

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

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

Delaware 94-1692300
(State of Incorporation) (I.R.S. Employer Identification No.)

One AMD Place, Sunnyvale, California 94088-3453
(Address of Principal Executive Office Including Zip Code)

ADVANCED MICRO DEVICES, INC.
1998 STOCK INCENTIVE PLAN

(Full title of the plan)

Thomas M. McCoy
Senior Vice President, General Counsel and Secretary
Advanced Micro Devices, Inc., One AMD Place,
Sunnyvale, California 94088
(408) 732-2400
(Name, address and telephone number of agent for service)

Copy to:
Scott P. Spector
Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306

<TABLE>
<CAPTION>

CALCULATION OF REGISTRATION FEE

Title of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S> Common Stock	<C> 4,700,000	<C> \$27.03125	<C> \$127,046,875	<C> \$35,319

</TABLE>

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rules 457(h) and 457(c) under the Securities Act of 1933 and based upon an average of the high and low prices reported on the New York Stock Exchange on November 23, 1998.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed with the Securities and Exchange Commission (the "Commission") are incorporated by reference in this Registration Statement:

1. The Registrant's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, and Amendment 2 thereto on Form 10-K/A dated September 24, 1998, and Amendment 1 thereto on Form 10-K/A dated April 17, 1998, filed pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which Annual Report contains audited financial statements

for the fiscal year ended December 28, 1997;

2. The Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 1998, June 28, 1998 and March 29, 1998, and current reports on Form 8-K dated October 23, 1998, July 22, 1998, July 9, 1998, May 8, 1998, April 14, 1998 and January 27, 1998, filed pursuant to Section 13(a) of the Exchange Act; and

3. The description of the Registrant's Common Stock contained in the Registrant's Registration Statement on Form 8-A filed with the Commission on September 14, 1979 under Section 12 of the Exchange Act, including any amendment or report filed for the purpose of updating such description.

All documents filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act after the date of this Registration Statement, and prior to the filing of a post-effective amendment which indicates that all securities registered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of the filing of such documents.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

The Delaware General Corporation Law provides for the indemnification of officers and directors under certain conditions. The Bylaws of the Registrant permit indemnification to the maximum extent permitted by Delaware law. In addition, the Registrant is bound by agreements with certain of its directors and officers which obligate it to indemnify such persons in various circumstances. The Registrant has in effect a director and officer liability insurance policy indemnifying the Registrant and the officers and directors of the Registrant and officers and directors of the Registrant's subsidiaries within a specific limit for certain liabilities incurred by them, including liabilities under the Securities Act of 1933. The Registrant pays the entire premium of this policy. The Registrant's Certificate of Incorporation contains a provision which eliminates the personal liability of directors of the Registrant for monetary damages for certain breaches of fiduciary duty, as permitted by Section 102(b)(7) of the Delaware General Corporation Law.

Item 7. Exemption From Registration Claimed.

Not applicable.

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Item 8. Exhibits.

The following exhibits are filed herewith:

Exhibit No.	Description
-	-----

- | | |
|-------|--|
| 4.01 | Registrant's Restated Certificate of Incorporation. |
| 4.02 | Registrant's Bylaws, as amended, filed as Exhibit 3.2 to the Company's Amendment No. 1 to its Annual Report on Form 10-K/A for the fiscal year ended December 31, 1995, is hereby incorporated by reference. |
| 4.03 | Registrant's 1998 Stock Incentive Plan. |
| 5.01 | Opinion of Fenwick & West LLP |
| 23.01 | Consent of Counsel (included in Exhibit 5.01) |
| 23.02 | Consent of Ernst & Young LLP, Independent Auditors |
| 24.01 | Power of Attorney (See page II-5) |

Item 9. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereto) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

Provided, however, that paragraphs (1)(a) and (1)(b) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(5) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(6) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Advanced Micro Devices, Inc., certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Sunnyvale, State of California, on November 20, 1998.

ADVANCED MICRO DEVICES, INC.

By: /s/ Francis P. Barton

 Francis P. Barton
 Senior Vice President, and
 Chief Financial Officer

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POWER OF ATTORNEY

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, each with full power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting to 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 either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<TABLE>
 <CAPTION>

Signature	Title	Date
----- <S>	<C>	<C>
/s/ W.J. Sanders III ----- W.J. Sanders III	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	November 16, 1998
/s/ Francis P. Barton ----- Francis P. Barton	Senior Vice-President and Chief Financial Officer	November 20, 1998
/s/ Friedrich Baur ----- Friedrich Baur	Director	November 16, 1998
/s/ Charles M. Blalack ----- Charles M. Blalack	Director	November 16, 1998
/s/ R. Gene Brown ----- R. Gene Brown	Director	November 16, 1998
/s/ Richard Previte ----- Richard Previte	Director, President, Co-Chief Operating Officer and Member of the Office of the CEO,	November 17, 1998
/s/ S. Atiq Raza ----- S. Atiq Raza	Director, Co-Chief Operating Officer, Chief Technical Officer and Member of the Office of the CEO	November 16, 1998
/s/ Joe L. Roby ----- Joe L. Roby	Director	November 18, 1998
/s/ Leonard Silverman ----- Leonard Silverman	Director	November 16, 1998

INDEX TO EXHIBITS

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4.03	Registrant's 1998 Stock Incentive Plan.
5.01	Opinion of Fenwick & West LLP
23.01	Consent of Counsel (included in Exhibit 5.01)
23.02	Consent of Ernst & Young LLP, Independent Auditors
24.01	Power of Attorney (See page II-5)

RESTATED CERTIFICATE OF INCORPORATION
OF ADVANCED MICRO DEVICES, INC.

1. The name of this corporation is Advanced Micro Devices, Inc. The Original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 1, 1969.

2. In accordance with Section 245 of the Delaware General Corporation Law this Restated Certificate of Incorporation was duly adopted by the Board of Directors at a meeting on December 6, 1995, without a vote of the stockholders.

3. This restated Certificate of Incorporation only restates and integrates but does not further amend the provisions of the Certificate of Incorporation of this corporation, as heretofore amended or supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

4. The text of the Certificate of Incorporation as heretofore amended and supplemented is amended in its entirety to read as follows:

FIRST. The name of the corporation is ADVANCED MICRO DEVICES, INC.

SECOND. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH. The total number of shares of stock which the corporation shall have authority to issue is Two Hundred Fifty One Million (251,000,000) of which Two Hundred Fifty Million (250,000,000) shares shall be Common Stock of the par value of One Cent (\$0.01) per share and One Million (1,000,000) shares shall be Serial Preferred Stock of the par value of Ten Cents (\$0.10) per share.

The designations and powers, preferences and rights, and the qualifications, limitations or restrictions thereof, of each class of stock of the corporation shall be as follows:

(A) Serial Preferred Stock

(1) The Serial Preferred Stock may be issued from time to time in one or more series and shall have such voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, as may be fixed by this Certificate of Incorporation or by resolution of the Board of Directors providing for the issue of each such series. The Board of Directors is vested with authority to fix variations in voting powers and in any of the designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereof as being between series of Serial Preferred Stock including, without limitation, variations in the following:

(a) The distinctive designation of each series and the number of shares which shall constitute each series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) The annual rate of dividends payable on shares of each series, the conditions upon which, and the dates when, such dividends shall be payable and the dates (if any) from which dividends shall be cumulative;

(c) The time or times when and the price or prices at which shares of each series shall be redeemable;

(d) The obligation, if any, of the corporation to acquire shares or each series for retirement as a sinking fund;

(e) The granting, denial or limitation of voting rights of shares of each series;

(f) The amount or amounts per share of each series payable in the event of any voluntary liquidation' dissolution or winding up of the corporation; and

(g) The rights, if any, of the holders of shares of each series to convert such shares into or exchange such shares for Common

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Stock or shares of any other series of Serial Preferred Stock and the terms and conditions of such conversion or exchange, including any provisions for the subsequent adjustment of any such conversion or exchange rights.

Subject to variations in the voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as between series of Serial Preferred Stock fixed by resolution of the Board of Directors in accordance with this Paragraph (A) (1), each share of Serial Preferred Stock shall be equal to every other share of Serial Preferred Stock.

The voting powers, designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof, of the shares of each series of Serial Preferred Stock shall before the issuance of each series of Serial Preferred Stock, be set forth in a certificate filed pursuant to the Delaware General Corporation Law.

(B) Common Stock

(1) After the requirements with respect to preferential dividends upon all classes and series of stock entitled thereto shall have been paid or declared and set apart for payment and after the corporation shall have complied with all requirements, if any with respect to the setting aside of sums as a sinking fund or for a redemption account on any class of stock, then and not otherwise, the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amounts to be distributed to the holders of all classes and series of stock entitled thereto in the event of a voluntary or involuntary liquidation, dissolution or winding up of the corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the corporation.

(3) Each holder of Common Stock shall have one vote in respect of each share of such stock held by him, subject, however, to such special voting rights by class as are or may be granted to holders of Serial Preferred Stock with respect to the election of a limited number of directors upon

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default by the corporation in the payment of dividends of such Serial Preferred Stock.

FIFTH. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

To make, alter or repeal the Bylaws of the corporation.

When and as authorized by the affirmative vote of the holders of two-thirds of the stock issued and outstanding having voting power given at a stockholders' meeting duly called upon such notice as is required by statute, or when authorized by the written consent of the holders of two-thirds of the voting stock issued and outstanding, to sell, lease or exchange all or substantially all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property including shares of stock in, and/or other securities of, any other corporation or corporations, as the Board of Directors shall deem expedient and for the best of interests of the corporation.

SIXTH. Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the

Board of Directors or in the Bylaws of the corporation. Elections of directors need not be by written ballot unless the Bylaws of the corporation shall so provide.

SEVENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

EIGHTH. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any

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transaction from which the director derived an improper personal benefit.

If the Delaware General Corporation Law hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended Delaware General Corporation Law. Any repeal or modification of this Article by the stockholders of the corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the corporation for acts or omissions of such director occurring prior to such amendment.

IN WITNESS WHEREOF, Advanced Micro Devices, Inc. has caused this Restated Certificate of Incorporation to be signed by Thomas M. McCoy, Esq., its Vice President, General Counsel and Secretary this 6th day of December, 1995.

By: /s/ Thomas M. McCoy

Thomas M. McCoy, Esq.

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ADVANCED MICRO DEVICES, INC.
1998 STOCK INCENTIVE PLAN

1. PURPOSE

The purpose of this Plan is to encourage key personnel and advisors whose long-term service is considered essential to the Company's continued progress, to remain in the service of the Company or its Affiliates. By means of the Plan, the Company also seeks to attract new key employees and advisors whose future services are necessary for the continued improvement of operations. The Company intends future increases in the value of securities granted under this Plan to form part of the compensation for services to be rendered by such persons in the future. It is intended that this purpose will be effected through the granting of Options and Restricted Stock.

2. DEFINITIONS

The terms defined in this Section 2 shall have the respective meanings set forth herein, unless the context otherwise requires.

(a) "AFFILIATE" The term "Affiliate" shall mean any corporation, partnership, joint venture or other entity in which the Company holds an equity, profits or voting interest of thirty percent (30%) or more.

(b) "BOARD" The term "Board" shall mean the Company's Board of Directors or its delegate as set forth in Section 3(d) below.

(c) "CHANGE OF CONTROL" Unless otherwise defined in a Participant's employment agreement, the term "Change of Control" shall be deemed to mean any of the following events: (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 (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (ii) of this sentence) whose appointment, election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (iii) there is consummated a merger or consolidation of the Company or subsidiary thereof with or into any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the

Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or (iv) the stockholders of the Company approve a plan of complete liquidation of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale. Notwithstanding the foregoing (i) unless otherwise provided in a Participant's employment agreement, no "Change of Control" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (ii) unless otherwise provided in a Participant's employment agreement, "Change of Control" shall exclude the acquisition of securities representing more than 20% of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company's then outstanding voting securities by the Company or 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.

(d) "CODE" The term "Code" shall mean the Internal Revenue Code of 1986,

as amended to date and as it may be amended from time to time.

(e) "COMPANY" The term "Company" shall mean Advanced Micro Devices, Inc., a Delaware corporation.

(f) "CONSTRUCTIVE TERMINATION" The term "Constructive Termination" shall mean a resignation by a Participant who has been elected by the Board as a corporate officer of the Company due to diminution or adverse change in the circumstances of such Participant's employment with the Company, as determined in good faith by the Participant; including, without limitation, reporting relationships, job description, duties, responsibilities, compensation, perquisites, office or location of employment. Constructive Termination shall be communicated by written notice to the Company, and such termination shall be deemed to occur on the date such notice is delivered to the Company.

(g) "FAIR MARKET VALUE PER SHARE" The term "Fair Market Value per Share" shall mean as of any day (i) the closing price for Shares on the New York Stock Exchange as reported in The Wall Street Journal on the day as of which such determination is being made or, if there was no sale of Shares reported in The Wall Street Journal on such day, on the most recently preceding day on which there was such a sale, or (ii) if the Shares are not listed or admitted to trading on the New York Stock Exchange on the day as of which the determination is made, the amount determined by the Board or its delegate to be the fair market value of a Share on such day.

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(h) "INSIDER" The term "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(i) "OPTION" The term "Option" shall mean a nonstatutory stock option granted under this Plan.

(j) "PARTICIPANT" The term "Participant" shall mean any person who holds an Option or Restricted Stock Award granted under this Plan.

(k) "PLAN" The term "Plan" shall mean this Advanced Micro Devices, Inc. 1998 Stock Incentive Plan, as amended from time to time.

(l) "RESTRICTED STOCK" or "RESTRICTED STOCK AWARD" The term "Restricted Stock" or "Restricted Stock Award" shall mean an award of restricted Shares of Common Stock granted under the Plan.

(m) "SHARES" The term "Shares" shall mean shares of Common Stock of the Company and any shares of stock or other securities received as a result of the adjustments provided for in Section 9 of this Plan.

3. ADMINISTRATION

(a) The Board, whose authority shall be plenary, shall administer the Plan and may delegate part or all of its administrative powers with respect to part or all of the Plan pursuant to Section 3(d).

(b) The Board or its delegate shall have the power, subject to and within the limits of the express provisions of the Plan:

(1) To grant Options or Restricted Stock pursuant to the Plan.

(2) To determine from time to time which of the eligible persons shall be granted Options or Restricted Stock under the Plan, the number of Shares for which each Option or Restricted Stock Award shall be granted, the term of each granted Option and the time or times during the term of each Option within which all or portions of each Option may be exercised (which at the discretion of the Board or its delegate may be accelerated.)

(3) To prescribe the terms and provisions of each Option or Restricted Stock Award granted (which need not be identical) and the form of written instrument that shall constitute the Option or Restricted Stock Award agreement.

(4) To take appropriate action to amend any Option or Restricted Stock Award hereunder, including to amend the vesting schedule of any outstanding Option or Restricted Stock Award, provided that no such action adverse to a Participant's interest may be taken by the Board or its delegate without the written consent of the affected Participant.

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(5) To determine whether and under what circumstances an Option or Restricted Stock Award may be settled in cash or Shares.

(c) The Board or its delegate shall also have the power, subject to and within the limits of the express provisions of this Plan:

(1) To construe and interpret the Plan and Options or Restricted Stock Awards granted under the Plan, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board or its delegate, in the exercise of this power, shall generally determine all questions of policy and expediency that may arise and may correct any defect, omission or inconsistency in the Plan or in any Option or Restricted Stock Award agreement in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(2) Generally, to exercise such powers and to perform such acts as are deemed necessary or expedient to promote the best interests of the Company.

(d) The Board may, by resolution, delegate administration of the Plan (including, without limitation, the Board's powers under Sections 3(b) and (c) above), under either or both of the following:

(1) with respect to the participation of or granting of Options or Restricted Stock Awards to an employee, consultant or advisor, to a committee of one or more members of the Board;

(2) with respect to matters other than the selection for participation in the Plan, substantive decisions concerning the timing, pricing, amount or other material term of an Option or Restricted Stock Award, to a committee of one or more members of the Board.

(e) The Board shall have complete discretion to determine the composition, structure, form, term and operations of any committee established to administer the Plan. If administration is delegated to a committee, unless the Board otherwise provides, the committee shall have, with respect to the administration of the Plan, all of the powers and discretion theretofore possessed by the Board and delegable to such committee, subject to any constraints which may be adopted by the Board from time to time and which are not inconsistent with the provisions of the Plan. The Board at any time may revert in the Board any of its administrative powers under the Plan.

(f) The determinations of the Board or its delegate shall be conclusive and binding on all persons having any interest in this Plan or in any awards granted hereunder.

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4. SHARES SUBJECT TO PLAN

Subject to the provisions of Section 10 (relating to adjustments upon changes in capitalization), (i) the Shares which may be available for issuance of Options under the Plan shall not exceed in the aggregate 3,700,000 Shares of the Company's authorized Common Stock and (ii) the Shares which may be available for issuance of Restricted Stock Awards under the Plan shall not exceed in the aggregate 1,000,000 Shares of the Company's authorized Common Stock. In each case, the Shares of the Company's Common Stock may be unissued Shares or reacquired Shares or Shares bought on the market for the purposes of issuance under the Plan. If any Options or Restricted Stock Awards granted under the Plan shall for any reason be forfeited or canceled, terminate or expire, the Shares subject to such Options or Restricted Stock Awards shall be available again for the purposes of the Plan. Shares which are delivered or withheld from the Shares otherwise due on exercise of an Option shall become available for future awards under the Plan. Shares that have actually been issued under the Plan upon exercise of an Option and Shares of Restricted Stock that are no longer subject to forfeiture shall not in any event be returned to the Plan and shall not become available for future awards under the Plan.

5. ELIGIBILITY

All Options issued under the Plan shall be nonqualified stock options. Options may be granted only to full or part-time employees, officers, consultants and advisors of the Company and/or of any Affiliate; provided that -----
such consultants and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. Restricted Stock Awards may be granted only to full or part-time employees of the Company. Options awarded to Insiders may not exceed in the aggregate forty-five (45%) percent of all Shares that are available for grant under the Plan and employees of the Company who are not Insiders must receive at least fifty (50%) percent of all Shares that are available for grant under the Plan. No Insider shall be eligible to receive a Restricted Stock Award. Any Participant may hold more than one Option or Restricted Stock Award at any time; provided that the maximum -----
number of shares which are subject to Options or Restricted Stock Awards granted to any individual shall not exceed in the aggregate two million (2,000,000) Shares over the full ten-year life of the Plan.

6. TERMS OF STOCK OPTIONS

Each Option agreement shall be in such form and shall contain such terms and conditions as the Board, or its delegate, from time to time shall deem

appropriate, subject to the following limitations:

(a) The term of any Option shall not be greater than ten (10) years and one day from the date it was granted.

(b) Options may be granted at an exercise price that is not less than the Fair Market Value per Share of the Shares at the time an Option is granted.

(c) Unless otherwise specified in the Option agreement, no Option shall be transferable otherwise than by will, pursuant to the laws of descent and distribution or pursuant

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to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(d) Except as otherwise provided in paragraph (e) of this Section 6 or in a Participant's employment agreement, the rights of a Participant to exercise an Option shall be limited as follows:

(1) DEATH OR DISABILITY: If a Participant's service is terminated by death or disability, then the Participant or the Participant's estate, or such other person as may hold the Option, as the case may be, shall have the right for a period of twelve (12) months following the date of death or disability, or for such other period as the Board may fix, to exercise the Option to the extent the Participant was entitled to exercise such Option on the date of his death or disability, or to such extent as may otherwise be specified by the Board (which may so specify after the date of his death or disability but before expiration of the Option), provided the actual date of exercise is in no event after the expiration of the term of the Option. A Participant's estate shall mean his legal representative or any person who acquires the right to exercise an Option by reason of the Participant's death or disability.

(2) MISCONDUCT: If a Participant is determined by the Board to have committed on act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, neither the Participant, the Participant's estate nor such other person who may then hold the Option shall be entitled to exercise any Option with respect to any Shares whatsoever, after termination of service, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(3) TERMINATION FOR OTHER REASONS: If a Participant's service is terminated for any reason other than those mentioned above under "DEATH OR DISABILITY" or "MISCONDUCT," the Participant, the Participant's estate, or such other person who may then hold the Option may, within three months following such termination, or within such longer period as the Board may fix, exercise the Option to the extent such Option was exercisable by the Participant on the date of termination of his employment or service, or to the extent otherwise specified by the Board (which may so

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specify after the date of the termination but before expiration of the Option) provided the date of exercise is in no event after the expiration of the term of the Option.

(4) EVENTS NOT DEEMED TERMINATIONS: Unless otherwise provided in a Participant's employment agreement, the service relationship shall not be considered interrupted in the case of (i) a Participant who intends to continue to provide services as a director, employee, consultant or advisor to the Company or an Affiliate; (ii) sick leave; (iii) military leave; (iv) any other leave of absence approved by the Board, provided such leave is

for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to formal policy adopted from time to time by

the Company and issued and promulgated to employees in writing; or (v) in the case of transfer between locations of the Company or between the Company or its Affiliates. In the case of any employee on an approved leave of absence, the Board may make such provisions respecting suspension of vesting of the Option while on leave from the employ of the Company or an Affiliate as it may deem appropriate, except that in no event shall an Option be exercised after the expiration of the term set forth in the Option.

(e) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for Misconduct or, if applicable, by Constructive Termination, within one year after a Change of Control has occurred, then all Options held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of the vesting provisions of the Participant's Option agreement. For purposes of this subsection (e), the term "Change of Control" shall have the meaning assigned by this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

(f) Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Board or its delegate shall deem appropriate.

(g) The Board may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor; provided that any such action

may not, without the written consent of a Participant, impair any such Participant's rights under any Option previously granted.

7. RESTRICTED STOCK

A Restricted Stock Award is an offer by the Company to sell to an eligible person Shares that are subject to restrictions. The Board or its delegate will determine to whom an offer will be made, the number of Shares the person may purchase, the price to be paid, the restrictions to which the Shares will be subject, and all other terms and conditions of the Restricted Stock Award, subject to the following:

(a) All purchases under a Restricted Stock Award made pursuant to this Plan will be evidenced by a Restricted Stock Award that will be in such form and contain such terms and conditions (which need not be the same for each Participant) as the Board or its delegate will from time to time approve, and will comply with and be subject to the terms and conditions of this Plan. The offer of Restricted Stock will be accepted by the Participant's

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delivery of full payment for the Shares to the Company upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Restricted Stock agreement.

(b) The purchase price of Shares sold pursuant to a Restricted Stock Award will be determined by the Board or its delegate on the date the Restricted Stock Award is granted. Payment of the purchase price may be made in accordance with Section 8 of this Plan.

(c) Restricted Stock Awards shall be subject to such restrictions as the Board or its delegate may impose (the "Restrictions"). The Restrictions may be based upon completion of a specified period of service with the Company (or Affiliate) or upon completion of the performance goals as set out in advance in the Participant's individual Restricted Stock Award agreement. Restricted Stock Awards may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Restricted Stock Award, the Board or its delegate shall: (i) determine the nature, length and starting date of any vesting or performance period (the "Restriction Period") for the Restricted Stock Award and (ii) select from among the performance factors to be used to measure performance goals, if any. Prior to the payment of any Restricted Stock Award, the Board or its delegate shall determine the extent to which such Restricted Stock Award has been earned.

(d) If a Participant terminates service with the Company (or any Affiliate) during a performance period for any reason, then such Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Restricted Stock Award only to the extent earned as of the date of the Participant's termination of service with the Company (or any Affiliate) in accordance with the Restricted Stock Award agreement, unless the Board or its delegate determines otherwise.

(e) During the Restriction Period, the Participant will not be permitted to sell, pledge (other than to the Company), assign or otherwise transfer Restricted Stock awarded under this Plan. Notwithstanding the foregoing, the Board or its delegate may adopt rules which would permit a gift by a participant of Restricted Stock to a spouse, lineal descendant or legal dependent or to a trust whose beneficiary or beneficiaries shall be either such a person or persons or the participant; provided that any restrictions on further transfer

and any requirement of continued service shall continue to apply to the Restricted Stock in the hands of the donee.

(f) All certificates for shares of Restricted Stock delivered under this Plan shall be subject to such stop transfer orders and other restrictions as the Board or its delegate may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange on which the Shares are then listed, and any applicable federal or state securities law. The Board or its delegate may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(g) The Board or its delegate may adopt rules which provide that the stock certificates evidencing shares of Restricted Stock may be held in custody by a third party fiduciary, or that the Company may itself hold such shares in custody until the restrictions thereon shall have lapsed and may require, as a condition of any award, that the participant shall have delivered a stock power endorsed in blank relating to the stock covered by such award.

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(h) If a Participant is determined by the Board to have committed an act of theft, embezzlement, fraud, dishonesty, a breach of fiduciary duty to the Company (or Affiliate), or deliberate disregard of the rules of the Company (or Affiliate), or if a Participant makes any unauthorized disclosure of any of the trade secrets or confidential information of the Company (or Affiliate), engages in any conduct which constitutes unfair competition with the Company (or Affiliate), induces any customer of the Company (or Affiliate) to break any contract with the Company (or Affiliate), or induces any principal for whom the Company (or Affiliate) acts as agent to terminate such agency relationship, then, unless otherwise provided in a Participant's employment agreement, either the Participant, the Participant's estate or such other person who may then hold the Restricted Stock shall forfeit the Restricted Stock, whether or not after termination of service the Participant may receive payment from the Company (or Affiliate) for vacation pay, for services rendered prior to termination, for services rendered for the day on which termination occurs, for salary in lieu of notice, or for any other benefits. In making such determination, the Board shall give the Participant an opportunity to present to the Board evidence on his behalf. For the purpose of this paragraph, unless otherwise provided in a Participant's employment agreement, termination of service shall be deemed to occur on the date when the Company dispatches notice or advice to the Participant that his service is terminated.

(i) Unless otherwise provided in a Participant's employment agreement, if any Participant's employment is terminated by the Company for any reason other than for misconduct pursuant to Section 7(h) or, if applicable, by Constructive Termination as defined in Section 2(f), within one year after a Change of Control has occurred, then all Restricted Stock held by such Participant shall become fully vested for exercise upon the date of termination, irrespective of any other vesting provisions of the Restricted Stock Award. For purposes of this subsection (i), the term "Change of Control" shall have the meaning assigned by Section 2(c) of this Plan, unless a different meaning is defined in an individual Participant's Option agreement or employment agreement.

8. PAYMENT OF PURCHASE PRICE

(a) The consideration to be paid for the Shares to be issued upon exercise of an Option or the grant of Restricted Stock, including the method of payment, shall be determined by the Board or its delegate and may consist entirely of (i) cash, (ii) certified or cashier's check, (iii) promissory note, (iv) other Shares which (x) either have been owned by the Participant for more than six months on the date of surrender or were not acquired, directly or indirectly, from the Company, and (y) have a Fair Market Value per Share on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised or the aggregate purchase price of the Restricted Stock, (v) delivery of a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds required to pay the exercise price, or (vi) any combination of the foregoing methods of payment. Any promissory note shall be a full recourse promissory note having such terms as may be approved by the Board and bearing interest at a rate sufficient to avoid imputation of income under Sections 483, 1274 or 7872 of the Code; provided that Participants who are not

employees or directors of the Company will not be entitled to purchase Shares with a promissory note unless the note is adequately secured by collateral other than the Shares; provided further, that the portion of the exercise price equal

to the par value, if any, of the Shares must be paid in cash;

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(b) The Company may make loans or guarantee loans made by an appropriate financial institution to individual Participants, including Insiders, on such terms as may be approved by the Board for the purpose of financing the exercise of Options or the purchase of Restricted Stock granted under the Plan and the payment of any taxes that may be due by reason of such exercise.

9. TAX WITHHOLDING

(a) Where, in the opinion of counsel to the Company, the Company has or will have an obligation to withhold federal, state or local taxes relating to the exercise of any Option or the purchase or vesting of Restricted Stock, the Board may in its discretion require that such tax obligation be satisfied in a manner satisfactory to the Company. The Company may require the payment of such taxes before Shares are transferred to the holder of the Option or Restricted Stock Award.

(b) A Participant may elect (a "WITHHOLDING ELECTION") to pay his minimum statutory withholding tax obligation by the withholding of Shares from the total number of Shares deliverable under such Option or Restricted Stock Award, or by delivering to the Company a sufficient number of previously acquired Shares, and may elect to have additional taxes paid by the delivery of previously acquired Shares, in each case in accordance with rules and procedures established by the Board. Previously owned Shares delivered in payment for such additional taxes must have been owned for at least six months prior to the delivery or must not have been acquired directly or indirectly from the Company and may be subject to such other conditions as the Board may require. The value of Shares withheld or delivered shall be the Fair Market Value per Share on the date the Option or Restricted Stock becomes taxable. All Withholding Elections are subject to the approval of the Board and must be made in compliance with rules and procedures established by the Board.

10. ADJUSTMENTS OF AND CHANGES IN CAPITALIZATION

If there is any change in the Common Stock of the Company by reason of any stock dividend, stock split, spin-off, split up, merger, consolidation, recapitalization, reclassification, combination or exchange of Shares, or any other similar corporate event, then the Board shall make appropriate adjustments to the number of Shares theretofore appropriated or thereafter subject or which may become subject to an Option or Restricted Stock Award under the Plan. Outstanding Options and Restricted Stock Awards shall also be automatically converted as to price and other terms if necessary to reflect the foregoing events. No right to purchase fractional Shares shall result from any adjustment in Options and Restricted Stock Awards pursuant to this Section 10. In case of any such adjustment, the Shares subject to the Option and Restricted Stock Award shall be rounded down to the nearest whole Share. Notice of any adjustment shall be given by the Company to each holder of any Option and Restricted Stock Award which shall have been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of the Plan.

11. PRIVILEGES OF STOCK OWNERSHIP

No Participant will have any rights of a stockholder with respect to any Shares until the Shares are issued to the Participant. After Shares, including Restricted Stock, are issued to the

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Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to such Shares, including the right to vote and receive all dividends or other distributions made or paid with respect to such Shares.

12. EXCHANGE AND BUYOUT OF AWARDS

The Board or its delegate may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Options or Restricted Stock Awards in exchange for the surrender and cancellation of any or all outstanding Options or Restricted Stock Awards to optionees who are not Insiders. The Board or its delegate may at any time buy from a Participant an Option or Restricted Stock Award previously granted with payment in cash, Shares or other consideration, based on such terms and conditions as the Board or its delegate and the Participant may agree.

13. EFFECTIVE DATE OF THE PLAN

This Plan will become effective when adopted by the Board (the "EFFECTIVE DATE").

14. AMENDMENT OF THE PLAN

(a) The Board at any time, and from time to time, may amend the Plan.

(b) Rights and obligations under any Option or Restricted Stock Award granted before any amendment of the Plan shall not be altered or impaired by amendment of the Plan, except with the consent of the person who holds the Option or Restricted Stock Award, which consent may be obtained in any manner that the Board or its delegate deems appropriate.

15. REGISTRATION, LISTING, QUALIFICATION, APPROVAL OF STOCK AND OPTIONS AND RESTRICTED STOCK

An award under this Plan will not be effective unless such award is in compliance with all applicable federal and state securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system upon which the Shares may then be listed or quoted, as they are in effect on the date of grant of the award and also on the date of exercise or other issuance. Notwithstanding any other provision in this Plan, the Company will have no obligation to issue or deliver certificates for Shares under this Plan prior to: (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and/or (b) completion of any registration or other qualification of such Shares under any state or federal law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company will be under no obligation to register the Shares with the Securities and Exchange Commission or to effect compliance with the registration, qualification or listing requirements of any state securities laws, stock exchange or automated quotation system, and the Company will have no liability for any inability or failure to do so.

16. NO RIGHT TO EMPLOYMENT

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Nothing in this Plan or in any Option or Restricted Stock Award shall be deemed to confer on any employee any right to continue in the employ of the Company or any Affiliate or to limit the rights of the Company or its Affiliates, which are hereby expressly reserved, to discharge an employee at any time, with or without cause, or to adjust the compensation of any employee.

17. MISCELLANEOUS

The use of any masculine pronoun or similar term is intended to be without legal significance as to gender.

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November 25, 1998

Advanced Micro Devices, Inc.
One AMD Place
Sunnyvale, CA 94088-3453

Gentlemen/Ladies:

At your request, we have examined the Registration Statement on Form S-8 (the "Registration Statement") to be filed by you with the Securities and Exchange Commission (the "Commission") on or about November 25, 1998 in connection with the registration under the Securities Act of 1933, as amended, of an aggregate of 4,700,000 shares of your Common Stock (the "Stock"), subject to issuance by you upon the exercise of options granted or to be granted under the Advanced Micro Devices, Inc. 1998 Stock Incentive Plan (the "Plan"). In rendering this opinion, we have examined the following:

- (1) the Registration Statement together with the Exhibits filed as a part thereof, including without limitation the Option Plans and related grant and exercise form agreements;
- (2) the Prospectus prepared in connection with the Registration Statement;
- (3) the minutes of meetings and actions by written consent of the Board of Directors pertaining to the adoption of the Plan that are contained in your minute books that are in our possession;
- (4) the stock records that you have provided to us (consisting of a document from your transfer agent dated as of November 20, 1998 verifying the number of your issued and outstanding shares of capital stock as of such date and a list of all outstanding options that was prepared by you and dated November 20, 1998 verifying the number of such issued and outstanding securities); and
- (5) a Management Certificate addressed to us and dated of even date herewith executed by Advanced Micro Devices, Inc. (the "Company") containing certain factual and other representations.

For purposes of this opinion, we have confirmed with the Commission that the description of the Company's Common Stock contained in the Company's Registration Statement on Form 8-A filed with the Commission on September 14, 1979 is still effective, that there is no stop order issued for the Registration Statement on Form 8-A and that you are eligible to use Form S-8.

In our examination of documents for purposes of this opinion, we have assumed, and express no opinion as to, the genuineness of all signatures on original documents, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies, the legal capacity of all natural persons executing the same, the lack of any undisclosed terminations, modifications, waivers or amendments to any documents reviewed by us and the due execution and delivery of all documents where due execution and delivery are prerequisites to the effectiveness thereof.

As to matters of fact relevant to this opinion, we have relied solely upon our examination of the documents referred to above and have assumed the current accuracy and completeness of the information included in the documents referred to above. We have made no independent investigation or other attempt to verify the accuracy of any of such information or to determine the existence or non-existence of any other factual matters; however, we are not aware of any facts

that would lead us to believe that the opinion expressed herein is not accurate.

We are admitted to practice law in the State of California, and we express no opinion herein with respect to the application or effect of the laws of any jurisdiction other than the existing laws of the United States of America and the State of California and (without reference to case law or secondary sources) the existing Delaware General Corporation Law.

Based upon the foregoing, it is our opinion that the 4,700,000 shares of Stock that may be issued and sold by you upon the exercise of options granted or to be granted under the Option Plans, when issued and sold in accordance with the respective Option Plan and purchase agreements to be entered into thereunder, and in the manner referred to in the Prospectus associated with the Registration Statement, will be validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement and further consent to all references to us, if any, in the Registration Statement, the Prospectus prepared in connection therewith and any amendments thereto.

This opinion speaks only as of its date and is intended solely for the your use as an exhibit to the Registration Statement for the purpose of the above sale of the Stock and is not to be relied upon for any other purpose.

Very truly yours,

/s/ Fenwick & West LLP

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8) pertaining to the 1998 Stock Incentive Plan of Advanced Micro Devices, Inc. of our report dated January 9, 1998, with respect to the consolidated financial statements and schedule of Advanced Micro Devices, Inc. included in its Annual Report (Form 10-K), as amended, for the year ended December 28, 1997, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

San Jose, California
November 23, 1998