

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

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

Date of Report (date of earliest event reported): October 7, 1997

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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Item 5. Other Events.

On October 7, 1997, Advanced Micro Devices, Inc. (the Company) announced its third quarter revenues. The Company reported a net loss of \$31,675,000 on sales of \$596,644,000 for its third quarter, ended September 28, 1997. The loss amounted to \$0.22 per share. The full text of the press release is set forth in Exhibit 99 attached hereto and is incorporated in this report as if fully set forth herein.

Item 7. Financial Statements and Exhibits.

(c) Exhibits:

99 Press release dated October 7, 1997

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SIGNATURES

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

ADVANCED MICRO DEVICES, INC.
(Registrant)

Date: October 23, 1997

By: /s/ Geoff Ribar

Geoff Ribar
Vice President
Corporate Controller

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Exhibit Index

Exhibit Number Exhibit
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99 Press release dated October 7, 1997

[LOGO OF AMD]
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CONTACT:
SCOTT ALLEN
PUBLIC RELATIONS
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AMD REPORTS THIRD-QUARTER RESULTS

SUNNYVALE, CA--OCTOBER 7, 1997--AMD today reported a net loss of \$31,675,000 on sales of \$596,644,000 for its third quarter, ended September 28, 1997. The loss amounted to \$0.22 per share. Revenues were nominally up from the immediate-prior quarter, and up by 31 percent from the like period of 1996.

Sales for the third quarter of 1996 amounted to \$456,862,000, which resulted in a net loss of \$38,362,000, or \$0.28 per share.

In the immediate-prior quarter, AMD reported sales of \$594,561,000. Second-quarter net income amounted to \$9,968,000, or \$0.07 per share, fully diluted.

For the first nine months of 1997, the company reported total revenues of \$1,743,204,000, which resulted in a net loss of \$8,756,000, or \$0.06 per share. For the first nine months of 1996, AMD reported total revenues of \$1,456,151,000, which resulted in a net loss of \$47,707,000, or \$0.35 per share. Revenues increased by 20 percent over the first nine months of 1996.

"In this traditionally slow summer quarter, aggregate revenues from our non-microprocessor businesses -- our Communications Group, our Memory Group, and Vantis -- were essentially flat with the immediate-prior quarter, and up 12 percent from the same period of 1996, " said W.J. Sanders III, chairman and chief executive officer.

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"Revenues from AMD-K6/TM/ MMX/TM/ enhanced processors increased by 50 percent to more than \$150 million. The loss in the third quarter was due to disappointing yields in the production of AMD-K6 MMX enhanced processors," Sanders continued. "Shipments of AMD-K6 processor rose from 350,000 units in the immediate-prior quarter to one million units in our third quarter. While to date we have executed the steepest microprocessor unit production ramp in AMD history, yield and speed-grade improvements have lagged our expectations.

"Average selling process (ASPs) for K6 processors fell sharply from the immediate-prior quarter. The decline in ASPs was influenced by two factors: aggressive price cuts that became effective during the quarter, and a lower proportion of 233-megahertz devices than planned.

"Demand for AMD-K6 processors remains strong and our customer base has continued to expand. Achieving our planned production goal of approximately two million units in the current quarter will require progress in improving yields. No activity within the company has higher priority or more focus than increasing production of K6 processors through higher yields and migration to the next-generation 0.25-micron process," Sanders concluded.

CAUTIONARY STATEMENT

This press release contains forward-looking statements about management's expectations of future performance. Investors are cautioned that all forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from current expectations.

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The forward-looking statements about the AMD-K6/TM/ MMX/TM/ Enhanced Processor involve risk and uncertainties that the company's production ramp will fall short of expectations, that production yields will improve, that customers acceptance and demand of the product will continue, that the customer base for the product will continue to expand, that timely development and qualification of 0.25-micron process technology will occur, that customer demand for the product will be less than available production capacity, that new wafer fabrication process technologies will not be developed as rapidly as customers need or demand, and that economic conditions will change and affect demand for microprocessors and other integrated circuits. Investors are urged to consult the risks and uncertainties detailed in the company's reports filed

wit the Securities and Exchange Commission.

ABOUT AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets. AMD produces processors, flash memories, programmable logic devices, and products for communications and networking applications. Founded in 1969 and based in Sunnyvale, California, AMD had revenues of \$2 billion in 1996. (NYSE: AMD).

AMD IS A REGISTERED TRADEMARK, AND AMD-K6 IS A TRADEMARK OF ADVANCED MICRO DEVICES, INC.

MMX IS A TRADEMARK OF INTEL CORPORATION.

<TABLE>
<CAPTION>

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

| | Quarters Ended (Unaudited) | | | Nine Months Ended (Unaudited) | |
|---|-------------------------------|------------------|-------------------|----------------------------------|-------------------|
| | Sept. 28, 1997 | June 29, 1997 | Sept. 29, 1996 | Sept. 28, 1997 | Sept. 29, 1996 |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net sales | \$ 596,644 | \$ 594,561 | \$ 456,862 | \$ 1,743,204 | \$ 1,456,151 |
| Cost of sales | 428,240 | 372,266 | 337,692 | 1,149,582 | 1,086,206 |
| Research and development | 125,917 | 110,021 | 105,656 | 340,846 | 293,204 |
| Marketing, general and administrative | 100,915 | 102,983 | 90,432 | 298,417 | 276,506 |
| | 655,072 | 585,270 | 533,780 | 1,788,845 | 1,655,916 |
| Operating income (loss) | (58,428) | 9,291 | (76,918) | (45,641) | (199,765) |
| Interest income and other, net | 5,532 | 9,718 | 4,214 | 28,572 | 55,312 |
| Interest expense | (14,151) | (9,958) | (3,443) | (33,519) | (7,236) |
| Income (loss) before income taxes and equity in joint venture | (67,047) | 9,051 | (76,147) | (50,588) | (151,689) |
| Provision (benefit) for income taxes | (30,072) | 2,630 | (30,459) | (25,294) | (62,182) |
| Income (loss) before equity in joint venture | (36,975) | 6,421 | (45,688) | (25,294) | (89,507) |
| Equity in net income of joint venture | 5,300 | 3,547 | 7,326 | 16,538 | 41,800 |
| Net income (loss) applicable to common stockholders | \$ (31,675) | \$ 9,968 | \$ (38,362) | \$ (8,756) | \$ (47,707) |
| Net income (loss) per common share | | | | | |
| - Primary | \$ (0.22) | \$ 0.07 | \$ (0.28) | \$ (0.06) | \$ (0.35) |
| - Fully diluted | \$ (0.22) | \$ 0.07 | \$ (0.28) | \$ (0.06) | \$ (0.35) |
| Shares used in per share calculation | | | | | |
| - Primary | 141,730 | 147,919 | 136,082 | 140,619 | 135,019 |
| - Fully diluted | 141,730 | 147,919 | 136,082 | 140,619 | 135,019 |

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Advanced Micro Devices, Inc.

INFORMATION ONLY

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

(Thousands except per share amounts)

| | Quarters Ended (Unaudited) | | | Nine Months Ended (Unaudited) | |
|---|-------------------------------|------------------|-------------------|----------------------------------|-------------------|
| | Sept. 28, 1997 | June 29, 1997 | Sept. 29, 1996 | Sept. 28, 1997 | Sept. 29, 1996 |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net sales | \$ 596,644 | \$ 594,561 | \$ 456,862 | \$ 1,743,204 | \$ 1,456,151 |
| Cost of sales | 428,240 | 372,266 | 337,692 | 1,149,582 | 1,086,206 |
| Income from equity investment in FASL | (11,041) | (7,256) | (11,272) | (30,779) | (64,309) |
| Research and development | 125,917 | 110,021 | 105,656 | 340,846 | 293,204 |
| Marketing, general and administrative | 100,915 | 102,983 | 90,432 | 298,417 | 276,506 |
| | 644,031 | 578,014 | 522,508 | 1,758,066 | 1,591,607 |
| Operating income (loss) | (47,387) | 16,547 | (65,646) | (14,862) | (135,456) |
| Interest income and other, net | 5,532 | 9,718 | 4,214 | 28,572 | 55,312 |
| Interest expense | (14,151) | (9,958) | (3,443) | (33,519) | (7,236) |
| Income (loss) before income taxes | (56,006) | 16,307 | (64,875) | (19,809) | (87,380) |
| Provision (benefit) for income taxes | (30,072) | 2,630 | (30,459) | (25,294) | (62,182) |
| Provision for taxes on equity income in FASL | 5,741 | 3,709 | 3,946 | 14,241 | 22,509 |
| Net income (loss) applicable to common stockholders | \$ (31,675) | \$ 9,968 | \$ (38,362) | \$ (8,756) | \$ (47,707) |
| Net income (loss) per common share | | | | | |
| - Primary | \$ (0.22) | \$ 0.07 | \$ (0.28) | \$ (0.06) | \$ (0.35) |
| - Fully diluted | \$ (0.22) | \$ 0.07 | \$ (0.28) | \$ (0.06) | \$ (0.35) |
| Shares used in per share calculation | | | | | |
| - Primary | 141,730 | 147,919 | 136,082 | 140,619 | 135,019 |
| - Fully diluted | 141,730 | 147,919 | 136,082 | 140,619 | 135,019 |

</TABLE>

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

<TABLE>
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Advanced Micro Devices, Inc.
CONSOLIDATED BALANCE SHEETS
(Thousands)

| | Sept. 28, 1997 (Unaudited) | December 29, 1996 (Audited) |
|---|----------------------------------|-----------------------------------|
| Assets | | |
| <S> | <C> | <C> |
| Current assets: | | |
| Cash, cash equivalents and short-term investments | \$ 441,010 | \$ 386,198 |
| Accounts receivable, net | 309,153 | 220,028 |
| Inventories | 163,431 | 154,010 |
| Deferred income taxes | 163,905 | 140,850 |
| Prepaid expenses and other current assets | 56,215 | 127,991 |
| Total current assets | 1,133,714 | 1,029,077 |
| Property, plant and equipment, net | 1,945,401 | 1,787,402 |

| | | |
|--|-------------|-------------|
| Investment in joint venture | 199,998 | 197,205 |
| Other assets | 146,833 | 131,599 |
| ----- | | |
| | \$3,425,946 | \$3,145,283 |
| ===== | | |
| Liabilities and Stockholders' Equity | | |
| ----- | | |
| Current liabilities: | | |
| Notes payable to banks | \$ 9,864 | \$ 14,692 |
| Accounts payable | 249,439 | 224,139 |
| Accrued compensation and benefits | 70,480 | 66,745 |
| Accrued liabilities | 112,900 | 103,436 |
| Income tax payable | 59,193 | 51,324 |
| Deferred income on shipments to distributors | 85,036 | 95,466 |
| Current portion of long-term debt and capital lease obligations | 35,141 | 27,671 |
| ----- | | |
| Total current liabilities | 622,053 | 583,473 |
| Deferred income taxes | 82,857 | 95,102 |
| Long-term debt and capital lease obligations, less current portion | 677,419 | 444,830 |
| ----- | | |
| Stockholders' equity: | | |
| Capital stock: | | |
| Common stock, par value | 1,425 | 1,380 |
| Capital in excess of par value | 1,010,901 | 957,226 |
| Retained earnings | 1,031,291 | 1,063,272 |
| ----- | | |
| Total stockholders' equity | 2,043,617 | 2,021,878 |
| ----- | | |
| | \$3,425,946 | \$3,145,283 |
| ===== | | |

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AMD
SELECTED CORPORATE DATA
(UNAUDITED)

<TABLE>
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PRODUCT LINE BREAKDOWN

| | Q3 '97 | | Q2 '97 | | Q3 '96 | |
|---|------------|---------|------------|---------|------------|---------|
| | % OF SALES | REVENUE | % OF SALES | REVENUE | % OF SALES | REVENUE |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Communications Group (CPD, LPD, NPD) | 30 | \$ 179M | 31 | \$ 183M | 34 | \$ 158M |
| Vantis (PLD) | 10 | 62M | 10 | 57M | 13 | 58M |
| Memory Group (MG) | 30 | 178M | 30 | 181M | 35 | 159M |
| Computation Products Group (CMD, PPD, TMD) | 30 | 178M | 29 | 174M | 18 | 82M |

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| OTHER DATA | Q3 '97 | Q2 '97 | Q3 '96 |
|-------------------------------|---------|--------|--------|
| <S> | <C> | <C> | <C> |
| Depreciation and Amortization | \$ 104M | \$ 94M | \$ 88M |
| Capital Additions | 157M | 160M | 144M |
| Headcount | 12,583 | 12,382 | 12,388 |
| ----- | | | |
| International Sales | 60% | 54% | 53% |

</TABLE>