

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

| | | |
|--|---|--|
| DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION) | ONE AMD PLACE SUNNYVALE, CALIFORNIA 94088-3453 (408) 732-2400 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) | 94-1692300 (I.R.S. EMPLOYER IDENTIFICATION NUMBER) |
|--|---|--|

THOMAS M. MCCOY, ESQ.
VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
ADVANCED MICRO DEVICES, INC.
ONE AMD PLACE
SUNNYVALE, CALIFORNIA 94088-3453
(408) 732-2400

(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER,
INCLUDING AREA CODE, OF AGENT FOR SERVICE)

THE COMMISSION IS REQUESTED TO SEND COPIES OF ALL COMMUNICATIONS TO:

| | |
|--|--|
| VICTOR J. BACIGALUPI, ESQ. WILLIAM T. MANIERRE, ESQ. BRONSON, BRONSON & MCKINNON 505 MONTGOMERY STREET SAN FRANCISCO, CALIFORNIA 94111 (415) 986-4200 | CHRISTOPHER L. KAUFMAN, ESQ. JEFF D. WESSELKAMPER, ESQ. LATHAM & WATKINS 505 MONTGOMERY STREET SAN FRANCISCO, CALIFORNIA 94111 (415) 391-0600 |
|--|--|

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

| TITLE OF EACH CLASS OF SECURITIES BEING REGISTERED | AMOUNT TO BE REGISTERED | PROPOSED MAXIMUM OFFERING PRICE PER SHARE (1) | PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1) | AMOUNT OF REGISTRATION FEE |
|--|-------------------------------|--|---|----------------------------------|
| <S> Shares of Common Stock, \$0.01 par value(2)..... | <C> 6,853,443(3) | <C> \$30.75 | <C> \$210,743,372 | <C> \$72,671 |

</TABLE>

- (1) Estimated solely for the purpose of calculating the registration fee. Such estimates have been calculated in accordance with Rule 457 under the Securities Act of 1933 and are based upon the average of the high and low prices per share of the Registrant's Common Stock on the New York Stock Exchange on February 8, 1995.
- (2) Includes Preferred Stock Purchase Rights, which prior to the occurrence of certain events will not be exercisable or evidenced separately from the Common Stock.

(3) The maximum number of shares issuable on conversion of the 344,862 shares of the Registrant's \$30.00 Convertible Exchangeable Preferred Stock outstanding on the date hereof.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

PROSPECTUS
FEBRUARY 10, 1995

[LOGO OF ADVANCED
MICRO
DEVICES]

6,853,443 SHARES
ADVANCED MICRO DEVICES, INC.
COMMON STOCK

The 6,853,443 shares of Common Stock, par value \$0.01 per share ("Common Stock"), of Advanced Micro Devices, Inc. (the "Company") offered hereby are the maximum number of shares of Common Stock issuable upon conversion of the Depositary Shares (the "Depositary Shares") of the Company. Each Depositary Share represents ownership of 1/10th of a share of the \$30.00 Convertible Exchangeable Preferred Stock, par value \$0.10 per share (the "Preferred Stock"), of the Company and entitles the holder to all proportionate rights and preferences of the underlying Preferred Stock.

The Company has called the Preferred Stock for redemption on March 13, 1995 (the "Redemption Date"). As a consequence, the Depositary has called the Depositary Shares for redemption on the Redemption Date at a redemption price of \$50.90 per share, plus accrued and unpaid dividends thereon in the amount of \$0.73 per Depositary Share to the Redemption Date, for a total redemption price of \$51.63 per Depositary Share (the "Redemption Price"). No dividends will accrue on the Depositary Shares from and after the Redemption Date. Prior to 5:00 p.m. New York City time on the Redemption Date, Depositary Shares representing one or more whole shares of Preferred Stock may be converted into shares of Common Stock at the rate of 19.873 shares of Common Stock for each whole share of Preferred Stock. In the event of conversion, no payment or adjustment in respect of accrued and unpaid dividends on the Depositary Shares will be made.

THE CONVERSION RIGHT EXPIRES AT 5:00 P.M. NEW YORK CITY TIME ON THE REDEMPTION DATE, TIME BEING OF THE ESSENCE. FROM AND AFTER THAT DATE AND TIME, HOLDERS OF DEPOSITARY SHARES WILL BE ENTITLED ONLY TO THE REDEMPTION PRICE, WITHOUT INTEREST.

The Company's Common Stock is traded on the New York Stock Exchange ("NYSE") under the symbol "AMD", and, on February 9, 1995, the reported last sale price of the Common Stock on the NYSE was \$31.25 per share. A holder of Depositary Shares who converted such shares on February 9, 1995 would have received Common Stock having a market value, based on the reported last sale price on the NYSE on that date, of \$62.10 for each Depositary Share converted (including cash, if any, received in lieu of fractional shares). If such Depositary Shares were surrendered for redemption on the Redemption Date, such holder would receive \$51.63 in cash for each Depositary Share. While no assurance can be given as to any future prices for the Common Stock, as long as the market price of the Common Stock remains at or above \$25.98 per share, upon conversion of their Depositary Shares, holders will receive Common Stock and cash for fractional shares having an aggregate market price (without giving effect to commissions and other costs which would likely be incurred on sale) equal to or greater than the Redemption Price. It should be noted, however, that the price of the Common Stock received upon conversion will fluctuate in the market. No assurance is given as to the price of the Common Stock at any future time and holders should expect to incur various expenses of sale if such Common Stock is sold.

In the event that fewer than all of the outstanding Depositary Shares are surrendered for conversion prior to 5:00 p.m. New York City time on the Redemption Date, the Company has arranged for Donaldson, Lufkin & Jenrette Securities Corporation and Salomon Brothers Inc (collectively, the "Purchasers") to purchase directly from the Company up to such whole number of shares of Common Stock as would have been issuable upon conversion of any Depositary Shares not surrendered for conversion prior to 5:00 p.m. New York City time on the Redemption Date. See "Standby Arrangement." The proceeds from any such sale will be used by the Company to redeem the Depositary Shares which have not been surrendered for conversion by the holders thereof.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE

CONTRARY IS A CRIMINAL OFFENSE.

The Purchasers will convert into Common Stock on or prior to the Redemption Date all Depositary Shares which they own. Prior to 5:00 p.m. New York City time on the Redemption Date, the Purchasers may offer Common Stock, including shares acquired through the conversion of the Depositary Shares purchased in the open market, at prices set from time to time by the Purchasers. It is intended that each such price when set will not exceed the greater of the last sale or current asked price of Common Stock on the NYSE, plus the amount of any applicable commissions or concessions to dealers, and it is intended that an offering price set in any calendar day will not be increased more than once during such day. After the Redemption Date, the Purchasers may offer Common Stock at a price or prices to be determined, but which it is presently intended will be determined in conformity with the preceding sentence. The Purchasers may thus realize profits or losses independent of the compensation referred to under "Standby Arrangement." The Purchasers have agreed that if they purchase less than 342,672 shares of Common Stock directly from the Company pursuant to such arrangement, they will remit to the Company a portion of the profit realized on sales of such shares. Any Common Stock will be offered by the Purchasers subject to receipt and acceptance by them and subject to their right to reject orders in whole or in part.

DONALDSON LUFKIN & JENRETTE
SECURITIES CORPORATION

SALOMON BROTHERS INC

IN CONNECTION WITH THIS OFFERING, THE PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OR DEPOSITARY SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET, OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

Advanced Micro Devices, Inc. (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected and copied at the public reference room of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, and the public reference facilities in the New York Regional Office, Seven World Trade Center, 13th Floor, New York, New York 10048, and Chicago Regional Office, Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained at prescribed rates by writing to the Securities and Exchange Commission, Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. Such material can also be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") filed by the Company under the Securities Act of 1933, as amended, with respect to the securities offered hereby. This Prospectus does not contain all the information included in such Registration Statement, certain items of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the securities offered hereby, reference is made to the Registration Statement and the exhibits thereto.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents heretofore filed by the Company with the Commission are incorporated herein by reference: (a) Annual Report on Form 10-K for the fiscal year ended December 26, 1993, filed pursuant to Section 13 of the Exchange Act, and Amendment No. 1 thereto filed May 3, 1994; (b) Quarterly Report on Form 10-Q for the fiscal period ended March 27, 1994, and Amendment No. 1 thereto filed April 8, 1994; (c) Quarterly Reports on Form 10-Q for the fiscal periods ended June 26, 1994, and September 25, 1994; (d) Current Reports on Form 8-K dated January 27, February 10, March 10, July 8, October 7 and December 30, 1994; (e) the description of the Company's Common Stock, \$0.01 par value, contained in the Company's Registration Statement on Form 8-A filed September 14, 1979; (f) the description of the Company's Depositary Convertible Exchangeable Preferred Shares, each representing 1/10th share of \$30.00 Convertible Exchangeable Preferred Stock, \$0.10 par value, contained in the Company's Registration Statement on Form 8-A filed February 18, 1987, and Amendment No. 1 thereto filed March 25, 1987; and (g) the description of the Company's Series A Junior Participating Preferred Stock, \$0.10 par value, and shareholder rights plan contained in the Company's Registration Statement on Form 8-A filed February 21, 1990.

All documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering covered by this Prospectus shall be deemed to be

incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of the Registration Statement or

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this Prospectus to the extent that a statement contained herein or in any other document subsequently filed with the Commission which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Registration Statement or this Prospectus.

The Company presently intends to file its Annual Report on Form 10-K for the fiscal year ended December 25, 1994, on or before March 6, 1995.

The Company will provide without charge to each person to whom this Prospectus is delivered, on the written or oral request of any such person, a copy of any or all of the foregoing documents incorporated herein by reference other than exhibits to such documents (unless such exhibits are specifically incorporated by reference in such documents). Requests should be directed to: Corporate Secretary, Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088-3453 (telephone: (408) 732-2400). The information relating to the Company contained in this Prospectus does not purport to be comprehensive and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference herein.

THE COMPANY

Advanced Micro Devices, Inc. ("AMD" or the "Company"), a Delaware corporation, was founded in 1969, became a publicly held company in 1972 and since 1979 has been listed on the New York Stock Exchange with the trading symbol of AMD. The Company designs, develops, manufactures and markets complex monolithic integrated circuits for use by manufacturers of a broad range of electronic equipment and systems.

The Company has sales offices worldwide, and has manufacturing or testing facilities in Sunnyvale and Santa Clara, California; Austin, Texas; Atsugi, Japan; Bangkok, Thailand; Penang, Malaysia; Singapore; and Basingstoke, England. As of December 25, 1994, the Company employed approximately 11,800 people worldwide. Its executive offices and corporate headquarters are located at One AMD Place, Sunnyvale, California 94088-3453, and its telephone number is (408) 732-2400.

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USE OF PROCEEDS

The net proceeds from the sale of Common Stock to the Purchasers pursuant to the standby agreement described under "Standby Arrangement" will be used by the Company to fund the redemption of any Depositary Shares not surrendered for conversion on or prior to the Redemption Date.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Company at December 25, 1994, and as adjusted to give effect to the conversion of the Depositary Shares and the underlying Preferred Stock and the issuance of 6,853,443 shares of Common Stock.

<TABLE>
<CAPTION>

| | DECEMBER 25, 1994 | |
|--|-------------------|-------------|
| | ACTUAL | AS ADJUSTED |
| | (IN THOUSANDS) | |
| <S> | <C> | <C> |
| Short-term borrowings and current portion of long-term debt..... | \$ 60,354 | \$ 60,354 |
| Long-term debt including capital lease obligations..... | \$ 75,752 | \$ 75,752 |
| Shareholders' Equity: | | |
| Preferred Stock, \$0.10 par value: | | |
| Authorized--1,000,000 shares; issued and outstanding--344,862 shares of \$30.00 Convertible Exchangeable Preferred Stock(1), actual, and none as adjusted..... | 34 | 0 |
| Common Stock, \$0.01 par value: | | |
| Authorized--250,000,000 shares; issued and outstanding--95,417,383 shares, actual(2), and 102,270,826 shares, as adjusted..... | 956 | 1,025 |
| Additional paid-in capital(3)..... | 698,673 | 698,638 |
| Retained earnings..... | 1,035,602 | 1,035,602 |

| | | |
|---------------------------------|-------------|-------------|
| Total shareholders' equity..... | \$1,735,265 | \$1,735,265 |
| Total capitalization..... | \$1,871,371 | \$1,871,371 |

</TABLE>

- (1) The \$30.00 Convertible Exchangeable Preferred Stock has an aggregate liquidation preference of \$172,431,000 and has been called for redemption by the Company.
- (2) At December 25, 1994, 16,685,094 shares of Common Stock were reserved for issuance under the Company's various stock option, benefit and stock purchase plans, of which options to purchase 11,919,000 shares of Common Stock were outstanding. In addition, 6,853,443 shares of Common Stock were reserved for issuance upon conversion of the Convertible Exchangeable Preferred Stock, and 2,500,000 shares of Common Stock were reserved for issuance under an agreement with Fujitsu Limited.
- (3) As adjusted column does not reflect expenses estimated to be approximately \$310,000 associated with the transaction.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

The Common Stock of the Company is listed on the NYSE (under the symbol "AMD"). The following table sets forth, for the periods indicated, the high and low sale prices per share of the Common Stock as reported on the NYSE Composite Transactions Tape.

<TABLE>

<CAPTION>

| YEAR | HIGH | LOW |
|---|--------|--------|
| ---- | ----- | ----- |
| <S> | <C> | <C> |
| 1993: | | |
| First Quarter Ended March 28..... | 24 1/2 | 17 1/2 |
| Second Quarter Ended June 27..... | 32 7/8 | 20 3/8 |
| Third Quarter Ended September 26..... | 32 5/8 | 21 1/2 |
| Fourth Quarter Ended December 26..... | 30 1/4 | 17 |
| 1994: | | |
| First Quarter Ended March 27..... | 31 3/4 | 16 3/4 |
| Second Quarter Ended June 26..... | 31 3/4 | 22 5/8 |
| Third Quarter Ended September 25..... | 31 | 24 |
| Fourth Quarter Ended December 25..... | 30 1/2 | 22 1/4 |
| 1995: | | |
| First Quarter (through February 9)..... | 32 1/4 | 23 1/2 |

</TABLE>

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The last reported sale price of the Common Stock on the NYSE on February 9, 1995, was \$31.25 per share. On February 9, 1995, there were approximately 9,368 shareholders of record of Common Stock.

The Company has not paid cash dividends on its Common Stock and has no plans to pay cash dividends on its Common Stock in the foreseeable future. The Company is subject to a loan agreement which prohibits the payment of cash dividends on its Common Stock.

DESCRIPTION OF DEPOSITARY SHARES

Each Depositary Share represents one-tenth share of the Preferred Stock deposited under the Deposit Agreement, dated as of March 25, 1987, (the "Deposit Agreement"), among the Company, Bank of America National Trust and Savings Association (the "Bank of America"), as Depositary, and the holders from time to time of the depositary receipts (the "Depositary Receipts") issued thereunder. The First National Bank of Boston has succeeded to the rights and obligations of the Bank of America under the Deposit Agreement and is acting as the Depositary.

REDEMPTION OF THE DEPOSITARY SHARES
AND EXPIRATION OF CONVERSION PRIVILEGES

The Company has called all of the outstanding Preferred Stock for redemption on the Redemption Date pursuant to the terms of the Company's Certificate of Designations for the Preferred Stock. As a result of the call for redemption, holders of Depositary Shares are entitled to receive from the Company upon redemption the sum of \$50.90 per Depositary Share, plus accrued and unpaid dividends of \$0.73 per Depositary Share to the Redemption Date, for a total redemption price of \$51.63 per Depositary Share. After the Redemption Date, the Depositary Shares and Preferred Stock will no longer be deemed to be outstanding and all rights of the holders of the Depositary Shares will cease, except the right to receive the Redemption Price, without interest, upon surrender to the Depositary of the Depositary Receipts evidencing such Depositary Shares.

Holders of Depositary Shares have as an alternative to redemption, in

addition to the right to sell their Depositary Shares through usual brokerage facilities, the right to convert their Depositary Shares into Common Stock.

Prior to 5:00 p.m. New York City time on the Redemption Date, Depositary Shares representing one or more whole shares of Preferred Stock may be converted at the option of the holder into shares of the Company's Common Stock, on the basis of 19.873 shares of Common Stock for each whole share of Preferred Stock. To convert any Depositary Shares, the holder thereof must surrender Depositary Receipts with written instructions, which may be in the form of the Letter of Transmittal provided to all holders of Depositary Shares, to the Depositary to convert the Depositary Shares into shares of Common Stock.

THE RIGHT TO CONVERT DEPOSITARY SHARES INTO COMMON STOCK WILL TERMINATE AT 5:00 P.M. NEW YORK CITY TIME ON THE REDEMPTION DATE, TIME BEING OF THE ESSENCE. FROM AND AFTER THAT DATE AND TIME, HOLDERS OF DEPOSITARY SHARES WILL BE ENTITLED ONLY TO THE REDEMPTION PRICE, WITHOUT INTEREST.

In the event of conversion, no payment or adjustment in respect of accrued and unpaid dividends on the Depositary Shares will be made.

Depositary Shares representing less than one whole share of Preferred Stock (after aggregating the number of Depositary Shares surrendered by a holder for conversion) may not be converted into Shares of the Company's Common Stock, even when accompanied by other Depositary Shares representing one or more whole shares of Preferred Stock. Depositary Shares representing less than one whole share of Preferred Stock may either be surrendered for redemption or sold through usual brokerage facilities.

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No fractional shares of Common Stock will be issued upon conversion. Instead, a cash payment for each fractional share will be made by the Company on the basis of the last reported sale price of the Common Stock, regular way, on the NYSE on the day of conversion.

The last reported sale price of the Common Stock on the NYSE on February 9, 1995, was \$31.25 per share. See "Price Range of Common Stock and Dividend Policy" for additional market price information.

A holder of Depositary Shares who converted such Depositary Shares on February 9, 1995, would have received Common Stock having a market value, based on the reported last sale price on the NYSE on that date, of \$62.10 for each Depositary Share converted (including cash, if any, received in lieu of fractional shares). If such Depositary Shares were surrendered for redemption on the Redemption Date, such holder would have received \$51.63 in cash for each Depositary Share.

AS LONG AS THE MARKET PRICE OF THE COMPANY'S COMMON STOCK REMAINS AT OR ABOVE \$25.98 PER SHARE, THE HOLDERS OF DEPOSITARY SHARES WHO ELECT TO CONVERT WILL RECEIVE, UPON CONVERSION, COMMON STOCK (INCLUDING CASH, IF ANY, RECEIVED IN LIEU OF FRACTIONAL SHARES) HAVING A GREATER MARKET VALUE THAN THE AMOUNT OF CASH RECEIVABLE UPON REDEMPTION. IT SHOULD BE NOTED, HOWEVER, THAT THE PRICE OF THE COMMON STOCK RECEIVED UPON CONVERSION WILL FLUCTUATE IN THE MARKET. NO ASSURANCE IS GIVEN AS TO THE PRICE OF THE COMMON STOCK AT ANY FUTURE TIME, AND THE HOLDERS SHOULD EXPECT TO INCUR VARIOUS EXPENSES OF SALE IF SUCH COMMON STOCK IS SOLD.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain federal income tax consequences of the conversion, redemption or sale of the Depositary Shares. It is a summary only and is not intended as a substitute for careful tax planning.

The discussion set forth below is included for general information only. It does not deal with all aspects of income taxation that may be relevant to particular holders of Depositary Shares and does not address the state, local or foreign tax consequences. The discussion is based on currently existing provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing and, to the extent applicable, proposed treasury regulations thereunder and current administrative rulings and court decisions. It does not take into account the impact of any pending tax proposals. The discussion below is not binding upon the Internal Revenue Service, and no rulings of the Internal Revenue Service will be sought or obtained. There is no assurance that the Internal Revenue Service will agree with the conclusions described below. All of the foregoing are subject to change and any such change could affect the continuing validity of this discussion. Holders of Depositary Shares should consult their tax advisors with respect to the specific tax consequences of the conversion, redemption or sale of the Depositary Shares to them, including the application and effect of state, local and foreign tax laws.

Holders of the Depositary Shares will be treated for federal income tax purposes as if they were holders of the shares of Preferred Stock represented by the Depositary Shares.

CONVERSION

Generally, no gain or loss will be recognized for federal income tax purposes on conversion of Depositary Shares into shares of Common Stock, except to the extent cash is received in lieu of fractional shares of Common Stock. Gain or loss resulting from the receipt of cash in lieu of fractional shares of Common Stock will equal the difference between the proceeds received with respect to such fractional shares and the converting holder's tax basis in the Depositary Shares allocated to such fractional shares. The tax basis for Common Stock received on conversion will be equal to the tax basis of the Depositary Shares converted (less the tax basis, if any, allocated to fractional shares) and, provided that such Depositary Shares were held as a capital asset, the holding period of the shares of Common Stock will include the holding period of the converted Depositary Shares.

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REDEMPTION OR SALE

A sale of the Depositary Shares by the holder thereof or a redemption for cash will be a taxable event to the holder.

A redemption for cash will be treated under Section 302 of the Code as a distribution that is taxable as a dividend to the extent of the Company's current or accumulated earnings and profits unless the redemption (a) results in a "complete termination" of the holder's stock interest, including Common Stock, in the Company under Section 302(b)(3) of the Code; (b) is "substantially disproportionate" with respect to the holder under Section 302(b)(2) of the Code; or (c) is "not essentially equivalent to a dividend" with respect to the holder under Section 302(b)(1) of the Code. In determining whether any of these tests has been met, shares considered to be owned by the holder by reason of certain constructive ownership rules set forth in Section 318 of the Code, as well as shares actually owned, must generally be considered. Because the analysis under Section 302(b) of the Code will vary among holders, and will depend on the facts and circumstances at the time that the determination must be made, each redeeming holder must consult his or her tax advisor to determine the appropriate tax treatment of such holder's redemption of Depositary Shares under Section 302(b) of the Code.

The sale of Depositary Shares or the redemption of Depositary Shares for cash in which the redemption is not treated as a dividend would result in taxable gain or loss equal to the difference between the amount of cash received (except for the portion of cash received which is attributable to declared dividends not previously included in income, which will be taxable as dividend income to the extent of current or accumulated earnings and profits, if any) and the holder's tax basis in the Depositary Shares sold or redeemed. Such gain or loss (to the extent not treated as a dividend) would be capital gain or loss if the Depositary Shares were held as a capital asset, and would be long-term capital gain or loss if the Depositary Shares were held for more than one year.

BACKUP WITHHOLDING

Under Section 3406 of the Code and applicable Treasury regulations, a holder of Depositary Shares or Common Stock may be subject to backup withholding at the rate of 31% with respect to dividends paid on, or the gross proceeds of a sale, exchange, conversion or redemption of the Depositary Shares or Common Stock unless (a) such holder comes within certain exempt categories under the applicable law and regulations and, when required, demonstrates this fact; or (b) provides a taxpayer identification number (employer identification number or social security number) and certifies that such number is correct, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. Amounts paid as backup withholding do not constitute an additional tax and will be credited against the holder's federal income tax liability.

The Company will report to the holders of Depositary Shares or Common Stock, and to the Internal Revenue Service, the amount of any "reportable payments" and any amount withheld with respect to the Depositary Shares and Common Stock during each calendar year.

DESCRIPTION OF CAPITAL STOCK

The Company has authority to issue 250 million shares of Common Stock, par value \$0.01 per share, and one million shares of serial preferred stock, par value \$0.10 per share. As of February 9, 1995, there were 95,815,601 shares of Common Stock outstanding. The 344,862 shares of the Preferred Stock held by the Depositary and represented by the Depositary Shares are the only shares of preferred stock currently outstanding. The Company has also authorized the issuance of up to 150,000 shares of Series A Junior Participating Preferred Stock in connection with the Rights Plan, described under "Rights Agreement," below. The Board of Directors of the Company has authority (without action by stockholders) to issue the authorized and unissued shares of serial preferred stock in one or more series and, within certain limitations,

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to determine the voting rights (including the right to vote as a series on particular matters), preference as to dividends and in liquidation, conversion, redemption and other rights of each such series.

The following is a brief summary of the voting, dividend, liquidation and certain other rights of the holders of the Common Stock as set forth in the Company's by-laws and Certificate of Incorporation. No shares of preferred stock will be outstanding after the Redemption Date, although the Series A Junior Participating Preferred Stock will continue to be authorized for issuance under the Rights Plan.

COMMON STOCK

The holders of Common Stock are entitled to one vote per share on all matters to be voted on by shareholders, including the election of directors. Stockholders are not entitled to cumulative voting rights, and, accordingly, the holders of a majority of the shares voting for the election of directors can elect the entire Board if they choose to do so and, in that event, the holders of the remaining shares will not be able to elect any person to the Board of Directors.

The holders of Common Stock are entitled to receive such dividends, if any, as may be declared from time to time by the Board of Directors, in its discretion, from funds legally available therefor and subject to prior dividend rights of holders of any shares of preferred stock which may be outstanding. Upon liquidation or dissolution of the Company, subject to prior liquidation rights of the holders of preferred stock, the holders of Common Stock are entitled to receive on a pro rata basis the remaining assets of the Company available for distribution.

The terms of the Company's current credit agreement prohibit the Company from paying cash dividends on its Common Stock, limit long-term debt and short-term borrowings, and require that working capital, tangible net worth, and the ratio of earnings to cash interest expense be maintained at certain designated levels.

The outstanding shares of Common Stock are not and, when issued, the shares being offered by this Prospectus will not be, redeemable. Such shares have no pre-emptive or conversion rights or sinking fund provisions. All outstanding shares of Common Stock are, and all shares being offered by this Prospectus will be, fully paid and not liable to further calls or assessment by the Company. One preferred share purchase right under the Company's Rights Plan, described below, will also be issued with each share of Common Stock offered hereby. See "Rights Agreement."

RIGHTS AGREEMENT

In February 1990, the Company adopted a shareholder rights plan (the "Rights Plan"). The plan is intended to enhance long term shareholder value and to protect shareholders from unfair or coercive takeover practices. In accordance with this plan, the Company paid a dividend of one preferred stock purchase right on each outstanding share of Common Stock pursuant to a Rights Agreement (the "Rights Agreement"). Each right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Junior Participating Preferred Stock, \$0.10 par value, for a price of \$65.00, subject to adjustment. Although the rights are not intended to prevent a takeover of the Company at a full and fair price, they may have certain anti-takeover effects. They may deter an attempt to acquire the Company in a manner which seeks to deprive the Company's shareholders of the full and fair value of their investment and may deter attempts by significant shareholders to take advantage of the Company and its shareholders through certain self-dealing transactions. The rights may cause substantial dilution to a person or group that acquires or attempts to acquire the Company unless the rights are redeemed by the Board of Directors. Accordingly, the rights should encourage any potential acquiror to seek to negotiate with the Board of Directors. Unless the approval is first obtained from the Board of Directors of the Company, the rights may deter transactions, including tender offers, which the majority of shareholders may believe are beneficial to them. The rights are

redeemable by the Company and expire on December 31, 2000. Under the Rights Agreement, one preferred stock purchase right will also be issued with each share of Common Stock offered hereby.

A proposal regarding the Rights Plan, offered by a stockholder of the Company, was approved by the stockholders of the Company at its Annual Meeting of Stockholders held on April 27, 1994. The Board of Directors of the Company had recommended that stockholders vote against the proposal. The proposal requested the Board of Directors of the Company to redeem the preferred stock purchase rights unless their issuance is approved by a binding vote of the stockholders. No decision regarding the matter has been announced by the Company. The stockholder which offered the proposal in 1994 has notified the Company that it intends to offer the same proposal for consideration and approval by the stockholders of the Company at its Annual Meeting of

stockholders to be held on May 9, 1995.

STANDBY ARRANGEMENT

In the event that fewer than all of the outstanding Depositary Shares are surrendered for conversion prior to 5:00 p.m. New York City time on the Redemption Date, the Company has arranged, subject to certain conditions, for Donaldson, Lufkin & Jenrette Securities Corporation and Salomon Brothers Inc (collectively, the "Purchasers") to purchase directly from the Company up to such whole number of shares of Common Stock as would have been issuable upon conversion of any Depositary Shares that have not been surrendered for conversion at such time at a price of \$25.98 per share in accordance with the terms of a Standby Agreement (the "Standby Agreement"). The Company would use the net proceeds from any such purchase to pay the Redemption Price of the Depositary Shares not surrendered for conversion.

The Purchasers propose to offer any shares of the Common Stock they acquire in part directly to retail purchasers as set forth on the cover page of this Prospectus and in part to certain securities dealers at prices that may represent concessions from the prices at which such shares are then being offered to the public. The Purchasers may allow, and such dealers may reallow, a concession to certain brokers and dealers. The amount of such concessions and reallowances will be determined from time to time by the Purchasers. In effecting such transactions, the Purchasers may realize profits and losses independent of the compensation referred to below. The Purchasers will remit to the Company 50% of the profit (determined in accordance with the terms of the Standby Agreement) made by the Purchasers from the sale of shares of Common Stock purchased by the Purchasers directly from the Company; provided, however, that the Purchasers shall not remit any portion of such profit if they shall have purchased at least 342,672 shares of Common Stock directly from the Company. The Purchasers may assist in the solicitation of conversion of the Depositary Shares, but will receive no additional compensation therefor. The Company has agreed to indemnify the Purchasers against certain liabilities, including liabilities under the Securities Act of 1933.

Pursuant to the terms of the Standby Agreement and in consideration of the Purchasers' obligations thereunder, the Company has agreed to pay the Purchasers the sum of (i) an amount equal to \$2,671,301 plus (ii) an additional amount equal to \$1.50 for each share of Common Stock acquired by the Purchasers directly from the Company.

If the Purchasers purchase any shares of Common Stock directly from the Company under the terms of the Standby Agreement, the Company has agreed that, without the prior written consent of the Purchasers, the Company will not offer, sell, contract to sell or otherwise dispose of any additional shares of its Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, for a period commencing on the date of this Prospectus and ending 180 days after the Redemption Date, other than (a) the issuance of Common Stock pursuant to the Standby Agreement, (b) any shares of Common Stock sold upon the exercise of an option or warrant or the conversion or exchange of a security outstanding on the date hereof and (c) any shares of Common Stock sold pursuant to existing employee benefit plans of the Company. If the Purchasers purchase fewer than 350,000 shares of Common Stock directly from the

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Company pursuant to the Standby Agreement, such restrictions with respect to the Company shall terminate. The obligations of the Purchasers under the Standby Agreement are subject to the condition that each director and executive officer of the Company shall have agreed not to sell any equity securities of the Company for a period of 90 days following March 14, 1995, if the Purchasers shall have purchased at least 350,000 shares of Common Stock directly from the Company pursuant to the Standby Agreement.

The Purchasers have provided and may continue to provide services to the Company in connection with various investment banking matters.

In the Standby Agreement, the Company and the Purchasers have agreed to indemnify each other against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended.

LEGAL MATTERS

Certain legal matters with respect to the shares of the Company's Common Stock offered hereby will be passed on for the Company by Bronson, Bronson & McKinnon, San Francisco, California, and for the Purchasers by Latham & Watkins, San Francisco, California.

EXPERTS

The consolidated financial statements and related schedules of Advanced Micro Devices, Inc. incorporated by reference in the Company's Annual Report (Form 10-K) for the year ended December 26, 1993, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included

therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY AGENT, DEALER OR UNDERWRITER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY, TO ANY PERSON IN ANY JURISDICTION WHERE SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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[LOGO OF ADVANCED MICRO DEVICES]

ADVANCED MICRO DEVICES, INC.

6,853,443 SHARES

COMMON STOCK
(PAR VALUE \$0.01)

PROSPECTUS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

SALOMON BROTHERS INC

FEBRUARY 10, 1995

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

<TABLE>

| <S> | <C> |
|--|-----------|
| Securities and Exchange Commission Registration Fee..... | \$ 72,671 |
| *New York Stock Exchange Filing Fee..... | 24,000 |
| *Printing Expenses..... | 30,000 |
| *Fees of Depositary and Transfer Agent..... | 3,000 |
| *Legal Fees..... | 130,000 |
| *Accountants' Fees..... | 35,000 |
| *Miscellaneous..... | 15,000 |
| | ----- |
| *TOTAL..... | \$309,671 |
| | ===== |

</TABLE>

*Estimated

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Delaware Corporation Law provides for the indemnification of directors and officers under certain conditions. The By-Laws of the Company permit indemnification to the maximum extent permitted by Delaware law. In addition, the Company is bound by agreements with certain of its directors and officers which obligate the Company to indemnify such persons in various circumstances. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act"), may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company 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 Company of expenses incurred or paid by a director, officer or controlling person of the Company 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 Company 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.

The Company has in effect a directors and officers liability insurance policy indemnifying the directors and officers of the Company and the directors and officers of the Company's subsidiaries within a specific limit for certain liabilities incurred by them, including liabilities under the Act. The Company pays the entire premium of this policy.

The Company's Certificate of Incorporation contains a provision which eliminates the personal liability of directors of the Company for monetary damages for certain breaches of fiduciary duty, as permitted by Section 102(b)(7) of the General Corporation Law of Delaware.

Pursuant to the Standby Agreement between the Company and the Purchasers included as Exhibit 1 to this Registration Statement, the officers and directors of the Company are indemnified by the Purchasers against certain civil liabilities under the Act.

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ITEM 16. EXHIBITS

<TABLE>
<CAPTION>
EXHIBIT
NUMBER

| <C> | <S> |
|-----|--|
| 1 | Standby Agreement. |
| 4.1 | Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal period ended December 27, 1987, is hereby incorporated herein by reference. |
| 4.2 | Certificate of Powers, Designations, Preferences and Rights of the \$30.00 Convertible Exchangeable Preferred Shares, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal period ended March 27, 1987, is hereby incorporated herein by reference. |
| 4.3 | Deposit Agreement with respect to the \$30.00 Convertible Exchangeable Preferred Shares, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 1987, is hereby incorporated herein by reference. |
| 4.4 | Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal period ended December 31, 1989, is hereby incorporated herein by reference. |
| 4.5 | By-Laws. |
| 4.6 | Rights Agreement, dated as of February 7, 1990, between the Company and Bank of America N.T. & S.A., filed as Exhibit 1 to the Company's Registration Statement on Form 8-A filed on February 21, 1990, is hereby incorporated herein by reference. |

| | |
|------|--|
| 4.7 | Rights Certificate relating to the Company's shareholder rights plan (attached as Exhibit B to Exhibit 4.6). |
| 5 | Opinion of Bronson, Bronson & McKinnon. |
| 23.1 | Consent of Bronson, Bronson & McKinnon (included in its opinion filed as Exhibit 5 hereto). |
| 23.2 | Consent of Ernst & Young LLP, independent auditors. |
| 24 | Powers of Attorney (see signature page). |
| 99.1 | Letter of Transmittal. |
| 99.2 | Notice of Redemption. |

</TABLE>

ITEM 17. UNDERTAKINGS.

(a) 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:

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

(ii) 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 thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and

(iii) 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 the information required to be included in a post-effective amendment by paragraphs (a)(1)(i) and (a)(1)(ii) above may be contained in periodic reports filed by the registrant pursuant to Section 13 or 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.

(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.

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(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.

(b) 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 provisions referred to above at Item 15, 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 Securities Act of 1933 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 Securities Act of 1933 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, AS AMENDED, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF SUNNYVALE AND THE STATE OF CALIFORNIA, ON THIS

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

 Marvin D. Burkett
 Senior Vice President
 Chief Administrative Officer
 Chief Financial Officer and
 Treasurer

POWER OF ATTORNEY

Know All Men By These Presents, that each person whose signature appears below constitutes and appoints W.J. Sanders III and Marvin D. Burkett, 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 any and all amendments (including post-effective amendments) to this Registration Statement and to file the same, with all exhibits thereto and 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 to be done in and about the premises, 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 so or cause to be done by virtue hereof.

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

| <TABLE> | | | |
|-----------|--------------------------------|---|-------------------------|
| <CAPTION> | | | |
| | SIGNATURE | TITLE | DATE |
| | ----- | ----- | ---- |
| <S> | /s/ W. J. Sanders III | <C> Chairman of the Board and Chief Executive Officer | <C> February 9, 1995 |
| - | ----- (W. J. Sanders III) | ----- (Principal Executive Officer) | |
| - | /s/ Anthony B. Holbrook | Vice Chairman of the Board | February 9, 1995 |
| - | ----- (Anthony B. Holbrook) | | |
| - | /s/ Richard Previte | Director, President and Chief Operating Officer | February 9, 1995 |
| - | ----- (Richard Previte) | | |
| - | /s/ Friedrich Baur | Director | February 9, 1995 |
| - | ----- (Friedrich Baur) | | |
| - | /s/ Charles M. Blalack | Director | February 9, 1995 |
| - | ----- (Charles M. Blalack) | | |

</TABLE>

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| <TABLE> | | | |
|-----------|------------------------------|--|-------------------------|
| <CAPTION> | | | |
| | SIGNATURE | TITLE | DATE |
| | ----- | ----- | ---- |
| <S> | /s/ R. Gene Brown | <C> Director | <C> February 9, 1995 |
| - | ----- (R. Gene Brown) | | |
| - | /s/ Joe L. Roby | Director | February 9, 1995 |
| - | ----- (Joe L. Roby) | | |
| - | /s/ Leonard Silverman | Director | February 9, 1995 |
| - | ----- (Leonard Silverman) | | |
| - | /s/ Marvin D. Burkett | Senior Vice President, Chief Administrative Officer, Chief Financial Officer and Treasurer (Principal | February 9, 1995 |
| - | ----- (Marvin D. Burkett) | | |

</TABLE>

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INDEX TO EXHIBITS

<TABLE>
<CAPTION>

| EXHIBIT NUMBER ----- | EXHIBIT ----- | SEQUENTIALLY NUMBERED PAGE ----- |
|----------------------------|--|---|
| <C> | <S> | <C> |
| 1 | Standby Agreement. | |
| 4.1 | Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal period ended December 27, 1987, is hereby incorporated herein by reference. | |
| 4.2 | Certificate of Powers, Designations, Preferences and Rights of the \$30.00 Convertible Exchangeable Preferred Shares, filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal period ended March 27, 1987, is hereby incorporated herein by reference. | |
| 4.3 | Deposit Agreement with respect to the \$30.00 Convertible Exchangeable Preferred Shares, filed as Exhibit 4.3 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 1987, is hereby incorporated herein by reference. | |
| 4.4 | Certificate of Designations for Series A Junior Participating Preferred Stock, filed as Exhibit 3.3 to the Company's Annual Report on Form 10-K for the fiscal period ended December 31, 1989, is hereby incorporated herein by reference. | |
| 4.5 | By-Laws. | |
| 4.6 | Rights Agreement, dated as of February 7, 1990, between the Company and Bank of America N.T. & S.A., filed as Exhibit 1 to the Company's Registration Statement on Form 8-A filed on February 21, 1990, is hereby incorporated herein by reference. | |
| 4.7 | Rights Certificate relating to the Company's shareholder rights plan (attached as Exhibit B to Exhibit 4.6). | |
| 5 | Opinion of Bronson, Bronson & McKinnon. | |
| 23.1 | Consent of Bronson, Bronson & McKinnon (included in its opinion filed as Exhibit 5 hereto). | |
| 23.2 | Consent of Ernst & Young LLP, independent auditors. | |
| 24 | Powers of Attorney (see signature page). | |
| 99.1 | Letter of Transmittal. | |
| 99.2 | Notice of Redemption. | |

</TABLE>

ADVANCED MICRO DEVICES, INC.

Depository Shares Each Representing
1/10th of a Share of \$30.00 Convertible
Exchangeable Preferred Shares

STANDBY AGREEMENT

February 10, 1995

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
SALOMON BROTHERS INC
c/o Donaldson, Lufkin & Jenrette
Securities Corporation
140 Broadway
New York, New York 1005

Dear Sirs:

1. Introductory.

Advanced Micro Devices, Inc., (the "Company") proposes to call for redemption on March 13, 1995 (the "Redemption Date"), all of its outstanding Depository Shares (the "Depository Shares"), each representing ownership of one-tenth of a share of the Company's \$30.00 Convertible Exchangeable Preferred Shares (the "Preferred Shares"), at the redemption price to be paid by the Company of \$50.90 per Depository Share plus unpaid dividends thereon in the amount of \$0.73 per Depository Share to the Redemption Date for a total redemption price of \$51.63 per Depository Share (the "Redemption Price"). The holder of any Depository Share may, at any time prior to 5:00 p.m., New York City time (the "Close of Business") on the Redemption Date, but not thereafter, surrender depository receipts representing one or more whole Preferred Shares to convert such Preferred Shares into shares of Common Stock, \$.01 par value per share, of the Company ("Common Stock") at the rate of 1.9873 shares of Common Stock for each Depository Share (the "Conversion Ratio"). No payment or adjustment in respect of accrued and unpaid dividends on the Depository Shares will be made upon conversion. In the event that fewer than all of the outstanding Depository Shares are surrendered for conversion prior to the Redemption Date, the Company desires to make arrangements with you (collectively the "Purchasers" and each a "Purchaser"), pursuant to which the Purchasers will purchase directly from the Company up to such whole number of shares of Common Stock as would have been issuable upon conversion of any Depository Shares not surrendered for conversion prior to the Close of Business on the Redemption Date (such Depository Shares being referred to herein as the "Depository Shares To Be Redeemed").

2. Representations and Warranties of the Company.

The Company represents, warrants and covenants to the Purchasers that:

(a) The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the Securities Act of 1933, as amended (the "Act" or the "Securities Act"), and the rules and regulations of the Commission promulgated thereunder (the "Rules and Regulations"), a registration statement on Form S-3, including a related prospectus, relating to the maximum number of shares of Common Stock (a) to be purchased by you, pursuant to Section 3(a) below and (b) to be received upon conversion of Depository Shares (if any) purchased by you pursuant to Section 3(b) below. As used in this Agreement, the term "Registration Statement" means such registration statement, including exhibits and financial statements and schedules and all documents incorporated therein by reference, as amended (if amended) when it becomes effective, and the term "Prospectus" means such prospectus in the form filed on behalf of the Company with the Commission pursuant to Rule 424(b) under the Act. Any reference herein to the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of such Prospectus, and any reference to any amendment or supplement to the Prospectus shall be deemed to refer to and include any documents filed after such date under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and so incorporated by reference.

(b)(i) Each document, if any, filed or to be filed pursuant to the Exchange Act and incorporated by reference in the Registration Statement and Prospectus complied, or will comply when so filed, in all material respects with the Exchange Act and the applicable rules and regulations of the Commission thereunder, (ii) each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if

applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (iii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder and (iv) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this Section 2(b) do not apply to statements in or omissions from the Registration Statement or the Prospectus based upon information relating to the Purchasers furnished to the Company in writing by you expressly for use therein.

(c) As of the Close of Business on February 9, 1995, 3,448,620 Depository Shares were outstanding, and the Company has duly authorized the redemption of all the outstanding Depository Shares on the Redemption Date at the Redemption Price. The Company has duly called the Depository Shares for redemption on the Redemption Date in

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accordance with the terms of the Deposit Agreement, dated as of March 25, 1987 (the "Deposit Agreement"), among the Company, Bank of America National Trust and Savings Association (subsequently replaced by the First National Bank of Boston, and hereinafter the "Depository") and the holders of the Depository Shares, which governs the Depository Shares.

(d) The Depository Shares are convertible into Common Stock at the Conversion Ratio by surrender of depository receipts representing one or more whole Preferred Shares to the Depository, prior to the Close of Business on the Redemption Date.

(e) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(f) Each subsidiary of the Company (i) identified on Exhibit A hereto or (ii) which constitutes a "significant subsidiary" within the meaning of Rule 1-02 of Regulation S-X (in each case, individually a "Material Subsidiary" and, collectively, the "Material Subsidiaries") has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has all requisite corporate power and authority to own its property and to conduct its business and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(g) The authorized capital stock of the Company conforms as to legal matters to the description thereof contained in the Prospectus.

(h) The shares of capital stock of the Company outstanding prior to the redemption and conversion of the Depository Shares and the offer and sale of the Shares (as defined in Section 3(b) below) have been duly authorized and are validly issued, fully paid and non-assessable and the holders of such shares are not entitled to any preemptive or other similar right.

(i) The Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of the Shares will not be subject to any preemptive or similar rights.

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(j) This Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company.

(k) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or constitute a breach of, or default under, any agreement or other instrument binding upon the Company or any of its Material Subsidiaries or to which any of its or their properties are subject that is material to the Company and its subsidiaries, taken as a whole, or any material judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any Material Subsidiary or any of their properties and no consent,

approval, authorization or order of, or qualification or filing with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement, except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(l) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Prospectus.

(m) There are no legal or governmental proceedings pending or, to the knowledge of the Company, threatened to which the Company or any of its Material Subsidiaries is a party or to which any of the properties of the Company or any of its Material Subsidiaries is subject that are required to be described in the Registration Statement or the Prospectus and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(n) Each of the Company and its Material Subsidiaries has all necessary consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all federal, state, local and other governmental authorities, all self-regulatory organizations and all courts and other tribunals, to own, lease, license and use its properties and assets and to conduct its business in the manner described in the Prospectus, except to the extent that the failure to obtain or file would not have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(o) Each preliminary prospectus to be filed as part of the registration statement as originally filed or as part of any amendment thereto, or to be filed pursuant to Rule 424 under the Securities Act, will comply when so filed in all material respects with the Securities Act and the rules and regulations of the Commission thereunder.

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(p) The Company is not an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(q) Except as disclosed in the Prospectus, the Company and its Material Subsidiaries are (i) in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(r) The Company has not paid or given and will not pay or give, directly or indirectly, any commission or other remuneration for soliciting conversions of Depositary Shares into shares of Common Stock other than in accordance with this Agreement.

(s) The Company has neither taken nor will take, directly or indirectly, any action designed to cause or result in or that has constituted or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the conversion of the Preferred Stock.

3. Purchase and Conversion of the Depositary Shares.

(a) On the basis of the representations and warranties herein contained, but subject to the terms and conditions herein set forth, each Purchaser agrees, severally and not jointly, to purchase from the Company, at a price (the "Purchase Price") per share of \$25.98, 50% of such number of shares of Common Stock as would have been issuable upon conversion of the Depositary Shares To Be Redeemed (such shares of Common Stock being referred to herein as the "Standby Stock").

(b) Until the Close of Business on the Redemption Date, each Purchaser may (but will not be obligated to) purchase Depositary Shares in the open market in such amounts and at such prices as it deems advisable. On the basis of the representations, warranties and agreements herein set forth, each Purchaser agrees to surrender for conversion into Common Stock, at or prior to the Close

of Business on the Redemption Date, all Depositary Shares so purchased by the Purchasers in the open market. The Shares of Common Stock to be received upon the conversion of the Depositary Shares pursuant to this Section 3(b) are referred to herein as the "Open Market Stock." The Standby Stock and the Open Market Stock are herein referred to collectively as the "Shares."

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(c) In the event that less than 342,672 shares of Common Stock are acquired by the Purchasers pursuant to Section 3(a) hereof, the Purchasers shall remit to the Company 50% of the Profit (as defined below) received. In the event that the number of shares of Common Stock acquired by the Purchasers pursuant to Section 3(a) hereof is equal to or exceeds 342,672, the Purchasers shall not be required to remit to the Company any of the Profit received. As used in the herein, "Profit" means the excess of the aggregate gross proceeds received on the sale by Purchasers of such Shares over the aggregate price of such shares paid by Purchasers therefor, after deduction from such proceeds of sale of any transfer taxes and other related expenses not reimbursed by the Company or any unaffiliated party. For purposes of the foregoing determination, any such Shares not sold by Purchasers prior to the Close of Business on the 30th day (or, if such 30th day is not a business day, the next business day thereafter) after the Redemption Date shall be deemed to have been sold on such day for an amount equal to the average of the high and low sale price of the Common Stock on such day as reported on the New York Stock Exchange. Upon completion of the sale of such Shares, each Purchaser shall furnish to the Company a statement setting forth the aggregate proceeds received on the sale thereof and the applicable selling concessions, transfer taxes and other related expenses. Nothing contained herein shall limit the right of the Purchasers, in their discretion, to determine the price or prices at which, or the time or times when, any Shares of Common Stock shall be sold, whether or not prior to the Redemption Date and whether or not for long or short account. Settlement of the profit sharing arrangement set forth in this Section 3(c) shall occur as soon as practicable after the final disposition (or deemed disposition) by the Purchasers of all of the Shares.

(d) The Company understands that the Purchasers propose to sell the shares of the Standby Stock and the Open Market Stock as soon as practicable after the date hereof. The Company confirms that the Purchasers and dealers have been authorized to distribute the Prospectus (as amended or supplemented if the Company furnishes amendments or supplements to the Purchasers).

4. Payment, Delivery and Fees.

(a) Fees. As compensation for your commitments as Purchasers, the

Company will pay to the Purchasers, collectively, (i) an amount (the "Standby Fee") equal to Two Million Six Hundred Seventy-One Thousand Three Hundred and One Dollars (\$2,671,301) and (ii) an additional amount (the "Take-Up Fee") equal to One Dollar and Fifty Cents (\$1.50) per share of Standby Stock. The Take-Up Fee shall not be deemed to be Profit under Section 3(c) hereof. Payment of the Standby Fee shall be made on Closing Date I, which shall be the Redemption Date unless the parties hereto otherwise agree. Payment on the Take-Up Fee, if any, shall be made, as due, on Closing Date I or Closing Date II (which shall be the business day immediately following the Redemption Date) unless the parties hereto otherwise agree.

(b) Payment on Closing Date I. Promptly after the Close of Business

on the day immediately preceding Closing Date I, the Company shall notify the Purchasers in

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writing after conferring with the Depositary of (i) the number of Depositary Shares surrendered for redemption as of the Close of Business on such day, (ii) the related number of shares of Standby Stock as of the Close of Business on such day and (iii) the amount of the Take-Up Fee, if any, payable in light of such number of shares of Standby Stock.

At or prior to 12:00 noon, New York City time, on the Redemption Date (i) the Company will pay to the Purchasers by wire transfer of immediately available funds an amount equal to (A) the Standby Fee and (B) the Take-Up Fee, if any, payable in light of the number of shares of Standby Stock being purchased on such date and (ii) the Purchasers will arrange for the deposit with the Company by wire transfer of immediately available funds, and provide the Company with a federal funds reference number in respect of such deposit with the Company, an amount equal to the product of (A) the number of shares of Standby Stock as contained in the written notification sent by the Company pursuant to this Section 4(b) and (B) the Purchase Price.

(c) Payment on Closing Date II. Promptly after the Close of Business

on the Redemption Date, the Company shall notify the Purchasers in writing after conferring with the Depositary of (i) the number of Depositary Shares

surrendered for redemption on the Redemption Date, (ii) the number of Depositary Shares which have been converted on the Redemption Date, (iii) the number of Depositary Shares which have not been surrendered for redemption or conversion as of the Close of Business on the Redemption Date, (iv) the total number of shares of Standby Stock as of the Close of Business on the Redemption Date and (v) the total amount of the Take-Up Fee, if any.

At or prior to 12:00 noon, New York time, on Closing Date II (i) the Company will pay to the Purchasers by wire transfer of immediately available funds an amount equal to the Take-Up Fee, if any, payable in light of the number of shares of Standby Stock being purchased on such date and (ii) the Purchasers shall arrange for the deposit by wire transfer of immediately available funds, and provide the Company with a federal funds reference number in respect of such deposit with the Company, an amount equal to the product of (A) the shares of Standby Stock to be purchased on such date and (B) the Purchase Price.

(d) Delivery of Shares. The Company will, on the second business day

following receipt by the Company of a notice hereinafter referred to, deliver to the Purchasers at the above address (or as the Purchasers may otherwise designate in writing) certificates evidencing shares of Standby Stock acquired by the Purchasers under Section 3(c), in definitive form and in such denominations and registered in such names as the Purchasers shall request by written notice to the Company.

5. Covenants of the Company.

The Company agrees with the Purchasers that:

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(a) The Company will notify you promptly, and (if requested by you) will confirm such notification in writing, (i) when any post-effective amendment to the Registration Statement becomes effective, (ii) of any request by the Commission for amendments or supplements to the Registration Statement or the Prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for such purpose, and (iv) of the happening of any event during the period mentioned in paragraph (d) below which in the judgment of the Company makes any statement made in the Registration Statement or the Prospectus untrue or which requires the making of any changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any order suspending the effectiveness of the Registration Statement, the Company will use its best efforts to obtain the withdrawal of such order at the earliest possible moment.

(b) The Company will furnish to you, without charge, two signed copies of the Registration Statement and any post-effective amendment thereto, including exhibits and financial statements and schedules and all documents incorporated therein by reference to the extent not previously furnished to you.

(c) The Company will give you advance notice of its intention to file any amendment or supplement to the Registration Statement as filed or any amendment or supplement to the Prospectus, and will not file any such amendment or supplement to which you shall reasonably object in writing; provided, however, that you shall respond promptly to any such amendment or supplement that constitutes a filing on Form 8-K or Form 10-Q under the Exchange Act. In addition to, and without limiting, the foregoing, the Company will file under the Exchange Act, on or before March 6, 1995, the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994 (the "1994 10-K"), which Form 10-K shall be satisfactory in form and substance to you in the exercise of your discretion.

(d) The Company will deliver to you or upon your order, without charge, as many copies of the Prospectus or any amendment or supplement thereto, and any documents incorporated therein by reference, as you may reasonably request. The Company consents to the use of the Prospectus or any amendment or supplement thereto by you and by all dealers to whom the Shares may be sold, both in connection with the offering or sale of the Shares and for such period of time as the Prospectus is required to be delivered under the Act. If during such period of time any event of the type described in Section 5(a) or any other event shall occur as a result of which, in the good faith opinion of your counsel, the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to supplement or amend the Prospectus to comply with law, the Company will forthwith prepare and duly file with the Commission an appropriate supplement or amendment thereto which will correct such statement or omission or an

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amendment which will effect such compliance, or forthwith will file all reports

and any definitive proxy statement or information statement required to be filed by the Company with the Commission pursuant to Section 13, 14, or 15 of the Exchange Act subsequent to the date of the Prospectus, and will deliver to you, without charge, such number of copies thereof as you may reasonably request.

(e) The Company will cooperate with you and your counsel in connection with the registration or qualification of the Shares for offer and sale and their eligibility for investment under the securities or Blue Sky laws of such jurisdictions as you request. The Company will pay all fees and expenses (including fees and expenses of counsel) relating to such qualification under such securities or Blue Sky laws.

(f) The Company will make generally available to its security holders an earnings statement covering a period of at least twelve months beginning after the effective date of the Registration Statement as soon as is reasonably practicable but in any event not later than 90 days after the end of such period, which earnings statement shall satisfy the provisions of Section 11(a) of the Act and the rules thereunder.

(g) The Company will cause to be mailed by first-class mail, postage prepaid, to holders of Depositary Shares on February 10, 1995 and thereafter cause to be mailed to such holders, as often as you may reasonably request, a notice of redemption (the "Notice of Redemption") of all of the Depositary Shares on the Redemption Date in accordance with the requirements of the Deposit Agreement and the Certificate of Designation and in the form submitted to you, together with a copy of the Prospectus and a letter of transmittal and will furnish copies thereof as you may request.

(h) The Company agrees to publish advertising mutually satisfactory to the Purchasers and the Company relating to the redemption.

(i) The Company will pay all costs and expenses in connection with (i) the preparation, printing and filing of the Registration Statement, the Prospectus and the Blue Sky survey, (ii) the issuance of the Shares and the delivery of the certificates evidencing the Shares (other than transfer taxes on resales), (iii) the preparation, printing, reproduction and execution of this Agreement, the Notice of Redemption, the letter of transmittal and related documents, (iv) the printing and publishing of any newspaper notice of the call for redemption contemplated hereby and any advertising pursuant to Section 5(h) hereof and (v) furnishing such copies of the Registration Statement and the Prospectus, and all amendments and supplements thereto, as may be requested for use in connection with the offering and sale of the Shares by you or by dealers to whom the Shares may be sold. The Company will also pay all out-of-pocket expenses which you may incur, including, but not limited to, the reasonable fees and expenses of your counsel in connection with the transactions contemplated hereby (A) if the transactions contemplated hereby are consummated and (B) if the transactions contemplated hereby are not consummated because any condition to the obligations of the Purchasers set forth in Section 6 hereof is not satisfied, if this Agreement

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is terminated pursuant to Section 9 or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of default by the Purchasers.

(j) The Company agrees that until 180 days after the Redemption Date without your prior written consent it will not offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities convertible into, or exercisable or exchangeable for, Common Stock, other than the Shares and other than (i) any shares of Common Stock sold upon the exercise of an option or warrant or the conversion or exchange of a security outstanding on the date hereof and (ii) any shares of Common Stock sold pursuant to existing employee benefit plans of the Company. However, if it shall be determined that the number of shares of Standby Stock to be purchased hereunder is fewer than 350,000 shares, these restrictions shall terminate at the Close of Business on the second business day following the Redemption Date.

(k) The Company will direct the Depositary in writing to advise you daily of the number of Depositary Shares surrendered for redemption or conversion by the Close of Business on each such day.

(l) Until the earlier of the date you have sold all the Shares and June 15, 1995, the Company will (i) notify you promptly of any material change affecting any of its representations, warranties, agreements or indemnities herein and will take such steps as you may reasonably request to remedy and/or publicize the same and (ii) furnish you such other information concerning the Company as you may reasonably request.

6. Conditions of the Obligations of the Purchasers.

The obligations of the Purchasers hereunder are subject to the condition that the Registration Statement shall have become effective not later than February 10, 1995 or such later date as shall have been consented to by

you.

The obligations of the Purchasers hereunder are subject to each of the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Redemption Date or Closing Date II, as the case may be, there shall not have occurred and in your opinion it shall not be likely to occur any of the following that, in your good faith judgment, is material and adverse and that makes it, in your good faith judgment, impracticable to market the Shares on the terms and in the manner contemplated by the Prospectus: (i) any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, of the Company and its subsidiaries, taken as a whole, from that set forth in the Registration Statement; or (ii) any enactment, publication, decree or other promulgation of any federal or state statute,

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regulation, rule or order of any court or other governmental authority which affects, or may affect, the business or operations of the Company.

(b) The Purchasers shall have received on the date hereof and on each Closing Date a certificate, dated the date of its delivery and signed by an executive officer of the Company, not in his individual capacity but solely in his capacity as an executive officer of the Company, to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the date of such certificate and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the date of such certificate.

The officer signing and delivering such certificate may rely upon the best of his knowledge as to proceedings threatened.

(c) You shall have received on the date hereof and on each Closing Date an opinion of Bronson, Bronson & McKinnon, counsel for the Company, dated the date of its delivery, to the effect that

(i) the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of Delaware, has the corporate power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction which requires such qualification wherein it owns or leases any properties or conducts any business, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole;

(ii) each Material Subsidiary is a corporation (or, in the case of AMD (Thailand) Ltd. and Advanced Micro Devices (Singapore) Pte. Ltd., a limited liability company and a private limited company, respectively) duly organized and validly existing, has the power and authority to own its property and to conduct its business as described in the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction which requires such qualification wherein it owns or leases any properties or conducts any business, except to the extent that the failure to be so qualified or be in good standing would not have a material adverse effect on the Company and its subsidiaries taken as a whole;

(iii) the authorized capital stock of the Company conforms in all material respects as to legal matters to the description thereof contained in the Prospectus;

(iv) the shares of capital stock of the Company outstanding prior to the offer and sale of the Shares have been duly authorized and are

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validly issued, fully paid and non-assessable and the holders of such shares are not entitled to any preemptive or other similar right;

(v) the Shares have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Shares will not be subject to any preemptive or similar right;

(vi) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, except as rights to indemnity or contribution hereunder may be limited under applicable law;

(vii) the execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Company or, to the best of such counsel's knowledge, any agreement or other instrument binding upon the Company or any of its Material Subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or, to the best of such counsel's knowledge, any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any Material Subsidiary which is material to the Company and its subsidiaries, taken as a whole, and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement except for the order of the Securities and Exchange Commission declaring the Registration Statement effective which has been obtained, and except such as may be required by the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares by the Purchasers;

(viii) the statements (1) in the Prospectus under the captions "Description of Capital Stock" and "Standby Arrangement" and (2) in the Registration Statement in Item 15, in each case insofar as such statements constitute summaries of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings and fairly summarize the matters referred to therein;

(ix) to the best of such counsel's knowledge there are no (A) legal or governmental proceedings pending to which the Company or any of its Material Subsidiaries is a party or to which any of the properties of the Company or any of its Material Subsidiaries is subject other than as described in the Registration Statement or the Prospectus and other than litigation which

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individually or in the aggregate is not material to the Company and its subsidiaries taken as a whole; or (B) statutes, regulations, contracts or other documents that are required to be described in the Registration Statement or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required; and (C) legal or governmental proceedings threatened or contemplated by any governmental agency or threatened by others which are required to be described in the Prospectus; and

(x) such counsel (1) is of the opinion that each document, if any, filed pursuant to the Exchange Act and incorporated by reference in the Registration Statement and the Prospectus (except for financial statements, including the notes and schedules thereto, and financial data, as to which such counsel need not express any opinion) complied when so filed as to form in all material respects with the Exchange Act and the rules and regulations of the Commission thereunder, (2) is of the opinion that the Registration Statement, and Prospectus (except for financial statements, including the notes and schedules thereto, and financial data included therein as to which such counsel need not express any opinion) comply as to form in all material respects with the Securities Act and the rules and regulations of the Commission thereunder, (3) has no reason to believe that (except for financial statements, including the notes and schedules thereto, and financial data included therein as to which such counsel need not express any belief) the Registration Statement and the Prospectus included therein at the time the Registration Statement became effective contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (4) has no reason to believe that (except for financial statements, including the notes and schedules thereto, and financial data included therein, as to which such counsel need not express any belief) the Prospectus contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws other than the laws of the United States, the General Corporation Law of the State of Delaware and the laws of the State of California, to the extent such counsel deems proper and to the extent specified in such opinion, upon an opinion or opinions (in form and substance reasonably satisfactory to counsel for the Purchaser) of other counsel reasonably acceptable to counsel for the Purchasers, familiar with the applicable laws; (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company or of any of its subsidiaries (including certificates as to the materiality of any contracts or judgments) and (C) to the extent they deem proper, upon written statements or certificates of officers of departments of various jurisdictions having custody of documents respecting the

provided that copies of any such statements or certificates shall be delivered

to counsel for the Purchasers.

(d) You shall have received on each Closing Date an opinion of Latham & Watkins, special counsel for the Purchasers, dated the date of its delivery, covering the matters referred to in subparagraphs (v), (vi), (viii) (but only as to the statements in the Prospectus under "Description of Capital Stock" and "Standby Arrangement") and subclauses (2) (3) and (4) of subparagraph (x) of paragraph (c) above.

With respect to subparagraph (x) of paragraph (c) above, Bronson, Bronson & McKinnon may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto and documents incorporated therein by reference and review and discussion of the contents thereof, but are without independent check or verification except as specified. With respect to clauses (2), (3) and (4) of subparagraph (x) of paragraph (c) above, Latham & Watkins may state that their opinion and belief are based upon their participation in the preparation of the Registration Statement and Prospectus and any amendments or supplements thereto (other than the documents incorporated by reference) and review and discussion of the contents thereof (including documents incorporated therein by reference), but are without independent check or verification except as specified.

The opinions of Bronson, Bronson & McKinnon described in paragraph (c) above shall be rendered to you at the request of the Company and shall so state therein.

(e) You shall have received market stand-off agreements from each director and each executive officer of the Company (collectively, the "Insiders") providing that in the event that the Purchasers purchase at least 350,000 Standby Shares pursuant to this Agreement, the Insiders will not sell or otherwise dispose of any equity security of the Company or derivative of an equity security of the Company for a period of 90 days following Closing Date II.

(f) You shall have received, on the date hereof, on the date the Company files the 1994 10-K pursuant to Section 6(g) below, and each Closing Date, a letter dated the date of its delivery, in form and substance satisfactory to you, from Ernst & Young, independent public accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in the Registration Statement and the Prospectus.

(g) The Company shall have filed the 1994 10-K under the Exchange Act on or before March 6, 1995 in form and substance satisfactory to you in the exercise of your discretion.

7. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless each Purchaser and each person, if any, who controls such Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities, joint or several, (including, without limitation, any legal or other expenses reasonably incurred by such Purchaser or any such controlling person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus or the Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to the Purchasers furnished to the Company in writing by the Purchasers expressly for use therein.

(b) Each Purchaser severally agrees to indemnify and hold harmless the Company, the directors of the Company, the officers of the Company who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to the Purchasers, but only with reference to information relating to such Purchaser furnished to the Company in writing by such Purchaser expressly for use in the Registration Statement, any preliminary prospectus, the Prospectus or

any amendments or supplements thereto. The Company acknowledges that statements set forth under the heading "Standby Arrangements" constitute the only information furnished in writing by or on behalf of the Purchasers for inclusion in the Prospectus.

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to any of the two preceding paragraphs, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would, in the good faith judgment of counsel to the Indemnified Party, be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses

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of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Purchasers and all persons, if any, who control the Purchasers within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Purchasers and such control persons of the Purchasers, such firm shall be designated in writing by the Purchasers. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or (b) of this Section 7 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other hand from the transactions contemplated by this Agreement or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and such Purchaser on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a

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material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by such Purchaser and the parties' relative intent, knowledge, access to information and opportunity to

correct or prevent such statement or omission.

(e) The Company and the Purchasers agree that it would not be just or equitable if contribution pursuant to this Section 7 were determined by pro rata

allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, no Purchaser or the persons controlling the Purchasers shall be required to contribute any amount in excess of the aggregate of such Purchaser's total compensation pursuant to Section 4 hereof and such Purchaser's net proceeds from the resale of the Standby Stock after deduction of the purchase price thereof and all costs associated with such resale. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

8. Survival of Certain Representations, Warranties and Obligations.

The indemnity and contribution provisions contained in Section 7 hereof and the representations and warranties of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, and (ii) any investigation made by or on behalf of the Purchasers or any person controlling either Purchaser, or by or on behalf of the Company, its officers or directors or any person controlling the Company.

9. Effectiveness and Termination.

(a) This Agreement shall become effective upon the later of (x) execution and delivery hereof by the parties hereto and (y) release of notification of the effectiveness of the Registration Statement by the Commission.

(b) This Agreement shall be subject to termination by notice given by you to the Company if (A) after the execution and delivery of this Agreement and prior to the Redemption Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (ii) trading of

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any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in your good faith judgment, is material and adverse and (B) in the case of any of the events specified in clauses (A)(i) through (iv) of this Section 9(b), such event singly or together with any other such event makes it, in your good faith judgment, on Closing Date I or Closing Date II, as the case may be, impracticable to market the Shares on the terms and in the manner contemplated in the Prospectus.

If this Agreement shall be terminated by the Purchasers because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement, the Company will reimburse the Purchasers for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by the Purchasers in connection with this Agreement or the offering contemplated hereunder.

10. Notices. All communications hereunder will be in writing and, if

sent to the Purchasers, will be mailed, delivered or telegraphed and confirmed to:

Donaldson, Lufkin & Jenrette
Securities Corporation
140 Broadway
New York, New York 10005
Attention: -----

and

Salomon Brothers Inc
333 South Hope Street
Suite 3200
Los Angeles, California 90071
Attention: -----

With a copy of the Notice to the Purchasers to:

Latham & Watkins
505 Montgomery Street, 19th Floor
San Francisco, CA 94111-2514
Attention: Christopher Kaufman, Esq.

or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to:

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Advanced Micro Devices, Inc.
915 DeGuigne Drive
Sunnyvale, CA 94088
Attention: Marvin Burkett

with a copy of notices to the Company to:

Bronson, Bronson & McKinnon
505 Montgomery Street
San Francisco, CA 94111-2514
Attention: Victor J. Bacigalupi, Esq.

11. Successors. This Agreement will inure to the benefit of and be -----
binding upon the parties hereto and their respective successors and assigns and the officers and directors and controlling persons referred to in Section 7 of this Agreement, and no other person will have any right or obligation hereunder.

12. Counterparts. This Agreement may be executed in any number of -----
counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

13. Applicable Law. This Agreement shall be governed and construed -----
in accordance with the laws of the State of California.

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If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us one of the enclosed counterparts hereof, whereupon it will become a binding agreement between the Company and the Purchasers in accordance with its terms.

Very truly yours,

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Name Printed: Marvin D. Burkett
Title: Senior Vice President
Chief Administrative Officer
Chief Financial Officer and Treasurer

The foregoing Standby Agreement
is hereby confirmed and accepted
as of the date first above written.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

By /s/ Steven G. Puccinelli

Name Printed: Steven G. Puccinelli
Title: Managing Director

SALOMON BROTHERS INC

By /s/ Robert Messih

Name Printed: Robert Messih
Title: Vice President

ADVANCED MICRO DEVICES, INC.
BY-LAWS

(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

MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in the City of Sunnyvale, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Nomination for election of members of the Board of Directors may be made by the Board of Directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Notice of intention to make any nominations shall be made in writing and shall be delivered or mailed to the President of the corporation not less than 21 days nor more than 60 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 21 days notice of the meeting be given to shareholders, such notice of intention to nominate shall be mailed or delivered to the President of the corporation not later than the close of business on the 7th day following the day on which the notice of meeting was mailed.

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Section 2. Annual meetings of the stockholders shall be held on the third Wednesday in May if not a legal holiday, and if a legal holiday, then at the next secular day following, at 4:00 p.m., or at such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by plurality vote, a Board of Directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten 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 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. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

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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 of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. 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 the statutes or of the Certificate of Incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. 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 11. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by any provision of the statutes, the meeting and vote of stockholders may be dispensed with if all of the stockholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken; or if the Certificate of Incorporation authorizes the action to be taken with the written consent of the holders of less than all of the stock who would have been entitled to vote upon the action if a meeting were held, then on the written consent of the stockholders having not less than such percentage of the number of votes as may be authorized in the Certificate of Incorporation; provided

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that in no case shall the written consent be by the holders of stock having less than the minimum percentage of the vote required by statute for the proposed corporate action, and provided that prompt notice must be given to all stockholders of the taking of corporate action without a meeting and by less than unanimous written consent.

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 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 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 By-Laws directed or required to be exercised or done by the stockholders.

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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 Serial 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 any vacancy in the office of any director so elected. In connection therewith, so long as any shares of any such series are outstanding, the number of directors authorized by resolution of the Board of Directors or by the stockholders at the annual meeting pursuant to Section 1 of this Article shall be such that upon the exercise of the holders of shares of any such series of any right to elect a specified number of directors the number of directors of the corporation would not exceed the maximum number of directors designated in Section 1 of this Article.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. 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 shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

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 may be called by the chairman upon notice thereof given to each director 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. Special meetings shall be called by the

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chairman, the president or the secretary in like manner or on like notice on the written request of two directors.

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 by-laws, 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, and the 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, 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 may be determined from time to time by resolution adopted by the Board of Directors.

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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 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 therefor. 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 by-laws, 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 or of the Certificate of Incorporation or of these by-laws, a waiver thereof in writing, signed by the person

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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 by-laws 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

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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 by-laws or the Board of Directors, executive committee, chairman of the board or present 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

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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 TREASURERS

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

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to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other 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.

TRANSFERS OF STOCK

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

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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.

FIXING RECORD DATE

Section 5. 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 to express consent to corporate action in writing without a meeting, 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, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. 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 date of the adjourned meeting.

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.

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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

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by or in the right of the corporation) by reason of the fact that he is or was a director, officer 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 or other enterprise, including service with respect to employee benefit plans, against all expenses, liability and loss (including attorneys' fees, judgments, 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 judgment, 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 judgment in its favor by reason of the fact that he is or was a director, officer 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 or other enterprise, including service with respect to employee benefit plans, 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 and 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.

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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, officer or employee is proper in the circumstances because he has 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 action, 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, officer or employee 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 attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

GOOD FAITH DEFINED

Section 4. For the purposes of any determination under Section 3 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, to have had no reasonable cause to believe his action or forbearance from acting 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 to him 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 4 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 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

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Section 5.

(a) Any indemnification under Sections 1 or 2 or advancement of expenses under Section 6 of this Article VIII shall be made promptly, and in any event within ninety days, upon the written request of the person seeking indemnification or advancement of expense, unless a determination is reasonably and promptly 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 that such person acted in a manner set forth in such Sections as to justify the corporation's not indemnifying or making an advancement of expenses to such person. In the event there are no such directors or if such directors so direct, the Board of Directors shall promptly direct that independent legal counsel shall give its opinion in writing whether such person acted in the manner set forth in such Sections as to justify the corporation's not indemnifying or making an advancement of expenses to such person.

(b) The right to indemnification or advancement of expenses granted by this Article shall be enforceable by such person in the Court of Chancery of the State of Delaware, if the Board of Directors or independent legal counsel denies the claim, in whole or in part, or if no disposition of such claim is made within ninety days. The costs and expenses incurred by such person in connection with successfully establishing his right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the corporation.

EXPENSES PAYABLE IN ADVANCE

Section 6. Except as limited by Section 5 of this Article, expenses incurred in defending or investigating 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, officer or employee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this 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 other rights to which any person seeking indemnification or advancement of expenses may be entitled under any by-law,

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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, officer 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.

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ARTICLE IX

AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws 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 by-laws be contained in the notice of such special meeting.

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[LETTERHEAD OF BRONSON, BRONSON & MCKINNON APPEARS HERE]

February 9, 1995

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

Ladies and Gentlemen:

This opinion is being delivered in connection with the registration under the Securities Act of 1933 by Advanced Micro Devices, Inc., a Delaware corporation ("AMD" or the "Company"), of 6,853,443 shares of common stock, par value \$0.01 per share, of the Company (the "Common Stock") accompanied by preferred stock purchase rights (the "Rights"). The Common Stock and Rights are to be issued pursuant to a Registration Statement on Form S-3 (the "Registration Statement") to be filed by the Company with the Securities and Exchange Commission on or about February 10, 1995.

We have examined originals, certified copies or copies otherwise identified to our satisfaction as being true copies of such corporate records of the Company and such other instruments, records and documents as we have deemed necessary in order to enable us to render the opinions hereinafter expressed. As to various questions of fact material to such opinions, we have relied upon certificates of officers of the Company and of public officials. We have assumed the genuineness of all signatures, the authenticity of all documents and certificates examined by us and the correctness of all statements of fact contained therein.

On the basis of the foregoing, we are of the opinion that:

1. AMD is a corporation duly organized and validly existing and in good standing under the laws of the State of Delaware.

BRONSON, BRONSON & MCKINNON

Advanced Micro Devices, Inc.
February 9, 1995
Page 2

2. The 6,853,443 shares of Common Stock and accompanying Rights when issued, sold and delivered in the manner and for the consideration stated in the Registration Statement will be duly and validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Registration Statement, as it may be amended, and to the reference to our firm under the caption "Legal Matters" in the related prospectus.

BRONSON, BRONSON & MCKINNON

VJB/ph

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus of Advanced Micro Devices, Inc. for the registration of 6,853,443 shares of its Common Stock and to the incorporation by reference therein of our reports dated January 6, 1994, with respect to the consolidated financial statements of Advanced Micro Devices, Inc. incorporated by reference in its Annual Report (Form 10-K) for the year ended December 26, 1993, and the related financial statement schedules included therein, filed with the Securities and Exchange Commission.

ERNST & YOUNG LLP

San Jose, California
February 9, 1995

If the name and address are shown and are not correct, please indicate any changes necessary.

[] Check here if Depositary Shares are being delivered by book-entry transfer made to the account maintained by the Depositary with The Depositary Trust Company ("DTC"), the Midwest Securities Trust Company ("MSTC") or the Philadelphia Depositary Trust Company ("PDTC") and complete the following (only participants in a book-entry transfer facility may deliver shares by book-entry transfer):

Name of Tendering Institution:

Check Box of Applicable Account: (check one)

[] DTC [] MSTC [] PDTC

Account Number:

Transaction Code Number:

ITEM B. (INDICATE CHOICE BY CHECKING ONE BOX)

----- THE ABOVE DEPOSITARY RECEIPTS ARE SURRENDERED FOR THE ACTION INDICATED BELOW.

[] 1. CONVERSION INTO COMMON STOCK OF ADVANCED MICRO DEVICES, INC.

NOTE: WHILE NO ASSURANCE CAN BE GIVEN AS TO ANY FUTURE PRICES OF THE COMMON STOCK, AS LONG AS THE PRICE OF THE COMMON STOCK IS EQUAL TO OR EXCEEDS \$25.98 PER SHARE, COMMON STOCK (INCLUDING CASH, IF ANY, RECEIVED IN LIEU OF FRACTIONAL SHARES) RECEIVED UPON CONVERSION WILL HAVE A MARKET VALUE (WITHOUT GIVING EFFECT TO COMMISSIONS AND OTHER COSTS WHICH WOULD LIKELY BE INCURRED ON SALE) GREATER THAN THE AMOUNT OF CASH RECEIVABLE UPON REDEMPTION.

[] 2. REDEMPTION.

NOTE: THE REDEMPTION PRICE MAY BE LESS THAN THE MARKET VALUE OF THE COMMON STOCK (INCLUDING CASH, IF ANY, RECEIVED IN LIEU OF A FRACTIONAL SHARE) RECEIVABLE UPON CONVERSION.

THE FOREGOING ELECTIONS ARE IRREVOCABLE. IF NO BOX IS CHECKED, THE DEPOSITARY SHARES REPRESENTED BY THE DEPOSITARY RECEIPTS SURRENDERED HEREWITH ARE SURRENDERED FOR CONVERSION INTO COMMON STOCK.

----- ITEM C. -----

IF COMMON STOCK CERTIFICATE(S) AND/OR CHECK, IF ANY, ARE TO BE ISSUED IN A NAME OTHER THAN AS INDICATED IN ITEM A ABOVE, FILL IN THIS SPACE. SEE INSTRUCTIONS 4 AND 5 BELOW.

ISSUE TO: NAME _____ TYPE OR PRINT ADDRESS _____ ZIP CODE _____

----- ITEM D. -----

IF COMMON STOCK CERTIFICATE(S) AND/OR CHECK, IF ANY, ARE TO BE MAILED TO AN ADDRESS OTHER THAN AS INDICATED IN ITEM A ABOVE, FILL IN THIS SPACE. SEE INSTRUCTIONS 4 AND 5 BELOW.

MAIL TO: NAME _____ TYPE OR PRINT ADDRESS _____ ZIP CODE _____

----- ITEM E. -----

(ALSO COMPLETE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

THE SIGNATURE(S) ON THIS LETTER OF TRANSMITTAL MUST CORRESPOND EXACTLY WITH THE NAME(S) OF THE: (1) REGISTERED OWNER(S) OF THE DEPOSITARY RECEIPT(S) SURRENDERED,

DATED: _____ SIGNATURE: _____ SIGNATURE: _____ **PLEASE SIGN HERE** TELEPHONE: () _____

OR (2) PERSON(S) TO WHOM EACH SUCH DEPOSITARY RECEIPT HAS BEEN PROPERLY ASSIGNED AND TRANSFERRED. SEE INSTRUCTIONS 1, 4, 5 AND 6 BELOW.

SOCIAL SECURITY NUMBER OR TAXPAYER I.D. NUMBER: _____

GUARANTEE OF SIGNATURE(S)

AUTHORIZED SIGNATURE:

SEE INSTRUCTIONS 4 AND 5 BELOW.

NAME OF FIRM: _____

ADDRESS: _____

DATED: _____

PLEASE FOLLOW CAREFULLY THE INSTRUCTIONS LISTED ON THE REVERSE SIDE

INSTRUCTIONS

1. General

Please do not send Depositary Receipts to Advanced Micro Devices, Inc. The Depositary Receipts, together with the signed and completed Letter of Transmittal and any required supporting documents (see Instructions 4 and 5 below), should be mailed in the enclosed addressed envelope, or otherwise delivered to The First National Bank of Boston (the "Depositary") at the appropriate address indicated above. If mail is used, it is recommended that registered mail, properly insured, be used as a precaution against loss. The method of transmitting the Depositary Receipts, however, is at the option and sole risk of the holder.

ITEMS A, B, AND E OF THIS LETTER OF TRANSMITTAL AND THE SUBSTITUTE FORM W-9 MUST BE COMPLETED IN ALL CASES.

If in any case you wish a Common Stock certificate and/or check to be mailed to an address other than that shown in Item A above, you MUST complete Item D above.

2. If You Wish to Convert Your Depositary Shares

If you wish to convert your Depositary Shares into Common Stock, your Depositary Receipts and completed Letter of Transmittal must be received by the Depositary prior to 5:00 p.m. New York City time on March 13, 1995, TIME BEING OF THE ESSENCE.

If the Common Stock certificates and fractional share interest check, if any, are to be issued in the same name(s) as that in which the surrendered Depositary Receipts are registered, complete Items A, B and E above.

If the Common Stock certificates and fractional share interest check, if any, are to be issued in a different name, see Instructions 4 and 5 and complete Items A, B, C and E above and the Substitute Form W-9.

No fractional shares of Common Stock will be issued upon conversion. Instead, a cash payment for such fractional shares will be made by Advanced Micro Devices, Inc. on the basis of the reported last sale price of the Common Stock, regular way, on the New York Stock Exchange on the day of conversion.

Each Depositary Share represents 1/10th share of Preferred Stock. Depositary Shares may be converted into Common Stock only to the extent that they represent whole shares of Preferred Stock. Any Depositary Shares representing less than a whole share of Preferred Stock which are surrendered for conversion will be redeemed, and a cash payment for such Depositary Shares will be made based upon the Redemption Price. No dividends will be paid on Depositary Receipts converted into Common Stock.

NOTE: AS LONG AS THE PRICE OF THE COMMON STOCK EQUALS OR EXCEEDS \$25.98 PER SHARE, COMMON STOCK (INCLUDING CASH, IF ANY, RECEIVED IN LIEU OF A FRACTIONAL SHARE) RECEIVED UPON CONVERSION WILL HAVE A MARKET VALUE (BEFORE COMMISSIONS AND OTHER COSTS USUALLY INCURRED ON SALE) GREATER THAN THE AMOUNT OF CASH RECEIVABLE UPON REDEMPTION. IT SHOULD BE NOTED, HOWEVER, THAT THE PRICE OF COMMON STOCK RECEIVED UPON CONVERSION WILL FLUCTUATE IN THE MARKET. NO ASSURANCE IS GIVEN AS TO THE PRICE OF THE COMMON STOCK AT ANY FUTURE TIME, AND THE HOLDERS SHOULD EXPECT TO INCUR VARIOUS EXPENSES OF SALE IF SUCH COMMON STOCK IS SOLD.

3. If You Wish Your Depositary Shares to be Redeemed

If you wish your Depositary Shares to be redeemed by Advanced Micro Devices, Inc. for cash, your Depositary Receipts and completed Letter of Transmittal must be sent to the Depositary. A check will be sent to you when the Depositary Receipts and Letter of Transmittal have been received by the Depositary, but in

no event earlier than the redemption date, March 13, 1995.

If the check is to be issued in the same name(s) as that in which the surrendered Depositary Receipts are registered, complete Items A, B and E above and the Substitute Form W-9 below.

If the check is to be issued in a different name, see Instructions 4 and 5 and complete Items A, B, C and E above and the Substitute Form W-9 below.

NOTE: THE REDEMPTION PRICE MAY BE LESS THAN THE MARKET VALUE OF THE COMMON STOCK (INCLUDING CASH, IF ANY, RECEIVED IN LIEU OF A FRACTIONAL SHARE) RECEIVABLE UPON CONVERSION.

4. Signature Guarantee Requirements

If a Common Stock certificate or a check is to be issued in a name other than that of the registered owner of the Depositary Shares, the Depositary Receipts must be properly endorsed or be accompanied by appropriate powers, properly executed by the registered owner(s), so that such endorsement or powers are signed exactly as the name(s) of the registered owner(s) appear on the certificates, and the signature(s) must be properly guaranteed by a financial institution which is a member of a Stock Transfer Association approved medallion program such as STAMP, SEMP or MSP. Complete Items A, B, C and E above.

5. Signature by Other Than Registered Holder

If the Letter of Transmittal is signed in Item E by an executor, administrator, trustee, guardian, attorney or the like, the Letter of Transmittal and Depositary Receipts must be accompanied by evidence, satisfactory to the Depositary and Advanced Micro Devices, Inc., of the authority of such person to sign the Letter of Transmittal.

If the Letter of Transmittal is signed in Item E by a person, other than the registered holder, who is not a person described in the preceding paragraph, the Depositary Receipts must be properly endorsed or be accompanied by appropriate powers, properly executed by the registered owner(s), so that such endorsement or powers are signed exactly as the name(s) of the registered owner(s) appear on the Depositary Receipts, and the signature(s) must be properly guaranteed by a financial institution which is a member of a Stock Transfer Association approved medallion program such as STAMP, SEMP, or MSP. Complete Items A, B, C and E above.

6. Joint Holders of Depositary Receipts Registered in Different Names

If Depositary Receipts are tendered by joint holders or owners, all such persons must sign the Letter of Transmittal in Item E. If Depositary Receipts are registered in different names or forms of ownership, separate Letters of Transmittal must be completed, signed and returned for each different registration.

7. Stock Transfer Taxes

It is not presently anticipated that any stock transfer taxes will be payable in connection with the issuance of stock certificates on conversion of Depositary Shares. If, however, it should develop that in certain circumstances such taxes may be payable, conversion or sale of Depositary Shares will be effected without charge to the converting or selling holder for any such stock transfer tax except in the following cases. If Common Stock certificates issued upon conversion are to be registered in the name of any person other than the registered holder, or if tendered Depositary Receipts are registered in the name of any person other than the person(s) signing the Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder or such person) payable on account of the transfer to such person will be charged to the person signing the Letter of Transmittal if satisfactory evidence of the payment of such taxes, or exemption therefrom, is not submitted. Advanced Micro Devices, Inc. will not be required to issue or deliver Common Stock certificates in any such case until such evidence has been received by Advanced Micro Devices, Inc.

8. Substitute Form W-9

You are required to provide the Depositary with a correct Taxpayer Identification Number ("TIN"), generally your social security or employer identification number, on Substitute Form W-9 below. Failure to provide the information on the Form may subject you to 31% federal income tax withholding on the payment of the Redemption Price. If you have not been issued a TIN and have applied for a number or intend to apply for a number in the near future, you should write "Applied For" next to the initials TIN in Part 1. If you do this and the Depositary is not provided with a TIN within 60 days, thereafter the Depositary will withhold 31% on all payments of the Redemption Price until a TIN is provided to the Depositary.

9. Questions Regarding Your Depositary Shares

All questions regarding your Depository Shares should be directed to our information agent, Georgeson & Company Inc., at (800) 223-2064.

ALL STOCKHOLDERS MUST COMPLETE THIS SUBSTITUTE FORM W-9.
FAILURE TO DO SO MAY RESULT IN BACKUP WITHHOLDING OF 31%
OF ANY PAYMENTS MADE TO YOU PURSUANT TO REDEMPTION.

PAYER'S NAME: THE FIRST NATIONAL BANK OF BOSTON

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE Part 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW TIN Social Security Number or Employer Identification Number or write "Applied For"

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN) AND CERTIFICATION NAME (Please Type or Print) Part 2 Exempt Payees: ADDRESS CITY STATE ZIP CODE Please see below.

Part 3--CERTIFICATION--UNDER PENALTIES OF PERJURY, I CERTIFY THAT (1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), (2) I am not subject to backup withholding either because I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or the IRS has notified me that I am no longer subject to backup withholding, and (3) all other information provided on this form is true, correct and complete.

SIGNATURE DATE

You must cross out Item (2) above if you have been notified by IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by IRS that you were subject to backup withholding you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out Item 2.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN PART 1 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalty of perjury that a taxpayer number has not been issued to me and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

Signature..... Date.....

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PROCEEDS PAID TO YOU. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

IMPORTANT TAX INFORMATION

Under current federal income tax law, a holder whose Depository Shares are redeemed for cash is required to provide the Depository with his or her correct taxpayer identification number on Substitute Form W-9. If the Depository is not provided with the correct taxpayer identification number, the holder may be subject to a \$50 penalty imposed by the Internal Revenue Service (the "IRS"). In addition, payments made to such holder may be subject to backup withholding. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

Certain holders, including, among others, all corporations and certain foreign individuals, are not subject to these backup withholding and reporting requirements. A foreign person may qualify as an exempt recipient by submitting to the Depository a properly completed IRS Form W-8, signed under penalties of perjury, attesting to that holder's exempt status. A Form W-8 can be obtained from the Depository upon request.

If backup withholding applies, the Depository is required to withhold 31% of any payments made to the holder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the IRS.

Advanced Micro Devices, Inc. reserves the right in its sole discretion to direct the Depository to take whatever steps are necessary to comply with Advanced Micro Devices, Inc.'s obligations regarding backup withholding.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding with respect to payments made to a holder, the holder is required to notify the Depository of his or her correct taxpayer identification number by completing the form below, certifying that the taxpayer identification number provided on the Substitute Form W-9 is correct (or that such holder is awaiting a taxpayer identification number) and that (1) the holder has not been notified by the IRS that he or she is subject to backup withholding as a result of failure to report all interest or dividends, or (2) the IRS has notified the holder that he or she is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The holder is required to give the Depository the social security number or employer identification number of the record owner of the Depository Shares. If the Depository Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

INSTRUCTIONS

(SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE.)

Purpose of Form.--A person who is required to file an information return with the Internal Revenue Service (the IRS) must obtain your correct taxpayer identification number (TIN) to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an individual retirement arrangement (IRA). Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN), and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

NOTE: IF A REQUESTER GIVES YOU A FORM OTHER THAN A W-9 TO REQUEST YOUR TIN, YOU MUST USE THE REQUESTER'S FORM.

How to Obtain a TIN.--If you do not have a TIN, apply for one immediately. To apply, get FORM SS-5, Application for a Social Security Number (SSN) (for individuals) from your local office of the Social Security Administration, or FORM SS-4, Application for Employer Identification Number (EIN) (for businesses and all other entities), from your local IRS office.

If you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester.

Note: Writing "Applied For" on the form means that you have already applied for a TIN OR that you intend to apply for one soon.

As soon as you receive your TIN, complete another Form W-9. Include your TIN, sign and date this form, and give it to the requester.

What is Backup Withholding?--Persons making certain payments to you are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be

subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the appropriate certifications and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- (1) You do not furnish your TIN to the requester, or
- (2) The IRS notifies the requester that you furnished an incorrect TIN, or
- (3) You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- (4) You fail to certify to the requester that you are not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or
- (5) You fail to certify your TIN. See Certification below.

PENALTIES

Failure To Furnish TIN.--If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding.--If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information.--Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs.--If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

SPECIFIC INSTRUCTIONS

Name--If you are an individual, you must generally provide the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change please enter your first name, the last name shown on your social security card and your new last name.

Sole Proprietor.--You must enter your individual name. (Enter either your SSN or EIN in Part 1). You may also enter your business name or "doing business as" name on the business name line. Enter your name as shown on your social security card and business name as it was used to apply for your EIN on Form SS-4.

PART 1--TAXPAYER IDENTIFICATION NUMBER (TIN)

You must enter your TIN in the appropriate box. If you are a sole proprietor, you may enter your SSN or EIN. Also see the chart on this page for further clarification of name and TIN combinations. If you do not have a TIN, follow the instructions under HOW TO OBTAIN A TIN, above.

PART 2--FOR PAYEES EXEMPT FROM BACKUP WITHHOLDING

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For a complete list of exempt payees, see Payees and Payments Exempt From Backup Withholding below.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part 1, write "Exempt" in Part 2, and sign and date the form. If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed FORM W-8, Certificate of Foreign Status.

PART 3--CERTIFICATION.

For a joint account, only the person whose TIN is shown in Part 1 should sign the form.

- 1) Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983--You are required to furnish your correct TIN, but you are not required to sign the certification.

- 2) Interest, Dividend, Broker and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983--You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item (2) in the certification before signing the form.
- 3) Real Estate Transactions--You must sign the certification. You may cross out item (2) of the certification.
- 4) Other Payments--You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.
- 5) Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, or IRA Contributions--You are required to furnish your correct TIN, but you are not required to sign the certification.

Payees and Payments Exempt From Backup Withholding.--The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except Item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in Items (1) through (7),

except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in Items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a) or an Individual Retirement Plan (IRA), or a custodial account under section 403(b) (7).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies, or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the tax year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(u).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporation Secretaries, Inc. Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding also include the following:

- . Payments to nonresident aliens subject to withholding under section 1441.
- . Payments to partnerships not engaged in trade or business in the U.S. and that have at least one nonresident partner.

. Payments of patronage dividends not paid in money.

. Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

. Payments of interest on obligations issued by individuals.

Note: YOU MAY BE SUBJECT TO BACKUP WITHHOLDING IF THIS INTEREST IS \$600 OR MORE AND IS PAID IN THE COURSE OF THE PAYER'S TRADE OR BUSINESS AND YOU HAVE NOT PROVIDED YOUR CORRECT TIN TO THE PAYER.

. Payments of tax-exempt interest (including exempt-interest dividends under section 852).

. Payments described in section 6049(b) (5) to nonresident aliens.

. Payments on tax-free covenant bonds under section 1451.

. Payments made by certain foreign organizations.

. Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, 6050N, and their regulations.

Privacy Act Notice--Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an individual retirement arrangement (IRA). The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

| FOR THIS TYPE OF ACCOUNT: | GIVE THE NAME AND SOCIAL SECURITY NUMBER OF: |
|---|--|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account (1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor (2) |
| 4. a. The usual revocable savings trust (grantor is also trustee) | The grantor-trustee (1) |
| b. So-called trust account that is not a legal or valid trust under state law | The actual owner (1) |
| 5. Sole proprietorship | The owner (3) |

| FOR THIS TYPE OF ACCOUNT: | GIVE THE NAME AND EMPLOYER IDENTIFICATION NUMBER OF: |
|--|--|
| 6. Sole proprietorship | The owner (3) |
| 7. A valid trust, estate or pension trust | Legal entity (4) |
| 8. Corporate | The corporation |
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 10. Partnership | The partnership |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture, in the | The public entity |

name of a public
entity (such as a
state or local
government, school
district, or prison)
that receives
agricultural program
payments

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Show the individual's name. See Item 5 or 6. You may also enter your business name.
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the identification number of the personal representative or trustee unless the legal entity itself is not designated in the account title).

Note: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

NOTICE OF REDEMPTION
TO THE HOLDERS OF
ADVANCED MICRO DEVICES, INC.
DEPOSITARY SHARES

(EACH REPRESENTING 1/10TH SHARE OF
\$30.00 CONVERTIBLE EXCHANGEABLE PREFERRED STOCK)

REDEMPTION DATE: MARCH 13, 1995

CONVERSION PRIVILEGE EXPIRES: MARCH 13, 1995

NOTICE IS HEREBY GIVEN that, pursuant to its Certificate of Incorporation, Advanced Micro Devices, Inc. (the "Company") has exercised its option to redeem on March 13, 1995 (the "Redemption Date") all of its outstanding shares of \$30.00 Convertible Exchangeable Preferred Stock (the "Preferred Stock"). The Preferred Stock has been deposited with The First National Bank of Boston (the "Depositary") under the Deposit Agreement, dated as of March 25, 1987 (the "Deposit Agreement"), among the Company, Bank of America National Trust and Savings Association (the predecessor in interest to the Depositary) and the holders from time to time of the Depositary Receipts (the "Depositary Receipts") issued thereunder. Each of the Depositary Shares (the "Depositary Shares") represents 1/10th of a share of Preferred Stock and entitles the holder to all proportionate rights and preferences of the underlying Preferred Stock. Pursuant to the Deposit Agreement, the Depositary will redeem all of the Depositary Shares at a redemption price of \$50.90 per Depositary Share, plus the proportionate interest in accrued and unpaid dividends to the Redemption Date of \$.73 per share, for a total redemption price of \$51.63 (the "Redemption Price"). Payment of the Redemption Price will be made on or after the Redemption Date against presentation and surrender of the Depositary Receipts at the office of the Depositary set forth below. The record date for the purposes of the redemption is the Redemption Date.

Upon redemption, the Depositary Shares so redeemed will no longer be deemed to be outstanding and all rights of the holders of the Depositary Shares will cease, except the right to receive the moneys payable on such redemption upon surrender to the Depositary of the Depositary Receipts evidencing such Depositary Shares.

ALTERNATIVES AVAILABLE TO HOLDERS
OF DEPOSITARY SHARES

1. CONVERSION OF DEPOSITARY SHARES INTO COMMON STOCK. Each record holder of Depositary Shares has the right, at such holder's option, to surrender Depositary Receipts representing one or more whole shares of Preferred Stock with written instructions to the Depositary to convert Depositary Shares into shares of the Company's Common Stock at any time prior to 5:00 p.m. New York City time on the Redemption Date at the conversion rate as set forth below. Upon surrender of Depositary Receipts to the Depositary, each group of ten Depositary Shares is convertible into 19.873 fully paid and nonassessable shares of Common Stock of the Company. No fractional shares of the Company's Common Stock will be issued upon conversion. Instead, a cash payment equal to the market value of the fractional interest will be paid by the Company. No payment or adjustment in respect of accrued and unpaid dividends on the Depositary Shares will be made upon conversion. The reported last sale price on the New York Stock Exchange ("NYSE") on February 9, 1995, was \$31.25 per share of Common Stock. A holder of Depositary Shares who converted such shares on February 9, 1995, would have received Common Stock having a market value, based on the last reported sale price on the NYSE on that date, of \$62.10 for each Depositary Share converted (including cash, if any, received in lieu of fractional shares). Enclosed for your information is a Prospectus relating to the Common Stock of the Company issuable upon conversion of the Depositary Shares.

1

AS LONG AS THE MARKET PRICE OF THE COMMON STOCK IS EQUAL TO OR GREATER THAN \$25.98 PER SHARE, UPON CONVERSION HOLDERS OF DEPOSITARY SHARES WILL RECEIVE COMMON STOCK (INCLUDING CASH PAID IN LIEU OF FRACTIONAL SHARES) HAVING A MARKET VALUE (WITHOUT GIVING EFFECT TO COMMISSIONS AND OTHER COSTS OF SALE) GREATER THAN THE AMOUNT OF CASH WHICH THEY WOULD BE ENTITLED TO RECEIVE UPON REDEMPTION. IT SHOULD BE NOTED, HOWEVER, THAT THE PRICE OF THE COMMON STOCK RECEIVED UPON CONVERSION WILL FLUCTUATE IN THE MARKET. NO ASSURANCE IS GIVEN AS TO THE PRICE OF THE COMMON STOCK AT ANY FUTURE TIME, AND THE HOLDERS SHOULD EXPECT TO INCUR VARIOUS EXPENSES OF SALE IF COMMON STOCK IS SOLD.

THE DEADLINE FOR CONVERSION OF THE DEPOSITARY SHARES, TIME BEING OF THE ESSENCE, IS 5:00 P.M. NEW YORK CITY TIME ON MARCH 13, 1995. BECAUSE IT IS TIME OF RECEIPT, WHICH IS AT THE SOLE RISK OF THE HOLDER OF THE DEPOSITARY SHARES, NOT THE TIME OF MAILING, THAT DETERMINES WHETHER THE DEPOSITARY SHARES HAVE BEEN PROPERLY TENDERED FOR CONVERSION, SUFFICIENT TIME SHOULD BE ALLOWED FOR DELIVERY. IN ALL EVENTS, HOWEVER, THE METHOD OF TRANSMITTING DEPOSITARY

RECEIPTS IS AT THE OPTION AND SOLE RISK OF THE HOLDER.

2. REDEMPTION OF DEPOSITARY SHARES. Depositary Shares not converted by the Redemption Date will be redeemed at a Redemption Price (including accrued and unpaid dividends to the Redemption Date) of \$51.63 per Depositary Share. No dividends will accrue or be payable with respect to the Depositary Shares on or after the Redemption Date.

3. SALE OF DEPOSITARY SHARES THROUGH ORDINARY BROKERAGE TRANSACTIONS. Depositary Shares may be sold through a broker to others. Holders of Depositary Shares should consult their own brokers as to this procedure.

As long as the market price of the Common Stock remains above \$25.98 per share, holders of Depositary Shares who elect to convert will receive upon conversion Common Stock (including cash, if any, received in lieu of fractional shares) having a greater market value than the amount of cash receivable upon redemption.

IMPORTANT FINANCIAL FACTS ABOUT THE ALTERNATIVES

| | |
|--|---------|
| <TABLE> | |
| <CAPTION> | |
| <S> | <C> |
| CONVERSION OF DEPOSITARY SHARES | |
| Market value of Common Stock (including fractional shares) into which each Depositary Share is convertible (based on the reported last sale price of the Common Stock on the New York Stock Exchange on February 9, 1995, of \$31.25 per share)..... | \$62.10 |
| | ----- |
| REDEMPTION OF DEPOSITARY SHARES | |
| Redemption Price (including accrued dividends) for each Depositary Share..... | \$51.63 |
| | ----- |
| </TABLE> | |

NOTICE

Holders of Depositary Shares should consult their own investment advisors with respect to these and any other alternatives involving market transactions which may be available to them. This Notice of Redemption is not intended as a solicitation or as advice either to convert, redeem or take any other action with respect to your Depositary Shares.

Advanced Micro Devices, Inc. has been advised that under present federal income tax laws, no taxable gain or loss will be recognized by holders upon conversion of the Depositary Shares into Common Stock, except for cash received in lieu of fractional shares. A redemption of Depositary Shares, however, will be a taxable transaction. The amount and character of income, gain or loss recognized by a holder upon redemption will vary depending upon such holder's individual circumstances. Holders should consult their own tax advisors as to the specific tax consequences applicable to them upon conversion or redemption.

A copy of this Notice of Redemption, a form of Letter of Transmittal to accompany Depositary Receipts surrendered for redemption or tendered for conversion, guidelines for certification of Taxpayer Identification Number on Substitute Form W-9, a return envelope addressed to the Depositary and a Prospectus of Advanced Micro Devices, Inc. are being sent to holders of record of Depositary Shares. Please read the enclosed documents carefully. Please complete the enclosed Letter of Transmittal and return it to the Depositary with the Depositary Receipts. If you have any questions about how to submit Depositary Receipts or desire additional copies of any of the enclosed documents, you may contact our information agent, Georgeson & Company Inc., at (800) 223-2064. The addresses of the Depositary for delivery of Depositary Receipts and related materials is:

If by Hand:

If by Mail:

BancBoston Trust Company of New York
One Exchange Place
55 Broadway -- 3rd Floor
New York, New York 10006

The First National Bank of Boston
Shareholder Service Division
P.O. Box 1889
Mail Stop 45-01-19
Boston, Massachusetts 02105

or

The First National Bank of Boston
100 Federal Street
B-1 Security Cage
Boston, Massachusetts 02110

If by Overnight Messenger:

The First National Bank of Boston
Shareholder Service Division
Mail Stop 45-01-19
150 Royall Street
Canton, Massachusetts 02021

Date: February 10, 1995