in our third 1,000 days.

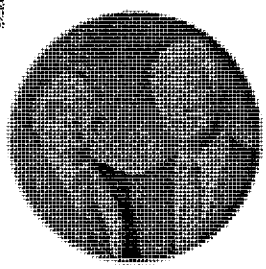
That's a story for next year's letter.

Thank you for your continuing support.

W.J. Sanders III
Chairman and
Chief Executive Officer

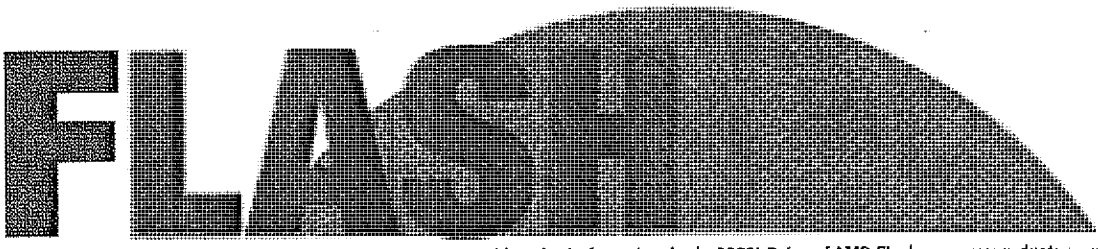
Hector de J. Ruiz
President and
Chief Operating Officer

February 28, 2001



The forward-looking statements contained in the above letter are subject to risks and uncertainties, including those discussed in this annual report and the company's Form 10-K for the fiscal year ended December 31, 2000, as filed with the Securities and Exchange Commission, that could cause actual results to differ materially from those projected.

COMMENTARY:



The performance of our Memory products was nothing short of spectacular in 2000! Sales of AMD Flash memory products more than doubled to over $1.5 billion and contributed heavily to our operating profit.

The market for Flash memory devices is the fastest-growing major segment of the semiconductor industry. Flash memory is increasingly a critical enabling technology for a broad range of specialized applications, including cellular telephones, automotive applications, set-top boxes, internet infrastructure equipment, and portable internet access devices. Industry growth has been turbocharged by strong growth in demand for systems that require Flash memory devices coupled with requirements for higher-density devices to deliver increased functionality.

AMD addresses the Flash memory market through FASL (Fujitsu-AMD Semiconductor Limited), a joint venture with Fujitsu Limited. FASL is the world's largest producer of Flash memory devices.

AMD innovations in both process technology and product innovation have enabled us to provide superior solutions for many specialized applications, making AMD the preferred supplier of Flash memory products, as evidenced by more than 20 multi-year agreements with premier companies around the world. AMD innovations include low-voltage operation, million-cycle endurance, simultaneous read-write capability, burst-mode technology, chip-scale packaging, and high-temperature operating capability—features that provide significant advantages in specific applications.

The current economic slowdown in the United States will present us with a more challenging environment going forward. With the underlying growth of the market, our outstanding product portfolio, excellent manufacturing capabilities, and extremely strong customer relations, we believe we will grow our Flash memory product sales significantly even in the more challenging market conditions we expect to face in 2001.

EXHIBIT 14

10KWIZARD

FORM 8-K

ADVANCED MICRO DEVICES INC - amd

Filed: April 21, 2000 (period: April 12, 2000)

Report of unscheduled material events or corporate changes.

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): April 12, 2000

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	1-7882	94-1692300
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One AMD Place, P.O. Box 3453 Sunnyvale, California	94088-3453
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (408) 732-2400

Item 5. Other Events.

On April 12, 2000, Advanced Micro Devices, Inc. reported record sales of $1,092,029,000 and net income of $189,349,000 for the quarter ended April 2, 2000. Net income amounted to $1.15 per diluted share. The full text of the press release is set forth in Exhibit 99.1 attached hereto and is incorporated in this report as if fully set forth herein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

99.1 Press release dated April 12, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADVANCED MICRO DEVICES, INC.

Dated: April 21, 2000

By: /s/ Francis P. Barton

Francis P. Barton
Senior Vice President, Chief Financial Officer

Exhibit Index

Exhibit Number	Exhibit
99.1	Press release dated April 12, 2000.

Source: ADVANCED MICRO DEVIC, 8-K, April 21, 2000

EXHIBIT 99.1

NEWS RELEASE

CONTACT:
John Greenagel
Corporate Communications
(408) 749-3310

Toni Beckham
Investor Relations
(408)749-3127

AMD REPORTS FIRST QUARTER RESULTS

--AMD earns a record $189.3 million, or $1.15 per share, on record quarterly sales--

SUNNYVALE, CA -- April 12, 2000 -- AMD today reported record sales of $1,092,029,000 and record net income of $189,349,000 for the quarter ended April 2, 2000. Net income amounted to $1.15 per diluted share. The company reported strong growth in each of its product groups - the Computation Products Group, the Memory Group, and the Communications Group.

Total revenues grew by 13 percent over the immediate-prior quarter ended December 26, 1999, and by 73 percent over the like period of 1999. In the immediate-prior quarter, AMD reported sales of $968,710,000 and net income of $65,080,000, or $0.43 per diluted share. In the first quarter of 1999, AMD reported sales of $631,593,000, and a net loss of $128,367,000, or $0.88 per share.

-more-

"AMD had the best quarter in its history," said W.J. Sanders III, chairman and chief executive officer. "Each of our product groups reported significant growth in the first quarter. Led by strength in PC processors and Flash memory sales, sales from AMD's three product groups grew by more than 13 percent sequentially and by more than 83 percent over the comparable period of 1999.

"Unit sales of AMD Athlon(TM) processors increased by 50 percent to 1.2 million units," Sanders continued. "Total PC processor revenues grew 14 percent sequentially and by more than 65 percent over the first quarter of 1999. Total unit sales, including AMD Athlon and AMD-K6(R) family processors, reached a new record at nearly 6.5 million units. Reflecting a richer PC processor portfolio with the industry's broadest range of high-performance solutions, revenues from AMD Athlon processors exceeded revenues from AMD-K6 family processors."

During the quarter, AMD introduced the industry's first 1-gigahertz (GHz) PC processor and 850-, 900-, and 950-megahertz (MHz) versions of the AMD Athlon processor. AMD also began sampling two new versions of the AMD Athlon processor family that incorporate on-chip L2 cache. The first, code-named "Thunderbird," is targeted at the performance segment of the PC market. The second, code-named "Spitfire," is targeted at the value segment. Both products are planned for shipment later this quarter.

The company also commenced shipments of a 550-MHz AMD-K6-2 processor targeted at the value segment of the desktop PC market and a 500-MHz AMD-K6-2 processor for mobile systems.

The company reported that continuing strong demand for Flash memory devices coupled with extraordinary operational execution resulted in record sales of $327 million for the Memory Group, an increase of 19 percent from the immediate-prior quarter and more than 150 percent from the comparable period of 1999. During the quarter, AMD concluded multi-year agreements with Alcatel and Cisco Systems to supply Flash memory products. AMD said it expects that demand for Flash memory devices will continue to exceed supply for the remainder of the year and into 2001.

-more-

Communications Group sales increased by 7 percent over the immediate-prior quarter and by 59 percent over the first quarter of 1999 driven by strength in telecommunications line-card circuits and devices for physical-layer Ethernet solutions.

"Demand continues to be strong across each of our product groups. With a stronger product portfolio than at any time in our history, we look forward to continuing growth," Sanders concluded.

Current Outlook

The company's outlook statements are based on current expectations. The following statements are forward-looking, and actual results could differ materially.

The company currently projects sales in the second quarter to be modestly higher than the record level of the first quarter. The company's current overall outlook is based on the following projections for its major product lines:

The company expects that unit shipments of PC processors could approach the record level of the first quarter. Unit shipments of AMD Athlon processors are expected to increase to 1.8 million units, resulting in a richer mix and a higher blended average selling price and higher revenues for PC processors.

Communications Group sales are projected to grow by more than 10 percent over first-quarter levels.

AMD projects that Memory Group sales will grow in the high single-digit range over the first quarter and resume double-digit growth in the third and fourth quarters of 2000. The company believes that demand for Flash memory products will continue to exceed supply.

With the Semiconductor Industry Association forecasting worldwide growth in the range of 20 to 25 percent in 2000, the company believes it will continue to grow faster than the industry, with total sales growth of more than 50 percent for the year as a whole.

-more-

AMD Teleconference

AMD will hold a teleconference for the financial community at 2:30 PM Pacific Standard Time today to discuss first-quarter financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its web site at http://www.amd.com or http://www.streetfusion.com. The webcast will be available for two weeks after the teleconference.

AMD will also provide a telephone recording of the teleconference, which will be available at approximately 6:30 PM PT today. Interested persons may listen to the playback of the teleconference by calling the following toll-free number: 1-800-633-8284 and entering the code number 14739320.

Cautionary Statement

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that all forward-looking statements in this release involve risks and uncertainty that could cause actual results to differ materially from current expectations. There can be no assurance that demand for the company's products will continue at current or greater levels, or that the company will continue to grow revenues. There are also risks that the company will not be able to produce the AMD Athlon processor in the volume, speed mix or with the feature set necessary to meet customer requirements and the company's plans and goals; that Intel Corporation pricing, marketing programs, new product introductions or other activities targeted the company's processor business will prevent attainment of the company's current processor sales plans; that third parties may not provide timely or adequate infrastructure solutions to support the AMD Athlon processor, including new derivative products scheduled to begin shipment in the second quarter, and that the company will not be able to grow demand for its PC processors sufficiently to utilize fully its processor production capacity. We urge investors to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the report on Form 10-K for the year ended December 26, 1999.

-more-

About AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets. AMD produces microprocessors,

Source: ADVANCED MICRO DEVIC, 8-K, April 21, 2000

flash memories, and integrated circuits for communications and networking applications. Founded in 1969 and based in Sunnyvale, California, AMD had revenues of $2.9 billion in 1999. (NYSE: AMD).

-30-

WORLD WIDE WEB: Press announcements and other information about AMD are available on the Internet via the World Wide Web. Type http://www.amd.com at the URL prompt.

NOTE TO EDITOR: Readers may obtain additional information by calling 1 (800) 222-9323 or (408) 749-3060. Technical Support Email: hw.support@amd.com.

AMD, the AMD logo, AMD Athlon and combinations thereof are trademarks of Advanced Micro Devices, Inc. in the United States and other jurisdictions.

Advanced Micro Devices, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands except per share amounts)

	Quarter Ended (Unaudited)		
	Apr. 2, 2000	Dec. 26, 1999	Mar. 28, 1999
Net sales	$1,092,029	$ 968,710	$ 631,593
Cost of sales	605,757	581,545	450,431
Research and development	161,297	150,936	159,946
Marketing, general and administrative	144,306	158,803	127,310
Restructuring and other special charges	-	5,700	15,016
	911,360	896,984	752,703
Operating income (loss)	180,669	71,726	(121,110)
Interest income and other, net	21,128	6,958	10,768
Interest expense	(11,479)	(12,370)	(20,763)
Income (loss) before income taxes and equity in joint venture	190,318	66,314	(131,105)
Benefit for income taxes	-	-	(5,473)
Income (loss) before equity in joint venture	190,318	66,314	(125,632)
Equity in net loss of joint venture	(969)	(1,234)	(2,735)
Net income (loss)	$189,349	$65,080	(128,367)
Net income (loss) per common share			
- Basic	$ 1.25	$ 0.44	$ (0.88)
- Diluted	$ 1.15	$ 0.43	$ (0.88)
Shares used in per share calculation			
- Basic	150,880	148,029	145,909
- Diluted	171,942	152,750	145,909

Advanced Micro Devices, Inc.
CONSOLIDATED BALANCE SHEETS*
(Thousands)

	April 2, 2000	Dec. 26, 1999
Assets		

Current assets:		
Cash, cash equivalents and short-term investments	$ 919,183	$ 596,511
Accounts receivable, net	408,148	429,809
Inventories	204,965	198,213
Deferred income taxes	55,956	55,956
Prepaid expenses and other current assets	144,621	129,389
Total current assets	1,732,873	1,409,878
Property, plant and equipment, net	2,475,889	2,523,236
Investment in joint venture	265,871	273,608
Other assets	163,594	170,976
	$ 4,638,227	$ 4,377,698
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	$ 3,769	$ -
Accounts payable	317,302	387,193
Accrued compensation and benefits	131,414	91,900
Accrued liabilities	266,324	273,689
Income tax payable	14,396	17,327
Deferred income on shipments to distributors	108,666	92,917
Current portion of long-term debt, capital lease obligations and other	68,209	47,626
Total current liabilities	910,080	910,652
Deferred income taxes	59,976	60,491
Long-term debt, capital lease obligations and other, less current portion	1,469,799	1,427,282
Stockholders' equity:		
Capital stock:		
Common stock, par value	1,543	1,496
Capital in excess of par value	1,174,518	1,121,956
Retained earnings	1,062,584	873,235
Accumulated other comprehensive loss	(40,273)	(17,414)
Total stockholders' equity	2,198,372	1,979,273
	$ 4,638,227	$ 4,377,698

* Amounts as of April 2, 2000 are unaudited. Amounts for December 26, 1999 are derived from the December 26, 1999 audited financial statements.

Advanced Micro Devices, Inc. — INFORMATION ONLY

NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS*
(Includes Pre-Tax FASL Investment Equity Loss (Income) in Operating Income (Loss))

(Thousands except per share amounts)

	Quarter Ended (Unaudited)		
	Apr. 2, 2000	Dec. 26, 1999	Mar. 28, 1999
Net sales	$1,092,029	$968,710	$631,593
Cost of sales	605,757	581,545	450,431
Loss from equity investment in FASL	1,659	2,117	4,636
Research and development	161,297	150,936	159,946
Marketing, general and administrative	144,306	158,803	127,310
Restructuring and other special charges	-	5,700	15,016
	913,019	899,101	757,339
Operating income (loss)	179,010	69,609	(125,746)
Interest income and other, net	21,128	6,958	10,768
Interest expense	(11,479)	(12,370)	(20,763)
Income (loss) before income taxes	188,659	64,197	(135,741)
Benefit for income taxes	-	-	(5,473)
Benefit for taxes on			

Source: ADVANCED MICRO DEVIC, 8-K, April 21, 2000

equity loss in FASL	(690)	(883)	(1,901)
Net income (loss)	$189,349	$ 65,080	$ (128,367)
Net income (loss) per common share			
- Basic	$ 1.25	$ 0.44	$ (0.88)
- Diluted	$ 1.15	$ 0.43	$ (0.88)
Shares used in per share calculation			
- Basic	150,880	148,029	145,909
- Diluted	171,942	152,750	145,909

* The above statements of operations are not in accordance with generally accepted accounting principles (GAAP) in that the pre-tax equity loss of FASL has been reclassified and included in the determination of operating income (loss). Net income (loss) and related net income (loss) per common share amounts are the same as those reported under GAAP.

AMD
Selected Corporate Data
(Unaudited)

Segment Breakdown	Q1 '00 % of Sales	Q1 '00 Revenue	Q4 '99 % of Sales	Q4 '99 Revenue	Q1 '99 % of Sales	Q1 '99 Revenue
AMD segment:						
Computation Products Group	59	$644M	60	$577M	63	$395M
Memory Group	30	327M	29	275M	20	126M
Communications Group	9	101M	9	94M	10	64M
Other	2	20M	2	23M	0	0
Vantis segment:						
Vantis	0	0	0	0	7	47M

Other Data	Q1 '00	Q4 '99	Q1 '99
Depreciation and Amortization	$128M	$130M	$127M
Capital Additions	$129M	$126M	200M
Headcount	13,398	13,354	13,803
International Sales	59%	63%	50%
Research and Development	$161M	$151M	$160M
EBITDA	$309M	$202M	$6.4M

Created by 10KWizard www.10KWizard.com

EXHIBIT 15

10kWIZARD

FORM 8-K

ADVANCED MICRO DEVICES INC - amd

Filed: July 31, 2000 (period: July 19, 2000)

Report of unscheduled material events or corporate changes.

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 19, 2000

ADVANCED MICRO DEVICES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	1-7882	94-1692300
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

One AMD Place, P.O. Box 3453 Sunnyvale, California	94088-3453
(address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (408) 732-2400

Item 5. Other Events.

On July 19, 2000, Advanced Micro Devices, Inc. (the "Company") announced its second quarter sales. The Company reported record net income of $207,142,000 on record sales of $1,170,437,000 for its second quarter ended July 2, 2000. Net income amounted to $1.21 per diluted share after taxes. Sales increased by 7 percent from the quarter ended April 2, 2000, and by 97 percent from the quarter ended June 27, 1999. The full text of the press release is set forth in Exhibit 99 attached hereto and is incorporated in this report as if fully set forth herein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits

Number	Exhibit
99.1	Press release dated July 19, 2000.

Advanced Micro Devices, Inc.
CONSOLIDATED BALANCE SHEETS*
(Thousands)

	July 2, 2000	Dec. 26, 1999
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	$ 1,079,893	$ 596,511
Accounts receivable, net	533,007	429,809
Inventories	255,579	198,213
Deferred income taxes	63,440	55,956
Prepaid expenses and other current assets	127,472	129,389
Total current assets	2,059,391	1,409,878
Property, plant and equipment, net	2,475,667	2,523,236
Investment in joint venture	267,448	273,608
Other assets	160,988	170,976

Source: ADVANCED MICRO DEVIC, 8-K, July 31, 2000

	$ 4,963,494	$ 4,377,698
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	353,398	367,193
Accrued compensation and benefits	155,779	91,900
Accrued liabilities	233,256	273,689
Income tax payable	18,763	17,327
Deferred income on shipments to distributors	99,590	92,917
Current portion of long-term debt, capital lease obligations and other	75,951	47,626
Total current liabilities	936,737	910,652
Deferred income taxes	101,861	60,491
Long-term debt, capital lease obligations and other, less current portion	1,481,725	1,427,282
Stockholders' equity:		
Capital stock:		
Common stock, par value	1,649	1,496
Capital in excess of par value	1,219,409	1,121,956
Retained earnings	1,269,726	873,235
Accumulated other comprehensive loss	(47,613)	(17,414)
Total stockholders' equity	2,443,171	1,979,273
	$ 4,963,494	$ 4,377,698

* Amounts as of July 2, 2000 are unaudited. Amounts for December 26, 1999 are derived from the December 26, 1999 audited financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ADVANCED MICRO DEVICES, INC.

Date: July 28, 2000

By: /s/ Francis P. Barton

Francis P. Barton
Senior Vice President, Chief Financial Officer

Exhibit Index

Number	Exhibit
99.1	Press release dated July 19, 2000.

Advanced Micro Devices, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands except per share amounts)

	Quarter Ended (Unaudited)			Six Months Ended (Unaudited)	
	Jul. 2, 2000	Apr. 2, 2000	Jun. 27, 1999	Jul. 2, 2000	Jun. 27, 1999
Net sales	$ 1,170,437	$ 1,092,029	$ 595,109	$ 2,262,466	$ 1,226,702
Cost of sales	612,567	605,757	458,339	1,218,324	908,770
Research and development	155,651	161,297	167,278	316,948	327,224

Source: ADVANCED MICRO DEVIC, 8-K, July 31, 2000

Marketing, general and administrative	152,022	144,306	124,520	296,328	251,830
Restructuring and other special charges	-	-	17,514	-	32,530
	920,240	911,360	767,651	1,831,600	1,520,354
Operating income (loss)	280,197	180,669	(172,542)	430,866	(293,652)
Gain on sale of Vantis	-	-	432,059	-	432,059
Interest income and other, net	19,935	21,128	7,252	41,063	18,020
Interest expense	(11,244)	(11,479)	(18,087)	(22,723)	(38,850)
Income before income taxes and equity in joint venture	288,888	190,318	248,682	449,206	117,577
Provision for income taxes	51,778	-	172,823	51,778	167,350
Income (loss) before equity in joint venture	207,110	190,318	75,859	397,428	(49,773)
Equity in net income (loss) of joint venture	32	(969)	4,037	(937)	1,302
Net income (loss)	$ 207,142	$ 189,349	$ 79,896	$ 396,491	$ (48,471)
Net income (loss) per common share					
- Basic	$ 1.34	$ 1.25	$ 0.54	$ 2.60	(0.33)
- Diluted	$ 1.21	$ 1.15	$ 0.53	$ 2.36	(0.33)
Shares used in per share calculation					
- Basic	154,558	150,880	146,947	152,719	146,428
- Diluted	176,218	171,942	149,540	174,080	146,428

News Release

Exhibit-99.1

CONTACT:
John Greenagel
Strategic Communications
(408) 749-3310

AMD REPORTS SECOND QUARTER RESULTS

-- AMD earns a record $207 million, or $1.21 per diluted share after taxes, on record quarterly sales up by 97 percent from second quarter of 1999--

SUNNYVALE, CA ---- July 19, 2000 --AMD today reported record sales of $1,170,437,000, record operating income of $250,197,000, and record net income of $207,142,000 for the quarter ended July 2, 2000. Operating income rose by 38 percent from the immediate-prior quarter. Net income amounted to $1.21 per diluted share after a 20 percent tax rate. (On an untaxed basis, second-quarter earnings per diluted share would have been $1.51, up by 31 percent from the first quarter when the tax rate was zero.)

Sales grew by 7 percent from the immediate-prior quarter, for which AMD reported sales of $1,092,029,000, operating income of $180,669,000, and net income of $189,349,000, or $1.15 per diluted share.

-more-

Sales nearly doubled from the second quarter of 1999, for which AMD reported sales of $595,109,000 and net income of $79,896,000, or $0.53 per diluted share. Revenues from PC processors and flash memory products each more than doubled from the comparable quarter of 1999. The results for the second quarter of 1999 included a one-time, after-tax gain of $259 million from the sale of Vantis Corporation, the company's former programmable logic subsidiary. The results from the second quarter of 1999 also included 11 weeks of operating results from Vantis prior to the effective date of the sale. In the second quarter of 1999, AMD incurred an operating loss of $172,542,000.

For the first six months of 2000, AMD reported total sales of $2,262,466,000 and net income of $396,491,000, or $2.36 per diluted share. For the same period of 1999, AMD reported total sales of $1,226,702,000 and a net loss of $48,471,000, or a loss of $0.33 per share, including the gain on the sale of Vantis and restructuring and other special charges.

"AMD had another great quarter," said Hector de J. Ruiz, president and chief operating officer of AMD. "Strong revenue growth in both of our principal product lines - PC processors and flash memory devices - again resulted in record sales and earnings."

In what is traditionally the weakest quarter for PC processors, the company reported that combined unit shipments of AMD Athlon, AMD Duron, and AMD K6-2(TM) processors remained near record levels at well in excess of 6 million units.

"During the quarter, AMD introduced two enhanced seventh-generation PC processors," said Ruiz. "The new AMD Athlon(TM) processor, formerly code-named 'Thunderbird,' features 256K of on-die L2 cache memory and is targeted at the performance sector of the PC market. AMD also commenced shipments of the AMD Duron(TM) processor, formerly code-named 'Spitfire,' featuring 64K of on-board L2 cache memory. The AMD Duron processor is targeted at the value segment of the PC market.

-more-

"Demand for AMD processors remains strong. Combined unit sales of AMD seventh-generation processors - the AMD Athlon and AMD Duron processors - increased by 52 percent over the immediate-prior quarter to more than 1.8 million units, meeting our previously stated goal. We are especially pleased at the strong support we have received from our infrastructure partners during the transition to the newest version of the AMD Athlon processor family. With the additional production capacity of our new Dresden facility, we believe we are on target to double unit shipments of AMD seventh-generation processors in each of the next two quarters to 3.6 million units in the third quarter and to 7.2 million units in the fourth quarter," said Ruiz.

Ruiz noted that AMD successfully met a number of important challenges in the just-completed quarter. "We achieved our goal of increasing AMD seventh-generation processor unit shipments by 52 percent sequentially while making a successful transition to our newest AMD Athlon and AMD Duron products. During

the quarter, we converted all AMD Athlon processor production to the new version, featuring on-chip L2 cache memory. Fab 30 in Dresden transitioned to production status, completing an excellent start-up phase employing our most advanced process technology - 0.18-micron technology using copper interconnects. We are rapidly ramping production in Fab 30, and to date we have met or exceeded every milestone along the way," said Ruiz.

"Our progress in flash memory was equally successful. Memory Group sales grew by more than 10 percent over the immediate-prior quarter," Ruiz continued.

"During the quarter, AMD introduced two advanced flash memory products for high-end cellular telephones. Working closely with Nokia, AMD developed 32- and 64-megabit devices with simultaneous read-write architecture and 1.8-volt operation for extended battery life. These features are critical in adding new capabilities to cellular telephones, such as Internet connectivity, video streaming, and the functionality of handheld information appliances.

-more-

4

"Demand for AMD flash memory products continues to exceed our production capacity," said Ruiz. "We are adding capacity as rapidly as possible to support our customers. During the quarter Fujitsu AMD Semiconductor Limited (FASL) made initial shipments from a production facility in Iwate, Japan, and qualified production in additional facilities in Aizu-Wakamatsu and Gresham, Oregon. As announced earlier today, FASL broke ground for construction of a third megafab for flash memory production at Aizu-Wakamatsu, Japan. Initial production at this new facility, designated JV3, is planned to commence in the second half of 2001.

"Today we are reaping the rewards of AMD's sustained commitment to investing in process technology, product development, and production capacity for both PC processors and flash memory products. AMD has the strongest product portfolio in its 31-year history, with industry-leading products for our target markets. We have excellent relationships with leading customers around the world, and we continue to operate in a favorable market environment. During my first six months at AMD, I have been very favorably impressed with the dedication of the AMD workforce and the total commitment to success that permeates the company," Ruiz concluded.

Current Outlook

The company's outlook statements are based on current expectations. The following statements are forward-looking, and actual results could differ materially.

Despite the loss of revenues as a result of the sale of the Communication Products Division, AMD projects that sales will be higher in the third quarter than in the immediate-prior quarter. The company's current overall outlook is based on the following projections for its major product lines:

The company projects that combined unit shipments of AMD Athlon and Duron family processors will increase to 3.6 million units in the third quarter and to 7.2 million units in the fourth quarter, resulting in a richer mix and a higher blended average selling price and higher revenues for PC processors.

-more-

5

AMD projects that Memory Group sales will grow in the 10 percent range in the third quarter and will achieve a similar growth rate in the fourth quarter. The company projects that demand for flash memory products will continue to exceed supply.

AMD Teleconference

AMD will hold a teleconference for the financial community at 2:30 PM Pacific Daylight Time today to discuss second-quarter financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its web sit at http://www.amd.com or http://www.streetfusion.com. The webcast will be available for two weeks after the teleconference.

AMD will also provide a telephone recording of the teleconference, which will be available at approximately 4:30 PM PT today. Interested persons may listen to the playback of the teleconference by calling the following toll-free number: 1-800-633-8284 and entering the code number 15676264.

Cautionary Statement

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements in this release involve risks and uncertainty that could cause actual results to differ materially from current expectations. There can be no assurance that demand for

the company's products will continue at current or greater levels, or that the company will continue to grow revenues, operating profits, or earnings.

-more-

There are also risks that the company will not be able to produce the AMD Athlon and AMD Duron processors in the volume, speed mix or with the feature set necessary to meet customer requirements and the company's plans and goals; that Intel Corporation pricing, marketing programs, new product introductions or other activities targeting the company's processors business will prevent attainment of the company's current processor sales plans; that third parties may not provide timely or adequate infrastructure solutions to support the AMD Athlon and AMD Duron processors; and that the company will not be able to grow demand for its PC processors sufficiently to utilize fully its processor production capacity. We urge investors to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the report on Form 10-K for the year ended December 26, 1999.

About AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, Japan, and Asia. AMD produces microprocessors, flash memory devices, and support circuitry for communications and networking applications. Founded in 1969 and based in Sunnyvale, California, AMD had revenues of $2.9 billion in 1999. (NYSE: AMD).

--30--

WORLD WIDE WEB: Press announcements and other information about AMD are available on the Internet via the World Wide Web. Type http://www.amd.com at the URL prompt.

NOTE TO EDITOR: Readers may obtain additional information by calling 1-800-222-9323 or 408-749-3060. Technical Support Email: hw.support@amd.com

AMD, the AMD logo, and combinations thereof are trademarks of Advanced Micro Devices, Inc. in the United States and other jurisdictions.

Created by 10KWizard www.10KWizard.com