FORM 10-K405

ADVANCED MICRO DEVICES INC - amd

Filed: March 21, 2000 (period: December 26, 1999)

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

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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 26, 1999

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 28, 2000.

$5,725,334,007

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

152,006,873 shares as of February 28, 2000.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of the Annual Report to Stockholders for the fiscal year ended December 26, 1999, 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 27, 2000, are incorporated into Part III hereof.

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 transition to new process technologies; our ability to produce AMD Athlon(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 AMD Athlon microprocessors; our ability to increase customer and market acceptance of AMD Athlon microprocessors; our ability to maintain average selling prices for AMD Athlon microprocessors; our ability to increase manufacturing capacity to meet the demand for Flash memory products; the effect of foreign currency hedging transactions; our new submicron integrated circuit manufacturing and design facility located in Dresden, Germany (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 "Financial Condition" and "Risk Factors" 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 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 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 1999 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" and "Risk Factors" and "Financial Condition" sections set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our 1999 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;
- 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 within a system.

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

The Microprocessor Market

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 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 is characterized by short product life cycles, intense price competition and rapid advances in product design and process technology. Today, the greatest demand for microprocessors is from PC manufacturers. In particular, PC manufacturers require microprocessors which are Microsoft Windows(R) compatible and are based on the x86 instruction set. 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 microprocessor market has been dominated by Intel for many years.

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. 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 and motherboards 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 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 (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 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 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 product 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 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 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 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.

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. This means that the logic configuration can be modified after the device is initially programmed, and, sometimes, 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. The risk is reduced because systems designers and distributors can stock a large number of standard PLDs that may be programmed for a variety of applications. In addition, system designers may make last minute design changes, reduce time to market and accelerate design cycle time. Compared to standard logic ICs and ASICs, PLDs allow system designers to more quickly design and implement custom logic. On June 15, 1999, we sold Vantis Corporation, our programmable logic subsidiary, and we now function as a foundry and provide administrative services to Vantis.

Product Groups

In 1999, we participated in all three technology areas within the digital IC market--microprocessors, memory circuits and logic circuits--through our product groups--Computation Products Group (CPG), Memory Group, Communications Group and our programmable logic subsidiary, Vantis Corporation. On June 15, 1999, we sold Vantis to Lattice Semiconductor Corporation.

Computation Products Group

CPG products ($1.7 billion, or 58 percent, of our 1999 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 PCs.

In 1999, our most significant microprocessor product was the AMD-K6-2(R) processor with 3DNow!(TM) technology, 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 Windows NT(R), Windows 98 and their predecessor operating systems, Linux, Netware and UNIX. The AMD-K6 microprocessor was designed to be competitive in performance to Intel's sixth-generation microprocessor, the Pentium(R) II, which was designed by Intel specifically for desktop PCs.

We commenced initial shipments of AMD Athlon(TM) microprocessors in June 1999 and began volume shipments 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.

Sales of AMD Athlon processors are highly dependent in 2000 upon the successful design, manufacture and delivery of processor modules by subcontractors. Overall CPG sales growth in 2000 is dependent upon a successful production ramp to .18 micron process technology and copper interconnect technology, availability of chipsets and motherboards from third party suppliers and expanding market acceptance of AMD Athlon microprocessors.

Our microprocessor products have in the past significantly impacted, and will continue in 2000 to significantly impact, 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 that we have made and continue to make related to microprocessors, depends upon the success of AMD Athlon, AMD-K6 and future generations of K86 microprocessors. 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 faster pace than before and offer higher performance microprocessors in significantly greater volumes.

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 standards and, thus, dictated the type of product the market requires of Intel's competitors. In addition, Intel may vary prices on its microprocessors and other products at will and thereby affect the margins and profitability of its competitors due to its financial

strength and dominant position. Given Intel's industry dominance and brand strength, Intel's processor marketing and pricing can impact and have impacted the average selling prices of AMD-K6 and AMD Athlon microprocessors, and consequently, can impact and has impacted our overall margins. As an extension of its dominant microprocessor market share, Intel also dominates the PC platform. As a result, it is difficult for PC manufacturers to innovate and differentiate their product offerings. We do not have the financial resources to compete with Intel on such a large scale.

As Intel expanded its dominance over the entirety of the PC system platform, many PC original equipment manufacturers (OEMs) reduced their system development expenditures and now purchase microprocessors in conjunction with core logic 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 chipsets, motherboards, basic input/output system (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 this market in the future, we intend to continue to form closer relationships with third-party designers and manufacturers of chipsets, motherboards, 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.

Embedded Processors. Embedded processors are general purpose devices, which consist of an instruction control unit and an arithmetic and logic unit, and are used to carry out a single application with limited user interface and programmability. We also offer a line of C186, C188 and AMD-K6E processors for use as embedded processors in hard disk drives. We offer an expanding range of embedded processors based upon x86 microprocessor technology for both communications as well as handheld computing applications. These embedded processors are derivative of the microprocessors we sell in PCs.

Memory Group

Memory Group products ($773 million, or 27 percent, of our 1999 net sales) include Flash memory devices and EPROMs.

Flash Memory Devices. Our Flash memory devices are used in cellular telephones, networking equipment and other applications that require memory to be non-volatile and rewritten. These Flash memory devices may be 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 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 and automotive control systems.

Competition in the market for Flash memory devices is increasing as existing manufacturers introduce competitive products and industry-wide production capacity increases, and as Intel continues to aggressively price its Flash memory products. In 1999, almost all of our Flash memory devices were produced in Aizu-Wakamatsu, Japan through Fujitsu AMD Semiconductor Limited (FASL), our joint venture with Fujitsu Limited.

EPROMs. 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.

Communications Group

Communications Group products ($298 million, or 10 percent, of our 1999 net sales) include telecommunication and networking products. In October 1999, we announced our intention to sell certain assets of the Communications Group.

Telecommunication Products. Our telecommunication products are used primarily in public communications infrastructure systems, customer premise equipment and cordless telephony applications. Specifically, the products are used in infrastructure equipment such as central office switches, digital loop carriers and digital subscriber loop access multiplexers (DSLAMS), and in customer premise equipment such as wireless local loop systems, cable telephony systems, private branch exchange (PBX) equipment and voice over digital subscriber line (DSL) systems. Among our more significant products for the communications market are our 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. Our subscriber line interface circuits (SLIC) for line cards connect the user's telephone wire to the telephone company's digital switching equipment. Our SLAC(TM) line cards are coder/decoders which convert analog voice signals to a digital format and back. Our DSL products include a coder/decoder device and a modem device for use in DSLAM applications. Our cordless telephony products include a baseband controller for the 900 MHz narrow band digital cordless market.

Networking Products. Our networking products are used in the data communication and networking industry to establish and manage connectivity.

The product portfolio encompasses the following local area network (LAN) products:

- home networking controllers and physical layer products;
- Ethernet controllers supporting the enterprise and small business networking areas;
- Ethernet physical layer and repeater products which are used in enterprise and small business systems solutions; and
- Ethernet physical layer and switch products which are used in enterprise, small business and telecommunication systems.

Vantis Corporation

On June 15, 1999, we completed the sale of our programmable logic subsidiary, Vantis Corporation, to Lattice Semiconductor Corporation for approximately $500 million in cash. We now function as a foundry and provide administrative services to Vantis.

Through June 15, 1999, Vantis products ($87 million, or 3 percent, of our 1999 net sales) included both complex and simple high performance complementary metal oxide semiconductor (CMOS) PLDs. We received service fees of $43 million from Lattice in 1999.

Research and Development; Manufacturing Technology

Our expenses for research and development were $636 million in 1999, $567 million in 1998 and $468 million in 1997. These expenses represented 22 percent of net sales in 1999, 22 percent of net sales in 1998 and

20 percent of net sales in 1997. Our research and development expenses are charged to operations as they are incurred. Most of our research and development personnel are integrated into the engineering staff.

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

Our efforts concerning process technologies are focused in two major areas: logic technology used by our microprocessors and embedded processors, and non-volatile memory technology used by Flash memory products. Our goals are to improve product performance, increase manufacturing volumes and reduce unit costs.

In order to remain competitive, we must continue to make substantial investments in improving our process technologies. In particular, we have made and continue to make significant research and development investments in the technologies and equipment used in the fabrication of our microprocessor products and in the fabrication of Flash memory devices. If we are not successful in our microprocessor and Flash memory businesses, we will be unable to recover such investments, which would have a material adverse effect on our business. In addition, if we are unable to remain competitive with respect to process technology we will be materially and adversely affected.

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 successive generations of products are 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 market in which we participate, we face competition from different groups of companies. With respect to microprocessors, Intel holds a dominant market position. With respect to the Memory Group, our principal competitors are Intel, Sharp, Atmel and ST Microelectronics. We also compete to a lesser degree with Fujitsu, our joint venture partner in FASL. With respect to the Communications Group product lines, our principal competitors are Broadcom Corp., ST Microelectronics, Texas Instruments Incorporated, Infineon Corporation, NEC Corporation, LM Ericsson, Alcatel, National Semiconductor Corporation, 3Com Corporation, Intel Corporation, Lucent Technologies Inc., Conexant Systems, Inc. and Motorola, Inc.

Manufacturing Facilities

Our current IC manufacturing facilities are described in the chart set forth below:

Facility Location	Wafer Size (Diameter in Inches)	Production Technology (in Microns)	Approximate Clean Room (Square Footage)
Austin, Texas			
Fab 25	8	0.18	120,000
Fab 14/15(1)	6	0.5	42,000
Aizu-Wakamatsu, Japan			
FASL(2)	8	0.35	70,000
FASL II(2)	8	0.25 & 0.35	91,000
Sunnyvale, California			
SDC	8	0.18 & 0.25	42,500

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(1) We consolidated our Fab 14 and Fab 15 operations in 1999.
(2) We own 49.992 percent of FASL. Fujitsu owns 50.008 percent of FASL.

AMD Saxony Manufacturing GmbH, an indirect wholly owned German subsidiary of AMD, has constructed and is installing equipment in Dresden Fab 30, a 900,000-square-foot submicron integrated circuit manufacturing and design facility located in Dresden, in the State of Saxony, Germany. The building construction of FASL II, a second Flash manufacturing facility, was completed, equipment was installed and production was initiated in 1999. We also have foundry arrangements for the production of our products by third parties.

Our current assembly and test facilities are described in the chart set forth below:

Facility Location	Approximate Assembly & Test Square Footage	Activity
Penang, Malaysia	377,000	Assembly & Test
Bangkok, Thailand	78,000	Assembly & Test
Singapore	162,000	Test
Suzhou, China	30,250	Assembly & Test

We began operations in our new assembly and test facility in Suzhou during the first quarter of 1999. 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 and tariffs. For example, if we were unable to assemble and test our products abroad, or if air transportation between the United States and our overseas facilities were disrupted, there could be a material adverse effect on our business.

Certain Material Agreements. Set forth below are descriptions of certain material contractual relationships we have relating to FASL, Dresden Fab 30 and Motorola.

FASL. In 1993, we formed FASL, a joint venture with Fujitsu, for the development and manufacture of Flash memory devices. FASL operates two advanced IC manufacturing facilities in Aizu-Wakamatsu, Japan, for the production of Flash memory devices. FASL began volume production in the first quarter of 1995, and utilizes eight-inch wafer processing technologies capable of producing products with geometrics of .35 micron or smaller. FASL II began volume production in 1999, and utilizes eight-inch wafer processing technologies.

We expect FASL II, including equipment, to cost approximately $1 billion (denominated in yen) when fully equipped. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and local borrowings by FASL. To the extent that FASL is unable to secure the necessary funds for FASL II, 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 26, 1999, we had loan guarantees of $2 million (denominated in yen)

outstanding with respect to these loans. The planned FASL II costs are denominated in yen and are, therefore, subject to change due to foreign exchange rate fluctuations. As of December 26, 1999, the exchange rate was approximately 103.51 yen to one U.S. dollar (which we used to calculate the amounts denominated in yen).

In connection with FASL, AMD and Fujitsu have entered into various joint development, cross-license and investment arrangements. Accordingly, the companies are providing their product designs and process and manufacturing technologies to FASL. In addition, both companies are collaborating in developing manufacturing processes and designing Flash memory devices for FASL. The right of each company to use the licensed intellectual property of the other with respect to certain products is limited both in scope and geographic areas. For instance, AMD and Fujitsu have cross-licensed their respective intellectual property to produce stand-alone Flash memory devices with geometrics of 0.5 micron or smaller within the joint venture. Furthermore, our ability to sell Flash memory products incorporating Fujitsu intellectual property, whether or not produced by FASL, is also limited in certain territories, including Japan and Asia (excluding Taiwan). Fujitsu is likewise limited in its ability to sell Flash memory devices incorporating our intellectual property, whether or not produced by FASL, in certain territories including the United States and Taiwan.

Dresden Fab 30. AMD Saxony has constructed and is installing equipment in Dresden Fab 30, a 900,000-square-foot submicron integrated circuit manufacturing and design facility located in Dresden, in the State of Saxony, Germany. 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 to be approximately $1.9 billion (denominated in deutsche marks) when the facility is fully equipped. 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. 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
- grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements, which were amended in February 1998 to reflect planned upgrades in wafer production technology as well as the decline in the deutsche mark relative to the U.S. dollar, 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 $421 million as of December 26, 1999 in the form of subordinated loans and equity in AMD Saxony (denominated in both deutsche marks and U.S. dollars).

The Dresden Loan Agreements were amended again in June 1999 to remove a requirement that we sell at least $200 million of our stock by June 30, 1999 in order to fund a $70 million loan to AMD Saxony. In lieu of the stock offering, we funded the $70 million loan to AMD Saxony with proceeds from the sale of Vantis.

In addition to support from AMD, the consortium of banks led by Dresdner Bank AG has made available $850 million in loans (denominated in deutsche marks) to AMD Saxony to help fund Dresden Fab 30 project costs. AMD Saxony had $270 million of such loans outstanding as of December 26, 1999.

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 amount of $850 million;
- capital investment grants and allowances totaling $287 million; and
- interest subsidies totaling $156 million.

Of these amounts (which are all denominated in deutsche marks), AMD Saxony has received approximately $275 million in capital investment grants and $23 million in interest subsidies as of December 26, 1999. 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 26, 1999, we were in compliance with all of the conditions of the grants and subsidies.

The Dresden Loan Agreements also require that we:

- provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, in which event the funding would 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;

- guarantee a portion of AMD Saxony's obligations under the Dresden Loan Agreements up to a maximum of $112 million (denominated in deutsche marks) until Dresden Fab 30 has been completed;

- fund certain contingent obligations, including obligations to fund project cost overruns, if any; and

- make funds available to AMD Saxony, after completion of Dresden Fab 30, up to approximately $75 million (denominated in deutsche marks) if AMD Saxony does not meet its fixed charge coverage ratio covenant.

Because the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth herein are subject to change based on applicable conversion rates. At the end of 1999 the exchange rate was approximately 1.94 deutsche marks to one U.S. dollar (which we used to calculate the amounts denominated in deutsche marks). We entered into foreign currency hedging transactions for Dresden Fab 30 in 1997, 1998 and 1999 and anticipate entering into additional such foreign currency hedging transactions in 2000 and in future years.

Motorola. In 1998, we entered into an alliance with Motorola for the development of Flash memory and logic technology. 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 will receive certain licenses to Motorola's semiconductor logic process technology, including copper interconnect technology, which may be subject to variable royalty rates. In exchange, we will develop and license 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 and Sales

Our products are marketed and sold under the AMD trademark. We employ a direct sales force through our principal facilities in Sunnyvale, California, and field sales offices throughout the United States and abroad (primarily Europe and Asia Pacific). We also sell our products through third-party distributors and independent representatives in both domestic and international markets pursuant to nonexclusive agreements. The distributors also sell products manufactured by our competitors, including those products for which we are an alternate source. One of our OEMs, Compaq Computer Corporation, accounted for approximately 13 percent of our 1999 net sales. No other single distributor or OEM customer accounted for 10 percent or more of our net sales in 1999.

Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified

notice, generally allow for the return of our products if the agreement with the distributor is terminated. The market for our products is generally characterized by, among other things, severe price competition. The price protection and return rights we offer to our distributors could materially and adversely affect us if there is an unexpected significant decline in the price of our products.

Our international sales operations entail political and economic risks, including expropriation, currency controls, exchange rate fluctuations, changes in freight rates and changes in rates and exemptions for taxes and tariffs.

Raw Materials

Certain raw materials we use in the manufacture of our products are available from a limited number of suppliers. For example, a few foreign companies principally supply several types of the IC packages purchased by us, as well as by the majority of other companies in the semiconductor industry. Interruption of supply, increased demand in the industry or currency fluctuations could cause shortages in various essential materials. We would have to reduce our manufacturing operations if we were unable to procure certain of these materials. This reduction in our manufacturing operations could have a material adverse effect on our business. To date, we have not experienced significant difficulty in obtaining the raw materials required for our manufacturing operations.

Environmental Regulations

We could possibly be subject to fines, suspension of production, alteration of our manufacturing processes or cessation of our operations if we fail to comply with present or future governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in our manufacturing processes. Such regulations could require us to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. Our failure to control the use, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject us to future liabilities and could have a material adverse effect on our business.

Intellectual Property and Licensing

We have been granted over 2,500 United States patents, and have several thousand patent applications pending in the United States. In certain cases, we have filed corresponding applications in foreign jurisdictions. We expect to file future patent applications in both the United States and abroad on significant inventions as we deem appropriate.

In January 1995, we reached an agreement with Intel to settle all previously outstanding legal disputes between the two companies. As part of the settlement, in December 1995, we signed a five-year, comprehensive cross-license agreement with Intel which expires on December 31, 2000. The agreement provides that after December 20, 1999, the parties will negotiate in good faith a patent cross-license agreement to be effective on January 1, 2001. The existing cross-license agreement gives AMD and Intel the right to use each others' patents and certain copyrights, including copyrights to the x86 instruction sets but excluding other microprocessor microcode copyrights. The cross-license is royalty-bearing for our products that use certain Intel technologies. We are required to pay Intel minimum non-refundable royalties during the years 1997 through 2000.

In addition, we have entered into numerous cross-licensing and technology exchange agreements with other companies under which we both transfer and receive technology and intellectual property rights. Although we attempt to protect our intellectual property rights through patents, copyrights, trade secrets and other measures, we cannot give any assurance that we will be able to protect our technology or other intellectual property adequately or that competitors will not be able to develop similar technology independently. We cannot give any assurance that any patent applications that we may file will be issued or that foreign intellectual property laws will protect our intellectual property rights. We cannot give any assurance that any patent licensed by or issued

to us will not be challenged, invalidated or circumvented, or that the rights granted thereunder will provide competitive advantages to us. Furthermore, we cannot give any assurance that others will not independently develop similar products, duplicate our products or design around our patents and other rights.

From time to time, we have been notified that we may be infringing intellectual property rights of others. If any claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We could decide, in the alternative, to resort to litigation to challenge these claims. These challenges could be extremely expensive and time-consuming and could materially and adversely affect our business. We cannot give any assurance that all necessary licenses can be obtained on satisfactory terms, or that litigation may always be avoided or favorably concluded.

Backlog

We manufacture and market standard lines of products. Consequently, a significant portion of our sales are made from inventory on a current basis. Sales are made primarily pursuant to purchase orders for current delivery, or agreements covering purchases over a period of time, which are frequently subject to revision and cancellation without penalty. Generally, in light of current industry practice and experience, we do not believe that such agreements provide meaningful backlog figures or are necessarily indicative of actual sales for any succeeding period.

Employees

On January 30, 2000, we employed approximately 13,387 employees, none of whom are represented by collective bargaining arrangements. We believe that our relationship with our employees is generally good.

Executive Officers of the Registrant

W. J. Sanders III--Mr. Sanders, 63, is Chairman of the Board and Chief Executive Officer of Advanced Micro Devices, Inc. Mr. Sanders co-founded AMD in 1969.

Benjamin M. Anixter--Mr. Anixter, 62, is Vice President, External Affairs of Advanced Micro Devices, Inc., and has been since 1987. Mr. Anixter became a corporate officer in April of 1999. He has been with AMD since 1971.

Francis P. Barton--Mr. Barton, 53, is Senior Vice President and Chief Financial Officer of Advanced Micro Devices, Inc. Mr. Barton joined AMD in September 1998. Before joining AMD, he was Chief Financial Officer for Amdahl Corporation, where he worked for two years. Before that, Mr. Barton spent 22 years in various financial management positions at Digital Equipment Corporation, including Vice President, Finance of the Personal Computer division.

Eugene D. Conner--Mr. Conner, 56, is Executive Vice President, Strategic Relations of Advanced Micro Devices, Inc. From 1997 to 1999, Mr. Conner served as Executive Vice President, Operations and as a Member of the Office of the CEO. Mr. Conner was elected an executive officer in 1981. Mr. Conner joined AMD in 1969.

Robert R. Herb--Mr. Herb, 38, is Senior Vice President, Chief Sales and Marketing Officer of Advanced Micro Devices, Inc. In 1998, Mr. Herb became an officer of AMD and was promoted to Senior Vice President and Co-Chief Marketing Officer. Before his promotion, Mr. Herb served as the Vice President of Group Strategic Marketing for the Computation Products Group. Before that, he was a director of Marketing for the Personal Computer Products Division.

Thomas M. McCoy--Mr. McCoy, 49, is Senior Vice President, General Counsel, Secretary and Year 2000 Compliance Officer of Advanced Micro Devices, Inc. He held the office of Vice President, General Counsel and Secretary from 1995 to 1998. Before his appointment as Vice President, General Counsel and Secretary, Mr. McCoy was with the law firm of O'Melveny and Myers where he practiced law, first as an associate and then as a partner, from 1977 to 1995.

Richard Previte--Mr. Previte, 65, is Vice Chairman of Advanced Micro Devices, Inc. Mr. Previte was President, Co-Chief Operating Officer from October 1998 to April 1999; President from 1990 to October 1998; Executive Vice President and Chief Operating Officer from 1989 to 1999; Chief Financial Officer and Treasurer from 1969 to 1989; and Chief Administrative Officer and Secretary from 1986 to 1989.

Hector de J. Ruiz--Dr. Ruiz, 54, is President and Chief Operating Officer of Advanced Micro Devices, Inc. Dr. Ruiz joined AMD in January 2000. Before joining AMD, Dr. Ruiz was President of Motorola Inc.'s Semiconductor Products Sector. Dr. Ruiz held various executive positions with Motorola since 1977.

William T. Siegle--Dr. Siegle, 61, is Senior Vice President, Technology and Manufacturing Operations, Chief Scientist of Advanced Micro Devices, Inc. Dr. Siegle was Group Vice President, Technology Development Group and Chief Scientist from 1997 until 1998. Before his appointment as Group Vice President, Dr. Siegle served as Vice President, Integrated Technology Department and Chief Scientist since 1990.

Stanley Winvick--Mr. Winvick, 60, is Senior Vice President, Human Resources of Advanced Micro Devices, Inc. Before his appointment as Senior Vice President in 1991, Mr. Winvick served as Vice President, Human Resources since 1980.

Stephen J. Zelencik--Mr. Zelencik, 65, is Senior Vice President, Market Development of Advanced Micro Devices, Inc. Before his appointment as Senior Vice President, Market Development in 1999, Mr. Zelencik served as Senior Vice President and Co-Chief Marketing Officer. From 1979 until 1998, Mr. Zelencik was Senior Vice President and Chief Marketing Executive.

ITEM 2. PROPERTIES

Our principal engineering, manufacturing, warehouse and administrative facilities comprise approximately 4.0 million square feet and are located in Sunnyvale, California; Austin, Texas; and Dresden, Germany. Over 3.1 million square feet of this space is in buildings we own.

We lease property containing two buildings with an aggregate of approximately 360,000 square feet, located on 45.6 acres of land in Sunnyvale, California (One AMD Place). The lease term ends in December 2018. In 1993, we entered into a lease agreement for approximately 175,000 square feet located adjacent to One AMD Place (known as AMD Square) to be used by the product groups as engineering offices and laboratory facilities.

We also own or lease facilities containing approximately 1.2 million square feet for our operations in Malaysia, Thailand, Singapore and China. We lease approximately 15 acres of land in Suzhou, China for our assembly and test facility. In 1996, we acquired approximately 103 acres of land in Dresden, Germany for Dresden Fab 30. Dresden Fab 30 is encumbered by a lien securing borrowings of AMD Saxony. Fab 25, our fabrication facility in Austin, Texas, is encumbered by a lien securing our $400 million of 11% Senior Secured Notes due 2003.

We lease 22 sales offices in North America, 11 sales offices in Asia Pacific, ten sales offices in Europe and one sales office in South America for our direct sales force. These offices are located in cities in major electronics markets where concentrations of our customers are located.

Leases covering our facilities expire over terms of generally one to 20 years. We currently do not anticipate significant difficulty in either retaining occupancy of any of our facilities through lease renewals prior to expiration or through month-to-month occupancy, or replacing them with equivalent facilities.

ITEM 3. LEGAL PROCEEDINGS

1. Environmental Matters. Since 1981, we have discovered, investigated and begun remediation of three sites where releases from underground chemical tanks at our facilities in Santa Clara County, California, adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which we no longer use) has been identified as a probable carcinogen.

In 1991, we received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region relating to the three sites. One of the orders named us as well as TRW Microwave, Inc. and Philips Semiconductors Corporation. In January 1999, we entered into a settlement agreement with Philips whereby Philips will assume costs allocated to us under this order, although we would be responsible for these costs in the event that Philips does not fulfill its obligations under the settlement agreement. Another of the orders named us as well as National Semiconductor Corporation.

The three sites in Santa Clara County are on the National Priorities List (Superfund). If we fail to satisfy federal compliance requirements or inadequately perform the compliance measures, the government (1) can bring an action to enforce compliance or (2) can undertake the desired response actions itself and later bring an action to recover its costs, and penalties, which is up to three times the costs of clean-up activities, if appropriate. The statute of limitations has been tolled on the claims of landowners adjacent to the Santa Clara County Superfund sites for causes of action such as negligence, nuisance and trespass.

We have computed and recorded the estimated environmental liability in accordance with applicable accounting rules and have not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. The amount of environmental charges to earnings has not been material during any of the last three fiscal years. We believe that the potential liability, if any, in excess of amounts already accrued with respect to the foregoing environmental matters will not have a material adverse effect on our business.

We received a notice dated October 14, 1998 from the Environmental Protection Agency (EPA) indicating that the EPA has determined AMD to be a potentially responsible party that arranged for disposal of hazardous substances at a site located in Santa Barbara County, California. We are currently in settlement discussions with the EPA and believe that any settlement will not have a material adverse effect on our financial condition or results of operations.

2. Securities Class Action Litigation. Between March 10, 1999 and April 22, 1999, AMD and certain individual officers of AMD were named as defendants in a number of lawsuits that have been consolidated under Ellis Investment Co., Ltd., et al v. Advanced Micro Devices, Inc. et al. (Case No. C-99-01102-BZ, N.D. Cal.). The class action complaints allege various violations of Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder. Most of the complaints purportedly were filed on behalf of all persons, other than the defendants, who purchased or otherwise acquired common stock of AMD during the period from October 6, 1998 to March 8, 1999. Two of the complaints allege a class period from July 13, 1998 to March 9, 1999. All of the complaints allege that materially misleading statements and/or material omissions were made by AMD and certain individual officers of AMD concerning design and production problems relating to high-speed versions of AMD-K6-2 and AMD-K6-III microprocessors. Based upon information presently known to management, we do not believe that the ultimate resolution of these lawsuits will have a material adverse effect on our business.

3. Other Matters. We are a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock (symbol AMD) is listed on the New York Stock Exchange. The information regarding market price range, dividend information and number of holders of our common stock appearing under the captions "Supplementary Financial Data" and "Financial Summary" on pages 45 and 46 of our 1999 Annual Report to Stockholders is incorporated herein by reference.

During 1999, we did not make any sales of our equity securities which were not registered under the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The information regarding selected financial data for the fiscal years 1995 through 1999, under the caption "Financial Summary" on page 46 of our 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 6 through 22 of our 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The information appearing under the caption "Quantitative and Qualitative Disclosure about Market Risk" on pages 12 through 14 of our 1999 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements at December 26, 1999 and December 27, 1998 and for each of the three years in the period ended December 26, 1999, and the report of independent auditors thereon, and our unaudited quarterly financial data for the two-year period ended December 26, 1999, appearing on pages 23 through 46 of our 1999 Annual Report to Stockholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information under the captions "Item 1--Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for our Annual Meeting of Stockholders to be held on April 27, 2000 (2000 Proxy Statement) is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions "Directors' Compensation and Benefits," "Committees and Meetings of the Board of Directors," "Executive Compensation," "Employment Agreements" and "Change in Control Arrangements" in our 2000 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information under the captions "Principal Stockholders" and "Security Ownership of Directors and Executive Officers" in our 2000 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under the caption "Certain Relationships and Related Transactions" in our 2000 Proxy Statement is incorporated herein by reference.

With the exception of the information specifically incorporated by reference in Part III of this Annual Report on Form 10-K from our 2000 Proxy Statement, our 2000 Proxy Statement shall not be deemed to be filed as part of this report. Without limiting the foregoing, the information under the captions "Board Compensation Committee Report on Executive Compensation" and "Performance Graphs" in our 2000 Proxy Statement is not incorporated by reference in this Annual Report on Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)

1. Financial Statements

The financial statements listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule covered by the Report of Independent Auditors are filed or incorporated by reference as part of this Annual Report on Form 10-K. The following is a list of such financial statements:

	Page References	
	1999 Annual Form 10-K	Report to Stockholders
Report of Ernst & Young LLP, Independent Auditors.....	--	44
Consolidated Statements of Operations for the three years in the period ended December 26, 1999.....	--	23
Consolidated Balance Sheets at December 26, 1999 and December 27, 1998.....	--	24
Consolidated Statements of Stockholders' Equity for the three years in the period ended December 26, 1999.....	--	25
Consolidated Statements of Cash Flows for the three years in the period ended December 26, 1999.....	--	26
Notes to Consolidated Financial Statements.....	--	27-43

2. Financial Statement Schedule

The financial statement schedule listed below is filed as part of this Annual Report on Form 10-K.

	Page References	
	1999 Annual Form 10-K	Report to Stockholders
Schedule for the three years in the period ended December 26, 1999:		
Schedule II Valuation and Qualifying Accounts.....	F-3	--

All other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the Consolidated Financial Statements or Notes thereto. With the exception of the information specifically incorporated by reference into Parts II and IV of this Annual Report on Form 10-K, the 1999 Annual Report to Stockholders is not to be deemed filed as part of this report.

3. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K. The following is a list of such Exhibits:

Exhibit Number	Description of Exhibits
2.1	Agreement and Plan of Merger dated October 20, 1995, between AMD and NexGen, Inc., filed as Exhibit 2 to AMD's Quarterly Report for the period ended October 1, 1995, and as amended as Exhibit 2.1 to AMD's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
2.2	Amendment No. 2 to the Agreement and Plan of Merger, dated January 11, 1996, between AMD and NexGen, Inc., filed as Exhibit 2.2 to AMD's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
2.3	Stock Purchase Agreement dated as of April 21, 1999, by and between Lattice Semiconductor and AMD, filed as Exhibit 2.3 to AMD's Current Report on Form 8-K dated April 26, 1999, is hereby incorporated by reference.
2.3(a)	First Amendment to Stock Purchase Agreement, dated as of June 7, 1999, between AMD and Lattice Semiconductor Corporation, filed as Exhibit 2.3 (a) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
2.3(b)	Second Amendment to Stock Purchase Agreement, dated as of June 15, 1999, between AMD and Lattice Semiconductor Corporation, filed as Exhibit 2.3 (b) to AMD's Quarterly Report on From 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to AMD's Quarterly Report on Form 10-Q for the period ended July 2, 1995, is hereby incorporated by reference.
3.2	By-Laws, as amended.
4.1	Form of AMD 11% Senior Secured Notes due August 1, 2003, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.2(a)	Indenture, dated as of August 1, 1996, between AMD and United States Trust Company of New York, as trustee, filed as Exhibit 4.2 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.2(b)	First Supplemental Indenture, dated as of January 13, 1999, between AMD and United States Trust Company of New York, as trustee, filed as Exhibit 4.2(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998, is hereby incorporated by reference.
4.2(c)	Second Supplemental Indenture, dated as of April 8, 1999, between AMD and United States Trust Company of New York, as trustee.
4.3	Intercreditor and Collateral Agent Agreement, dated as of August 1, 1996, among United States Trust Company of New York, as trustee, Bank of America NT&SA, as agent for the banks under the Credit Agreement of July 19, 1996, and IBJ Schroder Bank & Trust Company, filed as Exhibit 4.3 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.4	Payment, Reimbursement and Indemnity Agreement, dated as of August 1, 1996, between AMD and IBJ Schroder Bank & Trust Company, filed as Exhibit 4.4 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
4.5	Deed of Trust, Assignment, Security Agreement and Financing Statement, dated as of August 1, 1996, among AMD, as grantor, IBJ Schroder Bank & Trust Company, as grantee, and Shelley W. Austin, as trustee, filed as Exhibit 4.5 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.6	Security Agreement, dated as of August 1, 1996, among AMD and IBJ Schroder Bank & Trust Company, as agent for United States Trust Company of New York, as trustee, and Bank of America NT&SA, as agent for banks, filed as Exhibit 4.6 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.7	Lease, Option to Purchase and Put Option Agreement, dated as of August 1, 1996, between AMD, as lessor, and AMD Texas Properties, LLC, as lessee, filed as Exhibit 4.7 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.8	Reciprocal Easement Agreement, dated as of August 1, 1996, between AMD and AMD Texas Properties, LLC, filed as Exhibit 4.8 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.9	Sublease Agreement, dated as of August 1, 1996, between AMD, as sublessee, and AMD Texas Properties, LLC, as sublessor, filed as Exhibit 4.9 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.10	Indenture, dated as of May 8, 1998, by and between AMD and The Bank of New York, as trustee, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated May 8, 1998, is hereby incorporated by reference.
4.11	Officers' Certificate, dated as of May 8, 1998, filed as Exhibit 4.2 to AMD's Current Report on Form 8-K dated May 8, 1998, is hereby incorporated by reference.
4.12	Form of 6% Convertible Subordinated Note due 2005, filed as Exhibit 4.3 to AMD's Current Report on Form 8-K dated May 8, 1998, is hereby incorporated by reference.
4.13	AMD hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to AMD's long-term debt or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10 percent of the total assets of AMD and its subsidiaries on a consolidated basis.
*10.1	AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.2	AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.3	AMD 1992 Stock Incentive Plan, as amended, filed as Exhibit 10.3 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.4	AMD 1980 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.4 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.5	AMD 1986 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.6	Forms of Stock Option Agreements, filed as Exhibit 10.8 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.7	Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to AMD's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.
*10.8	AMD 1987 Restricted Stock Award Plan, as amended, filed as Exhibit 10.10 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.9	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.10	Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to AMD's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
*10.11	AMD 1996 Stock Incentive Plan, as amended, filed as Exhibit 10.11 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
*10.12	Employment Agreement dated September 29, 1996, between AMD and W. J. Sanders III, filed as Exhibit 10.11(a) to AMD's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.
*10.13	Management Continuity Agreement between AMD and W. J. Sanders III, filed as Exhibit 10.14 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.14	Bonus Agreement between AMD and Richard Previte, filed as Exhibit 10.14 to AMD's Quarterly Report on Form 10-Q for the period ended June 28, 1998, is hereby incorporated by reference.
*10.15	Executive Bonus Plan, as amended, filed as Exhibit 10.16 to AMD's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.16	AMD Executive Incentive Plan, filed as Exhibit 10.14(b) to AMD's Quarterly Report on Form 10-Q for the period ended June 30, 1996, is hereby incorporated by reference.
*10.17	Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to AMD's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
*10.18	Form of Executive Deferral Agreement, filed as Exhibit 10.17 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.19	Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
10.20	Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.21	Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
*10.22	Form of Management Continuity Agreement, filed as Exhibit 10.25 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
**10.23(a)	Joint Venture Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(a) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
**10.23(b)	Technology Cross-License Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(b) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(c)	AMD Investment Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(c) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(d)	Fujitsu Investment Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(d) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(e)	First Amendment to Fujitsu Investment Agreement dated April 28, 1995, filed as Exhibit 10.23(e) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
10.23(f)	Second Amendment to Fujitsu Investment Agreement, dated February 27, 1996, filed as Exhibit 10.23 (f) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.23(g)	Joint Venture License Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(e) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(h)	Joint Development Agreement between AMD and Fujitsu Limited, filed as Exhibit 10.27(f) to AMD's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(i)	Fujitsu Joint Development Agreement Amendment, filed as Exhibit 10.23(g) to AMD's Quarterly Report on Form 10-Q for the period ended March 31, 1996, is hereby incorporated by reference.
10.24(a)	Credit Agreement, dated as of July 19, 1996, among AMD, Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 99.1 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
10.24(b)	First Amendment to Credit Agreement, dated as of August 7, 1996, among AMD, Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 99.2 to AMD's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
10.24(c)	Second Amendment to Credit Agreement, dated as of September 9, 1996, among AMD, Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(b) to AMD's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.
10.24(d)	Third Amendment to Credit Agreement, dated as of October 1, 1997, among AMD, Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(d) to AMD's Quarterly Report on Form 10-Q for the period ended September 28, 1997, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
10.24(e)	Fourth Amendment to Credit Agreement, dated as of January 26, 1998, among AMD, Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(e) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.24(f)	Fifth Amendment to Credit Agreement, dated as of February 26, 1998, among AMD, Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank, N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(f) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.24(g)	Sixth Amendment to Credit Agreement, dated as of June 30, 1998, among AMD, Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(g) to AMD's Current Report on Form 8-K dated July 8, 1998, is hereby incorporated by reference.
10.24(h)	Seventh Amendment to the Credit Agreement and waiver, dated as of April 8, 1999, among AMD, Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank of N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender.
10.24(i)	Eighth Amendment to Credit Agreement, dated as of June 25, 1999, among AMD, Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24 (i) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
10.24(j)	Ninth Amendment to Credit Agreement, dated as of July 30, 1999, among AMD, Bank of America NT&SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24 (j) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
**10.25	Technology Development and License Agreement, dated as of October 1, 1998, among AMD and its subsidiaries and Motorola, Inc. and its subsidiaries, filed as Exhibit 10.25 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998, is hereby incorporated by reference.
***10.25(a)	Amendment to the Technology Development and License Agreement, entered into as of October 1, 1998, by AMD and its subsidiaries and Motorola, Inc. and its subsidiaries.
**10.26	Patent License Agreement, dated as of December 3, 1998, between AMD and Motorola, Inc., filed as Exhibit 10.26 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998, is hereby incorporated by reference.
10.27	Lease Agreement, dated as of December 22, 1998, between AMD and Delaware Chip LLC, filed as Exhibit 10.27 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998 is hereby incorporated by reference.
*10.28(a)	AMD Executive Savings Plan (Amendment and Restatement, effective as of August 1, 1993), filed as Exhibit 10.30 to AMD's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.28(b)	First Amendment to the AMD Executive Savings Plan (as amended and restated, effective as of August 1, 1993), filed as Exhibit 10.28(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
*10.28(c)	Second Amendment to the AMD Executive Savings Plan (as amended and restated, effective as of August 1, 1993), filed as Exhibit 10.28(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
*10.29	Form of Split Dollar Agreement, as amended, filed as Exhibit 10.31 to AMD's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.30	Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.31	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to AMD's Registration Statement on Form S-8 (No. 33-46577), are hereby incorporated by reference.
*10.32	1992 United Kingdom Share Option Scheme, filed as Exhibit 4.2 to AMD's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
**10.33	AMD 1998 Stock Incentive Plan, filed as Exhibit 10.33 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998, is hereby incorporated by reference.
*10.34	Form of indemnification agreements with officers and directors of AMD, filed as Exhibit 10.38 to AMD's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.35	Agreement to Preserve Goodwill dated January 15, 1996, between AMD and S. Atiq Raza, filed as Exhibit 10.36 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
*10.36	1995 Stock Plan of NexGen, Inc., as amended, filed as Exhibit 10.36 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.37	Patent Cross-License Agreement dated December 20, 1995, between AMD and Intel Corporation, filed as Exhibit 10.38 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
10.38	Contract for Transfer of the Right to the Use of Land between AMD (Suzhou) Limited and China-Singapore Suzhou Industrial Park Development Co., Ltd., filed as Exhibit 10.39 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
*10.39	NexGen, Inc. 1987 Employee Stock Plan, filed as Exhibit 99.3 to Post-Effective Amendment No. 1 on Form S-8 to AMD's Registration Statement on Form S-4 (No. 33-64911), is hereby incorporated by reference.
*10.40	1995 Stock Plan of NexGen, Inc. (assumed by AMD), as amended, filed as Exhibit 10.37 to AMD's Quarterly Report on Form 10-Q for the period ended June 30, 1996, is hereby incorporated by reference.
*10.41	Form of indemnity agreement between NexGen, Inc. and its directors and officers, filed as Exhibit 10.5 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
10.42	Series E Preferred Stock Purchase Warrant of NexGen, Inc. issued to PaineWebber Incorporated, filed as Exhibit 10.14 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.43	Series F Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.15 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.44	Series G Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.16 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
**10.45	Agreement for Purchase of IBM Products between IBM and NexGen, Inc. dated June 2, 1994, filed as Exhibit 10.17 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
*10.46	Letter Agreement dated as of September, 1988, between NexGen, Inc. and S. Atiq Raza, First Promissory Note dated October 17, 1988, and Second Promissory Note dated October 17, 1988, as amended, filed as Exhibit 10.20 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), are hereby incorporated by reference.
10.47	Series B Preferred Stock Purchase Warrant of NexGen, Inc. issued to Kleiner, Perkins, Caufield and Byers IV, as amended, filed as Exhibit 10.23 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
**10.48(a)	C-4 Technology Transfer and Licensing Agreement dated June 11, 1996, between AMD and IBM Corporation, filed as Exhibit 10.48 to AMD's Amendment No. 1 to its Quarterly Report on Form 10-Q/A for the period ended September 29, 1996, is hereby incorporated by reference.
**10.48(b)	Amendment No. 1 to the C-4 Technology Transfer and Licensing Agreement, dated as of February 23, 1997, between AMD and International Business Machine Corporation, filed as Exhibit 10.48(a) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.49(a)	Design and Build Agreement dated November 15, 1996, between AMD Saxony Manufacturing GmbH and Meissner and Wurst GmbH, filed as Exhibit 10.49(a) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
10.49(b)	Amendment to Design and Build Agreement dated January 16, 1997, between AMD Saxony Manufacturing GmbH and Meissner and Wurst GmbH filed as Exhibit 10.49(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.50(a-1)	Syndicated Loan Agreement with Schedules 1, 2 and 17, dated as of March 11, 1997, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50(a) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(a-2)	Supplemental Agreement to the Syndicated Loan Agreement dated February 6, 1998, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50(a-2) to AMD's Annual Report on Form 10-K/A (No.1) for the fiscal year ended December 28, 1997, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
10.50(a-3)	Supplemental Agreement No. 2 to the Syndicated Loan Agreement as of March 11, 1997, dated as of June 29, 1999, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50 (a-3) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
**10.50(b)	Determination Regarding the Request for a Guarantee by AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(b) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(c)	AMD Subsidy Agreement, between AMD Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(c) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(d)	Subsidy Agreement, dated February 12, 1997, between Sachsische Aufbaubank and Dresdner Bank AG, with Appendices 1, 2a, 2b, 3 and 4, filed as Exhibit 10.50(d) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(e)	AMD, Inc. Guaranty, dated as of March 11, 1997, among AMD, Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(e) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(f-1)	Sponsors' Support Agreement, dated as of March 11, 1997, among AMD, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(f) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(f-2)	First Amendment to Sponsors' Support Agreement, dated as of February 6, 1998, among AMD, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(f-2) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.50(f-3)	Second Amendment to Sponsors' Support Agreement, dated as of June 29, 1999, among AMD, AMD Saxony Holding GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50 (f-3) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
10.50(g-1)	Sponsors' Loan Agreement, dated as of March 11, 1997, among AMD, AMD Saxony Holding GmbH and Saxony Manufacturing GmbH, filed as Exhibit 10.50(g) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(g-2)	First Amendment to Sponsors' Loan Agreement, dated as of February 6, 1998, among AMD, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(g-2) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.50(g-3)	Second Amendment to Sponsors' Loan Agreement, dated as of June 25, 1999, among AMD and AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(g-3) to the Company's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
10.50(h)	Sponsors' Subordination Agreement, dated as of March 11, 1997, among AMD, AMD Saxony Holding GmbH, AMD Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(h) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
10.50(i)	Sponsors' Guaranty, dated as of March 11, 1997, among AMD, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(i) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(j)	AMD Holding Wafer Purchase Agreement, dated as of March 11, 1997, among AMD and AMD Saxony Holding GmbH, filed as Exhibit 10.50(j) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(k)	AMD Holding Research, Design and Development Agreement, dated as of March 11, 1997, between AMD Saxony Holding GmbH and AMD, filed as Exhibit 10.50(k) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(l-1)	AMD Saxonia Wafer Purchase Agreement, dated as of March 11, 1997, between AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(l) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(l-2)	First Amendment to AMD Saxonia Wafer Purchase Agreement, dated as of February 6, 1998, between AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50 (l-2) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
**10.50(m)	AMD Saxonia Research, Design and Development Agreement, dated as of March 11, 1997, between AMD Saxony Manufacturing GmbH and AMD Saxony Holding GmbH, filed as Exhibit 10.50(m) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(n)	License Agreement, dated March 11, 1997, among AMD, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(n) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
10.50(o)	AMD, Inc. Subordination Agreement, dated March 11, 1997, among AMD, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(o) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(p-1)	ISDA Agreement, dated March 11, 1997, between AMD and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(p) to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(p-2)	Confirmation to ISDA Agreement, dated February 6, 1998, between AMD and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(p-2) to AMD's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.51	Loan and Security Agreement, dated as of July 13,1999, among AMD, AMD International Sales and Service, Ltd. and Bank of America NT&SA as agent, filed as Exhibit 10.51 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
10.51(a)	First Amendment to Loan and Security Agreement, dated as of July 30, 1999, among AMD, AMD International Sales and Service, Ltd. and Bank of America NT&SA, as agent, filed as Exhibit 10.51(a) to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
*10.52	Agreement, dated as of June 16, 1999, between AMD and Richard Previte, filed as Exhibit 10.52 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.53	Agreement, dated as of June 23, 1999, between AMD and Gene Conner, filed as Exhibit 10.53 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 1999, is hereby incorporated by reference.
*10.54	Management Continuity Agreement, between AMD and Robert R. Herb.
*10.55	Employment Agreement, dated as of January 13, 2000, between AMD and Hector de J. Ruiz.
*10.56	Form of indemnification agreements with officers and directors of AMD.
13	Pages 6 through 46 of AMD's 1999 Annual Report to Stockholders, which have been incorporated by reference into Parts II and IV of this annual report.
21	List of AMD subsidiaries.
23	Consent of Ernst & Young LLP, Independent Auditors, refer to page F-2 herein.
24	Power of Attorney.
27	Financial Data Schedule.

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* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

** Confidential treatment has been granted as to certain portions of these Exhibits.

*** Confidential treatment has been requested with respect to certain portions of this Exhibit.

AMD will furnish a copy of any exhibit on request and payment of AMD's reasonable expenses of furnishing such exhibit.

(b) Reports on Form 8-K.

A Current Report on Form 8-K dated October 6, 1999 reporting under Item 5--Other Events was filed announcing AMD's third quarter earnings.

A Current Report on Form 8-K dated October 6, 1999 reporting under Item 5--Other Events was filed announcing the intention of AMD to sell the Communications Group.

A Current Report on Form 8-K dated November 11, 1999 reporting under Item 5--Other Events was filed announcing expected revenues in the fourth quarter.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Advanced Micro Devices, Inc.

March 16, 2000

By: /s/ Francis P. Barton
Francis P. Barton
Senior Vice President,
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
*	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 16, 2000
W. J. Sanders III		
/s/ Francis P. Barton*	Senior Vice President, Chief Financial Officer (Principal Financial Officer)	March 16, 2000
Francis P. Barton		
*	Director	March 16, 2000
Friedrich Baur		
*	Director	March 16, 2000
Charles M. Blalack		
*	Director	March 16, 2000
R. Gene Brown		
*	Director	March 16, 2000
Robert B. Palmer		
*	Director, Vice Chairman	March 16, 2000
Richard Previte		
*	Director	March 16, 2000
Joe L. Roby		
*	Director, President and Chief Operating Officer	March 16, 2000
Hector de J. Ruiz		
*	Director	March 16, 2000
Leonard Silverman		

*By: /s/ Francis P. Barton
(Francis P. Barton, Attorney-in-Fact)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULE
COVERED BY THE REPORT OF INDEPENDENT AUDITORS

ITEM 14(a) (1) and (2)

The information under the following captions, which is included in AMD's 1999 Annual Report to Stockholders, a copy of which is attached hereto as Exhibit 13, is incorporated herein by reference:

All other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the Consolidated Financial Statements or Notes thereto. With the exception of the information specifically incorporated by reference into Parts II and IV of this Annual Report on Form 10-K, our 1999 Annual Report to Stockholders is not to be deemed filed as part of this report.

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc. of our report dated January 14, 2000 included in the 1999 Annual Report to Stockholders of Advanced Micro Devices, Inc.

Our audits also included the financial statement schedule of Advanced Micro Devices, Inc. listed in Item 14(a). This schedule is the responsibility of the management of Advanced Micro Devices, Inc. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-16095) pertaining to the Advanced Micro Devices, Inc. 1987 Restricted Stock Award Plan; in the Registration Statement on Form S-8 (Nos. 33-39747, 333-33855 and 333-77495) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan; in the Registration Statements on Form S-8 (Nos. 33-10319, 33-26266, 33-36596 and 33-46578) pertaining to the Advanced Micro Devices, Inc. 1982 and 1986 Stock Option Plans and the 1980 and 1986 Stock Appreciation Rights Plans; in the Registration Statements on Form S-8 (Nos. 33-46577 and 33-55107) pertaining to the Advanced Micro Devices, Inc. 1992 Stock Incentive Plan; in the Registration Statements on Form S-8 (No. 333-00969) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan and to the 1995 Stock Plan of NexGen, Inc.; in the Registration Statements on Form S-8 (Nos. 333-04797 and 333-57525) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan; in the Registration Statement on Form S-8 (No. 333-68005) pertaining to the Advanced Micro Devices, Inc. 1998 Stock Incentive Plan; in the Registration Statement on Form S-3 (No. 333-47243), as amended, pertaining to debt securities, preferred stock, common stock, equity warrants and debt warrants issued or issuable by Advanced Micro Devices, Inc.; in Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (No. 33-95888-99) pertaining to the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan; in Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (No. 33-92688-99) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc.; in Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 (No. 33-64911) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc., the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan; and in Post-Effective Amendment No. 2 on Form S-3 to the Registration Statement on Form S-4 (No. 33-64911) pertaining to common stock issuable to certain warrantholders of our report dated January 14, 2000 with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule included in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc.

/s/ Ernst & Young LLP

San Jose, California
March 17, 2000

SCHEDULE II

ADVANCED MICRO DEVICES, INC.

VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 28, 1997,
December 27, 1998 and December 26, 1999

	Balance Beginning of Period	Additions Charged (Reductions Credited) To Operations	Deductions(1)	Balance End of Period
Allowance for doubtful accounts:				
Years ended:				
December 28, 1997	$ 9,809	$1,500	$ (88)	$11,221
December 27, 1998	11,221	1,498	(56)	12,663
December 26, 1999	12,663	3,543	(828)	15,378

(1) Accounts (written off) recovered, net.

ADVANCED MICRO DEVICES, INC.

BYLAWS
(AS AMENDED)

ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETING OF STOCKHOLDERS

Section 1. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation except as may be otherwise provided in the Certificate with respect to the right of holders of preferred shares of the Corporation to nominate and elect a specified number of directors in certain circumstances.

(a) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation may be made at an annual meeting of stockholders only (i) pursuant to the Corporation's notice of meeting delivered pursuant to Article II, Section 3 of these Bylaws (or any supplement thereto), (ii) by or at the direction of the Board (or any duly authorized committee thereof) or the Chairman of the Board or (iii) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in subparagraphs (2) and (3) of this paragraph (a) of this Section.

(2) For nominations to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than sixty (60) nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the

tenth day following the day on which the first public announcement of the date of the annual meeting was made or the notice of the meeting was mailed, whichever first occurs. In no event shall the public announcement of an adjournment or postponement of an annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The stockholder's notice shall contain, at a minimum, the information set forth in paragraph (c) of this Section. For purposes of this Section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section to the contrary, in the event that the number of directors to be elected to the Board of the Corporation at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least one hundred days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been described in the Corporation's notice of meeting given pursuant to Article II, Section 3 of these Bylaws. To the extent such business includes the election of directors, nominations of persons for election to the Board may be made at a special meeting of stockholders only (i) by or at the direction of the Board (or any duly authorized committee thereof) or the Chairman of the Board, or (ii) by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this paragraph (b) of this Section is delivered to the Secretary of the Corporation, who is entitled to vote at the special meeting and who gives timely notice in writing by the Secretary of the Corporation. The stockholder's notice shall contain, at a minimum, the information set forth in paragraph (c) of this Section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) Contents of Stockholder's Notice. Any stockholder's notice required by this Section shall set forth as to each person whom the stockholder proposes to nominate for election or reelection as a director (i) the name, age, nationality, business address and residence address of the person, (ii) the principal occupation and employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder. Such stockholder's notice further shall set forth as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder and of such beneficial owner, as they appear on the Corporation's books, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, as to the stockholder giving the notice, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the person named in its notice, (v) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (1) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee and/or (2) otherwise solicit proxies from stockholders in support of such nomination, and (vi) any other information relating to such stockholder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(d) Only such persons who are nominated in accordance with the procedures set forth in this Section shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors. Except as otherwise provided by law, the chair of the meeting shall have the power and duty to determine (i) whether a nomination to be brought before an annual or special meeting was made in accordance with the procedures set forth in this Section and (ii) if any proposed nomination is not in compliance with this Section (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicits (or is part of a group which solicits), or fails

to so solicit (as the case may be), proxies in support of such stockholder's nominee in compliance with such stockholder's representation as required by paragraph (c) of this Section, to declare that such nomination shall be disregarded.

Section 2. The annual meeting of stockholders shall be held each year on a date and at a time designated by the Board of Directors. At the meeting, directors shall be elected and any other business properly brought before the meeting pursuant to these Bylaws may be transacted.

Section 3. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given that shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation.

Section 4. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the chairman and shall be called by the chairman or secretary at the request in writing of a majority of the Board of Directors.

Section 6. No business shall be transacted at a meeting of stockholders except in accordance with the following procedures.

(a) Annual Meetings of Stockholders. (1) The proposal of business
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to be considered by the stockholders may be made at an annual meeting of stockholders only (i) pursuant to the Corporation's notice of meeting

delivered pursuant to Article II, Section 3 of these Bylaws (or any supplement thereto), (ii) by or at the direction of the Board (or any duly authorized committee thereof) or (iii) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in subparagraph (2) of this paragraph (a) of this Section is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in subparagraphs (2) and (3) of this paragraph (a) of this Section.

(2) For business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such business must otherwise be a proper matter for stockholder action as determined by the Board. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than sixty (60) nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is
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called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which the first public announcement of the date of the annual meeting was made or the notice of the meeting was mailed, whichever first occurs. In no event shall the public announcement of an adjournment or postponement of an annual meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The stockholder's notice shall contain, at a minimum, the information set forth in paragraph (c) of this Section. For purposes of this Section, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(b) Special Meeting of Stockholders. Only such business shall be
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conducted at a special meeting of stockholders as shall have been described in the Corporation's notice of meeting given pursuant to Article II, Section 3 of these Bylaws.

(c) Contents of Stockholder's Notice. Any stockholder's notice
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required by this Section shall set forth for each item of business that the stockholder proposes for consideration (i) a description of the business desired to be brought before the stockholder meeting, (ii) the text of the proposal or business (including the text on any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), (iii) the reasons for conducting such business at the stockholder meeting, ((iv) and any material

interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made and (v) any other information relating to the stockholder, the beneficial owner, or proposed business that would be required to be disclosed in a proxy statement or other filings in connection with solicitations of proxies relating to the proposed item of business pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such stockholder's notice further shall set forth as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record of such stockholder and such beneficial owner, (iii) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) pursuant to which the proposals are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to propose the items of business set forth in the notice, (v) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (1) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal and/or (2) otherwise solicit proxies from stockholders in support of such proposal, and (vi) any other information relating to such stockholder, beneficial owner, or proposed business that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies in support of such proposal pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder. The Corporation may require the stockholder to furnish such other information as it may reasonably require to determine whether each proposed item of business is a proper matter for stockholder action.

(d) Except as otherwise provided by law, the chair of the meeting shall have the power and duty to (i) determine whether any business proposed to be brought before an annual or special meeting was proposed in accordance with the procedures set forth in this Section and (ii) if any proposed business is not in compliance with this Section (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicits (or is part of a group which solicits), or fails to so solicit (as the case may be), proxies in support of such stockholder's proposal in compliance with such stockholder's representation as required by paragraph (c) of this Section, to declare that such proposed business shall not be transacted.

(e) Notwithstanding the foregoing provisions of this Section 2.4, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.4. Nothing in this Section 2.4 shall be deemed to affect any

rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 7. Any meeting of stockholders, annual or special, may be adjourned solely by the chair of the meeting from time to time to reconvene at the same or some other time, date and place. The stockholders present at a meeting shall not have authority to adjourn the meeting. Notice need not be given of any such adjourned meeting if the time, date and place thereof are announced at the meeting at which the adjournment is taken. If the time, date and place of the adjourned meeting are not announced at the meeting at which the adjournment is taken, then the Secretary of the Corporation shall give written notice of the time, date and place of the adjourned meeting not less than ten (10) days prior to the date of the adjourned meeting. The provisions of Article II, Section 3 of these Bylaws shall govern the delivery of such notice.

At an adjourned meeting at which a quorum is present, the stockholders may transact any business which might have been transacted at the original meeting. Once a share is represented for any purpose at a meeting, it shall be present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. A new record date must be set only if the meeting is adjourned in a single adjournment to a date more than 120 days after the original date fixed for the meeting. If after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the adjourned meeting consistent with the new record date.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of applicable law, rule or regulation or of the Certificate, different vote is requirement in which case such express provision shall govern and control the decision of such question.

Section 9. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 10. (a) Every written consent purporting to take or authorize the taking of corporate action and/or related revocations (each such written consent and related revocation is referred to in this Section as a "Consent") shall

bear the date of signature of each stockholder who signs the Consent, and no Consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated Consent delivered in the manner required by this Section, Consents signed by a sufficient number of stockholders to take such action are so delivered to the Corporation.

(b) A Consent shall be delivered to the Corporation by delivery to its registered office in the State of Delaware or to the Secretary of the Corporation at the Corporation's principal place of business. Delivery to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. In the event of the delivery to the Corporation of a Consent, the Secretary of the Corporation shall provide for the safe-keeping of such Consent and shall promptly conduct such ministerial review of the sufficiency of the Consents and of the validity of the action to be taken by stockholder consent as the Secretary deems necessary or appropriate, including, without limitation, whether the holders of a number of shares having the requisite voting power to authorize or take the action specified in the Consent have given consent; provided, however, that if the corporate action to

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which the Consent relates is the removal or replacement of one or more members of the Board of Directors, the Secretary of the Corporation shall promptly designate two persons, who shall not be members of the Board of Directors, to serve as Inspectors with respect to such Consent and such Inspectors shall discharge the functions of the Secretary of the Corporation under this Section. If after such investigation the Secretary or the Inspectors (as the case may be) shall determine that the Consent is valid and that the action therein specified has been validly authorized, that fact shall forthwith be certified on the records of the Corporation kept for the purpose of recording the proceedings of meetings of stockholders, and the Consent shall be filed in such records, at which time the Consent shall become effective as stockholder action. In conducting the investigation required by this Section, the Secretary or the Inspectors (as the case may be) may, at the expense of the Corporation, retain special legal counsel and any other necessary or appropriate professional advisors, and such other personnel as they may deem necessary or appropriate to assist them, and shall be fully protected in relying in good faith upon the opinion of such counsel or advisors.

(c) No action by written consent without a meeting shall be effective until such date as the Secretary or the Inspectors (as the case may be) certify to the Corporation that the Consents delivered to the Corporation in accordance with this Section represent at least the minimum number of votes that would be necessary to take action.

(d) Nothing contained in this Section shall in any way be construed to suggest or imply that the Board of Directors or any stockholder shall not be entitled to contest the validity of any Consent or revocation thereof, whether before or after such certification by the Secretary or the Inspectors, or to take any other action (including, without limitation, the commencement,

prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

Section 11. Meetings of stockholders shall be presided over by the Chairman of the Board or by another chair designated by the Board of Directors. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the chair of the meeting and announced at the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the exclusive right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgement of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chair of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chair of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof, and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 12. Any previously scheduled annual or special meeting of the stockholders may be postponed, and any previously scheduled annual or special meeting of the stockholders called by the Board may be canceled, by resolution of the Board upon public notice given prior to the time previously scheduled for such meeting of stockholders. The Board of Directors in its discretion may set a new record date for the postponed meeting. The Board of Directors shall be required to set a new record date for the postponed meeting only if the meeting is postponed in a single postponement to a date more than 120 days after the original date fixed for the meeting. If after the postponement a new record date is fixed for the postponed meeting, notice of the postponed meeting shall be given to each stockholder of record entitled to vote at the postponed meeting consistent with the new record date.

Section 13. The Board of Directors may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the Corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or

designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No person who is a candidate for an office at an election may serve as an inspector at such election.

Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspector's count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. The results of any election at which inspectors are appointed shall not be deemed final and effective until the receipt and approval by the Board of Directors of the inspectors' certification and report.

ARTICLE III
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than eleven (11). The first board shall consist of three (3) directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately

prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the Corporation shall be managed by or under the direction of its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 4. The provisions of Sections 1 and 2 of this Article are subject to the rights, if any, of the holders of shares of any series of the Preferred Stock of the Corporation with respect to the election of directors in the event the Corporation defaults in the payment of dividends, the term of office of any director so elected and the filling of a vacancy in the office of any director so elected.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. The first meeting of each newly elected Board of Directors shall be held at such time and place as the Board of Directors shall determine.

Section 7. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.

Section 8. Special meetings of the Board of Directors may be called by the Chairman, the President, or the Secretary. A special meeting of the Board of Directors shall be called by the President or the Secretary upon the written request of at least two directors. Notice of a special meeting of the Board of Directors shall be given in writing, by telephone, telegraph, facsimile or e-mail, or in person, as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Notice shall be deemed valid if deposited in the United States mail, postage prepaid, directed to the director at the director's address as it appears in the records of the Corporation, not less than 48 hours before the date of the meeting, or if sent by telephone, telegram, facsimile or e-mail not less than 24 hours before the date of the meeting to the director in accordance with the information for such communications as it appears in the records of the Corporation.

Section 9. At all meetings of the Board a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 10. Pursuant to Section 141 (i) of the Delaware Corporation Law, meetings of the Board of Directors may be held by use of conference telephone communications equipment by means of which all persons participating in the meeting can hear each other.

Section 11. Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or writings are filed with the minutes of proceedings of the board or committee.

COMMITTEES OF DIRECTORS

Section 12. The Board of Directors may, in the manner provided by law, designate one or more committees of the board. Any such committee, to the extent provided in the enabling resolution and permitted by applicable law, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as they may be determined from time to time by resolution adopted by the Board of Directors.

Section 13. Meetings of a committee may be called by any member of the committee upon notice thereof given to each member either by mail not less than 48 hours before the date of the meeting, by telephone or telegram on 24 hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. Except as may be otherwise specifically provided by the Board, at all committee meetings a majority of the members of the committee shall constitute a quorum for the transaction of business and the act of a majority of the members voting at any

meeting at which there is a quorum shall be the act of the committee; if a quorum shall not be present at any committee meeting the members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

COMPENSATION OF DIRECTORS

Section 14. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and any may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation thereof. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the Certificate of Incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes of the Certificate of Incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 1. The officers of the Corporation shall be chosen by the Board of Directors and shall be a chairman of the board, a president, a vice president, a secretary and a treasurer. The Board of Directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these bylaws otherwise provide.

Section 2. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, a president, one or more vice presidents, a secretary and a treasurer.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors, or by the officers under authority granted by the Board of Directors.

Section 5. The officers of the Corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

THE CHAIRMAN OF THE BOARD

Section 6. The chairman of the board shall be the chief executive officer of the Corporation; he shall preside at all meetings of the stockholders and directors, shall have general and active management of the business of the Corporation, shall see that all orders and resolutions of the board are carried into effect and shall perform such other duties as the Board of Directors shall prescribe. The chairman of the board shall be a full time employee and subject to such compensation as the Board of Directors shall determine.

THE PRESIDENT

Section 7. The president of the Corporation shall be the principal operating and administrative officer of the Corporation. If there is no chairman of the board or during the absence or disability of the chairman of the board, he shall exercise all of the powers and discharge all of the duties of the chairman of the board. He shall possess power to sign all certificates, contracts and other instruments of the Corporation. He shall, in the absence of the chairman of the board, preside at all meetings of the stockholders and of the Board of Directors. He shall perform all such other duties as are incident to his office or are properly required of him by the Board of Directors.

THE VICE PRESIDENTS

Section 8. Unless otherwise provided by the Board of Directors, each senior vice president may, in the absence of the president and the chairman of the Board of Directors, perform the duties and exercise the powers of the

president. Each vice president shall at all times possess power to sign all certificates, contracts and other instruments of the Corporation, except as otherwise limited in writing by the chairman of the board or the president of the Corporation, and shall have such other authority and perform such other duties as these bylaws or the Board of Directors, executive committee, chairman of the board or president shall prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the Corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURER

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation to such depositories as may be designated by the Board of Directors.

Section 12. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the Corporation.

Section 13. If required by the Board of Directors, he shall give the Corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such powers as the Board of Directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the chairman or vice chairman of the Board of Directors or the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the Certificate alleged to have been lost, stolen or destroyed.

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action other than stockholder action by written consent, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting, and (ii) in the case of any other lawful action other than stockholder action by written consent, shall not be more than sixty days prior to such other action. If no record date is fixed by the Board of Directors: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the next day preceding the day on which the meeting is held, and (ii) the record date for determining stockholders for any other purpose (other than stockholder action by written consent) shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record
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date for the adjourned meeting.

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting shall be as fixed by the Board of Directors or as otherwise established under this Section. Any person seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary and delivered to the Corporation and signed by a stockholder of record, request that a record date be fixed for such purpose. The written notice shall contain at a minimum the information set forth in paragraph (c) of this Section. The Board of Directors shall have ten (10) days following the date of receipt of the notice to determine the validity of the request. Following the determination of the validity of the request, and (subject to the requirements of this paragraph) no later than ten (10) days after the date on which such request

is received by the Corporation, the Board of Directors may fix a record date for such purpose which shall be no more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors and shall not precede the date such resolution is adopted. If the Board of Directors fails within ten (10) days after the date the Corporation receives such notice to fix a record date for such purpose, the record date shall be the day on which the first written consent is delivered to the Corporation in the manner described in Article II, Section 11 unless prior action by the Board of Directors is required under the General Corporation Law of Delaware, in which event the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) Any stockholder's notice required by this Section shall describe each action that the stockholder proposes to take by consent. For each such proposal, the notice shall set forth (i) the text of the proposal (including the text of any resolutions to be adopted by consent and the language of any proposed amendment to the bylaws of the Corporation), (ii) the reasons for soliciting consents for the proposal, (iii) any material interest in the proposal held by the stockholder and the beneficial owner, if any, on whose behalf the action is to be taken, and (iv) any other information relating to the stockholder, the beneficial owner, or the proposal that would be required to be disclosed in filings in connection with the solicitation of proxies or consents pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. To the extent the proposed action by consent involves the election of directors, the notice shall set forth as to each person whom the stockholder proposes to elect as a director (i) the name, age, business address, residence address and nationality of the person, (ii) the principal occupation and employment of the person, (iii) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required to be disclosed in filings required to be made in connection with solicitations of proxies or consents for the election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. In addition to the foregoing, the notice shall set forth as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the notice is given (i) the name and address of such stockholder as they appear on the Corporation's books, and the name and address of such beneficial owner, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a description of all arrangements or understandings between such stockholder and any other person or persons relating to the proposed action by consent, (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (1) deliver a proxy statement and/or consent solicitation statement to holders of at least the percentage of the Corporation's outstanding capital stock required to effect the action by consent either to solicit consents or to solicit proxies to execute consents, and/or (2) otherwise solicit proxies or consents from

stockholders in support of the action to be taken by consent, and (v) any other information relating to such stockholder and beneficial owner that would be required to be disclosed in filings required to be made in connection with solicitation of proxies or consents relating to the proposed action by consent pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. During the ten (10) day period following the date of the receipt of the notice required under paragraph (b) of this Section, the Corporation may require the stockholder of record and/or beneficial owner requesting a record date for proposed stockholder action by consent to furnish such other information as it may reasonably require to determine the validity of the request for a record date.

REGISTERED STOCKHOLDERS

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the

stockholders, a full and clear statement of the business and condition of the Corporation.

CHECKS

Section 4. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII
INDEMNIFICATION

Section 1. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) (a "third party proceeding") by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "indemnitee"), against all expenses, liability and loss (including attorneys' fees, judgements, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgement in its favor (together with third party proceedings, "proceedings") by reason of the fact that he is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director or officer of another Corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (an "indemnitee"), against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

AUTHORIZATION OF INDEMNIFICATION

Section 3. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, or officer is proper in the circumstances because he has not met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who were not parties to such actions, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding, described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Presumptions And Procedural Protections.

(a) The termination of any action, suit or proceeding by judgement, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) Except as otherwise provided in this Section, the determination of whether an Indemnitee is eligible for indemnification and has met the applicable standard of conduct shall be made by the Board of Directors by a majority vote of the directors who are not parties to the action, suit or proceeding in question, even though less than a quorum. In the event there are no such directors, the Board of Directors shall direct that the determination be made by independent counsel pursuant to paragraph (c) of this Section.

(c) At the request of the Indemnitee or the Corporation, the determination of whether an Indemnitee is eligible for indemnification and has met the applicable standard of conduct shall be made by independent counsel, selected by the Indemnitee and reasonably acceptable to the Corporation. The Corporation shall bear the expense of the independent counsel, and the independent counsel's determination regarding the eligibility of the Indemnitee to indemnification shall be binding on the Corporation.

(d) For purposes of this Article VIII, a person shall be deemed to have acted or refrained from acting in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding had no reasonable cause to believe his conduct was unlawful, if his action, or forbearance as the case may be, is based on the records or books of account of the Corporation or other enterprise, or on information supplied by the officers of the Corporation or other enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or other enterprise or on information or records given or reports made to the Corporation or other enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or other enterprise. The term "other enterprise" as used in this Section shall mean any other Corporation or any partnership, joint venture, trust, employee benefit plan, or other enterprise which such person is or was serving at the request of the Corporation as a director, officer or employee. The provisions of this Section shall not be deemed exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct for indemnification or to show good faith, as the case may be.

Section 5. If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within ten (10) days after a written claim therefor by the Indemnitee has been received by the Corporation, the Indemnitee may file suit to recover the unpaid amount of such claim and shall be entitled to have all the expenses of prosecuting such claim, including attorneys fees and costs, paid by the Corporation as incurred. In any such action the Corporation shall have the burden of proving that the Indemnitee is not entitled to the requested indemnification or advancement of expenses under applicable law. The Indemnitee only shall have to repay the expenses of prosecuting such claim

if the Indemnitee is wholly unsuccessful. The Court of Chancery of the State of Delaware shall be the exclusive forum for any litigation by the Indemnitee and the Corporation over any aspect of the Indemnitee's rights to indemnification or advancements.

EXPENSES PAYABLE IN ADVANCE

Section 6. Except as limited by Section 5 of this Article, expenses incurred in defending a threatened or pending action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in the Article VIII.

NON-EXCLUSIVITY AND SURVIVAL OF INDEMNIFICATION

Section 7. The indemnification and advancement of expenses provided by or granted pursuant to the other Sections of this Article VIII shall not be deemed exclusive of any rights to which any person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, contract, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by Delaware law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of Delaware law or otherwise. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall, unless otherwise provided or ratified, continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person.

INSURANCE

Section 8. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another Corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII, or otherwise under Delaware law.

MEANING OF "CORPORATION" FOR PURPOSES OF ARTICLE VIII

Section 9. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers or employees, so that any person who is or was a director, officer or employee, of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Section 10. Subject to Section 5 hereof, the Corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized in writing by the Board of Directors.

ARTICLE IX
AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed or new bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors, by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such meeting.

EXHIBIT 4.2(c)

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ADVANCED MICRO DEVICES, INC.

ISSUER

11% Senior Secured Notes due 2003

SECOND SUPPLEMENTAL INDENTURE

Dated as of April 8, 1999

United States Trust Company of New York

TRUSTEE

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SECOND SUPPLEMENTAL INDENTURE

This SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of April 8, 1999, by and between Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), and United States Trust Company of New York, as trustee (the "Trustee").

RECITALS

A. Pursuant to that certain Indenture (the "Original Indenture"), dated as of August 1, 1996 by and between the Company and the Trustee, the Company issued and sold $400,000,000 in aggregate principal amount of its 11% Senior Secured Notes due 2003 (the "Notes").

B. Pursuant to the provisions of the Indenture and with the consent of the holders of at least a majority in principal amount of the outstanding Notes, the Company and the Trustee have amended, modified and supplemented the Original Indenture by that certain First Supplemental Indenture dated as of January 13, 1999 (the Original Indenture, as amended by the First Supplemental Indenture, being the "Indenture"). Capitalized terms used herein without definition shall have the same meanings herein as set forth in the Indenture.

C. Under the Indenture, unless certain financial tests can be met, the Company is only permitted to make Restricted Investments up to specified amounts and/or for certain purposes, and may not reallocate or adjusts the amounts of such permitted exceptions. One such permitted exception (which has not been utilized to date) permits the Company to make Investments of up to $50 million, but restricts those Investments to the FASL Unrestricted Subsidiary.

D. The Company expects it may need to make certain Restricted Investments outside of the existing permitted exceptions and, in particular, to use the $50 million currently allocated to the FASL Unrestricted Subsidiary for other Restricted Investments (including, without limitation, Investments in the Dresden, Germany Unrestricted Subsidiary).

E. The Company and the Trustee now desire to amend, modify and supplement the Indenture, in the respects hereinafter set forth, to specifically permit, absent an Event of Default, additional Investments of up to $70 million, without additional restrictions and to reallocate $50 million (which is currently restricted to investment in the FASL Unrestricted Subsidiary) to general investment purposes, making a total of $120 million available for such general investments.

F. The Indenture further provides that the Company may, at its option, apply the Net Proceeds from any Asset Sale to certain uses, including, without limitation, the permanent reduction of amounts outstanding under the New Credit Agreement (and to correspondingly reduce commitments with respect thereto).

G. The Company and the Trustee now desire to amend, modify and supplement the Indenture, the respects hereinafter set forth, to provide that, from and after the date of this Second Supplemental Indenture, the Company shall, following receipt of the Net Proceeds from Asset Sales (including, without limitation, Asset Sales of the capital stock or assets of the PLD Subsidiary), apply the cash portion of such aggregate Net Proceeds to the reduction of outstanding term loans made pursuant to the New Credit Agreement, until such term loans shall have been reduced by at least $70 million in the aggregate.

H. In accordance with Section 9.02 of the Indenture, the holders of at least a majority in principal amount of the outstanding Notes have consented to the amendments to the Indenture set forth in this Second Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual covenants herein contained, the parties hereto make this Second Supplemental Indenture intending to be legally bound hereby.

Section 1. Incorporation of the Indenture. Except as specifically amended hereby, the terms and conditions of the Indenture remain in full force and effect as if fully rewritten herein.

Section 2. Amendment to Section 1.01 of the Indenture. Section 1.01 of the Indenture is hereby amended by adding the following definition of "Second Supplemental Indenture":

> "'Second Supplemental Indenture' means that certain Second Supplemental Indenture, dated as of April 8, 1999, by and between the Company and the Trustee."

Section 3. Amendment to Section 4.07 of the Indenture. Section 4.07 of the Indenture is hereby amended by deleting the paragraph immediately following subparagraph (c) in its entirety and inserting in lieu thereof the following text:

> "Provided that no Event of Default shall have occurred and be continuing, the foregoing provisions will not prohibit (i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture; (ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the proceeds of, the substantially concurrent sale (other than to a Subsidiary of the Company) of other Equity Interests of the Company (other than any Disqualified Stock) or the substantially concurrent conversion of such Equity Interests for other Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(ii) of the preceding paragraph; (iii) the making of any principal payment on, or the purchase, redemption, defeasance or other acquisition or retirement for value of any

subordinated Indebtedness with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness or the substantially concurrent sale (other than to a Subsidiary of the Company) of Equity Interests of the Company (other than Disqualified Stock) or the substantially concurrent conversion of such Indebtedness into Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement or other acquisition shall be excluded from clause (c)(ii) of the preceding paragraph; (iv) the making of a Guarantee (but not the payment of such Guarantee) by the Company of up to $175.0 million of the FASL Unrestricted Subsidiary's Indebtedness; (v) any payments by the Company required pursuant to the CIBC Guarantee; (vi) Restricted Payments in an aggregate amount not to exceed $10.0 million; and (vii) Investments by the Company of up to $120.0 million."

Section 4. Amendment to Section 4.10(a) of the Indenture. Section 4.10(a) of the Indenture is hereby amended by deleting the second paragraph of subparagraph (a) in its entirety and inserting in lieu thereof the following text:

"Within 24 months after the receipt of any Net Proceeds from an Asset Sale, the Company may apply, or may cause the applicable Restricted Subsidiary to apply, such Net Proceeds to (i) the acquisition by the Company of all of the Capital Stock of any Person in the same or a substantially similar line of business as that conducted by the Company or any of its Subsidiaries as of the Issue Date, (ii) the making of a capital expenditure, (iii) the acquisition of other long-term Tangible Assets, (iv) the permanent reduction of amounts outstanding under the New Credit Agreement (and to correspondingly reduce commitments with respect thereto) and (v) the making of a Restricted Strategic Investment which is a Permitted Investment. Notwithstanding anything to the contrary in this Indenture, from and after the date of the Second Supplemental Indenture, within 30 Business Days after the receipt by the Company of Net Proceeds from Asset Sales (including without limitation, Asset Sales of all or any portion of the assets or Equity Interests in the PLD Subsidiary), the Company shall apply the cash portion of such aggregate Net Proceeds to the reduction of the amounts outstanding under the term loans made pursuant to the New Credit Agreement, until the amounts outstanding under such term loans shall have been reduced by an aggregate amount of at least $70 million. Pending the final application of any such Net Proceeds, the Company shall hold such Net Proceeds in the form of cash or Cash Equivalents. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first or second sentences of this paragraph will be deemed to constitute "Excess Proceeds.""

Section 5. Counterparts. This Second Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original but shall constitute one and the same instrument.

Section 6. Effectiveness. This Second Supplemental Indenture shall become effective as of the date first written above.

Section 7. Headings. The Section references herein are for convenience of reference only and shall not affect the construction hereof.

[Remainder of page intentionally left blank]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed by their duly authorized officers and attested, all as of the day and year first above written.

ADVANCED MICRO DEVICES, INC.

/s/Francis P. Barton

By: Francis P. Barton
Title: Senior Vice President and Chief Financial Officer

UNITED STATES TRUST COMPANY OF NEW YORK, as Trustee

/s/Louis P. Young

By: Louis P. Young
Title: Vice President

EXHIBIT 10.24h

SEVENTH AMENDMENT TO CREDIT AGREEMENT AND WAIVER

THIS SEVENTH AMENDMENT TO CREDIT AGREEMENT AND WAIVER (this "Amendment"), is entered into as of April 8, 1999, among Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), the "Banks" party to the Credit Agreement referenced below (collectively, the "Banks"), ABN AMRO Bank N.V., as Syndication Agent for the Banks (the "Syndication Agent"), Canadian Imperial Bank of Commerce, as Documentation Agent for the Banks (the "Documentation Agent"), and Bank of America National Trust and Savings Association, as Administrative Agent for the Banks (the "Agent").

WHEREAS, the Company, the Banks, the Syndication Agent, the Documentation Agent and the Agent are parties to a Credit Agreement dated as of July 19, 1996, as amended by a First Amendment to Credit Agreement dated as of August 7, 1996, a Second Amendment to Credit Agreement dated as of September 9, 1996, a Third Amendment to Credit Agreement dated as of October 1, 1997, a Fourth Amendment to Credit Agreement dated as of January 26, 1998, a Fifth Amendment to Credit Agreement dated as of February 26, 1998, and a Sixth Amendment to Credit Agreement dated as of June 30, 1998 (as so amended, the "Credit Agreement");

WHEREAS, the Company has requested that the Majority Banks agree to certain amendments to the Credit Agreement;

WHEREAS, the Majority Banks have agreed to such request, subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The roles of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

2. Amendments to the Credit Agreement.

(a) Amendments. The Credit Agreement is hereby amended as follows:

(i) The definition of Applicable Fee Amount set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Applicable Fee Amount" means, for purposes of calculating the commitment
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fee hereunder for any date, 0.50% per annum.

(ii) The definition of Applicable Margin set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Applicable Margin" means, for any day, (i) 1.50% per annum with respect to
 ----
any Base Rate Loan and (ii) 2.75% per annum with respect to any Offshore Rate Loan.

(iii) A new Section 5.21 is hereby added to the Credit Agreement as follows

"5.21 Year 2000. On the basis of a comprehensive review and assessment
      ----
undertaken by the Company of the Company's and its Subsidiaries' computer applications and an assessment by the Company of the Company's and its Subsidiaries' material suppliers, vendors and customers, the Company reasonably believes that the "Year 2000 problem" (that is, the risk that the computer applications used by any Person may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999) will not result in a Material Adverse Effect."

(iv) Section 7.04(g) is hereby amended and restated in its entirety as follows:

"(g) Investments (i) by the Company in the capital stock of the Vantis Subsidiary, made in exchange for asset transfers permitted under Section 7.02(d), (ii) by the Vantis Subsidiary in the capital stock of one or more of its Wholly-Owned Subsidiaries, made in exchange for asset transfers permitted under Section 7.02(d) and (iii) in connection with the Disposition of the capital stock or assets of the Vantis Subsidiary (the "Vantis Disposition"), as permitted by waiver in the Seventh Amendment to Credit Agreement and Waiver dated as of April 8, 1999 (the "Seventh Amendment"), by the Company in the capital stock of Vantis Corporation or in the entity acquiring the Vantis Subsidiary as a portion of the consideration for the sale or transfer of the assets or capital stock of the Vantis Subsidiary, to the extent such Investments are permitted by waiver as set forth in the Seventh Amendment."

(v) Section 7.15 is hereby amended and restated in its entirety as follows:

"7.15 Modified Quick Ratio. The Company shall not as of the end of
      ----
any fiscal quarter suffer or permit its ratio (determined on a Consolidated basis) of (a) cash plus the value (valued in accordance with GAAP) of all Cash Equivalents, other than Cash Equivalents subject to a Lien securing Indebtedness, plus net Receivables, plus Fujitsu Receivables, to (b) Consolidated Current Liabilities, to be less than (i) 0.75 to 1.00 at the end of each of the first, second and third fiscal quarters of 1999, (ii) 0.80 to 1.00 at fiscal year-end 1999, (iii) 0.90 to 1.00 at the end of the first fiscal quarter of 2000, and (iv) 1.00 to 1.00 at the end of the second fiscal quarter of 2000 and thereafter."

(vi) Section 7.16 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"7.16 Minimum Tangible Net Worth. The Company shall not suffer or permit its Consolidated Tangible Net Worth as of the end of any fiscal quarter to be less than 90% of the Company's Consolidated Tangible Net Worth at the end of the first fiscal quarter of 1999 plus (i) (without duplication for amounts included under clause (iv) below) 85% of net income for the Company and its Restricted Subsidiaries computed from the first day of the Company's second fiscal quarter of 1999 through the end of such fiscal quarter for which the determination is being made, determined quarterly on a Consolidated basis and not reduced by any quarterly loss,

plus (ii) 100% of the Net Issuance Proceeds of any sale of capital stock of the Company by or for the account of the Company occurring on or after the first day of the Company's second fiscal quarter of 1999, plus (iii) any increase in stockholders' equity of the Company resulting from the conversion of debt securities of the Company to equity securities of the Company on or after the first day of the Company's second fiscal quarter of 1999, plus (iv) 100% of the Net Issuance Proceeds (net of Taxes payable in respect thereof) of any sale of capital stock of the Vantis Subsidiary by or for the account of the Company occurring on or after the first day of the Company's second fiscal quarter of 1999."

(vii) Section 7.17 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"7.17 Leverage Ratio. The Company shall not as of the end of any fiscal quarter suffer or permit its Leverage Ratio to be greater than (i) 1.05 to 1.00 at the end of any fiscal quarter ending in 1999, (ii) 1.00 to 1.00 at the end of the first fiscal quarter of 2000, and (iii) 0.90 to 1.00 at the end of the second fiscal quarter of 2000 and thereafter."

(viii) Section 7.19 is hereby amended and restated in its entirety as follows:

"7.19 Profitability. The Company shall not suffer or permit (a) a net loss of greater than $150,000,000 for the first fiscal quarter of 1999, (b) a net loss of greater than $45,000,000 for the second fiscal quarter of 1999, and (c) net income to be less than $1.00 for the third fiscal quarter of 1999 and for each fiscal quarter thereafter, in each case determined for the Company on a Consolidated basis."

(ix) A new Section 7.20 is hereby added to the Credit Agreement as follows:

"7.20 Minimum Cash and Cash Equivalents. The Company shall not at any time suffer or permit the value of its (a) cash plus the value (valued in accordance with GAAP) of all Cash Equivalents, other than cash and Cash Equivalents subject to a Lien securing Indebtedness, minus (b) the aggregate principal amount of all Revolving Loans outstanding at such time, to be less than $200,000,000, determined for the Company on a Consolidated basis."

(b) References Within Credit Agreement. Each reference in the Credit Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

3. Waivers. The Majority Banks hereby irrevocably waive the restrictions (i) set forth in subsection 7.02(e)(iii) which would otherwise prohibit a sale by the Company of the Vantis Subsidiary (or the assets thereof) insofar as the sale of the Vantis Subsidiary, together with the aggregate value of all other assets sold by the Company and its Restricted Subsidiaries after the Effective Date, would exceed 20% of the Company's Consolidated Tangible Net Worth measured as of the Effective Date, (ii) set forth in Section 7.02(e)(ii) which would otherwise prohibit a percentage of the sales price to be paid in capital stock of the Vantis Subsidiary, any entity into which the Vantis Subsidiary is merged or the entity who acquires the Vantis Subsidiary; provided that the percentage of the sales price so paid in capital stock may not exceed 25% of the total sales price, and (iii) set forth in the last paragraph of Section 7.02 insofar as the sale of the Vantis Subsidiary (or the assets thereof) may include the disposition of Receivables of the Vantis Subsidiary. The Majority Banks further hereby waive the restrictions set forth in Section 7.03 which would otherwise prohibit the merger, consolidation, or conveyance, transfer or other disposal of all or substantially all of the assets of the Vantis Subsidiary to the extent such merger, consolidation, conveyance, transfer or other disposal would be permitted under the waiver of Section 7.02 set forth in the immediately preceding sentence. The Majority Banks further hereby waive the restrictions set forth in Sections 7.02(e) and 7.10 which would otherwise prohibit the issuance by the Company of up to 15% of the existing capital stock of the Vantis Subsidiary outstanding on the date hereof to directors, employees, officers, consultants and advisors of the Vantis Subsidiary pursuant to stock option plans (the "Employee Stock") and the repurchase or acquisition of such Employee Stock by the Company in connection with a Disposition of 50% or more of the capital stock of the Vantis Subsidiary.

4. Irrevocable Notice of Prepayment. The Company hereby gives notice to the Agent (which notice shall be irrevocable) that, within thirty (30) Business Days of the Company's or any Subsidiary's receipt of any cash Net Issuance Proceeds or any cash Net Proceeds of any Disposition (including any Disposition of the Vantis Subsidiary or any assets thereof), except for any Disposition permitted under subsections 7.02(a), (b) or (c), the Company shall make a prepayment, in accordance with Section 2.06, in an amount equal to at least 25% of such cash Net Issuance Proceeds or cash Net Proceeds, as the case may be, up to a maximum amount, together with all such prepayments to the Agent made pursuant to this notice, of $50,000,000 in the aggregate, for application to the principal balance of the Term Loans then outstanding. The Company's failure to make any such payment within any such 30-Business Day period referenced above shall constitute an Event of Default under the Credit Agreement. For purposes of this Section 4 and the prepayments contemplated hereby, cash Net Issuance Proceeds and cash Net Proceeds shall be deemed to include (and shall not be reduced by) any amounts paid or payable to the holders of the Employee Stock in connection with the repurchase or acquisition of such Employee Stock by the Company as contemplated in the preceding Section 3.

5. Representations and Warranties. The Company hereby represents and warrants to the Agent, the Syndication Agent, the Documentation Agent and the Banks as follows:

a. No Default or Event of Default has occurred and is continuing.

b. The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable.

c. This Amendment and the Loan Documents, as amended by this Amendment, constitute the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms, without defense, counterclaim or offset.

6. Amendment Effective Date. This Amendment will become effective as of March 18, 1999, provided that the Agent has received (a) from each of the Company and the Majority Banks an executed counterpart of this Amendment, (b) from the Company a nonrefundable amendment fee equal to 0.25% of the aggregate Commitments to be distributed to each Bank in accordance with its Pro Rata Share.

7. Miscellaneous.

(a) Credit Agreement Otherwise Not Affected. Except as expressly amended pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects. The Banks', the Agent's, the Syndication Agent's and the Documentation Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(b) No Reliance. The Company hereby acknowledges and confirms to the Agent, the Syndication Agent, the Documentation Agent and the Banks that the Company is executing this Amendment on the basis of its own investigations and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of the Agent, the Syndication Agent, the Documentation Agent, any Bank or any other Person.

(c) Amendments and Waivers. The provisions of this Amendment may only be amended or waived, and any consent with respect to any departure by the Company therefrom may only be granted, in accordance with the terms of Section 10.01 of the Credit Agreement.

(d) Costs and Expenses. The Company shall, whether or not the amendments contemplated hereby shall become effective, pay or reimburse the Agent, within five Business Days after demand, for all costs and expenses incurred by the Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to, this Amendment and the consummation of the transactions contemplated hereby and thereby, including the Attorney Costs incurred by the Agent with respect thereto.

(e) Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(f) Counterparts. This Amendment may be executed by one or more of the parties to this Amendment in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. The parties hereto agree that the Agent and the Company may accept and rely on facsimile transmissions of executed signature pages of this Amendment.

(g) Severability. The illegality or unenforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

(h) No Third Parties Benefited. This Amendment is made and entered into for the sole protection and legal benefit of the Company, the Syndication Agent, the Documentation Agent, the Banks and the Agent, and their successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Amendment. Each of the Agent, the Syndication Agent, the Documentation Agent and the Banks shall not have any obligation to any Person not a party to this Amendment.

(i) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(j) Entire Agreement. This Amendment embodies the entire agreement and understanding among the Company, the Banks, the Syndication Agent, the Documentation Agent and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

(k) Interpretation. This Amendment is the result of negotiations between and has been reviewed by counsel to the Agent, the Company and other parties, and is the product of all parties hereto. Accordingly, this Amendment shall not be construed against the Banks, the Syndication Agent, the Documentation Agent or the Agent merely because of the Agent's or such other Person's involvement in the preparation of such documents and agreements.

[Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: /s/ Francis P. Barton

Title: Sr. Vice President and Chief Financial Officer

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as
Administrative Agent

By: /s/Roger Fleischmann

Title:

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: /s/Nanci H. Meyer

Title: Vice President

By: /s/Thomas R. Wagner

Title: Group Vice President

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF
COMMERCE, as Documentation Agent

By: _____

Title: _____

THE BANKS

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as a Bank

By: /s/Roger Fleischmann

Title: _____

ABN AMRO BANK N.V., as a Bank

By: /s/Nanci H. Meyer

Title: Vice President

By: /s/Thomas R. Wagner

Title: Group Vice President

CANADIAN IMPERIAL BANK OF
COMMERCE, as a Bank

By: _____

Title: _____

BANKBOSTON, N.A.

By: /s/John B. Desmond
_____

Title: _____

THE BANK OF NOVA SCOTIA

By: /s/Chris Osborne
_____

Title: _____

BANQUE PARIBAS

By: Lee S. Buckner
_____

Title: Managing Director
_____

By: /s/Jonathan Leon
_____

Title: Vice President
_____

THE DAI-ICHI KANGYO BANK, LTD.

By: _____

Title: _____

FLEET NATIONAL BANK

By: /s/Matt Glauninger

Title:

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: K. Iwata

Title: Deputy General Manager

KEYBANK NATIONAL ASSOCIATION

By: Mary K. Young

Title: Assistant Vice President

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED

By: /s/Noboiu Akahane

Title:

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION

By: Douglas A. Lindstrom

Title: Assistant Vice President

ROYAL BANK OF CANADA

By: _____

Title: _____

UNION BANK OF CALIFORNIA, N.A.

By: _____

Title: _____

AMENDMENT

This is an Amendment to the Technology Development and License Agreement ("Agreement") entered into as of October 1, 1998 by and between Advanced Micro Devices, Inc. and its Subsidiaries ("AMD"), a Delaware Corporation, with principal offices located at One AMD Place, P.O. Box 3453, Sunnyvale, California 94088-3453, and Motorola, Inc. and its Subsidiaries ("Motorola"), a Delaware corporation, with principal offices located at 1303 East Algonquin Road, Schaumburg, Illinois 60196.

Add Section 1.40 as follows:

1.40 ***** a semiconductor manufacturing process wherein *****. ***** may be used in conjunction with semiconductor manufacturing technologies such as Logic Process Technologies and Embedded Flash Technology.

Amend Section 5.1 as follows:

Change the first sentence to read "The parties will undertake Projects to complete and develop Logic Process Technologies and ***** in conjunction with Logic Process Technologies."

Add new Section 5.8 as follows:

5.8 ***** Licenses.

(a) The parties intend to create a Statement of Work on ***** and to collaborate on the remaining development of that technology. It is anticipated that each party will make contributions to the development of that technology. Any contributions or Improvements to ***** developed solely by AMD will be deemed AMD Technology, subject to Motorola's rights in *****. Any contributions or Improvements to ***** developed solely by Motorola will be deemed Motorola Technology, subject to AMD's rights in *****.

(b) Motorola hereby grants to AMD under Motorola Intellectual Property a non-exclusive, non-transferable, worldwide, royalty-free (except as provided in Sections 6.5 and 6.6) license to:

(i) practice the methods and processes of ***** and Motorola Improvements to *****,

(ii) make, have made, use, import and sell devices manufactured using ***** and Motorola Improvements to *****,

(iii) make Improvements to ***** and Derivative Processes using ***** technology,

(iv) only with Motorola approval, such approval not to be unreasonably withheld, undertake ***** within ***** after the first commercial shipment of a product manufactured using ***** and without approval, undertake ***** thereafter with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as part of such *****,

(v) only with Motorola approval, such approval not to be unreasonably withheld, undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i),(ii) and (iii) only as part of such *****,

(vi) only with Motorola approval, such approval not to be unreasonably withheld, undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as a part of such *****, and

(vii) only with Motorola approval, such approval not to be unreasonably withheld, undertake ***** within ***** after the first commercial shipment of a product manufactured using ***** and without approval, undertake unlimited ***** thereafter with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as a part of such *****, and

upon the later of (i) first commercial shipment of a product manufactured using HIP7L or (ii) ***** after the first commercial shipment of a product manufactured using HIP6L:

(viii) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as part of such *****,

(ix) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as part of such *****,

*****Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(x) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as a part of such *****, and

(xi) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (b)(i), (ii) and (iii) only as a part of such *****.

(c) AMD hereby grants to Motorola under AMD Intellectual Property, a non-exclusive, non-transferable, worldwide, royalty-free license to:

(i) practice the methods and processes of ***** and AMD Improvements to *****,

(ii) make, have made, use, import and sell devices manufactured using ***** and AMD Improvements to *****,

(iii) make Improvements to ***** and Derivative Processes using ***** technology,

(iv) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (c)(i), (ii) and (iii) only as part of such *****,

(v) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (c)(i), (ii) and (iii) only as part of such *****,

(vi) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (c)(i), (ii) and (iii) only as a part of such *****, and

(vii) undertake ***** with respect to ***** and sublicense the rights granted in Section 5.8 (c)(i), (ii) and (iii) only as a part of such *****.

(d) In the event that AMD exercises its rights granted by Motorola in Section 5.8(b) (iv)-(xi) Motorola will negotiate in good faith with such ***** for a license under Motorola patents essential to utilize ***** and Improvements thereto on reasonable terms, or, at Motorola's option, will represent and warrant to AMD that it will not assert it's patents essential to utilize ***** against the *****. In the event that Motorola enters into a patent license with, or covenants not to assert

its patents against, a ***** who received a ***** under ***** as described in this Section, AMD will ***** from such ***** upon the later of (i) first commercial shipment of a product manufactured using the combination of HIP7L and ***** or (ii) ***** after the first commercial shipment of a product manufactured using HIP6L.

(e) In the event that Motorola exercises its rights granted by AMD in Section 5.8(c) (iv)-(vii) AMD will negotiate in good faith with such ***** for a license under AMD patents essential to utilize ***** and Improvements thereto on reasonable terms, or, at AMD's option, will represent and warrant to Motorola that it will not assert it's patents essential to utilize ***** against the *****. In the event that Motorola enters into a patent license with, or covenants not to assert its patents against, a ***** who received a ***** under ***** as described in this Section, ***** from such ***** upon the later of (i) first commercial shipment of a product manufactured using the combination of HIP7L and ***** or (ii) ***** after the first commercial shipment of a product manufactured using HIP6L.

(f) AMD will assign engineers to work in agreed-upon wafer fabrication facilities of Motorola in order to gain an understanding of *****. AMD will install an ***** production process in AMD's *****. Motorola will train and support the AMD engineers with respect to ***** including but not limited to, disclosing all necessary information and know-how and providing all necessary documentation and technical support.

(g) The parties understand that Motorola may gain access to ***** process or design information or know-how. In such event and provided it is legally permitted to do so, Motorola will disclose such information to AMD further provided that prior to any such disclosure i) Motorola describes in writing to AMD any restrictions placed upon Motorola or AMD by the ***** of such information or know-how as well as the identity of the *****, and (ii) AMD agrees in writing to the described restrictions. In the particular situation of Motorola entering into an agreement with ***** pertaining to ***** design information, AMD agrees that Section 5.8(g)(ii) above shall not apply and that AMD shall accept such restrictions.

(h) It is the further intent of the parties to jointly develop or to disclose to one another design information specific to the design of well-known, general purpose circuit block in ***** technology. It is the intent of the parties that each shall be able to use such information to design and have designed

***** Certain information on this page hgas been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

semiconductor products. Notwithstanding the above, no licenses are granted by this Section to proprietary circuit blocks or designs of Motorola or AMD.

Replace Section 6.7 with the below new Section 6.7.

6.7 HIP6F.

(a) The parties will undertake one or more Projects and create a Statement of Work therefore of HIP6F and SGEFT and collaborate on the development of those technologies. It is anticipated that each party will make substantial contributions to the development of those technologies. Any contributions or Improvements to HIP6F and SGEFT developed solely by AMD will be deemed AMD Technology, subject to Motorola's rights in HIP6F and SGEFT. Any contributions or Improvements to HIP6F and SGEFT developed solely by Motorola will be deemed Motorola Technology, subject to AMD's rights in HIP6F and SGEFT. *****. In the event that the parties cannot agree on a Statement of Work for a Project hereunder within ***** of the execution of this Amendment, Sections 1.40, 5.8, this Section 6.7, and the change to Section 5.1 shall become null and void or revert back to the original Sections prior to this Amendment, as the case may be.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of January 21, 2000.

ADVANCED MICRO DEVICES, INC.	MOTOROLA, INC.
Signature: _____	Signature: _____
Name: _____	Name: _____

***** Certain information on this page has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

EXHIBIT 10.54

ADVANCED MICRO DEVICES, INC.

Management Continuity Agreement

Robert R. Herb
1241 Pineto Place
Pleasanton, CA 94566

Dear Mr. Herb,

Advanced Micro Devices, Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its stockholders. The Company recognizes that, as is the case with many publicly held corporations, the possibility of a change of control may exist and that the uncertainty and questions which such possibility may raise among management may result in the departure or distraction of management personnel to the detriment of the Company and its stockholders. Accordingly, the non-management members of the Company's Board of Directors have determined that it is imperative to be able to rely upon management's continuance and that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including you, to their assigned duties without distraction in the face of the potentially disturbing circumstances arising from the possibility of a change of control of the Company.

In order to induce you to remain in the employ of the Company under such circumstances, this letter agreement sets forth the benefits which the Company agrees will be provided to you in the event there is a "Change of Control" of the Company under the circumstances described below. ("Change of Control" is defined in Section 1.) In addition, the Company is also willing to agree to provide you the benefits described herein in consideration of your agreement to the arbitration provisions set forth in Section 14 hereof. This agreement amends and replaces the management continuity agreement between the Company and you dated May 18, 1998.

1. Change of Control. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature which would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act") or in response to any other form or report to the Securities and Exchange Commission or any stock exchange on which the Company's shares are listed which requires the reporting of a change of control. In addition, a Change of Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than 35% of the combined voting power of the Company's then outstanding securities; or (ii) in any two year period, individuals who were members of the Board of Directors (the "Board") at the beginning of such period plus each new director whose election or nomination for election was approved by at least two-thirds of the directors in office immediately prior to such election or nomination, cease for any reason to constitute at least a majority of the Board, or (iii) a majority of the members of the Board in office prior to the

happening of any event and who are still in office after such event, determines in its sole discretion within one year after such event, that as a result of such event there has been a Change of Control.

Notwithstanding the foregoing definition, "Change of Control" for purposes of this Agreement, shall exclude the acquisition of securities representing more than 35% of the combined voting power of the Company by the Company, any of its wholly owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company. As used herein, the term "beneficial owner" shall have the same meaning as under Section 13(d) of the Exchange Act, and related case law.

2. Term. This Agreement shall become effective immediately on the delivery of fully executed copies to both parties, and shall continue until canceled pursuant to the notice of either party. Either party hereto may provide written notice to the other of cancellation of this Agreement, to take effect on the date specified in such notice, but in no event shall such cancellation take effect less than two years from the date on which notice is given. Such notice shall be furnished in accordance with Section 11 of this Agreement.

3. Tax Indemnity.

(a) If all or any portion of the amounts payable to you on your behalf under this Agreement or otherwise are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (or similar state tax and/or assessment), the Company shall pay to you an amount necessary to place you in the same after-tax position as you would have been in had no such excise tax been imposed. The amount payable pursuant to the preceding sentence shall be increased to the extent necessary to pay income and excise taxes due on such amount. The determination of the amount of any such tax indemnity shall initially be made by the independent accounting firm employed by the Company immediately prior to the Change of Control.

(b) If at a later date it is determined (pursuant to final regulations or published rulings of the IRS, final judgment of a court of competent jurisdiction or otherwise) that the amount of excise taxes payable by you is greater than the amount initially so determined, then the Company (or its successor) shall pay you an amount equal to the sum of (1) such additional excise taxes (2) an interest, fines and penalties resulting from such underpayment, plus (3) an amount necessary to reimburse you for any income, excise or other taxes payable by you with respect to the amounts specified in (1) and (2) above, and the reimbursement provided by this clause (3). If at a later date it is determined (pursuant to final regulations or published rulings of the IRS, final judgment of a court of competent jurisdiction or otherwise) that the amount of excise taxes payable by you is lesser than the amount initially so determined, then you shall pay to the Company (or its successor) an amount equal to such overpayment to the extent such is refunded to you.

(c) By signing this agreement, you and the Company both agree to cooperate with the person(s) calculating the amount of the tax indemnity, and will provide copies of whatever tax returns and other documents may be necessary to perform the calculation.

4. Termination of Employment Following Change of Control. If any of the events described in Section 1 hereof constituting a Change of Control shall have occurred, you shall be entitled to the benefits provided in Section 5 hereof upon the termination of your employment by you or the Company after such Change of Control.

(a) Notice of Termination. Any termination of your employment by the Company or by you for any reason whatsoever during the term of this Agreement shall be communicated by written notice of termination to the other party hereto ("Notice of Termination").

(b) Date of Termination. "Date of Termination" shall mean a date which follows a Change of Control and is either (1) the date specified in the Notice of Termination, if your employment is terminated by you during the term hereof: or (2) the date on which a Notice of Termination is given, if your employment is terminated for any other reason.

5. Benefits Upon Termination Following a Change Of Control.

(a) Amount of Benefits. The Company shall provide to you as soon as practicable, but not more than ten business days following the Date of Termination subsequent to a Change of Control of the Company, each of the following benefits:

(1) Severance Benefit. The Company shall pay you a lump sum severance benefit which shall equal three times the sum of (A) your Base Compensation, plus (B) the average of the two highest annual bonuses paid to you during the last five full calendar years immediately prior to the Change of Control. For purposes of this Section 5(a)(1), "Base Compensation" means your rate of annual salary, as in effect for the twelve-month period ending on the date six months prior to the Change of Control or on the Date of Termination, whichever is higher. Base Compensation does not include elements such as bonuses, reimbursement of interest paid on guaranteed loans, auto allowances, nor any income from equity based compensation, such as may result from the exercise of stock options or stock appreciation rights, or the receipt of restricted stock awards or the lapse of restrictions on such awards. If you were employed by the Company and/or any of its subsidiaries for less than one full calendar year immediately preceding the Change of Control, your "highest annual bonus" will be determined by annualizing the bonus earned during your period of employment.

(2) Equity Compensation. All unvested stock options, stock appreciation rights and restricted stock awards held by you at the time of your Date of Termination shall be deemed fully vested and exercisable at such Date of Termination, provided, that if any such option, right or award would, as a result of such early exercisability no longer qualify for exemption under Section 16 of the Exchange Act, then such option, right or award shall be fully vested but shall not become exercisable until the earliest date on

which it could become exercisable and also qualify for exemption from Section 16 of the Exchange Act. All vested options held by you, including those deemed fully vested as of the Date of Termination shall become automatically exercisable for a period of one (1) year from the Date of Termination; provided, however, in no event shall any option remain exercisable beyond the maximum period allowed therefor in the stock option plan under which it was granted. This agreement shall serve as an amendment to all of your outstanding stock options, restricted stock awards and stock appreciation rights as of the Date of Termination.

(3) Accrued Bonus. The Company shall pay you an amount equal to the pro rata amount of the annual bonus accrued under the Company's Executive Bonus Plan for the portion of the year to the Date of Termination.

(4) Company Car. The Company shall allow you the continued use of the Company automobile, on the same terms which existed prior to the Change of Control, for twelve (12) months following the Date of Termination.

(5) Financial and Tax Planning. The Company shall provide you with continued personal financial planning and tax planning services up to $4,000 for twelve (12) months following the Date of Termination.

(6) Other Benefits. The Company shall provide for a period of twelve(12) months following the Date of Termination, health and welfare benefits at least comparable to those benefits in effect on your Date of Termination, including but not limited to medical, dental, disability, dependent care, and life insurance coverage. At the Company's election, health benefits may be provided by reimbursing you for the cost of converting a group policy to individual coverage, or for the cost of extended COBRA coverage. The Company shall also pay you an amount calculated to pay any income taxes due as a result of the payment by the Company on your behalf for such health benefits. Such tax payment shall be calculated to place you in the same after-tax position as if no such income had been imposed.

(b) Other Benefits Payable. The benefits described in subsection (a) above shall be payable in addition to, and not in lieu of, all other accrued or vested or earned but deferred compensation, rights, options or other benefits which may be owed to you following termination of your employment, irrespective of whether your termination was preceded by a Change of Control, including but not limited to accrued vacation or sick pay, amounts or benefits payable under any employment agreement or any bonus or other compensation plans, stock option plan, stock ownership plan, stock purchase plan, life insurance plan, health plan, disability plan or similar plan.

6. Payment Obligations Absolute. The Company's obligation to pay the benefits described herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company or any of its subsidiaries may have against you or anyone else. In

the event of any dispute concerning your right to payment, the Company shall nevertheless continue to pay to you your Base Compensation (as such term is defined in Section 5) until the dispute is resolved. Any such amounts paid following your termination of employment shall be credited against the amounts otherwise due to you under this Agreement or in the event the Company prevails, shall be repaid to the Company.

7. Legal Fees. The Company shall also pay forthwith upon written demand from you all legal fees and expenses reasonably incurred by you in seeking to obtain or enforce any right or benefit provided by this Agreement. In the event you do not prevail in any ensuing arbitration or litigation, the Company shall absorb its own costs, expenses, and attorneys' fees, and you shall reimburse the Company for one-half of your costs, expenses, and attorneys' fees.

8. Mitigation. You shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Agreement be reduced or offset in any way whatsoever by any amount received by you for any reason whatsoever from another employer or otherwise after the Date of Termination.

9. Indemnification. For at least six years following a Change of Control, you shall continue to be indemnified under the Company's Certificate of Incorporation and Bylaws at least to the same extent as prior to the Change of Control, and you shall be covered by the directors and officers liability insurance, the fiduciary liability insurance and the professional liability insurance policies that are the same as, or provide coverage at least equivalent to, those the Company carried prior to the Change of Control.

10. Successors; Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if the Company had terminated your employment after a Change of Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinabove defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement shall terminate upon your death except that if you should die while you are entitled to receive any amounts under this Agreement but which are unpaid at your date of death, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee, or other designee or, if there be no such

designee, to your estate. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees.

11. Notice. For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by the United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the Chairman of the Board of Directors of the Company with a copy to the Secretary of the Company, or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

12. Amendments. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by you and the Company's Chief Executive Officer. No waiver by either part hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

13. Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceablity of any other provision of this Agreement, which shall remain in full force and effect.

14. Arbitration.

(a) Arbitration shall be the exclusive and final forum for settling any disagreement, dispute, controversy or claim arising out of or in any way related to (i) this Agreement or the subject matter thereof or the interpretation hereof or any arrangements relating hereto or contemplated herein or the breach, termination or invalidity hereof; or (ii) the provision of or failure to provide any other benefits upon a Change of Control pursuant to any other employment agreement, bonus or compensation plans, stock option plan, stock ownership plan, stock purchase plan, life insurance plan or similar plan or agreement with the Company and/or any of its subsidiaries as Change of Control may be defined in such other agreement or plan, which benefits constitute "parachute payments" within the meaning of Section 280G of the Code. If this Section 14 conflicts with any provision in any such compensation or bonus plan, stock option plan, or any other similar plan or agreement, this provision requiring arbitration shall control.

(b) The arbitration shall be conducted in accordance with the Commercial Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA").

(c) The arbitral tribunal shall consist of one arbitrator. Except as otherwise provided in Section 8, the Company shall pay all the fees, if any, and expenses of such arbitration.

(d) The arbitration shall be conducted in San Jose or in any other city in the United States of America as the parties to the dispute may designate by mutual written consent.

(e) Any decision or award of the arbitral tribunal shall be final and binding upon the parties to the arbitration proceeding. The parties hereto hereby waive to the extent permitted by law any rights to appeal or to review of such award by any court or tribunal. The parties hereto agree that the arbitral award may be enforced against the parties to the arbitration proceeding or their assets wherever the award may be entered in any court having jurisdiction thereof.

(f) The parties stipulate that discovery may be had in any such arbitration proceeding as provided in Section 1283.05 of the California Code of Civil Procedure, as may be amended or revised from time to time.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

16. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as shall be required pursuant to any law or government regulation or ruling.

17. Nonassignability. This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in Section 10 above. Without limiting the foregoing, your right to receive payments hereunder, shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by will or by laws of descent and distribution and in the event of any attempted assignment or transfer contrary to this Section the Company shall have no liability to pay any amounts so attempted to be assigned or transferred.

18. No Right to Employment. Nothing in this Agreement shall confer on you any right to continue in the employ of the Company, or shall interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to discharge you at any time for any reason whatsoever, with or without cause.

19. Miscellaneous. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall not affect your rights under any pension, welfare or fringe benefit arrangements of the Company under which you are entitled to receive any benefits. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Delaware. The provisions of this Agreement, and any payment provided for hereunder, shall not reduce any amounts otherwise payable, or in any way diminish your existing rights, or rights which would accrue solely as a result of the passage of time, under any employment agreement or other contract, plan or agreement with the Company.

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

ADVANCED MICRO DEVICES, INC.

By: _____

Chairman of the Compensation Committee
of the Board of Directors

Agreed to this_____ day

of _____19___

_____
(Signature)

Exhibit 10.55

ADVANCED MICRO DEVICES, INC.

January 13, 2000

Mr. Hector Ruiz
8218 Chalk Knoll Drive
Austin, TX 78735

Employment Agreement

Dear Hector:

On behalf of the Board of Directors of Advanced Micro Devices, Inc. ("AMD"), I am pleased to offer you the position of President and Chief Operating Officer of AMD on the terms set forth below.

1. Position. You will be employed by AMD as its President and Chief Operating Officer effective commencing upon the date of your resignation from your current employer (the "Commencement Date"), reporting directly to me. During your term, you will also be a member of the Office of the CEO. You will be elected to the AMD Board of Directors at the next scheduled Board Meeting following your commencement date. During the term of your employment, you will be expected to devote your full working time and attention to the business of AMD, and you will not render services to any other business without the prior approval of the Board of Directors or, directly or indirectly, engage or participate in any business that is competitive in any manner with the business of AMD. Notwithstanding the foregoing, you may remain a director of businesses with respect to which you are a director on the Commencement Date. You will also be expected to comply with and be bound by AMD's operating policies, procedures and practices that are from time to time in effect during the term of your employment.

2. Base Salary. Your initial base annual salary will be $750,000, payable in accordance with AMD's normal payroll practices with such payroll deductions and withholdings as are required by law. Your base salary will be reviewed on an annual basis by the Compensation Committee of the Board of Directors and increased in April 2001 and from time to time thereafter, in the discretion of the Board of Directors.

3. Bonus. Your bonus each year will be equal to 0.3% of AMD's Adjusted Operating Profit ("AOP") for that fiscal year in excess of 20% of AMD's AOP for the immediately preceding fiscal year, subject to a maximum award of $5M in any year. Since AMD will report a loss for 1999, your bonus for FY2000 will be equal to 0.3% of AOP for FY2000. AMD will guarantee that your FY2000 bonus will be no less than $500,000.

4. Stock Options.

(a) On the Commencement Date, the Compensation Committee of the Board of Directors shall grant you a nonqualified stock option to purchase 1,000,000 shares of AMD common stock at an exercise price equal to the closing price of the common stock on the Commencement Date (the "Initial Option"), the schedule of which is attached as Exhibit A. This Initial Option will vest and become exercisable over a four year period, with 250,000 shares vesting and becoming exercisable on each anniversary of the Commencement Date.

(b) Commencing in April 2001, you will be granted annually nonqualified stock options to purchase 250,000 shares of AMD common stock at an exercise price equal to the closing price of the common stock on the grant date (the "Additional Options"). These Additional Options will each vest in two equal annual installments such that you will vest in 250,000 shares of AMD common stock each year commencing in 2005.

5. Retirement Benefit Replacement. AMD will provide you with a lump sum cash benefit of $3,727,020, which is estimated to be the current projected benefit available to you under the Motorola Executive Incentive Plan (the "Retirement Benefit Amount"), on the date you attain age 57. Upon your attainment of age 55 in December 2000, AMD will establish a secular trust in your name, to which we will contribute an amount necessary to fully fund such Retirement Benefit Amount by age 57. AMD will pay quarterly cash payments to you between December 2000 and December 2002 in the amounts necessary for you to pay federal and state income or employment taxes on this Retirement Benefit Amount.

6. Other Benefits. You will be entitled to the following additional benefits:

(a) You will be eligible for the normal vacation, health insurance, 401(k), Employee Stock Purchase Plan and other benefits offered to all AMD senior executives of similar rank and stares.

(b) You will be eligible for other employee benefits as set forth in Exhibit B of the letter.

7. At-Will Employment and Termination. Your employment with AMD will be at-will and may be terminated by you or by AMD at any time for any reason as follows:

(a) You may terminate your employment upon written notice to the Board of Directors within ten (10) days following a determination no later than December 31, 2001 by such Board of Directors that you will not become Chief Executive Officer of AMD following the Company's 2002 Annual Meeting (a "Specific Constructive Termination");

(b) You may terminate your employment upon written notice to the Board of Directors at any time in your discretion. ("Voluntary Termination");

(c) AMD may terminate your employment upon written notice to you at any time following a determination by the Board of Directors that there is "Cause," as defined below, for such termination ("Termination for Cause"); or

(d) AMD may terminate your employment upon written notice to you at any time in the sole discretion of the Board of Directors without a determination that there is Cause for such termination ("Termination without Cause").

8. Definitions. As used in this agreement, the following terms have the following meanings:

(a) "Cause" means the termination of your employment by AMD for repeated failure to perform assigned duties after being notified in writing of such failure with an opportunity to correct, or if you are determined by a court of law or pursuant to Section 13 below to have committed a willful act of embezzlement, fraud or dishonesty which resulted in material loss, material damage or material injury to AMD.

(b) "Change in Control" means a change in control of a nature which would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act") or in response to any other form or report to the Securities and Exchange Commission or any stock exchange on which AMD's shares are listed which requires the reporting of a change of control. In addition, a Change of Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of AMD representing 35% or more of the combined voting power of AMD's then outstanding securities; or (ii) in any two year period, individuals who were members of AMD's Board of Directors at the beginning of such period plus each new director whose election or nomination for election was approved by at least two-thirds of the directors in office immediately prior to such election or nomination, cease for any reason to constitute at least a majority of the Board, or (iii) a majority of the members of the Board in office prior to the happening of any event and who are still in office after such event, determines in its sole discretion within one year after such event, that as a result of such event there has been a Change of Control.

9. Separation Benefits. Upon termination of your employment with AMD for any reason, you will receive payment for all salary and vacation accrued but unpaid to the date of your termination of employment and your benefits will be continued under AMD's then existing benefit plans and policies for so long as provided under the terms of such plans and policies and as required by applicable law. Under certain circumstances, you will also be entitled to receive severance benefits as set forth below, but you will not be entitled to any other compensation, award or damages with respect to your employment or termination.

(a) In the event of your Voluntary Termination or Termination for Cause, you will not be entitled to any cash severance benefits or additional vesting of options. You also will not be entitled to any Retirement Benefit Amount, provided that upon your Voluntary Termination following your attainment of age 55 you will be entitled to a lump sum payment of the Retirement Benefit Amount otherwise payable to you at age 57, together with any additional payments for federal or state income or employment taxes on such Retirement Benefit Amount in full satisfaction of all obligations of AMD pursuant to Section 5 of this agreement.

(b) (i) In the event of your Termination without Cause within three years of the Commencement Date, you will be entitled to (A) a single lump sum severance payment equal to one year of your current annual base salary (less applicable deductions and withholdings), (B) acceleration of the vesting and exercisability of that portion of your Initial Option that would have become vested within twelve months following your termination and (C) a lump sum payment of the Retirement Benefit Amount (regardless of your age on date of termination), otherwise payable to you at age 57, together with any additional payments for federal and state income or employment taxes on such Retirement Benefit Amount in full satisfaction of all obligations of AMD pursuant to Section 5 of this agreement.

(ii) In the event of your Specific Constructive Termination, you will be entitled to (A) a single lump sum severance payment equal to two years of your current annual base salary (less applicable deductions and withholdings), (B) acceleration of the vesting and exercisability of that portion of your Initial Option that would have become vested within twenty-four months following notification that you will not become Chief Executive Officer of AMD, and (C) a lump sum payment of the Retirement Benefit Amount (regardless of your age on date of termination), otherwise payable to you at age 57, together with any additional payments for federal and state income or employment taxes on such Retirement Benefit Amount in full satisfaction of all obligations of AMD pursuant to Section 5 of this agreement.

(iii) In the event of your Constructive Termination or Termination without Cause in each case following a Change in Control, you will be entitled to a (A) single lump sum severance payment equal to the sum of (x) three years current annual base salary and (y) the average of your two highest bonuses in the five years preceding your termination of employment (less applicable deductions and withholdings), (B) full acceleration of the vesting and exercisability of your Initial Option and any Additional Options, and (C) a lump sum payment of the Retirement Benefit Amount (regardless of your age on date of termination), otherwise payable to you at age 57, together with any additional payments for federal and state income or employment taxes on such Retirement Benefit Amount in full satisfaction of all obligations of AMD pursuant to Section 5 of this agreement. For purposes of this Section 9(b)(iii), "Constructive Termination" shall mean a resignation by you due to any diminution or adverse change in the circumstances of your employment as determined in good faith by you, including, without limitation, your reporting relationships, job description, duties, responsibilities, compensation, prerequisites, office or location of employment.

(c) If all or any portion of the amounts payable to you on your behalf under this agreement or otherwise are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (or similar state tax and/or assessment), AMD shall pay to you an amount necessary to place you in the same after-tax position as you would have been in had no such excise tax been imposed. The amount payable pursuant to the preceding sentence shall be increased to the extent necessary to pay income and excise taxes due on such amount. The determination of the amount of any such tax indemnity shall be made by the independent accounting firm employed by AMD immediately prior to the Change of Control.

(d) No payments due to you under this Section 9 shall be subject to mitigation or offset.

10. Restoration Payments. AMD will work with you and Motorola senior management to avoid any forfeiture of your 1999 Annual Bonus from Motorola and to avoid any forfeiture of any gains attributable to your 46,667 vested Motorola stock options.

(a) In the event that you forfeit any portion of your Motorola 1999 Annual Bonus, AMD will pay an equivalent amount to you (not to exceed $500,000) on the date that you provide evidence of such forfeiture.

(b) In the event that you forfeit any gains attributable to your 46,667 vested Motorola stock options, AMD will pay an amount to you equal to the lesser of (i) the aggregate amount of the forfeiture by you of such gains or (ii) the aggregate spread on shares subject to the option based on the difference between $52 per share and the closing price of Motorola common stock on the New York Stock Exchange on the Commencement Date, in either case on the date your provide evidence of such forfeiture.

(c) You shall be required to make reasonable efforts (including, but not limited to, at the request of AMD after consultation with you, commencement of litigation for which AMD will pay reasonable costs) to avoid the above forfeitures or to reinstate any forfeited benefits and you shall be required to reimburse AMD if such amounts are subsequently reinstated by Motorola.

(d) In the event of your Voluntary Termination or Termination for Cause within two years of the Commencement Date, you shall be required to repay the full amount of any payments by AMD pursuant to this Section 10.

11. Confidential Information and Invention Assignment Agreement. Upon your commencement of employment with AMD, you will be required to sign its standard form of Nondisclosure Agreement to protect AMD's confidential information and intellectual property.

12. Nonsolicitation. During the term of your employment with AMD and for one year thereafter, you will not, on behalf of yourself or any third party, solicit or attempt to induce any employee of AMD to terminate his or her employment with AMD.

13. Arbitration. The parties agree that any dispute regarding the interpretation or enforcement of this agreement shall be decided by confidential, final and binding arbitration conducted in Austin, Texas by Judicial Arbitration and Mediation Services under the then existing roles rather than by litigation in court, trial by jury, administrative proceeding or in any other forum.

14. Miscellaneous.

(a) Absence of Conflicts. You represent that upon the Commencement Date your performance of your duties under this agreement will not breach any other agreement as to which you are a party.

(b) Successors. This agreement is binding on and may be enforced by AMD and its successors and assigns and is binding on and may be enforced by you and your heirs and legal representatives. Any successor to AMD or substantially all of its business (whether by

purchase, merger, consolidation or otherwise) will in advance assume in writing and be bound by all of AMD's obligations under this agreement.

(c) Notices. Notices under this agreement must be in writing and will be deemed to have been given when personally delivered or two days after mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. Mailed notices to you will be addressed to you at the home address which you have most recently communicated to AMD in writing. Notices to AMD will be addressed to its General Counsel at AMD's corporate headquarters.

(d) Waiver. No provision of this agreement will be modified or waived except in writing signed by you and an officer of AMD duly authorized by its Board of Directors. No waiver by either party of any breach of this agreement by the other party will be considered a waiver of any other breach of this agreement.

(e) Entire Agreement. This agreement, including the attached exhibits, represents the entire agreement between us concerning the subject matter of your employment by AMD and supersedes any prior agreements.

(f) Governing Law. This agreement will be governed by the laws of the State of California without reference to conflict of laws provisions.

Hector, we are very pleased to extend this offer of employment to you and look forward to your joining AMD as its President and Chief Operating Officer. Please indicate your acceptance of the terms of this agreement by signing in the place indicated below.

Very truly yours,	Accepted January 24, 2000:
/s/ W.J. Sanders, III	/s/ Hector Ruiz
W.J. Sanders, III Chairman of the Board of Directors Advanced Micro Devices, Inc.	Hector Ruiz

INDEMNITY AGREEMENT

This Indemnification Agreement ("Agreement") is made as of October 21, 1999 by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The By-laws of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the Delaware General Corporation Law ("DGCL"). The By-laws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services to the Company. Indemnitee will serve or continue to serve, at the will of the Company, as an officer, director or key employee of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation.

2. Definitions. As used in this Agreement:

(a) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(a)(i), 2(a)(iii) or 2(a)(iv)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger of consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) Liquidation. The approval by the shareholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

(vi) Certain Definitions. For purposes of this Section 2(a), the following terms shall have the following meanings:

(A) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(B) "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(C) "Beneficial Owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that Beneficial Owner shall exclude any Person otherwise becoming a Beneficial Owner by reason of the shareholders of the Company approving a merger of the Company with another entity.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, partnership or joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the request of the Company.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(e) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in manner "not opposed to the best interests of the Company" as referred to in this Agreement.

(g) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him or of any action on his part while acting as director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

(h) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully

indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding had no reasonable cause to believe that his conduct was unlawful.

4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim, issue, or matter on which the Indemnitee was successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness

in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding. No indemnity shall be made under this Section 7(a) on account of Indemnitee's conduct which constitutes a breach of Indemnitee's duty of loyalty to the Company or its shareholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

(b) Notwithstanding any limitation in Sections 3, 4, 5 or 7(a), the Company shall indemnify Indemnitee to the fullest extent permitted by law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgement in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(c) For purposes of Sections 7(a) and 7(b), the meaning of the phrase "to the fullest extent permitted by law" shall include, but not be limited to:

(i) to the fullest extent permitted by the provision of the Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Act, and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

8. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

9. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary, the Company shall advance the expenses incurred by Indemnitee in connection with any Proceeding within 10 days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances solely upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 9 shall not apply to any claim made by Indemnitee for which indenity is excluded pursuant to Section 8.

10. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification, not later than thirty (30) days after receipt by Indemnitee of notice of the commencement of any Proceeding. The omission to notify the Company will not relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

11. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 10(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though

less than a quorum of the Board, or (B) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (C) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) hereof, the Independent Counsel shall be selected as provided in this Section 11(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board of Directors, and the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on
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the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 11(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 13(a) of this Agreement, Independent Counsel shall be discharged and relieved of

any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

12. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 11 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 12(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 11(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board of Directors has resolved to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 11(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise
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expressly provided in this Agreement) of itself

adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) Reliance as Safe Harbor. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Enterprise. The provisions of this Section 12(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) Actions of Others. The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

13. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 11 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 9 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 11(a) of this Agreement within 45 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6, 7 or the last sentence of Section 11(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 13 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 13 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may

be.

(c) If a determination shall have been made pursuant to Section 11(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 13, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 13, seeks a judicial adjudication of or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him in such judicial adjudication or arbitration. If it shall be determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses reasonably incurred by Indemnitee in connection with such judicial adjudication or arbitration.

(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 13 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

14. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's Articles of Incorporation, the Company's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits

so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to Section 2(b) of Section 2 hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

15. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) 10 years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which Indemnitee served at the request of the Company; or (b) 1 year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 13

of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

16. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

17. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

18. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

19. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (a) if delivered by hand and receipted for by the party to whom said notice or other communication shall have been

directed, or (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company, to One AMD Place, Sunnyvale, California 94086, Attn: General Counsel, or to any other address as may have been furnished to Indemnitee by the Company.

21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 10(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "Delaware Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not a resident of the State of Delaware, irrevocably RL&F Service Corp., One Rodney Square, 10th Floor, 10th and King Streets, Wilmington, Delaware 19801 as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

23. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ADVANCED MICRO DEVICES, INC.	INDEMNITEE
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By:	Name:
Chief Executive Officer	Address:

EXHIBIT 13

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 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 AMD Athlon microprocessors; our ability to increase customer and market acceptance of AMD Athlon microprocessors; our ability to maintain average selling prices for AMD Athlon microprocessors; our ability to increase manufacturing capacity 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 and related notes as of December 26, 1999 and December 27, 1998 and for each of the three years in the period ended December 26, 1999.

RESULTS OF OPERATIONS

In 1997, 1998 and 1999, we participated in all three technology areas within the digital integrated circuit (IC) market--microprocessors, memory circuits and logic circuits--through (1) our AMD segment, which consists of our three product groups--our Computation Products Group (CPG), our Memory Group and our Communications Group and (2) our Vantis segment, up until June 15, 1999, which consisted of our programmable logic subsidiary, Vantis Corporation (Vantis). CPG products include microprocessors, core logic products and embedded processors. Memory Group products include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. Communications Group products include telecommunication products and networking products. Vantis products consisted of complex and simple, high-performance complementary metal oxide semiconductor (CMOS) programmable logic devices (PLDs).

On June 15, 1999, we completed the sale of Vantis to Lattice Semiconductor Corporation. After the Vantis sale, we provided foundry and administrative services to Vantis during 1999.

The following is a summary of the net sales of the AMD and Vantis segments for 1999, 1998 and 1997:

(Millions)	1999	1998	1997
AMD segment:			
CPG	$1,657	$1,484	$ 938
Memory Group	773	561	724
Communications Group	298	292	451
Lattice service fees	43	--	--
	2,771	2,337	2,113
Vantis segment	87	205	243
Total	$2,858	$2,542	$2,356

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

Total net sales increased by $315 million, or 12 percent, to $2,858 million in 1999 from $2,542 million in 1998. Excluding sales from the Vantis segment and Lattice service fees, net sales for 1999 increased by 17 percent compared to 1998.

CPG net sales of $1,657 million increased by 12 percent in 1999 compared to 1998. This increase was primarily due to the introduction of AMD Athlon microprocessors, which are our seventh-generation Microsoft(R) Windows(R) 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 rebates and product bundling of microprocessors, motherboards, chipsets and combinations thereof. Overall CPG sales growth in 2000 is dependent upon a successful production ramp to 0.18-micron process technology and copper interconnect technology, availability of chipsets and

motherboards from third-party suppliers and increasing market acceptance of AMD Athlon microprocessors, as to which we cannot give any assurance.

Memory Group 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. Demand for Flash memory devices remained strong. However, our ability to achieve further growth will depend upon our ability to increase our Flash memory manufacturing capacity, as to which we cannot give any assurance.

Communications Group net sales of $298 million were relatively flat between 1999 and 1998. Increases in net sales from our new Ethernet controllers and physical layer circuits, as well as increases in net sales of linecard circuits, were offset by a weakness in the mature network products. In October 1999, we announced our intention to sell certain assets of the Communications Group.

Through June 15, 1999, Vantis products contributed $87 million to our 1999 net sales. On June 15, 1999, we sold Vantis to Lattice Semiconductor Corporation for approximately $500 million in cash. As a result, there were no sales from Vantis in the third and fourth quarters of 1999. As part of the sale of Vantis, we negotiated various service contracts with Lattice to continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Vantis. Pursuant to these contracts, we received service fees of $43 million from Lattice during 1999. We expect the wafer fabrication and assembly, test, mark and pack service contracts to continue until September 2003.

Net Sales Comparison of Years Ended December 27, 1998 and December 28, 1997

Total net sales increased by $186 million, or eight percent, to $2,542 million in 1998 from $2,356 million in 1997.

CPG net sales of $1,484 million increased by 58 percent in 1998 compared to 1997. This increase was primarily due to increased sales of microprocessors at a higher speed grade mix and higher average selling prices.

Memory Group net sales of $561 million decreased by 23 percent in 1998 compared to 1997 primarily due to a significant decline in the average selling price of Flash memory devices. This decrease was partially offset by an increase in unit sales of Flash memory devices. Oversupply in the Flash market, combined with an increase in competition, caused downward pressure on the average selling price of Flash memory devices in 1998. In addition, average selling prices and unit sales of EPROMs declined.

Communications Group net sales of $292 million decreased by 35 percent in 1998 compared to 1997 primarily due to a significant decrease in unit sales of nearly all products. Our offerings of network products, which represented approximately one-half of the decline in Communications Group net sales, did not keep pace with the market shift towards higher performance products. Our sales of telecommunication products were particularly impacted by the general economic downturn in Asia.

Vantis net sales decreased 16 percent to $205 million from the prior year due to a decrease in unit shipments and lower average selling prices of low-density or simple PLD (SPLD) products. The total available market for SPLD products decreased as older SPLD products were replaced by complex PLD (CPLD) and field programmable gate array (FPGA) products in new designs.

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 1999, 1998 and 1997:

(Millions except for gross margin percentage)	1999	1998	1997
Cost of sales	$1,964	$1,719	$1,578
Gross margin percentage	31%	32%	33%
Research and development	$ 636	$ 567	$ 468
Marketing, general and administrative	540	420	401
Restructuring and other special charges	38	--	--
Gain on sale of Vantis	432	--	--
Litigation settlement	--	12	--
Interest income and other, net	32	34	35
Interest expense	69	66	45

We operate in an industry characterized by high fixed costs due to capital-intensive manufacturing processes, particularly the state-of-the-art production facilities required for microprocessors. 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 other products because fixed costs continue to rise due to the ongoing capital investments required to expand production capacity and capability.

Gross margin percentage decreased to 31 percent in 1999 compared to 32 percent in 1998. The decrease in gross margin percentage was primarily caused by lower average selling prices of AMD K-6 microprocessors combined with higher fixed costs. Fixed costs will continue to increase as we introduce equipment for 0.18-micron process technology capacity and facilitize Fab 25, our IC manufacturing facility in Austin, Texas. As described below, Dresden Fab 30 will also contribute to a significant increase in cost of sales when it begins producing units for sale, which we anticipate to be no earlier than the second quarter of 2000. Accordingly, absent significant increases in sales, particularly with respect to microprocessors, we will continue to experience pressure on our gross margin percentage.

Gross margin percentage decreased to 32 percent in 1998 compared to 33 percent in 1997. The lower gross margin percentage was primarily caused by a decline in net sales of non-microprocessor products. In addition, our fixed costs associated with our microprocessor products increased. During 1998, we continued to invest in the transition from 0.35-micron to 0.25-micron process technology and in the facilitization of Fab 25.

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, which is described below, 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. These credits of approximately $12 million per quarter (denominated in deutsche marks) will continue to be offset against Dresden Fab 30 expenses in future quarters until June 2007. Beginning no earlier than the second quarter of 2000, we expect Dresden Fab 30 to begin producing units for sale. At that time, a significant portion of Dresden Fab 30 expenses, including the deferred credits referred to above, will shift from research and development expense to cost of sales.

Research and development expenses of $567 million in 1998 increased 21 percent compared to 1997 due to an increase in spending in Dresden Fab 30 for facilitization and pre-production process development, and in Fab 25 for new product and process development.

In 1998, we entered into an alliance with Motorola for the development of Flash memory and logic 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 will receive certain licenses to Motorola's semiconductor logic process technologies, including copper interconnect technology, which may be subject to variable royalty rates. In exchange, we will develop and license 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 $540 million in 1999 increased 29 percent compared to 1998 primarily as a result of marketing and promotional activities for our launch of 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.

Marketing, general and administrative expenses of $420 million in 1998 increased five percent compared to 1997 primarily due to depreciation expense and labor costs associated with the installation of new order management and accounts receivable systems and related software upgrades.

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 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 26, 1999, the total cash outlay for restructuring and other special charges was approximately $5 million. We anticipate that accruals of $1 million for sales office facilities will be utilized over the period through lease terminations in the second quarter of 2002. Accruals of $2 million for the disconnection and removal costs for equipment that has been taken out of service will be fully discharged by the end of the first quarter of 2000. 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 next three to five years.

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 pretax gain on the sale of Vantis was $432 million. The gain was computed based on Vantis' net assets as of June 15, 1999 and other 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 $32 million in 1999 decreased seven percent compared to 1998 primarily as a result of lower interest income from lower invested cash balances during 1999. 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 Convertible Subordinated Notes sold in May 1998 (the Convertible Subordinated Notes). This increase was partially offset by lower interest expense on the $250 million secured term loan received under the 1996 syndicated bank loan agreement (the Credit Agreement), which was paid in full in July 1999, as well as higher capitalized interest related to the facilitization of Fab 25 and Dresden Fab 30.

Interest expense of $66 million in 1998 increased 47 percent compared to 1997 due to the increase in debt balances, including the Convertible Subordinated Notes. There was no significant change in interest income and other, net in 1998 compared to 1997.

Income Tax

We recorded an income tax provision of $167 million in 1999, and tax benefits of $92 million in 1998 and $55 million in 1997. Excluding the gain on the sale of Vantis and restructuring charges, the effective tax rate for the year ended December 26, 1999 was zero. The effective tax benefit rate was approximately 44 percent for 1998 and 55 percent for 1997. No tax benefits were recorded for the operating losses incurred during 1999 because the deferred tax assets arising from such losses were offset by a valuation allowance. The tax benefit rates in 1998 and 1997 were greater than the federal statutory rate due to fixed tax benefits that increase the benefit rate in a loss year.

We had net deferred tax liabilities of $5 million as of December 26, 1999 representing certain foreign deferred taxes.

Other Items

International sales as a percent of net sales were 60 percent in 1999, 55 percent in 1998 and 57 percent in 1997. During 1999, approximately eight percent of our net sales were denominated in foreign currencies. We do not have sales denominated in local currencies in those 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 the first half of 1999 and in 1998 and 1997, we operated in two segments: (1) the AMD segment and (2) the Vantis segment. 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 1999, 1998 and 1997:

(Millions)	1999	1998	1997
AMD segment	$(327)	$(185)	$(127)
Vantis segment	6	22	37
Total	$(321)	$(163)	$ (90)

The AMD segment's operating loss increased by $142 million in 1999 compared to 1998 primarily due to an increase in fixed costs associated with the continued facilitization of Fab 25 and research and development costs related to Dresden Fab 30, the Motorola alliance and the AMD Athlon microprocessor. We also incurred $38 million in restructuring and other special charges in 1999. The increases in costs were partially offset by higher net sales in CPG and the Memory Group.

The Vantis segment's operating income decreased in 1999 compared to 1998 due primarily to the sale of Vantis on June 15, 1999, resulting in sales activity for 24 weeks in 1999. In addition to the shorter period for sales activity in 1999, Vantis net sales for the first half of 1999 were also lower compared to the first half of 1998 due to lower sales of SPLD products which were partially offset by higher sales of CPLD products.

FINANCIAL CONDITION

Cash flow from operating activities was $260 million in 1999 compared to $142 million in 1998 and $399 million in 1997. Net operating cash flows in 1999 increased $118 million over 1998 primarily due to a decrease in net loss of $15 million and an increase in the net change in operating assets and liabilities of $245 million, which was mainly due to higher payables and accrued liabilities. The increase in net operating cash flows was partially offset by a decrease in net non-cash adjustments to net loss of $142 million. This offset was primarily due to the gain on the sale of Vantis which was partially offset by a larger decrease in deferred income tax assets in 1999 compared to 1998.

Investing activities consumed $142 million in cash during 1999 compared to $977 million in 1998 and $633 million in 1997. Cash used in investing activities decreased in 1999 compared to 1998 primarily due to an offset from proceeds from the sale of Vantis, as well as lower capital expenditures.

Our financing activities used cash of $174 million in 1999 compared to providing cash of $950 million in 1998 and $309 million in 1997. In 1999, we used cash primarily for payments on debt and capital lease obligations, including repayment of the secured term loan under the Credit Agreement. Our 1998 sources of cash included proceeds from the Convertible Subordinated Notes, borrowings from Dresdner Bank AG and capital investment grants and interest subsidies from the Federal Republic of Germany and the State of Saxony. Financing activities for all years presented include proceeds from the issuance of common stock under employee stock plans.

The Credit Agreement provided for a $150 million three-year secured revolving line of credit and a $250 million four-year secured term loan. On June 25, 1999, we terminated the secured revolving line of credit. On July 13, 1999, we replaced the Credit Agreement with a new Loan and Security Agreement (the Loan Agreement) with a consortium of banks led by Bank of America. On July 30, 1999, we repaid the outstanding principal balance of $86 million on the secured term loan and terminated the Credit Agreement. Under the Loan Agreement, 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 26, 1999, we had not borrowed any funds under the Loan Agreement. In addition, we had available unsecured, uncommitted bank lines of credit in the amount of $71 million.

We currently plan to make additional capital investments of approximately $800 million in 2000, although actual expenditures may vary. These investments include those relating to the continued facilitization of Dresden Fab 30 and Fab 25.

AMD Saxony, an indirect wholly owned German subsidiary of AMD, has constructed and is installing equipment in Dresden Fab 30, a 900,000-square-foot submicron integrated circuit manufacturing and design facility located in Dresden, in the State of Saxony, Germany. AMD, the Federal Republic of Germany,

the State of Saxony and a consortium of banks are supporting the project. We currently estimate that construction and facilitization costs of Dresden Fab 30 will be $1.9 billion (denominated in deutsche marks) when the facility is fully equipped. 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. 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

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

The Dresden Loan Agreements, which were amended in February 1998 to reflect upgrades in wafer production technology as well as the decline in the deutsche mark relative to the U.S. dollar, 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 $421 million as of December 26, 1999 in the form of subordinated loans and equity in AMD Saxony (denominated in both deutsche marks and U.S. dollars).

The Dresden Loan Agreements were amended again in June 1999 to remove a requirement that we sell at least $200 million of our stock by June 30, 1999 in order to fund a $70 million loan to AMD Saxony. In lieu of the stock offering, we funded the $70 million loan to AMD Saxony with proceeds from the sale of Vantis.

In addition to support from AMD, the consortium of banks referred to above has made available $850 million in loans (denominated in deutsche marks) to AMD Saxony to help fund Dresden Fab 30 project costs. AMD Saxony had $270 million of such loans outstanding as of December 26, 1999.

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 amount of $850 million;

. capital investment grants and allowances totaling $287 million; and

. interest subsidies totaling $156 million.

Of these amounts (which are all denominated in deutsche marks), AMD Saxony has received $275 million in capital investment grants and $23 million in interest subsidies as of December 26, 1999. The grants and subsidies are subject to conditions, including meeting specified levels of employment in December 2001 and maintaining those levels until June 2007. Non-compliance 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 26, 1999, we were in compliance with all of the conditions of the grants and subsidies.

The Dresden Loan Agreements also require that we:

. provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, which will 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;

. guarantee a portion of AMD Saxony's obligations under the Dresden Loan Agreements up to a maximum of $112 million (denominated in deutsche marks) until Dresden Fab 30 has been completed;

. fund certain contingent obligations, including obligations to fund project cost overruns, if any; and

. make funds available to AMD Saxony, after completion of Dresden Fab 30, up to approximately $75 million (denominated in deutsche marks) if AMD Saxony does not meet its fixed charge coverage ratio covenant.

Because the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth herein are subject to change based on applicable conversion rates. At the end of 1999, the exchange rate was approximately 1.94 deutsche marks to 1 U.S. dollar (which we used to calculate the amounts denominated in deutsche marks).

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 the wholly owned subsidiary of AMD, to comply with obligations in connection with the Dresden Loan Agreements, including:

. material variances from the approved schedule and budget;

. 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 of proceedings in bankruptcy or insolvency with respect to us, AMD Saxony or AMD Holding; and

. the occurrence of default under the indenture pursuant to which the 11 percent Senior Secured Notes due 2003 were issued (the Indenture) or the Loan Agreement.

Generally, any such default which either (1) results from our noncompliance with the Dresden Loan Agreements and is not cured by AMD or (2) results in recourse to AMD of more than $10 million and is not cured by AMD, would result in a cross-default under the Dresden Loan Agreements and the Indenture. Under certain circumstances, cross-defaults result under the Convertible Subordinated Notes, the Indenture and the Dresden Loan Agreements.

In the event we are unable to meet our obligation to make loans to, or equity investments in, AMD Saxony as required under the Dresden Loan Agreements, AMD Saxony will be unable to complete Dresden Fab 30 and we will be in default under the Dresden Loan Agreements and the Indenture, which would permit acceleration of certain indebtedness, which would have a material adverse effect on our business. There can be no assurance that we will be able to obtain the funds necessary to fulfill these obligations and any such failure would have a material adverse effect on our business.

FASL, a joint venture formed by AMD and Fujitsu Limited in 1993, is continuing the facilitization of its second Flash memory device wafer fabrication facility, FASL II, in Aizu-Wakamatsu, Japan. We expect the facility, including equipment, to cost approximately $1 billion (denominated in yen) when fully equipped. As of December 26, 1999, approximately $434 million (denominated in yen) of such costs have been funded. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and local borrowings by FASL. During 2000, we anticipate that FASL capital expenditures 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 II, 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 26, 1999, we had guarantees of $2 million (denominated in yen) outstanding with respect to these loans. The planned FASL II costs are denominated in yen and, therefore, are subject to change due to foreign exchange rate fluctuations. At the end of fiscal 1999, the exchange rate was approximately 103.51 yen to 1 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 facilities, will be sufficient to fund operations and capital investments through fiscal 2000.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In 1999, the Financial Accounting Standards Board extended the implementation of Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 is required to be adopted in years beginning after June 15, 2000. We expect to adopt SFAS 133 in fiscal 2001. We have not completed our review of SFAS 133, and accordingly have not evaluated the effect the adoption of the Statement may have on our consolidated results of operations and financial position. SFAS 133 will require AMD to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The portion of a derivative's change in fair value which is ineffective as a hedge will be immediately recognized in earnings.

In December 1999, the Securities and Exchange Commission (SEC) issued SEC Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. We have reviewed SAB 101 and have determined that we are in compliance with its requirements. Therefore, application of SAB 101 will have no impact on our consolidated results of operations.

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. There were no interest rate swaps outstanding at the end of fiscal 1999.

The table below 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 26, 1999 and December 27, 1998.

	1999								1998
(Thousands)	2000	2001	2002	2003	2004	Thereafter	Total	Fair value	Total
Cash equivalents									
Fixed rate amounts	$ 19,505	--	--	--	--	--	$ 19,505	$ 19,484	$ 22,434
Average rate	5.40%		--	--	--	--			
Variable rate amounts	$143,000	--	--	--	--	--	$ 143,000	$ 143,000	$ 136,408
Average rate	5.36%		--	--	--	--			
Short-term investments									
Fixed rate amounts	$175,004	--	--	--	--	--	$ 175,004	$ 175,686	$ 219,085
Average rate	5.57%		--	--	--	--			
Variable rate amounts	$126,700	--	--	--	--	--	$ 126,700	$ 126,700	$ 115,500
Average rate	6.58%		--	--	--	--			
Long-term investments									
Equity investments	--	$ 6,161	--	--	--	--	$ 6,161	$ 28,175	$ 7,027
Fixed rate amounts	--	$ 1,907	--	--	--	--	$ 1,907	$ 1,875	$ 2,000
Average rate		4.93%	--	--	--	--			
Total investments									
Securities	$464,209	$ 8,068	--	--	--	--	$ 472,277	$ 494,920	$ 502,454
Average rate	5.77%	4.93%	--	--	--	--			
Notes payable									
Fixed rate amounts	--	--	--	--	--	--	--	--	$ 6,017
Long-term debt									
Fixed rate amounts	$ 5,127	$46,517	$154,684	$456,853	$13,097	$517,959	$1,194,237	$1,128,919	$1,218,836
Average rate	9.88%	5.41%	5.40%	10.30%	5.47%	6.00%			
Variable rate amounts	--	--	--	--	--	--			218,750

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 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 do not use derivative financial instruments for speculative or trading purposes.

We had $59 million (notional amount) of short-term foreign currency forward contracts denominated in Japanese yen, British pound, Swiss franc, European Union euro, Singapore dollar and Thai baht outstanding as of December 26, 1999.

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 26, 1999.

In 1999, the $75 million foreign currency call option contracts remaining from the $150 million call option contracts purchased in 1997 to hedge our obligations to provide loans to, or invest equity in, AMD Saxony also expired.

Gains and losses related to the foreign currency forward and option contracts for the year ended December 26, 1999 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 below provides information about our foreign currency forward and option contracts as of December 26, 1999 and December 27, 1998. All of our foreign currency forward contracts mature within the next 12 months.

	1999			1998		
(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	$ 2,425	103.11	$ 4	$ 6,865	117.07	$ (22)
German mark	--	--	--	5,407	1.66	(7)
British pound	1,219	1.63	10	840	1.68	4
Swiss franc	318	1.57	(1)	--	--	--
European Union euro	45,101	1.03	(611)	--	--	--
Singapore dollar	8,382	1.67	17	--	--	--
Thai baht	1,245	40.18	48	--	--	--
	$58,690		$(533)	$ 13,112		$ (25)
Purchased call options contracts:						
German mark	$ --	--	$ --	$ 75,000	1.45	$ 45
Purchased put options contracts:						
German mark	$ --	--	$ --	$220,000	1.85	$ 1,547
Written call options contracts:						
German mark	$ --	--	$ --	$220,000	1.69	$(13,469)

RISK FACTORS

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

Microprocessor Products

Future Dependence on the AMD Athlon Microprocessor. We will need to successfully market the AMD Athlon microprocessor, our seventh-generation Microsoft Windows compatible microprocessor, in order to increase our microprocessor product revenues in 2000 and beyond, and to benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors. We commenced initial shipments of AMD Athlon microprocessors in June 1999 and began volume shipments in the second half of 1999. Our production and sales plans for AMD Athlon microprocessors are subject to numerous risks and uncertainties, including:

. our ability to produce AMD Athlon microprocessors in the volume and with the feature set required by customers on a timely basis;

. our ability to design, manufacture and deliver processor modules through subcontractors;

. the availability and acceptance of motherboards and chipsets designed for AMD Athlon microprocessors;

. market acceptance of AMD Athlon microprocessors;

. our ability to maintain average selling prices of AMD Athlon microprocessors despite aggressive Intel pricing, including market rebates and product bundling of microprocessors, motherboards, chipsets and combination thereof, or customer relationships which affect market demand;

. the successful development and installation of 0.18-micron process technology and copper interconnect technology;

. the pace at which we are able to transition production in Fab 25 from 0.25- to 0.18-micron process technology and to ramp production in Dresden Fab 30 on 0.18-micron copper interconnect process technology;

. 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 the AMD Athlon microprocessor, and the availability of chipsets from vendors who will develop, manufacture and sell chipsets with the EV6 interface in volumes required by us;

. our ability to expand our chipset and system design capabilities; and

. the availability to our customers of cost and performance competitive Static Random Access Memories (SRAMs) (including Tag chips) if Intel controls the market for SRAM production capacity through its relationships with SRAM manufacturers.

If we fail to achieve market acceptance of AMD Athlon microprocessors, if our subcontractors are unable to provide the processor modules we require or if chipsets and motherboards which are compatible with AMD Athlon microprocessors are not made available, our business will be materially and adversely affected.

Investment in and Dependence on K86(TM) AMD Microprocessor Products. Our microprocessor product revenues have significantly impacted, and will continue in 2000 and 2001 to significantly impact, 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 cash balances.

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 microprocessor, which is our seventh-generation Microsoft Windows compatible microprocessor, the AMD-K6 microprocessors with 3DNow! technology and future generations of K86 microprocessors. 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 faster pace than before and offer higher performance microprocessors in significantly greater volumes. We must achieve acceptable yields while producing microprocessors at higher speeds. In the past, we have experienced significant difficulty in achieving microprocessor yield and volume plans. Such difficulties have in the past, and may in the future, 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 AMD Athlon and AMD-K6 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-K6 microprocessors we currently plan to make in 2000 and 2001, 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 customer, 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 AMD Athlon and AMD-K6 microprocessors are subject to other risks and uncertainties, including:

. market acceptance of AMD Athlon microprocessors, including the timely availability of processor modules as well as motherboards and chipsets designed for these processors;

. whether we can successfully fabricate higher performance AMD Athlon and AMD-K6 microprocessors in planned volume and speed mixes;

. the effects of Intel's new product introductions, marketing strategies and pricing;

. the continued market acceptance for AMD-K6 microprocessors and systems based on them;

. 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;

. adverse market conditions in the personal computer (PC) market and consequent diminished demand for our microprocessors; and

. unexpected interruptions in our manufacturing operations.

Because Intel has dominated the microprocessor market for many years and has brand strength, we have in the past priced AMD-K6 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 the AMD-K6 and AMD Athlon microprocessors, and consequently can impact and have impacted our overall margins. Our business could be materially and adversely affected if we are unable to:

. achieve the product performance improvements necessary to meet customer needs;

. continue to achieve market acceptance of our AMD-K6 and AMD Athlon microprocessors and increase market share;

. maintain revenues of AMD-K6 microprocessors; and

. successfully ramp production and sales of AMD Athlon microprocessors.

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 vary prices on its microprocessors and other products at will and thereby affect the margins and profitability of its competitors due to its financial strength and dominant position. Intel exerts substantial influence over PC manufacturers and their channels of distribution through the Intel Inside advertising rebate 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, it is difficult for PC manufacturers 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 and pricing strategies;

. control over industry standards, PC manufacturers and other PC industry participants, including motherboard, chipset and 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, motherboards, basic input/output system (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 closer relationships with third-party designers and manufacturers of chipsets, motherboards, 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 expect that, as Intel introduces future generations of microprocessors, chipsets and motherboards, the design of chipsets, memory and other semiconductor devices, and higher level board products which support Intel microprocessors, will become increasingly dependent on the Intel microprocessor design and may become incompatible with non-Intel processor-based PC systems.

Intel's Pentium(R) III and Celeron(TM) microprocessors are sold only in form factors that are not physically or interface protocol compatible with "Socket 7" motherboards currently used with AMD-K6 microprocessors. Thus, Intel no longer supports the Socket 7 infrastructure as it did when it was selling its fifth-generation Pentium processors. Because AMD-K6 microprocessors are designed to be Socket 7 compatible, and will not work with motherboards designed for Pentium II, III and Celeron processors, we intend to continue to work with third-party designers and manufacturers of motherboards, chipsets and other products to ensure the continued availability of Socket 7 infrastructure support for AMD-K6 microprocessors, including support for enhancements and features we add to our microprocessors. Socket 7 infrastructure support for AMD-K6 microprocessors may not endure over time as Intel moves the market to its infrastructure choices.

We do not currently plan to develop microprocessors that are bus interface protocol compatible with the Pentium III 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 microprocessor is not designed to function with motherboards and chipsets designed to work with Intel microprocessors. Our ability to compete with Intel in the market for AMD Athlon 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 Intel's microprocessors and our microprocessors, or that alternative platforms are available which are competitive with those used with Intel processors.

A failure for any reason of the designers and producers of motherboards, chipsets, processor modules and other system components to support our K86 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 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. 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 K86 microprocessors. If we fail to maintain the logo license agreements with Microsoft, we may lose our ability to label our K86 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 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.

Financing Requirements

We currently plan to make capital investments of approximately $800 million in 2000 although the actual expenditures may vary. These investments include those relating to the continued facilitization of Dresden Fab 30 and Fab 25.

In 1999, the building construction of FASL II was completed, equipment was installed and production was initiated. We expect the facility, including equipment, to cost approximately $1 billion when fully equipped. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and borrowings by FASL. If FASL is unable to secure the necessary funds for FASL II, we may be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL.

In 1996, we entered into the Credit Agreement, which provided for a $150 million three-year secured revolving line of credit and a $250 million four-year secured term loan. On June 25, 1999, we terminated the secured revolving line of credit. On July 13, 1999, we replaced the Credit Agreement with a new Loan and Security Agreement (the Loan Agreement) with a consortium of banks led by Bank of America. On July 30, 1999, we repaid the outstanding balance on the secured term loan and terminated the Credit Agreement. Under the Loan Agreement, 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 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.

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 terms of the Dresden Loan Agreements required us to make subordinated loans to AMD Saxony totaling $100 million in 1998, and to make additional subordinated loans to, or equity investments in, AMD Saxony totaling $100 million in 1999. The Dresden Loan Agreements, which were amended in February 1998 to reflect planned upgrades in wafer production technology as well as the decline in the deutsche mark relative to the U.S. dollar, 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 $421 million as of December 26,1999 in the form of subordinated loans and equity in AMD Saxony. The Dresden Loan Agreements were amended again in June 1999 to remove a requirement that we sell at least $200 million of our stock by June 30, 1999 in order to fund a $70 million loan to AMD Saxony. In lieu of the stock offering, we funded the $70 million loan to AMD Saxony with proceeds from the sale of Vantis.

Because the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth herein are subject to change based on applicable conversion rates. As of the end of 1999, the exchange rate was approximately 1.94 deutsche marks to 1 U.S. dollar (which we used to calculate our obligations denominated in deutsche marks).

If we are unable to meet our obligation to make loans to, or equity investments in, AMD Saxony as required under the Dresden Loan Agreements, AMD Saxony will be unable to complete Dresden Fab 30 and we will be in default under the Dresden Loan Agreement, the Loan Agreement and the Indenture, which would have a material adverse effect on our business. If we are unable to obtain the funds necessary to fulfill these obligations, our business will be materially and adversely affected.

Manufacturing

Capacity. We underutilize our manufacturing facilities from time to time as a result of reduced demand for certain of our products. Our operations related to microprocessors have been particularly affected by this situation. If we underutilize our manufacturing facilities in the future, our gross margins may suffer. We are substantially increasing our manufacturing capacity by making significant capital investments in Fab 25 and Dresden Fab 30. In addition, in 1999, the building construction of FASL II, a second Flash memory device manufacturing facility, was completed, equipment was installed and production was initiated. We have also built a new test and assembly facility in Suzhou, China. We are basing our strategy of increasing our manufacturing capacity on industry projections for future growth. If these industry projections are inaccurate, or if demand for our products does not increase consistent with our plans and expectations, we will likely underutilize our manufacturing facilities and our business could be materially and adversely affected.

In contrast to the above, there also have been situations in the past in which our manufacturing facilities were inadequate to meet the demand for certain of our products. Our inability to obtain sufficient manufacturing capacities to meet demand, either in our own facilities or through foundry or similar arrangements with others, could have a material adverse effect on our business. At this time, the risk is that we will have insufficient capacity to meet demand for Flash memory products and significant underutilized capacity relative to demand for our microprocessor offerings.

Process Technology. In order to remain competitive, we must make continuing substantial investments in improving our process technologies. In particular, we have made and continue to make significant research and development investments in the technologies and equipment used to fabricate our microprocessor products and our Flash memory devices. Portions of these investments might not be fully recovered if we fail to continue to gain market acceptance or if the market for our Flash memory products should significantly deteriorate. Likewise, we are making a substantial investment in Dresden Fab 30. The business plan for Dresden Fab 30 calls for the successful development and installation of 0.18-micron process technology and copper interconnect technology in order to manufacture AMD Athlon microprocessors in Dresden Fab 30. We have entered into a strategic alliance with Motorola to co-develop logic process and embedded Flash technologies. The logic process technology which is the subject of the alliance includes the copper interconnect technology that is required for AMD Athlon microprocessors and subsequent generations of microprocessors. We cannot be certain that the strategic alliance will be successful or that we will be able to develop or obtain the leading-edge process technologies that will be required in Fab 25 or Dresden Fab 30 to fabricate AMD Athlon microprocessors successfully.

Manufacturing Interruptions and Yields. Any substantial interruption of our manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, could materially and adversely affect our business operations. We also have been and may in the future be materially and adversely affected by fluctuations in manufacturing yields. For example, our results in the past have been negatively affected by disappointing AMD-K6 microprocessor yields. The design and manufacture of ICs 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. Additional manufacturing risks incurred in ramping up new fabrication areas and/or new manufacturing processes include equipment performance and process controls, as well as other risks, all of which can affect yields.

Product Incompatibility. Our products may possibly be incompatible with some or all industry-standard software and hardware. If our customers are unable to achieve compatibility with software or hardware after our products are shipped in volume, we could be materially adversely affected. It is also possible that we may be unsuccessful in correcting any such compatibility problems that are discovered or that corrections will be unacceptable to customers or made in an untimely manner. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on our business.

Product Defects. One or more of our products may possibly be found to be defective after we have already shipped such products in volume, requiring a product replacement, recall or a software fix which would cure such defect but impede performance. We may also be subject to product returns which could impose substantial costs on us and have a material and adverse effect on our business.

Essential Manufacturing Materials. Certain raw materials we use in the manufacture of our products are available from a limited number of suppliers. For example, a few foreign companies principally supply several types of the IC packages purchased by us, as well as by the majority of other companies in the semiconductor industry. Interruption of supply or increased demand in the industry could cause shortages in various essential materials. We would have to reduce our manufacturing operations if we were unable to procure certain of these materials. This reduction in our manufacturing operations could have a material adverse effect on our business.

International Manufacturing and Foundries. Nearly all product assembly and final testing of our products are performed at our manufacturing facilities in Penang, Malaysia; Bangkok, Thailand; Suzhou, China; and Singapore; or by subcontractors in the United States and Asia. We also depend on foreign foundry suppliers and joint ventures for the manufacture of a portion of our finished silicon wafers. Foreign manufacturing and construction of foreign facilities entail 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 and tariffs. For example, if we were unable to assemble and test our products abroad, or if air transportation between the United States and our overseas facilities were disrupted, there could be a material adverse effect on our business.

Flash Memory Products

The demand for Flash memory devices has recently increased 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; and

. PC cards which are inserted into notebook and subnotebook computers or personal digital assistants.

As a result, the demand for Flash memory devices currently exceeds the available supply. In order to meet this demand, we must increase our production of Flash memory devices through FASL and FASL II or 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 as existing manufacturers introduce new products and industry-wide production capacity increases, and as Intel continues to aggressively price its Flash memory products. We expect competition in the marketplace for Flash memory devices to continue to increase in 2000 and beyond. 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 the gross margin percentage in this product line could have a material adverse effect on our business.

Key Personnel

Our future success depends upon the continued service of numerous key engineering, manufacturing, marketing, sales and executive personnel. We may or may not be able to continue to attract, retain and motivate qualified personnel necessary for our business. Loss of the service of, or failure to recruit, key engineering design personnel could be significantly detrimental to our product development programs or otherwise have a material adverse effect on our business.

Demand for Our Products Affected by Asian and Other Domestic and International Economic Conditions

While general industry demand is currently strengthening, the demand for our products during the last few years has been weak due to the general downturn in the worldwide semiconductor market and an economic crisis in Asia. A renewed decline of the worldwide semiconductor market or economic condition in Asia could decrease the demand for microprocessors and other ICs. 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.

Fluctuations in Operating Results

Our operating results are subject to substantial quarterly and annual fluctuations due to a variety of factors, including:

. the effects of competition with Intel in microprocessor and Flash memory device markets;

. competitive pricing pressures;

. decreases in unit average selling prices of our products;

. production capacity levels and fluctuations in manufacturing yields;

. availability and cost of products from our suppliers;

. the gain or loss of significant customers;

. new product introductions by us or our competitors;

. changes in the mix of products produced and sold and in the mix of sales by distribution channels;

. market acceptance of new or enhanced versions of our products;

. seasonal customer demand; and

. the timing of significant orders and the timing and extent of product development costs.

Our operating results also tend to vary seasonally due to vacation and holiday schedules. Our revenues are generally lower in the first, second and third quarters of each year than in the fourth quarter. This seasonal pattern is largely a result of decreased demand in Europe during the summer months and higher demand in the retail sector of the personal computer market during the winter holiday season.

In addition, operating results have recently been, and may in the future be, adversely affected by general economic and other conditions causing a downturn in the market for semiconductor devices, or otherwise affecting the timing of customer orders or causing order cancellations or rescheduling. Our customers may change delivery schedules or cancel orders without significant penalty. Many of the factors listed above are outside of our control. These factors are difficult to forecast, and these or other factors could materially and adversely affect our quarterly or annual operating results.

Other Risk Factors

Debt Restrictions. The Loan Agreement and the Indenture contain significant covenants that limit our ability and our subsidiaries' ability to engage in various transactions and require satisfaction of specified financial performance criteria. In addition, the occurrence of certain events, including, among other things, failure to comply with the foregoing covenants, material inaccuracies of representations and warranties, certain defaults under or acceleration of other indebtedness and events of bankruptcy or insolvency, would in certain cases after notice and grace periods, constitute events of default permitting acceleration of indebtedness. The limitations imposed by the Loan Agreement and the Indenture are substantial, and failure to comply with such limitations could have a material adverse effect on our business.

In addition, the Dresden Loan Agreements substantially prohibit AMD Saxony from transferring assets to us, which will prevent us from using current or future assets of AMD Saxony other than to satisfy obligations of AMD Saxony.

Technological Change and Industry Standards. The market for our products is generally characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements, short product life cycles and severe price competition. Currently accepted industry standards may change. Our success depends substantially on our ability, on a cost-effective and timely basis, to continue to enhance our existing products and to develop and introduce new products that take advantage of technological advances and adhere to evolving industry standards. An unexpected change in one or more of the technologies related to our products, in market demand for products based on a particular technology or of accepted industry standards could materially and adversely affect our business. We may or may not be able to develop new products in a timely and satisfactory manner to address new industry standards and technological changes, or to respond to new product announcements by others. In addition, new products may or may not achieve market acceptance.

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 successive generations of products are 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.

Order Revision and Cancellation Policies. We manufacture and market standard lines of products. Sales are made primarily pursuant to purchase orders for current delivery or agreements covering purchases over a period of time, which may be revised or canceled without penalty. As a result, we must commit resources to the production of products without any advance purchase commitments from customers. Our inability to sell products after we devoted significant resources to them could have a material adverse effect on our business.

Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified notice, generally allow for the return of our products if the agreement with the distributor is terminated. The market for our products is generally characterized by, among other things, severe price competition. The price protection and return rights we offer to our distributors could materially and adversely affect us if there is an unexpected significant decline in the price of our products.

Intellectual Property Rights; Potential Litigation. It is possible that:

. we will be unable to protect our technology or other intellectual property adequately through patents, copyrights, trade secrets, trademarks and other measures;

. patent applications that we may file will not be issued;

. foreign intellectual property laws will not protect our intellectual property rights;

. any patent licensed by or issued to us will be challenged, invalidated or circumvented or that the rights granted thereunder will not provide competitive advantages to us; and

. others will independently develop similar products, duplicate our products or design around our patents and other rights.

From time to time, we have been notified that we may be infringing intellectual property rights of others. If any such claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We could decide, in the alternative, to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming and could have a material adverse effect on our business. We cannot give any assurance that all necessary licenses can be obtained on satisfactory terms, or whether litigation may always be avoided or successfully concluded.

Environmental Regulations. We could possibly be subject to fines, suspension of production, alteration of our manufacturing processes or cessation of our operations if we fail to comply with present or future governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in the manufacturing process. Such regulations could require us to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. Our failure to control the use of, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject us to future liabilities and could have a material adverse effect on our business.

Year 2000. We have previously discussed the nature and progress of our plans to become Year 2000 ready. Pursuant to our plans, we completed our remediation and testing of systems. We have not experienced any material system failures, disruptions of operations or interruptions of our ability to process transactions, send invoices or engage in other normal business activities as a result of Year 2000 issues. In addition, we are not aware of any material problems resulting from Year 2000 issues with our products and services. Although we have not experienced any material problems related to the Year 2000, we cannot give any assurance that issues will not arise in the future or that we will be able to adequately address any issues that may arise. We will continue to monitor our critical computer applications in the year 2000 to ensure that

any Year 2000 issues that may arise are addressed as promptly as possible. Our inability to adequately address all Year 2000-related issues that may arise could have a material adverse impact on our operations.

The actual costs incurred as of December 26, 1999 in connection with our Year 2000 readiness plan were approximately $18 million, the majority of which was expensed. The expenses of the Year 2000 readiness plan were funded through operating cash flows.

International Sales. Our international sales operations entail political and economic risks, including expropriation, currency controls, exchange rate fluctuations, changes in freight rates and changes in rates and exemptions for taxes and tariffs.

Volatility of Stock Price; Ability to Access Capital. Based on the trading history of our stock, we believe that the following factors have caused and are likely to continue to cause the market price of our common stock to fluctuate substantially:

. quarterly fluctuations in our operating and financial results;

. announcements of new products and/or pricing by us or our competitors;

. the pace of new process technology and product manufacturing ramps;

. production yields of key products; and

. general conditions in the semiconductor industry.

In addition, an actual or anticipated shortfall in revenue, gross margins or earnings from securities analysts' expectations could have an immediate effect on the trading price of our common stock in any given period. Technology company stocks in general have experienced extreme price and volume fluctuations that are often unrelated to the operating performance of the companies. This market volatility may adversely affect the market price of our common stock and consequently limit our ability to raise capital or to make acquisitions. Our current business plan envisions substantial cash outlays which may require external capital financing. It is possible that capital and/or long-term financing will be unavailable on terms favorable to us or in sufficient amounts to enable us to implement our current plan.

Earthquake Danger. Our corporate headquarters, a portion of our manufacturing facilities, assembly and research and development activities and certain other critical business operations are located near major earthquake fault lines. We could be materially and adversely affected in the event of a major earthquake.

Euro Conversion. On January 1, 1999, eleven of the fifteen member countries of the European Union established fixed conversion rates between their existing currencies and the euro. The participating countries adopted the euro as their common legal currency on that date. The transition period will last through January 1, 2002. We are assessing the potential impact to us that may result from the euro conversion. We do not expect the introduction and use of the euro to materially affect our foreign exchange activities, to affect our use of derivatives and other financial instruments or to result in any material increase in costs to us. We will continue to assess the impact of the introduction of the euro currency over the transition period, as well as the period subsequent to the transition, as applicable.

Three Years Ended December 26, 1999 (Thousands except per share amounts)	1999	1998	1997
Net sales	$2,857,604	$2,542,141	$2,356,375
Expenses:			
Cost of sales	1,964,434	1,718,703	1,578,438
Research and development	635,786	567,402	467,877
Marketing, general and administrative	540,070	419,678	400,713
Restructuring and other special charges	38,230	--	--
	3,178,520	2,705,783	2,447,028
Operating loss	(320,916)	(163,642)	(90,653)
Gain on sale of Vantis	432,059	--	--
Litigation settlement	--	(11,500)	--
Interest income and other, net	31,735	34,207	35,097
Interest expense	(69,253)	(66,494)	(45,276)
Income (loss) before income taxes and equity in joint venture	73,625	(207,429)	(100,832)
Provision (benefit) for income taxes	167,350	(91,878)	(55,155)
Loss before equity in joint venture	(93,725)	(115,551)	(45,677)
Equity in net income of joint venture	4,789	11,591	24,587
Net loss	$ (88,936)	$ (103,960)	$ (21,090)
Net loss per common share:			
Basic	$ (0.60)	$ (0.72)	$ (0.15)
Diluted	$ (0.60)	$ (0.72)	$ (0.15)
Shares used in per share calculation:			
Basic	147,068	143,668	140,453
Diluted	147,068	143,668	140,453

See accompanying notes

CONSOLIDATED BALANCE SHEETS

December 26, 1999 and December 27, 1998 (Thousands except per share amounts)	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 294,125	$ 361,908
Short-term investments	302,386	335,117
Total cash, cash equivalents and short-term investments	596,511	697,025
Accounts receivable, net of allowance for doubtful accounts of $15,378 in 1999 and $12,663 in 1998	429,809	415,557
Inventories:		
Raw materials	10,236	21,185
Work-in-process	97,143	129,036
Finished goods	90,834	24,854
Total inventories	198,213	175,075
Deferred income taxes	55,956	205,959
Prepaid expenses and other current assets	129,389	68,411
Total current assets	1,409,878	1,562,027
Property, plant and equipment:		
Land	35,872	36,273
Buildings and leasehold improvements	1,187,712	823,287
Equipment	2,851,315	2,776,336
Construction in progress	863,403	744,466
Total property, plant and equipment	4,938,302	4,380,362
Accumulated depreciation and amortization	(2,415,066)	(2,111,894)
Property, plant and equipment, net	2,523,236	2,268,468
Investment in joint venture	273,608	236,820
Other assets	170,976	185,653
	$ 4,377,698	$ 4,252,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	$ --	$ 6,017
Accounts payable	387,193	333,975
Accrued compensation and benefits	91,900	80,334
Accrued liabilities	273,689	168,280
Income tax payable	17,327	22,026
Deferred income on shipments to distributors	92,917	84,523
Current portion of long-term debt, capital lease obligations and other	47,626	145,564
Total current liabilities	910,652	840,719
Deferred income taxes	60,491	34,784
Long-term debt, capital lease obligations and other, less current portion	1,427,282	1,372,416
Commitments and contingencies		
Stockholders' equity:		
Capital stock:		
Common stock, par value $0.01; 250,000,000 shares authorized; 148,656,278 shares issued and outstanding in 1999 and 145,477,376 in 1998	1,496	1,465
Capital in excess of par value	1,121,956	1,071,591
Retained earnings	873,235	962,171
Accumulated other comprehensive loss	(17,414)	(30,178)
Total stockholders' equity	1,979,273	2,005,049
	$ 4,377,698	$ 4,252,968

See accompanying notes

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Three Years Ended December 26, 1999 (Thousands)	Common Stock Number of shares	Common Stock Amount	Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Total stockholders' equity
December 29, 1996	137,580	$1,380	$ 957,226	$1,087,221	$(23,949)	$2,021,878
Comprehensive loss:						
Net loss	--	--	--	(21,090)	--	(21,090)
Other comprehensive loss:						
Net change in unrealized gain on investments, net of tax benefit of $1,230	--	--	--	--	2,094	2,094
Less: Reclassification adjustment for gains included in earnings					(4,907)	(4,907)
Net change in cumulative translation adjustments	--	--	--	--	(30,138)	(30,138)
Total other comprehensive loss						(32,951)
Total comprehensive loss						(54,041)
Issuance of shares for employee stock plans	4,113	44	38,013	--	--	38,057
Compensation recognized under employee stock plans	--	--	21,232	--	--	21,232
Warrants exercised	430	4	2,413	--	--	2,417
December 28, 1997	142,123	1,428	1,018,884	1,066,131	(56,900)	2,029,543
Comprehensive loss:						
Net loss	--	--	--	(103,960)	--	(103,960)
Other comprehensive income:						
Net change in unrealized gain on investments, net of tax benefit of $355	--	--	--	--	4,753	4,753
Net change in cumulative translation adjustments	--	--	--	--	21,969	21,969
Total other comprehensive income						26,722
Total comprehensive loss						(77,238)
Issuance of shares:						
Employee stock plans	2,354	27	25,656	--	--	25,683
Fujitsu Limited	1,000	10	18,395	--	--	18,405
Compensation recognized under employee stock plans	--	--	8,645	--	--	8,645
Warrants exercised	--	--	11	--	--	11
December 27, 1998	145,477	1,465	1,071,591	962,171	(30,178)	2,005,049
Comprehensive loss:						
Net loss	--	--	--	(88,936)	--	(88,936)
Other comprehensive income:						
Net change in unrealized gain on investments, net of tax benefit of $2,635	--	--	--	--	12,121	12,121
Less: Reclassification adjustment for gains included in earnings					(4,603)	(4,603)
Net change in cumulative translation adjustments	--	--	--	--	5,246	5,246
Total other comprehensive income						12,764
Total comprehensive loss						(76,172)
Issuance of shares:						
Employee stock plans	2,679	26	31,153	--	--	31,179
Fujitsu Limited	500	5	12,593	--	--	12,598
Compensation recognized under employee stock plans	--	--	6,619	--	--	6,619
December 26, 1999	148,656	$1,496	$1,121,956	$ 873,235	$(17,414)	$1,979,273

See accompanying notes

Three Years Ended December 26, 1999 (Thousands)	1999	1998	1997
Cash flows from operating activities:			
Net loss	$ (88,936)	$ (103,960)	$ (21,090)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Gain on sale of Vantis	(432,059)	--	--
Depreciation and amortization	515,520	467,521	394,465
(Increase) decrease in deferred income tax assets	160,668	(106,861)	(18,566)
Restructuring and other special charges	29,858	--	--
Foreign grant subsidy income	(50,178)	--	--
Net loss on disposal of property, plant and equipment	10,665	11,515	19,763
Net gain realized on sale of available-for-sale securities	(4,250)	--	(4,978)
Compensation recognized under employee stock plans	2,655	8,645	21,232
Undistributed income of joint venture	(4,789)	(11,591)	(24,587)
Recognition of deferred gain on sale of building	(1,680)	--	--
Changes in operating assets and liabilities:			
Net increase in receivables, inventories, prepaid expenses and other assets	(113,965)	(151,998)	(184,966)
Increase (decrease) in tax refund receivable and tax payable	(4,992)	9,350	61,209
Net increase in payables and accrued liabilities	241,403	19,195	156,333
Net cash provided by operating activities	259,920	141,816	398,815
Cash flows from investing activities:			
Purchase of property, plant and equipment	(619,772)	(975,105)	(685,100)
Proceeds from sale of Vantis	454,269	--	--
Proceeds from sale of property, plant and equipment	3,996	106,968	43,596
Purchase of available-for-sale securities	(1,579,813)	(1,591,802)	(537,275)
Proceeds from sale and maturity of available-for-sale securities	1,598,946	1,482,890	545,478
Net cash used in investing activities	(142,374)	(977,049)	(633,301)
Cash flows from financing activities:			
Proceeds from borrowings	12,101	816,448	283,482
Debt issuance costs	--	(14,350)	(13,080)
Payments on debt and capital lease obligations	(243,762)	(92,601)	(79,791)
Proceeds from foreign grants and subsidies	14,341	196,651	77,865
Proceeds from issuance of stock	43,777	44,099	40,474
Net cash (used) provided by financing activities	(173,543)	950,247	308,950
Effect of exchange rate changes on cash and cash equivalents	(11,786)	6,236	--
Net increase (decrease) in cash and cash equivalents	(67,783)	121,250	74,464
Cash and cash equivalents at beginning of year	361,908	240,658	166,194
Cash and cash equivalents at end of year	$ 294,125	$ 361,908	$ 240,658
Supplemental disclosures of cash flow information:			
Cash paid (refunded) during the year for:			
Interest, net of amounts capitalized	$ 51,682	$ 58,517	$ 34,600
Income taxes	$ 15,466	$ 2,732	$(100,016)
Non-cash financing activities:			
Equipment capital leases	$ 2,307	$ 13,908	$ 44,770

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 26, 1999, December 27, 1998 and December 28, 1997

Note 1: Nature of Operations

AMD (the Company) is a semiconductor manfacturer with manufacturing facilities in the U.S., Europe 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.

Note 2: Summary of Significant Accounting Policies

Fiscal Year. The Company uses a 52- to 53-week fiscal year ending on the last Sunday in December. Fiscal 1999, 1998 and 1997 were 52-week years which ended on December 26, December 27 and December 28, respectively. Fiscal 2000 will be a 53-week year ending on December 31, 2000.

Principles of Consolidation. The consolidated financial statements include the Company's accounts and those of its wholly owned subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated. Also included in the consolidated financial statements, under the equity method of accounting, is the Company's 49.992 percent investment in Fujitsu AMD Semiconductor Limited (FASL).

Foreign Currency Translation. Translation adjustments resulting from the process of translating into the U.S. dollars the foreign currency financial statements of the Company's wholly owned foreign subsidiaries for which the U.S. dollar is the functional currency are included in operations. The translation adjustments relating to the translation of the financial statements of the Company's indirect wholly owned German subsidiary in Dresden, in the State of Saxony (AMD Saxony), and the Company's unconsolidated joint venture, FASL, for which the local currencies are the functional currencies, are included in stockholders' equity.

Cash Equivalents. Cash equivalents consist of financial instruments which are readily convertible into cash and have original maturities of three months or less at the time of acquisition.

Investments. The Company classifies its marketable debt and equity securities at the date of acquisition, into held-to-maturity and available-for-sale categories. Currently, the Company classifies its securities as available-for-sale. These securities are reported at fair market value with the related unrealized gains and losses included in stockholders' equity. Realized gains and losses and declines in value of securities judged to be other than temporary are included in interest income and other, net. Interest and dividends on all securities are also included in interest income and other, net. The cost of securities sold is based on the specific identification method.

The Company considers investments with maturities between three and 12 months as short-term investments. Short-term investments consist of money market auction rate preferred stocks and debt securities such as commercial paper, corporate notes, certificates of deposit and marketable direct obligations of the United States governmental agencies.

Derivative Financial Instruments. The Company utilizes derivative financial instruments to reduce financial market risks. The Company uses these instruments to hedge foreign currency and interest rate market exposures of underlying assets, liabilities and other obligations. The Company does not use derivative financial instruments for speculative or trading purposes. The Company's accounting policies for these instruments are based on whether such instruments are designated as hedging transactions. The criteria the Company uses for designating an instrument as a hedge includes the instrument's effectiveness in risk reduction and one-to-one matching of derivative instruments to underlying transactions. Gains and losses on foreign currency forward and option contracts that are designated and effective as hedges of anticipated transactions, for which a firm commitment has been attained, are deferred and either recognized in income or included in the basis of the transaction in the same period that the underlying transactions are settled. Gains and losses on foreign currency forward and option contracts and interest rate swap contracts that are designated and effective as hedges of existing transactions are recognized in income in the same period as losses and gains on the underlying transactions are recognized and generally offset. Gains and losses on any instruments not meeting the above criteria are recognized in income in the current period. If an underlying hedged transaction is terminated earlier than initially anticipated, the offsetting gain or loss on the related derivative instrument is recognized in income in the same period. Subsequent gains or losses on the related derivative instrument are recognized in income in each period until the instrument matures, is terminated or is sold. Premiums paid for foreign currency forward and option contracts are generally amortized over the life of the contracts and are not material to our results of operations. Unamortized premiums are included in prepaid expenses and other current assets.

Inventories. Inventories are stated at standard cost adjusted to approximate the lower of cost (first-in, first-out method) or market (net realizable value).

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets for financial reporting purposes and on accelerated methods for tax purposes. Estimated useful lives for financial reporting purposes are as follows:

- machinery and equipment, three to five years;
- buildings, up to 26 years; and
- leasehold improvements, the shorter of the remaining terms of the leases or the estimated economic useful lives of the improvements.

Revenue Recognition. The Company recognizes revenue from product sold direct to customers when the contract is in place, the price is fixed or determinable, shipment is made and collectibility is reasonably assured. The Company sells to distributors under terms allowing the distributors certain rights of return and price protection on unsold merchandise held by them. The distributor agreements, which may be canceled by either party upon specified notice, generally contain a provision for the return of the Company's products in the event the agreement with the distributor is terminated. Accordingly, the Company defers recognition of revenue and related profits from sales to distributors with agreements that have the aforementioned terms until the merchandise is resold by the distributors.

Foreign Grants and Subsidies. The Federal Republic of Germany and the State of Saxony have agreed to support the Dresden Fab 30 project in the amount of $443 million (denominated in deutsche marks) consisting of capital investment grants and interest subsidies. Dresden Fab 30 is the Company's new integrated circuit manufacturing and design facility in Dresden, Germany. The grants and subsidies are subject to conditions, including meeting specified levels of employment in December 2001 and maintaining those levels until June 2007. The grants and subsidies will be recognized as a reduction of operating expense ratably over the life of the project. In 1999, grants and subsidies recognized as a reduction to operating expenses amounted to $50 million. As of December 26, 1999, AMD Saxony had received grants and subsidies totaling approximately $298 million (denominated in deutsche marks). 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 the amounts received to date.

Advertising Expenses. The Company accounts for advertising costs as expense in the period in which they are incurred. Advertising expense for 1999, 1998 and 1997 was approximately $101 million, $74 million and $74 million, respectively.

Net Loss Per Common Share. Basic and diluted net loss per share are computed using weighted-average common shares outstanding.

The following table sets forth the computation of basic and diluted net loss per common share:

(Thousands except per share data)	1999	1998	1997
Numerator for basic and diluted net loss per common share	$(88,936)	$(103,960)	$(21,090)
Denominator for basic and diluted net loss per common share -- weighted-average shares	147,068	143,668	140,453
Basic and diluted net loss per common share	$ (0.60)	$ (0.72)	$ (0.15)

Options and restricted stock were outstanding during 1999, 1998 and 1997. Convertible debt was outstanding during 1999 and 1998. Warrants were outstanding in 1998 and 1997. All of these instruments were not included in the computation of diluted net loss per common share because the effect in years with a net loss would be antidilutive.

Accumulated Other Comprehensive Loss. As required under Statement of Financial Accounting Standards No. 130 (SFAS 130), unrealized gains or losses on the Company's available-for-sale securities and the foreign currency translation adjustments, are included in other comprehensive loss.

The following are the components of accumulated other comprehensive loss:

(Thousands)	1999	1998
Unrealized gain on investments, net of tax	$ 14,278	$ 6,760
Cumulative translation adjustments	(31,692)	(36,938)
	$(17,414)	$(30,178)

Cumulative translation adjustments are not tax affected.

Employee Stock Plans. As allowed under Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation," the Company continues to account for its stock option plans and its employee stock purchase plan in accordance with provisions of the Accounting Principles Board's Opinion No. 25 (APB 25), "Accounting For Stock Issued to Employees." See Note 10.

Use of Estimates. The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

Financial Presentation. The Company has reclassified certain prior year amounts on the consolidated financial statements to conform to the 1999 presentation.

New Accounting Pronouncements. In 1999, the Financial Accounting Standards Board extended the adoption of the Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 is required to be adopted in years beginning after June 15, 2000. The Company expects to adopt SFAS 133 in fiscal 2001. The Company has not completed its review of SFAS 133, and accordingly has not evaluated the effect the adoption of the statement may have on its consolidated results of operations and financial position. SFAS 133 will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The portion of a derivative's change in fair value which is ineffective as a hedge will be immediately recognized in earnings.

In December 1999, the Securities and Exchange Commission (SEC) issued SEC Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. The Company has reviewed SAB 101 and has determined that it is in compliance with its requirements. Therefore, the application of SAB 101 will have no impact on the Company's consolidated results of operations.

Note 3: Sale of Vantis Corporation

On June 15, 1999, the Company sold Vantis to Lattice Semiconductor Corporation for approximately $500 million in cash. The actual cash received was net of Vantis' cash and cash equivalents balance of approximately $46 million as of the closing of the sale. The Company's pretax gain on the sale of Vantis was $432 million. The gain was computed based upon Vantis' net assets as of June 15, 1999 and other 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.

As part of the sale of Vantis, the Company negotiated various service contracts with Lattice to continue to provide services to Vantis after the sale. Pursuant to the service contracts, the Company will continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Vantis. The Company expects the wafer fabrication and assembly, test, mark and pack service contracts to continue until September 2003. Approximately $43 million of revenue was generated from the above service contracts in 1999.

Note 4: Financial Instruments

Available-for-sale Securities

Available-for-sale securities as of December 26, 1999 and December 27, 1998 were as follows:

(Thousands)	Cost	Gross unrealized gains	Gross unrealized losses	Fair market value
1999				
Cash equivalents:				
Commercial paper	$ 19,505	--	$ (21)	$ 19,484
Money market funds	143,000	--	--	143,000
Total cash equivalents	$162,505	--	$ (21)	$162,484
Short-term investments:				
Money market auction rate preferred stocks	$126,700	--	--	$126,700
Certificates of deposit	27,454	--	$ (26)	27,428
Corporate notes	30,759	--	(13)	30,746
Federal agency notes	61,541	--	(170)	61,371
Commercial paper	55,250	$ 891	--	56,141
Total short-term investments	$301,704	$ 891	$(209)	$302,386
Long-term investments:				
Equity investments	$ 6,161	$22,014	--	$ 28,175
Federal agency notes	1,907	--	$ (32)	1,875
Total long-term investments	$ 8,068	$22,014	$ (32)	$ 30,050
1998				
Cash equivalents:				
Commercial paper	$ 22,434	--	$ (40)	$ 22,394
Money market funds	136,408	--	--	136,408
Total cash equivalents	$158,842	--	$ (40)	$158,802
Short-term investments:				
Money market auction rate preferred stocks	$115,500	--	--	$115,500
Certificates of deposit	100,230	$ 58	$ (50)	100,238
Treasury notes	7,696	--	(18)	7,678
Corporate notes	32,657	30	--	32,687
Federal agency notes	34,616	50	(153)	34,513
Commercial paper	43,886	704	(89)	44,501
Total short-term investments	$334,585	$ 842	$(310)	$335,117
Long-term investments:				
Equity investments	$ 7,027	$ 6,265	--	$ 13,292
Treasury notes	2,000	3	--	2,003
Total long-term investments	$ 9,027	$ 6,268	--	$ 15,295

The Company realized a net gain on the sales of available-for-sale securities of $4.3 million for 1999. The Company did not sell any available-for-sale securities in 1998.

Financial Instruments With Off-balance-sheet Risk

As part of the Company's asset and liability management strategy, AMD uses financial instruments with off-balance-sheet risk to manage financial market risk, including interest rate and foreign exchange risk. The notional amounts, carrying amounts and fair values of these instruments as of December 26, 1999 and December 27, 1998 are included in the table below:

(Thousands)	Notional amount	Carrying amount	Fair value
1999			
Foreign exchange instruments:			
Foreign currency forward contracts	$ 58,690	$ (102)	$ (533)
1998			
Foreign exchange instruments:			
Purchased foreign currency call option contracts	75,000	289	45
Purchased foreign currency put option contracts	220,000	--	1,547
Written foreign currency call option contracts	220,000	(3,416)	(13,469)
Foreign currency forward contracts	13,112	(32)	(25)

The Company used prevailing financial market information and price quotes from certain of its counterparty financial institutions as of the respective dates to obtain the estimates of fair value.

Foreign Exchange Forward Contracts

The Company uses foreign exchange forward contracts to hedge the exposure to currency fluctuations on its foreign currency exposures in its foreign sales subsidiaries, liabilities for products purchased from FASL and fixed asset purchase commitments. The hedging transactions in 1999 were denominated in Italian lira, Japanese yen, French franc, German mark, British pound, Dutch guilder, Thailand baht, Singapore dollar, Swiss franc and European Union euro. The maturities of these contracts were generally less than twelve months.

Foreign Currency Option Contracts

In 1998, the Company entered into an intercompany no-cost collar arrangement to hedge Dresden Fab 30 project costs denominated in U.S. dollars. The no-cost collars included purchased put option contracts and written call option contracts, the contract rates of which were structured so as to avoid payment of any option premium at the time of purchase. In March 1999, the Company entered into various option positions with several third party banks to neutralize the exposure of the outstanding put and call option contracts. As a result, all the options were offset and canceled. As of December 26, 1999, there were no outstanding foreign currency option contracts.

In 1999, the $75 million foreign currency call option contracts remaining from the $150 million call option contracts purchased in 1997 to hedge our obligations to provide loans to or invest equity in, AMD Saxony also expired.

Fair Value of Other Financial Instruments

The fair value of debt was estimated using discounted cash flow analysis based on estimated interest rates for similar types of borrowing arrangements.

The carrying amounts and estimated fair values of the Company's other financial instruments are as follows:

	1999		1998	
(Thousands)	Carrying amount	Fair value	Carrying amount	Fair value
Short-term debt:				
Notes payable	--	--	$ 6,017	$ 6,017
Current portion of long-term debt (excluding capital leases)	$ 5,127	$ 4,974	125,283	148,178
Long-term debt (excluding capital leases)	1,189,110	1,123,945	1,312,303	1,336,768

Note 5: Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, trade receivables and financial instruments used in hedging activities.

The Company places its cash equivalents and short-term investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. The Company acquires investments in time deposits and certificates of deposit from banks having combined capital, surplus and undistributed profits of not less than $200 million. Investments in commercial paper and money market auction rate preferred stocks of industrial firms and financial institutions are rated A1, P1 or better, investments in tax-exempt securities including municipal notes and bonds are rated AA, Aa or better, and investments in repurchase agreements must have securities of the type and quality listed above as collateral.

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. The Company controls credit risk through credit approvals, credit limits and monitoring procedures. The Company performs in-depth credit evaluations of all new customers and requires letters of credit, bank guarantees and advance payments, if deemed necessary. The Company's bad debt expenses have not been material.

The counterparties to the agreements relating to the Company derivative instruments consist of a number of major, high credit quality, international financial institutions. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company monitors their credit ratings, and limits the financial exposure and the amount of agreements entered into with any one financial institution. While the notional amounts of financial instruments are often used to express the volume of these transactions, the potential accounting loss on these transactions if all counterparties failed to perform is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the Company's obligations to the counterparties.

Note 6: Income Taxes

Provision (benefit) for income taxes consists of:

(Thousands)	1999	1998	1997
Current:			
U.S. Federal	$ (7,072)	$ 1,706	$(43,053)
U.S. State and Local	363	1,772	(1,959)
Foreign National and Local	14,095	11,505	8,423
Deferred:			
U.S. Federal	134,050	(89,997)	(12,902)
U.S. State and Local	26,178	(16,869)	(7,872)
Foreign National and Local	(264)	5	2,208
Provision (benefit) for income taxes	$167,350	$(91,878)	$(55,155)

Tax benefits generated from stock option deductions in 1999, 1998 and 1997 did not reduce taxes currently payable.

Deferred income taxes reflect the net tax effects of tax carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 26, 1999 and December 27, 1998 are as follows:

(Thousands)	1999	1998
Deferred tax assets:		
Net operating loss carryovers	$ 231,542	$ 237,767
Deferred distributor income	32,759	28,940
Accrued expenses not currently deductible	28,149	29,462
Federal and state tax credit carryovers	115,396	92,879
Other	95,660	112,550
Total deferred tax assets	503,506	501,598
Less: valuation allowance	(249,116)	(73,243)
	254,390	428,355
Deferred tax liabilities:		
Depreciation	(188,879)	(196,293)
Other	(70,046)	(60,887)
Total deferred tax liabilities	(258,925)	(257,180)

Net deferred tax assets (liabilities)	$ (4,535)	$ 171,175

The valuation allowance for deferred tax assets increased $176 million in 1999 from 1998 primarily to offset tax benefits from operating losses incurred during 1999. The valuation allowance for deferred tax assets includes $38 million attributable to stock option deductions, the benefit of which will be credited to equity when realized.

Pretax income from foreign operations was approximately $62 million in 1999. Pretax loss from foreign operations was approximately $36 million in 1998. Pretax income from foreign operations was approximately $10 million in 1997.

The federal and state tax credit and net operating loss carryovers expire beginning in the year 2002 through 2019.

The table below displays a reconciliation between statutory federal income taxes and the total benefit for income taxes.

(Thousands except percent)	Tax	Rate
1999		
Statutory federal income tax expense	$ 25,766	35.0%
State taxes, net of federal benefit	17,252	23.4
Foreign income at other than U.S. rates	(4,952)	(6.7)
Net operating losses not currently benefitted	126,684	172.1
Other	2,600	3.5
	$167,350	227.3%
1998		
Statutory federal income tax benefit	$(72,598)	(35.0)%
State taxes, net of federal benefit	(8,000)	(3.9)
Tax-exempt Foreign Sales Corporation income	(940)	(0.5)
Foreign income at other than U.S. rates	(3,949)	(1.9)
Tax credits	(6,200)	(3.0)
Other	(191)	--
	$(91,878)	(44.3)%
1997		
Statutory federal income tax benefit	$(35,291)	(35.0)%
State taxes, net of federal benefit	(7,500)	(7.4)
Tax-exempt Foreign Sales Corporation income	(1,369)	(1.4)
Foreign income at other than U.S. rates	(10,228)	(10.1)
Tax credits	(4,077)	(4.0)
Other	3,310	3.2
	$(55,155)	(54.7)%

The Company has made no provision for income taxes on approximately $394 million of cumulative undistributed earnings of certain foreign subsidiaries because it is the Company's intention to permanently invest such earnings. If such earnings were distributed, the Company would accrue additional taxes of approximately $125 million.

Note 7: Debt

Significant elements of revolving lines of credit are:

(Thousands except percent)	1999	1998
Committed:		
Three-year secured revolving line of credit	$ 200,000	$ 150,000

Uncommitted:		
Portion of unsecured lines of credit available to foreign subsidiaries	71,032	68,980
Amounts outstanding at year-end under lines of credit:		
Short-term	4,831	6,017
Short-term borrowings:		
Average daily borrowings	5,441	5,386
Maximum amount outstanding at any month-end	6,166	6,017
Weighted-average interest rate	0.76%	1.18%
Average interest rate on amounts outstanding at year-end	0.78%	1.06%

Interest on foreign and short-term domestic borrowings is negotiated at the time of the borrowing.

Information with respect to the Company's long-term debt, capital lease obligations and other at year-end is:

(Thousands)	1999	1998
6% Convertible Subordinated Notes with interest payable semiannually and principal due in April 2005	$ 517,500	$ 517,500
11% Senior Secured Notes with interest payable semiannually and principal due on August 1, 2003, secured by the Fab 25 facility and equipment	400,000	400,000
Term loans under the Dresden Loan Agreement with weighted-average interest of 5.39% and principal due between February 2001 and December 2004, secured by the Dresden Fab 30 facility and equipment	270,374	299,679
Secured term loan with interest at LIBOR plus 2.5% (8.06% as of December 27, 1998) payable quarterly and principal payable quarterly from October 1998 through May 2000, secured by the Fab 25 facility and equipment	--	218,750
Obligations under capital leases	27,805	42,812
Mortgage with principal and 9.88% interest payable in monthly installments through April 2007	1,532	1,657
	1,217,211	1,480,398
Other	257,697	37,582
	1,474,908	1,517,980
Less: current portion	(47,626)	(145,564)
Long-term debt, capital lease obligations and other, less current portion	$1,427,282	$1,372,416

The 1996 syndicated bank loan agreement (the Credit Agreement) provided for a $150 million three-year secured revolving line of credit and a $250 million four-year secured term loan. On June 25, 1999, the Company terminated the secured revolving line of credit. On July 13, 1999, the Company replaced the Credit Agreement with a new Loan and Security Agreement (the Loan Agreement) with a consortium of banks led by Bank of America. On July 30, 1999, the Company repaid the outstanding principal balance of $86 million on the secured term loan and terminated the Credit Agreement. Under the Loan Agreement, which provides for a four-year secured revolving line of credit of up to $200 million, the Company can borrow, subject to amounts which may be set aside by the lenders, up to 85 percent of its eligible accounts receivable from Original Equipment Manufacturers (OEMs) and 50 percent of its eligible accounts receivable from distributors. The Company must comply with certain financial covenants if the levels of domestic cash it holds declines to certain levels, or the amount of borrowing under the Loan Agreement rises to certain levels. The Company's obligations under the Loan Agreement are secured by a pledge of most of its accounts receivable, inventory,

general intangibles and the related proceeds. As of December 26, 1999, the Company had not borrowed any funds under the Loan Agreement.

In May 1998, the Company sold $517.5 million of Convertible Subordinated Notes due May 15, 2005 under its $1 billion shelf registration declared effective by the Securities and Exchange Commission on April 20, 1998. Interest on the Convertible Subordinated Notes accrues at the rate of six percent per annum and is payable semiannually in arrears on May 15 and November 15 of each year, commencing November 15, 1998. The Convertible Subordinated Notes are redeemable at the Company's option on and after May 15, 2001. The Notes are convertible at the option of the holder at any time prior to the close of business on the maturity date, unless previously redeemed or repurchased, into shares of common stock at a conversion price of $37.00 per share, subject to adjustment in certain circumstances.

Included in other is $221 million of deferred grants and subsidies related to the Dresden Fab 30 project. See Note 2. Also included in other is a deferred gain of $32 million as of December 26, 1999, as a result of the sale and leaseback of the Company's corporate marketing, general and administrative facility in 1998. The Company is amortizing the deferred gain ratably over the lease term, which is 20 years. See Note 12.

For each of the next five years and beyond, the Company's long-term debt and capital lease obligations are:

(Thousands)	Long-term debt (Principal only)	Capital leases
2000	$ 5,127	$13,756
2001	46,517	9,352
2002	154,684	4,197
2003	456,853	3,374
2004	13,097	916
Beyond 2004	517,959	--
Total	1,194,237	31,595
Less: amount representing interest	--	(3,790)
Total at present value	$1,194,237	$27,805

Obligations under the lease agreements are collateralized by the assets leased. The Company leased assets totaling approximately $64 million and $97 million as of December 26, 1999 and December 27, 1998, respectively. Accumulated amortization of these leased assets was approximately $39 million and $60 million as of December 26, 1999 and December 27, 1998, respectively.

The above debt agreements limit the Company and its subsidiaries' ability to engage in various transactions and require satisfaction of specified financial performance criteria. As of December 26, 1999, the Company was in compliance with all restrictive covenants of such debt agreements and all retained earnings were restricted as to payments of cash dividends on common stock.

Under certain circumstances, cross-defaults result under the Convertible Subordinated Notes, the Indenture for the Senior Secured Notes and the Dresden Loan Agreements, which consist of a loan agreement and other related agreements between AMD Saxony and a consortium of banks led by Dresdner Bank AG.

Note 8: Interest Expense & Interest Income and Other, Net

Interest Expense

(Thousands)	1999	1998	1997
Total interest charges	$116,255	$ 96,206	$ 74,716
Less: interest capitalized	(47,002)	(29,712)	(29,440)
Interest expense	$ 69,253	$ 66,494	$ 45,276

In 1999 and 1998, interest expense primarily consisted of interest incurred on the Company's Senior Secured Notes sold in August 1996, interest on the Company's Convertible Subordinated Notes sold in May 1998 and interest on the Company's $250 million four-year secured term loan, net of interest capitalized primarily related to the facilitization of Fab 25 and Fab 30. In 1997, interest expense primarily consisted of interest expense incurred on the Company's Senior Secured Notes sold in August 1996 and interest on the Company's $250 million four-year secured term loan, net of interest capitalized primarily related to

the second phase of construction of Fab 25 and Dresden Fab 30.

Interest Income and Other, Net

(Thousands)	1999	1998	1997
Interest income	$26,461	$31,478	$28,975
Other income, net	5,274	2,729	6,122
	$31,735	$34,207	$35,097

Other income consists of gains from the sales of investments, other assets and fixed assets.

Note 9: Segment Reporting

For purposes of the disclosure required by the Statement of Financial Accounting Standards SFAS 131, the Company operated in two reportable segments in the first half of 1999, and in 1998 and 1997: (1) the AMD segment and (2) through June 15, 1999, the Vantis segment. The Company's reportable segments were organized as discrete and separate functional units with separate management teams and separate performance assessment and resource allocation processes. The AMD segment produces microprocessors, core logic products, Flash memory devices, EPROMs, telecommunication products, networking products and embedded processors. The Vantis segment produced complex and simple, high performance complementary metal oxide semiconductor (CMOS) programmable logic devices (PLDs).

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance and allocates resources based on segment operating income (loss).

The AMD segment did not have intersegment sales prior to the fourth quarter of 1997. The Vantis segment did not have intersegment sales for any of the years presented below.

(Thousands)	1999	1998	1997
Net sales:			
AMD segment			
External customers	$2,770,912	$2,337,144	$2,113,276
Intersegment	32,626	88,455	25,896
	2,803,538	2,425,599	2,139,172
Vantis segment external customers	86,692	204,997	243,099
Elimination of intersegment sales	(32,626)	(88,455)	(25,896)
Net sales	$2,857,604	$2,542,141	$2,356,375
Segment income (loss):			
AMD segment	$ (326,555)	$ (185,242)	$ (127,406)
Vantis segment	5,639	21,600	36,753
Total operating loss	(320,916)	(163,642)	(90,653)
Gain on sale of Vantis	432,059	--	--
Litigation settlement	--	(11,500)	--
Interest income and other, net	31,735	34,207	35,097
Interest expense	(69,253)	(66,494)	(45,276)
Benefit (provision) for income taxes	(167,350)	91,878	55,155
Equity in net income of FASL (AMD segment)	4,789	11,591	24,587
Net loss	$ (88,936)	$ (103,960)	$ (21,090)
Total assets:			
AMD segment			
Assets excluding investment in FASL	$4,104,090	$3,881,268	$3,187,506
Investment in FASL	273,608	236,820	204,031
	4,377,698	4,118,088	3,391,537
Vantis segment assets	--	134,880	123,734
Total assets	$4,377,698	$4,252,968	$3,515,271
Expenditures for long-lived assets:			
AMD segment	$ 613,631	$ 993,679	$ 683,346

Vantis segment	6,141	2,491	1,754
Total expenditures for long-lived assets	$ 619,772	$ 996,170	$ 685,100
Depreciation and amortization expense:			
AMD segment	$ 513,247	$ 463,719	$ 390,577

Vantis segment	2,273	3,802	3,888
Total depreciation and amortization expense	$ 515,520	$ 467,521	$ 394,465

The Company's operations outside the United States include both manufacturing and sales. The Company's manufacturing subsidiaries are located in Germany, Malaysia, Thailand, Singapore and China. Its sales subsidiaries are in Europe, Asia Pacific and Brazil.

The following is a summary of operations by entities within geographic areas for the three years ended December 26, 1999:

(Thousands)	1999	1998	1997
Sales to external customers:			
United States	$1,131,983	$1,148,610	$1,024,718
Europe	835,673	730,189	683,360
Asia Pacific	889,948	663,342	648,297
	$2,857,604	$2,542,141	$2,356,375
Long-lived assets:			
United States	$1,469,412	$1,718,435	$1,705,084
Germany	812,773	333,851	102,810
Other Europe	3,847	3,927	3,735
Asia Pacific	237,204	212,255	179,060
	$2,523,236	$2,268,468	$1,990,689

Sales to external customers are based on the customer's billing location. Long-lived assets are those assets used in each geographic area.

The Company markets and sells its products primarily to a broad base of customers comprised of distributors and Original Equipment Manufacturers (OEMs) of computation and communication equipment. One of the Company's OEMs accounted for approximately 13 and 12 percent of 1999 and 1998 net sales, respectively. One of the Company's distributors accounted for approximately 12 percent of 1997 net sales.

Note 10: Stock-Based Benefit Plans

Stock Option Plans. The Company has several stock option plans under which key employees have been granted incentive (ISOs) and nonqualified (NSOs) stock options to purchase the Company's common stock. Generally, options vest and become exercisable over the four years from the date of grant and expire five to ten years after the date of grant. ISOs granted under the plans have exercise prices of not less than 100 percent of the fair market value of the common stock on the date of grant. Exercise prices of NSOs range from $0.01 to the fair market value of the common stock on the date of grant. As of December 26, 1999, 2,884 employees were eligible and participating in the plans.

In 1998, the Compensation Committee of the Company's Board of Directors approved a stock option repricing program pursuant to which the Company's employees (excluding officers and vice presidents) could elect to cancel certain unexercised stock options in exchange for new stock options with an exercise price of $19.43, which was equal to 20 percent above the closing price of the Company's common stock on the New York Stock Exchange on September 10, 1998. Approximately two million options were eligible for repricing, of which the Company repriced approximately 1.7 million. The Company extended the vesting schedules and expiration dates of repriced stock options by one year.

The following is a summary of stock option activity and related information (the repriced options are shown as canceled and granted options in 1998 when they were repriced):

	1999		1998		1997	
(Shares in thousands)	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price
Options:						
Outstanding at beginning of year	20,275	$ 16.71	17,780	$17.07	18,651	$12.17
Granted	4,903	16.70	6,555	19.84	3,392	34.33
Canceled	(2,355)	20.90	(2,666)	31.17	(782)	16.05
Exercised	(1,829)	10.91	(1,394)	8.38	(3,481)	8.03
Outstanding at end of year	20,994	16.74	20,275	16.71	17,780	17.07

Exercisable at end of year	10,704	15.93	9,697	14.60	8,299	13.28
Available for grant at beginning of year	5,653		966		3,845	
Available for grant at end of year	3,057		5,653		966	

The following table summarizes information about options outstanding as of December 26, 1999.

(Shares in thousands)	Options outstanding			Options exerciseable	
Range of exercise prices	Number of shares	Weighted-average remaining contractual life (years)	Weighted-average exercise price	Number of shares	Weighted-average exercise price
$ 0.01 - $13.00	5,530	4.44	$ 9.89	4,768	$10.31
13.38 - 16.44	7,267	7.62	15.25	2,843	14.42
16.50 - 22.38	5,561	8.64	18.77	1,404	18.77
22.56 - 43.25	2,636	6.74	30.92	1,689	31.98
$ 0.01 - $43.25	20,994	6.94	16.74	10,704	15.93

Stock Purchase Plan. The Company has an employee stock purchase plan (ESPP) that allows participating U.S. employees to purchase, through payroll deductions, shares of our common stock at 85 percent of the fair market value at specified dates. As of December 26, 1999, 1,566,766 common shares remained available for issuance under the plan. A summary of stock purchased under the plan is shown below:

(Thousands except employee participants)	1999	1998	1997
Aggregate purchase price	$13,294	$14,949	$14,470
Shares purchased	861	952	673
Employee participants	2,273	3,037	3,046

Stock Appreciation Rights. The Company may grant stock appreciation rights (SARs) to key employees under the 1992 stock incentive plan. The number of SARs exercised plus common stock issued under the stock option plans may not exceed the number of shares authorized under the stock option plans. The Company may grant SARs in tandem with outstanding stock options, in tandem with future stock option grants or independently of any stock options. Generally, the terms of SARs granted under the plan are similar to those of options granted under the stock option plans, including exercise prices, exercise dates and expiration dates. To date, the Company has granted only limited SARs, which become exercisable in the event of certain changes in control of AMD.

Restricted Stock Awards. The Company established the 1987 restricted stock award plan under which the Company was authorized to issue up to two million shares of common stock to employees, subject to terms and conditions determined at the discretion of the Board of Directors. The Company entered into agreements to issue 15,000 shares in 1997. The 1987 plan expired in 1997. To date, the Company has canceled agreements covering 316,239 shares without issuance and the Company has issued 1,874,922 shares pursuant to prior agreements. As of December 26, 1999, agreements covering 46,051 shares were outstanding. Outstanding awards vest under varying terms within five years.

In 1998, the Company adopted the 1998 stock incentive plan under which the Company was authorized to issue one million shares of common stock to employees who are not covered by Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act), subject to terms and conditions determined at the discretion of the Board of Directors. During the fiscal year, the Company issued 90,900 shares. As of December 26, 1999, all the shares issued were outstanding.

Shares Reserved for Issuance. The Company had a total of approximately 40,245,000 shares of common stock reserved as of December 26, 1999 for issuance related to our Convertible Subordinated Notes, the employee stock option plans, the ESPP and the restricted stock awards.

Stock-Based Compensation. As permitted under SFAS 123, the Company has elected to follow APB 25 and related Interpretations in accounting for stock-based awards to employees. Pro forma information regarding net income (loss) and net income (loss) per share is required by SFAS 123 for awards granted after December 31, 1994, as if the Company had

accounted for its stock-based awards to employees under the fair value method of SFAS 123. The Company estimated the fair value of its stock-based awards to employees using a Black-Scholes option pricing model. The Black-Scholes model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, the Black-Scholes model requires the input of highly subjective assumptions including the expected stock price volatility. Because our stock-based awards to employees have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our stock-based awards to employees. The fair value of our stock-based awards to employees was estimated assuming no expected dividends and the following weighted-average assumptions:

	Options			ESPP		
	1999	1998	1997	1999	1998	1997
Expected life (years)	3.45	3.33	3.35	0.25	0.25	0.25
Expected stock price volatility	68.72%	64.34%	54.69%	67.10%	76.09%	68.41%
Risk-free interest rate	5.48%	5.42%	6.21%	4.77%	5.18%	5.37%

For pro forma purposes, the estimated fair value of our stock-based awards to employees is amortized over the options' vesting period (for options) and the three-month purchase period (for stock purchases under the ESPP). Pro forma information follows:

(Thousands except per share amounts)	1999	1998	1997
Net loss--as reported	$ (88,936)	$(103,960)	$(21,090)
Net loss--pro forma	(122,497)	(129,721)	(44,304)
Basic and diluted net loss per share--as reported	(0.60)	(0.72)	(0.15)
Basic and diluted net loss per share--pro forma	(0.83)	(0.90)	(0.32)

Because SFAS 123 is applicable only to awards granted subsequent to December 31, 1994, its pro forma effect was not fully reflected until 1999. The Company granted a total of 4,701,114 stock-based awards during 1999 with exercise prices equal to the market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $17.15 and $8.80, respectively. The Company granted a total of 7,625 stock-based awards during 1999 with exercise prices greater than the market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $23.83 and $0.07, respectively. The Company granted a total of 193,966 stock-based awards during 1999 with exercise prices less than the market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $5.51 and $15.31, respectively. The Company granted a total of 4,342,824 stock-based awards during 1998 with exercise prices equal to the market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $20.16 and $9.80, respectively. The Company granted a total of 2,060,591 stock-based awards during 1998 with exercise prices greater than the market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $20.44 and $3.51, respectively. The Company granted a total of 150,990 stock-based awards during 1998 with exercise prices less than market price of the stock on the grant date. The weighted-average exercise price and weighted-average fair value of these awards were $3.36 and $17.88, respectively.

The weighted-average fair value of stock purchase rights during 1999, 1998 and 1997 was $4.77 per share, $6.21 per share and $8.42 per share, respectively.

Note 11: Other Employee Benefit Plans

Profit Sharing Program. The Company had a profit sharing program to which the Board of Directors authorized semiannual contributions. Effective January 2000, profit sharing is based on the Company's quarterly results, instead of semi-annual results, and payable quarterly to eligible employees. There were no profit sharing contributions in 1999. Profit sharing contributions were approximately $5 million in 1998 and $4 million in 1997.

Retirement Savings Plan. The Company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating United States employees to contribute from one percent to 15 percent of their pretax salary subject to I.R.S. limits. Before December 26, 1999, the Company made a matching contribution calculated at 50 cents on each dollar of the first three percent of participant contributions, to a maximum of 1.5 percent of eligible compensation. After December 26, 1999, the Company revised the contribution rate and contributes 50 cents on each dollar of the first six percent of participants' contributions, to a maximum of three percent of eligible compensation. The contributions to the 401(k) plan were approximately $5 million in 1999 and $5 million in both 1998 and 1997.

Note 12: Commitments

The Company leases certain of its facilities under agreements which expire at various dates through 2018. The Company also leases certain of its manufacturing and office equipment for terms ranging from one to five years. Rent expense was approximately $52 million, $54 million and $48 million in 1999, 1998 and 1997, respectively.

For each of the next five years and beyond, noncancelable long-term operating lease obligations and commitments to purchase manufacturing supplies and services are as follows:

(Thousands)	Operating leases	Purchase commitments
2000	$ 43,462	$ 50,579
2001	34,267	38,938
2002	32,395	11,226
2003	26,821	5,245
2004	25,075	5,091
Beyond 2004	198,467	14,843
	$360,487	$125,922

The operating lease of the Company's corporate marketing, general and administrative facility expired in December 1998. At the end of the lease term, the Company was obligated to either purchase the facility or to arrange for its sale to a third party with a guarantee of residual value to the seller equal to the option purchase price. In December 1998, the Company arranged for the sale of the facility to a third party and leased it back under a new operating lease. The Company has deferred the gain and is amortizing it over a period of 20 years, the life of the lease. The lease expires in December 2018. At the beginning of the fourth lease year and every three years thereafter, the rent will be adjusted by 200% of the cumulative increase in the consumer price index over the prior three-year period.

In addition to the purchase commitments above, the Company had commitments of approximately $2.6 million for the construction or acquisition of additional property, plant and equipment as of December 26, 1999.

AMD Saxony has constructed and is installing equipment in Dresden Fab 30. AMD, the Federal Republic of Germany, the State of Saxony and a consortium of banks are supporting the project. In March 1997, AMD Saxony entered into the Dresden Loan Agreements which 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
. grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements, which were amended in February 1998 to reflect upgrades in wafer production technology as well as the decline in the deutsche mark relative to the U.S. dollar, require that the Company 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, the Company has invested $421 million as of December 26, 1999 in the form of subordinated loans and equity in AMD Saxony (denominated in both deutsche marks and U.S. dollars).

In addition to AMD's support, the consortium of banks referred to above has made available $850 million in loans (denominated in deutsche marks) to AMD Saxony to help fund Dresden Fab 30 project costs. AMD Saxony had $270 million of such loans outstanding as of December 26, 1999.

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 amount of $850 million;

. capital investment grants and allowances totaling $287 million; and
. interest subsidies totaling $156 million.

Of these amounts (which are all denominated in deutsche marks), AMD Saxony has received $275 million in capital investment grants and $23 million in interest subsidies as of December 26, 1999.

The Dresden Loan Agreements also require that the Company:

. provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, which will 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;

. guarantee a portion of AMD Saxony's obligations under the Dresden Loan Agreement up to a maximum of $112 million (denominated in deutsche marks) until Dresden Fab 30 has been completed;

. fund certain contingent obligations including various obligations to fund project cost overruns, if any; and

. make funds available to AMD Saxony, after completion of Dresden Fab 30, up to approximately $75 million (denominated in deutsche marks) if AMD Saxony does not meet its fixed charge coverage ratio covenant.

Because the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth herein are subject to change based on applicable conversion rates. At the end of 1999, the exchange rate was approximately 1.94 deutsche marks to 1 U.S. dollar (which the Company used to calculate the amounts denominated in deutsche marks).

In December 1995, the Company signed a five-year, comprehensive cross-license agreement with Intel. The cross-license is royalty-bearing for the Company's products that use certain Intel technologies. The Company is required to pay Intel minimum nonrefundable royalties through 2000.

Note 13: Investment in Joint Venture

In 1993, the Company formed a joint venture (FASL) with Fujitsu Limited for the development and manufacture of non-volatile memory devices. FASL operates advanced IC manufacturing facilities in Aizu-Wakamatsu, Japan, to produce Flash memory devices. The Company's share of FASL is 49.992 percent and the investment is being accounted for under the equity method. The Company's share of FASL net income during 1999 was $5 million, net of income taxes of approximately $3 million. As of December 26, 1999, the cumulative adjustment related to the translation of the FASL financial statements into U.S. dollars resulted in an increase of approximately $7 million to the investment in FASL. The following tables present the significant FASL related party transactions and balances:

Three years ended December 26, 1999 (Thousands)	1999	1998	1997
Royalty income	$ 23,214	$ 21,136	$ 19,322
Purchases	264,344	211,640	242,161

December 26, 1999 and December 27, 1998 (Thousands)	1999	1998
Royalty receivable	$ 6,601	$ 6,027
Accounts payable	35,701	39,424

Pursuant to a cross-equity provision between the Company and Fujitsu, the Company purchased and owned 0.5 million shares of Fujitsu Limited common stock as of December 26, 1999. Under the same provision, Fujitsu Limited purchased 4.5 million shares of the Company's common stock, of which 0.5 million shares were purchased in 1999.

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 in Aizu-Wakamatsu, Japan. Equipment installation is in progress and the facility is expected to cost approximately $1 billion (denominated in yen) when fully equipped. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and local 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 our 49.992 percent interest in FASL. As of December 26, 1999, the Company had loan guarantees of $2 million (denominated in yen) outstanding with respect to such loans. At the end of 1999, the exchange rate was approximately 103.51 yen to 1 U.S. dollar (which was used to calculated the amounts denominated in yen).

The following is condensed financial data of FASL:

Three years ended December 26, 1999 (Thousands)	1999	1998	1997
Net sales	$501,797	$427,140	$423,251
Gross profit	20,415	25,432	105,691
Operating income	17,724	20,758	94,863
Net income	9,977	13,104	46,000

December 26, 1999 and December 27, 1998 (Thousands)	1999	1998
Current assets	$166,391	$118,140
Non-current assets	594,031	640,040
Current liabilities	206,532	278,309
Non-current liabilities	1,488	1,774

The Company's share of the above FASL net income differs from the equity in net income of joint venture reported on the consolidated statements of operations. The difference is due to adjustments resulting from the related party relationship between FASL and the Company which are reflected on the Company's consolidated statements of operations.

Note 14: Restructuring and Other Special Charges

In 1999, restructuring and other special charges were $38 million. These charges were the result of the Company's efforts to better align its cost structure with the expected revenue growth rates. The restructuring efforts resulted in non-cash charges for the following:

. closure of a submicron development laboratory facility in the SDC;
. write-off of equipment in the Submicron Development Center (SDC);
. write-off of equipment taken out of service in Fab 25, our integrated circuit (IC) manufacturing facility located in Austin, Texas, related to the 0.35-micron wafer fabrication process; and write-off of capitalized costs related to discontinued system projects.

Cash charges consisted of:

. severance and employee benefits for 178 terminated employees in the Information Technology department, the SDC and certain sales offices;
. costs for leases of vacated and unused sales offices; and
. costs for the disposal of equipment taken out of service in the SDC.

The restructuring and other special charges for the year ended December 26, 1999 are reflected in the table below.

The Company anticipates that the accruals for sales office facilities will be utilized over the period through lease termination in the second quarter of 2002. The remaining accruals for the disposal costs for equipment that have been taken out of service will be fully discharged by the end of the first quarter of 2000.

(Thousands)	Severance and employee benefits	Facilities	Equipment	Equipment disposal costs	Discontinued system projects	Total
Q1 99 charges	$ 779	$ --	$ 8,148	$ --	$ 6,089	$ 15,016
Non-cash charges	--	--	(8,148)	--	(6,089)	(14,237)
Accruals at March 28, 1999	779	--	--	--	--	779
Q2 99 charges	2,245	968	10,801	3,500	--	17,514
Cash charges	(1,360)	--	--	--	--	(1,360)
Non-cash charges	--	--	(10,801)	--	--	(10,801)
Accruals at June 27, 1999	1,664	968	--	3,500	--	6,132
Cash charges	(1,664)	(35)	--	(1,067)	--	(2,766)
Accruals at September 26, 1999	--	933	--	2,433	--	3,366
Q4 99 charges	--	--	4,820	880	--	5,700
Cash charges	--	(21)	--	(870)	--	(891)
Non-cash charges	--	--	(4,820)	--	--	(4,820)
Accruals at December 26, 1999	$ --	$912	$ --	$ 2,443	$ --	$ 3,355

Note 15: Contingencies

I. Litigation

Ellis Investment Co., Ltd., et al v. AMD, et al. Between March 10, 1999 and April 22, 1999, AMD and certain individual officers of AMD were named as defendants in a number of lawsuits that have been consolidated under Ellis Investment Co., Ltd., et al v. Advanced Micro Devices, Inc., et al. The class action complaints allege various violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. Most of the complaints purportedly were filed on behalf of all persons, other than the defendants, who purchased or otherwise acquired common stock of AMD during the period from October 6, 1998 to March 8, 1999. Two of the complaints allege a class period from July 13, 1998 to March 9, 1999. All of the complaints allege that materially misleading statements and/or material omissions were made by AMD and certain individual officers of AMD concerning design and production problems relating to high-speed versions of the AMD-K6-2 and AMD-K6-III microprocessors. Based upon information presently known to management, the Company does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the Company's financial condition.

II. Environmental Matters

Clean-up Orders. Since 1981, the Company has discovered, investigated and begun remediation of three sites where releases from underground chemical tanks at our facilities in Santa Clara County, California, adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which the Company no longer uses) has been identified as a probable carcinogen.

In 1991, the Company received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region, relating to the three sites. One of the orders named us as well as TRW Microwave, Inc. and Philips Semiconductors Corporation. In January 1999, the Company entered into a settlement agreement with Philips whereby Philips will assume costs allocated to us under this order, although the Company would be responsible for these costs in the event that Philips does not fulfill its obligations under the settlement agreement. Another of the orders named AMD as well as National Semiconductor Corporation.

The three sites in Santa Clara County are on the National Priorities List (Superfund). If the Company fails to satisfy federal compliance requirements or inadequately performs the compliance measures, the government (1) can bring an action to enforce compliance or (2) can undertake the desired response actions itself and later bring an action to recover its costs, and penalties, which is up to three times the costs of clean-up activities, if appropriate. The statute of limitations has been tolled on the claims of landowners adjacent to the Santa Clara County Superfund sites for causes of action such as negligence, nuisance and trespass.

The Company has computed and recorded the estimated environmental liability in accordance with applicable accounting rules and has not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. The amount of environmental charges to earnings has not been material during any of the last three fiscal years. The Company believes that the potential liability, if any, in excess of amounts already accrued with respect to the foregoing environmental matters will not have a material adverse effect on the Company's financial condition or results of operations.

The Company received a notice dated October 14, 1998 from the Environmental Protection Agency (EPA) indicating that the EPA has determined AMD to be a potentially responsible party that arranged for disposal of hazardous substances at a site located in Santa Barbara County, California. The Company is currently in settlement discussions with the EPA and believes that any settlement will not have a material adverse effect on the Company's financial condition or results of operations.

III. Other Matters

The Company is a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial condition or results of operations.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Advanced Micro Devices, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Micro Devices, Inc. as of December 26, 1999 and December 27, 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 26, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advanced Micro Devices, Inc. at December 26, 1999 and December 27, 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 26, 1999, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

San Jose, California
January 14, 2000

1999 and 1998 by Quarter (Unaudited)

(Thousands except per share and market price amounts)	1999				1998			
	Dec. 26	Sept. 26	June 27	Mar. 28	Dec. 27	Sept. 27	June 28	Mar. 29
Net sales	$968,710	$ 662,192	$ 595,109	$ 631,593	$788,820	$685,927	$ 526,538	$ 540,856
Expenses:								
Cost of sales	581,545	474,119	458,339	450,431	481,987	422,985	390,140	423,591
Research and development	150,936	157,626	167,278	159,946	156,459	143,665	139,158	128,120
Marketing, general and administrative	158,803	129,437	124,520	127,310	120,498	109,768	101,198	88,214
Restructuring and other special charges	5,700	--	17,514	15,016	--	--	--	--
	896,984	761,182	767,651	752,703	758,944	676,418	630,496	639,925
Operating income (loss)	71,726	(98,990)	(172,542)	(121,110)	29,876	9,509	(103,958)	(99,069)
Gain on sale of Vantis	--	--	432,059	--	--	--	--	--
Litigation settlement	--	--	--	--	--	--	--	(11,500)
Interest income and other, net	6,958	6,757	7,252	10,768	10,037	10,071	8,518	5,581
Interest expense	(12,370)	(18,033)	(18,087)	(20,763)	(15,177)	(21,182)	(17,663)	(12,472)
Income (loss) before income taxes and equity in joint venture	66,314	(110,266)	248,682	(131,105)	24,736	(1,602)	(113,103)	(117,460)
Provision (benefit) for income taxes	--	--	172,823	(5,473)	(136)	(635)	(44,110)	(46,997)
Income (loss) before equity in joint venture	66,314	(110,266)	75,859	(125,632)	24,872	(967)	(68,993)	(70,463)
Equity in net income (loss) of joint venture	(1,234)	4,721	4,037	(2,735)	(2,551)	1,973	4,433	7,736
Net income (loss)	$ 65,080	$(105,545)	$ 79,896	$(128,367)	$ 22,321	$ 1,006	$ (64,560)	$ (62,727)
Net income (loss) per share:								
Basic	$ 0.44	$ (0.72)	$ 0.54	$ (0.88)	$ 0.15	$ 0.01	$ (0.45)	$ (0.44)
Diluted	$ 0.43	$ (0.72)	$ 0.53	$ (0.88)	$ 0.15	$ 0.01	$ (0.45)	$ (0.44)
Shares used in per share calculation:								
Basic	148,029	147,388	146,947	145,909	144,926	143,915	143,462	142,503
Diluted	152,750	147,388	149,540	145,909	149,949	146,642	143,462	142,503
Common stock market price range:								
High	$ 31.75	$ 23.25	$ 21.63	$ 31.88	$ 32.00	$ 20.94	$ 30.50	$ 25.13
Low	$ 16.44	$ 16.13	$ 14.75	$ 15.69	$ 14.00	$ 13.00	$ 16.88	$ 17.13

Five Years Ended December 26, 1999 (Thousands except per share amounts)	1999	1998	1997	1996	1995
Net sales	$2,857,604	$2,542,141	$2,356,375	$1,953,019	$2,468,379
Expenses:					
Cost of sales	1,964,434	1,718,703	1,578,438	1,440,828	1,417,007
Research and development	635,786	567,402	467,877	400,703	416,521
Marketing, general and administrative	540,070	419,678	400,713	364,798	412,651
Restructuring and other special charges	38,230	--	--	--	--
	3,178,520	2,705,783	2,447,028	2,206,329	2,246,179
Operating income (loss)	(320,916)	(163,642)	(90,653)	(253,310)	222,200
Gain on sale of Vantis	432,059	--	--	--	--
Litigation settlement	--	(11,500)	--	--	--
Interest income and other, net	31,735	34,207	35,097	59,391	32,465
Interest expense	(69,253)	(66,494)	(45,276)	(14,837)	(3,059)
Income (loss) before income taxes and equity in joint venture	73,625	(207,429)	(100,832)	(208,756)	251,606
Provision (benefit) for income taxes	167,350	(91,878)	(55,155)	(85,008)	70,206
Income (loss) before equity in joint venture	(93,725)	(115,551)	(45,677)	(123,748)	181,400
Equity in net income of joint venture	4,789	11,591	24,587	54,798	34,926
Net income (loss)	(88,936)	(103,960)	(21,090)	(68,950)	216,326
Preferred stock dividends	--	--	--	--	10
Net income (loss) applicable to common stockholders	$ (88,936)	$ (103,960)	$ (21,090)	$ (68,950)	$ 216,316
Net income (loss) per common share:					
Basic	$ (0.60)	$ (0.72)	$ (0.15)	$ (0.51)	$ 1.69
Diluted	$ (0.60)	$ (0.72)	$ (0.15)	$ (0.51)	$ 1.57
Shares used in per share calculation:					
Basic	147,068	143,668	140,453	135,126	127,680
Diluted	147,068	143,668	140,453	135,126	137,698
Long-term debt, capital lease obligations and other, less current portion	$1,427,282	$1,372,416	$ 662,689	$ 444,830	$ 214,965
Total assets	$4,377,698	$4,252,968	$3,515,271	$3,145,283	$3,078,467

The Company's common stock (symbol AMD) is listed on the New York Stock Exchange. The Company has never paid cash dividends on common stock and is restricted from doing so. Refer to the notes to consolidated financial statements. The number of stockholders of record at January 31, 2000 was 8,739.

EXHIBIT 21

ADVANCED MICRO DEVICES, INC.

LIST OF SUBSIDIARIES

Name of Subsidiary	State or Jurisdiction in Which Incorporated or Organized
Domestic Subsidiaries	
Advanced Micro Ltd.	California
AMD Corporation	California
AMD Far East Ltd.	Delaware
AMD International Sales and Service, Ltd.	Delaware
AMD Texas Properties, LLC	Delaware
Foreign Subsidiaries	
Advanced Micro Devices S.A.N.V.	Belgium
AMD South America Limitada (1)	Brazil
Advanced Micro Devices (Canada) Limited	Canada
Advanced Micro Devices (Suzhou) Limited (2)	China
Advanced Micro Devices S.A.	France
Advanced Micro Devices GmbH	Germany
AMD Saxony Holding GmbH	Germany
AMD Saxony Manufacturing GmbH (3)	Germany
AMD Foreign Sales Corporation	Guam
Advanced Micro Devices S.p.A.	Italy
AMD Japan Ltd.	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Export Sdn. Bhd. (4)	Malaysia
Advanced Micro Devices Services Sdn. Bhd.	Malaysia
AMD (Netherlands) B.V. (5)	Netherlands
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
AMD Holdings (Singapore) Pte. Ltd. (6)	Singapore
Advanced Micro Devices AB	Sweden
Advanced Micro Devices S.A. (7)	Switzerland
AMD (Thailand) Limited (6)	Thailand
Advanced Micro Devices (U.K.) Limited	United Kingdom

(1) Subsidiary of AMD International Sales and Service, Ltd. and AMD Far East Ltd.
(2) Subsidiary of AMD Holdings (Singapore) Pte. Ltd.
(3) Subsidiary of AMD Saxony Holding GmbH
(4) Subsidiary of Advanced Micro Devices Sdn. Bhd.
(5) Subsidiary of Advanced Micro Devices Export Sdn. Bhd.
(6) Subsidiary of Advanced Micro Devices (Singapore) Pte. Ltd.
(7) Subsidiary of AMD International Sales and Service, Ltd.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints W. J. Sanders III and Francis P. Barton, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 26, 1999, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ W. J. Sanders III W. J. Sanders III	Chairman of the Board and Chief Executive Officer	2/25/00
/s/ Francis P. Barton Francis P. Barton	Senior Vice President, Chief Financial Officer (Principal Financial Officer)	
/s/ Friedrich Baur Friedrich Baur	Director	2/28/00
/s/ Charles M. Blalack Charles M. Blalack	Director	2/25/00
/s/ R. Gene Brown R. Gene Brown	Director	2/23/00
/s/ Robert Palmer Robert Palmer	Director	2/29/00
/s/ Richard Previte Richard Previte	Director, Vice Chairman	3/1/00
/s/ Joe L. Roby Joe L. Roby	Director	3/1/00
/s/ Hector de J. Ruiz Hector de J. Ruiz	Director, President and Chief Operating Officer	2/24/00

<ARTICLE> 5
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THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM 1999 ANNUAL REPORT
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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