

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 6, 1998

ADVANCED MICRO DEVICES, INC.

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(Exact name of registrant as specified in its charter)

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

One AMD Place, P.O. Box 3453 Sunnyvale, California	94088-3453
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(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.  
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On October 6, 1998, Advanced Micro Devices, Inc. reported record sales of \$685,927,000 during its third quarter, ended September 27, 1998, which resulted in net income of \$1,006,000, or \$.01 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.  
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(c) Exhibits:

99 Press release dated October 6, 1998

SIGNATURES  
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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 21, 1998

By: /s/ Fran Barton  
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Fran Barton  
Senior Vice President,  
Chief Financial  
Officer

Exhibit Index  
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Exhibit Number Exhibit  
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99 Press release dated October 6, 1998

[LOGO OF AMD]  
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P.O. Box 3453  
Sunnyvale, CA 94088-3453  
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CONTACT:  
SCOTT ALLEN  
PUBLIC RELATIONS  
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AMD ACHIEVES RECORD SALES AND BOOKINGS  
AS IT RETURNS TO PROFITABILITY

SUNNYVALE, CA - October 6, 1998 - Led by substantial growth in sales of AMD-K6(R)-2 processors with 3DNow!(TM) technology, AMD today reported record sales of \$685,927,000 during its third quarter, ended September 27, 1998, which resulted in net income of \$1,006,000, or \$0.01 per share.

Sales increased by 30 percent from the immediate-prior quarter, and by 15 percent from the like period of 1997.

In the immediate-prior quarter, AMD reported a net loss of \$64,560,000 on sales of \$526,538,000, which resulted in a net loss of \$0.45 per share. In the like period of 1997, AMD reported a net loss of \$31,675,000 on sales of \$596,644,000. The net loss amounted to \$0.22 per share.

For the first nine months of 1998, the company reported total sales of \$1,753,321,000, which resulted in a net loss of \$126,281,000, or \$0.88 per share. For the first nine months of 1997, AMD reported total sales of \$1,743,204,000, which resulted in a net loss of \$8,756,000, or \$0.06 per share.

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"AMD achieved record sales and returned to nominal profitability on rapid market acceptance of our AMD-K6-2 processor with 3DNow! technology," said W.J. Sanders III, chairman and chief executive officer. "This product, introduced on May 28, 1998, was the largest contributor to the substantial increase in sales of our Microsoft(R) Windows(R) compatible AMD-K6 processor family.

"Shipments of AMD-K6 family processors increased by more than one million units to 3.8 million units, and AMD-K6 family processor sales increased by 70 percent over the immediate-prior quarter. Excellent manufacturing and sales execution enabled AMD to return to profitability one quarter ahead of expectations.

"We are extremely pleased by the strong demand in the retail channel for personal computers powered by AMD-K6-2 processors," Sanders continued. "According to PC Data, systems powered by AMD-K6 family processors captured 31 percent of the total U.S. retail market for desktop systems in August, the latest period for which data are available. In the rapidly growing market for sub-\$1,000 systems, PCs powered by AMD-K6 family processors captured a 54 percent market share - the highest penetration we have achieved to date. The highest-volume desktop system sold in the United States retail channel in August was a system powered by an AMD-K6-2 processor with 3DNow! technology, even surpassing sales of Apple Computer's successful iMac system.

"During the quarter, we introduced and shipped hundreds of thousands of our 350MHz AMD-K6-2 processors," Sanders continued. "With the availability of these higher-performance devices, AMD now has very attractive products for the mainstream desktop market: systems priced at \$1,500 and below, which comprise 80 percent of the U.S. retail desktop personal computer market.

"During the quarter we also introduced a 300MHz AMD-K6 processor for mobile applications. The AMD-K6/300 has a clock speed matching the highest-speed mobile processor on the market.

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"In the face of continuing intense price pressures and weak overall industry demand, we were able to maintain flat sales compared to the immediate-prior quarter in the aggregate for our Communications Group, our Memory Group, and Vantis, our programmable logic subsidiary," said Sanders.

"On the strength of demand for AMD-K6 family processors, total third-quarter company bookings achieved a record level," Sanders concluded.

CAUTIONARY STATEMENT

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

Any forward-looking statements about AMD-K6 family processors involve risks and uncertainties, including: whether the company will be able to maintain or increase output of higher-performance AMD-K6-2 processors; whether customer demand for AMD-K6 family processors will continue at current or greater levels; whether uncertain worldwide economic conditions, including the economic conditions in Asia, will result in decreased demand for microprocessors and other integrated circuits; and whether as a result of industry conditions or for other reasons customers will cancel currently booked orders or decrease their placement of orders in the future. Investors are urged to consult the risks and uncertainties detailed in the company's reports filed with 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 \$2.4 billion in 1997. (NYSE: AMD).

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

3DNOW! AND VANTIS ARE TRADEMARKS OF ADVANCED MICRO DEVICES, INC.

AMD-K6, AMD-K6-2, AMD, THE LOGO AND COMBINATIONS THEREOF ARE REGISTERED TRADEMARKS OF ADVANCED MICRO DEVICES, INC.

Microsoft and Windows are registered trademarks of Microsoft Corporation

GENERAL NOTICE: OTHER PRODUCT NAMES USED IN THIS PUBLICATION ARE FOR IDENTIFICATION PURPOSES ONLY AND MAY BE TRADEMARKS OF THEIR RESPECTIVE COMPANIES.

ADVANCED MICRO DEVICES, INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (THOUSANDS EXCEPT PER SHARE AMOUNTS)

<TABLE>  
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Ended	Quarters Ended			Nine Months
(Unaudited)	(Unaudited)			
-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
<C>	Sept. 27,	June 28,	Sept. 28,	Sept. 27,
Sept. 28,	1998	1998	1997	1998
1997	-----	-----	-----	-----
NET SALES	\$ 685,927	\$ 526,538	\$ 596,644	\$1,753,321
\$1,743,204				
Cost of sales	422,985	390,140	428,240	1,236,716
1,149,582				

Research and development 340,846	143,665	139,158	125,917	410,943	
Marketing, general and administrative 298,417	109,768	101,198	100,915	299,180	
-----					
	676,418	630,496	655,072	1,946,839	
-----					
Operating income (loss) (45,641)	9,509	(103,958)	(58,428)	(193,518)	
Litigation settlement -	-	-	-	(11,500)	
Interest income and other, net 28,572	10,071	8,518	5,532	24,170	
Interest expense (33,519)	(21,182)	(17,663)	(14,151)	(51,317)	
-----					
Loss before income taxes and equity in joint venture (50,588)	(1,602)	(113,103)	(67,047)	(232,165)	
Benefit for income taxes (25,294)	(635)	(44,110)	(30,072)	(91,742)	
-----					
Loss before equity in joint venture (25,294)	(967)	(68,993)	(36,975)	(140,423)	
Equity in net income of joint venture 16,538	1,973	4,433	5,300	14,142	
-----					
NET INCOME (LOSS) (8,756)	\$ 1,006	\$ (64,560)	\$ (31,675)	\$ (126,281)	\$
-----					
NET INCOME (LOSS) PER COMMON SHARE					
- Basic (0.06)	\$ 0.01	\$ (0.45)	\$ (0.22)	\$ (0.88)	\$
- Diluted (0.06)	\$ 0.01	\$ (0.45)	\$ (0.22)	\$ (0.88)	\$
-----					
Shares used in per share calculation					
- Basic 139,975	143,915	143,462	141,055	143,249	
- Diluted 139,975	146,642	143,462	141,055	143,249	
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ADVANCED MICRO DEVICES, INC.  
CONSOLIDATED BALANCE SHEETS  
(THOUSANDS)

<TABLE>  
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28,

Sept. 27,

December

1998

1997

	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>&lt;S&gt;</b>		
<b>Current assets:</b>		
Cash, cash equivalents and short-term investments 467,032	\$ 580,510	\$
Accounts receivable, net 329,111	372,393	
Inventories 168,517	172,231	
Deferred income taxes 160,583	168,554	
Prepaid expenses and other current assets 50,024	71,915	
<b>Total current assets</b> 1,175,267	<b>1,365,603</b>	
Property, plant and equipment, net 1,990,689	2,375,105	
Investment in joint venture 204,031	206,792	
Other assets 145,284	168,618	
	<b>\$ 4,116,118</b>	<b>\$</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Notes payable to banks 6,601	\$ 5,167	\$
Accounts payable 359,536	312,543	
Accrued compensation and benefits 63,429	83,763	
Accrued liabilities 134,656	161,984	
Income tax payable 12,676	20,386	
Deferred income on shipments to distributors 83,508	86,790	
Current portion of long-term debt and capital lease obligations 66,364	149,220	
<b>Total current liabilities</b> 726,770	<b>819,853</b>	
Deferred income taxes 96,269	2,339	
Long-term debt and capital lease obligations, less current portion 662,689	1,364,230	
<b>Stockholders' equity:</b>		
<b>Capital stock:</b>		
Common stock, par value 1,428	1,453	
Capital in excess of par value 1,018,884	1,051,619	
Retained earnings 1,066,131	939,850	
Accumulated other comprehensive loss (56,900)	(63,226)	

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 -----  
 Total stockholders' equity 1,929,696  
 2,029,543

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 -----  
 3,515,271 \$ 4,116,118 \$

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 ADVANCED MICRO DEVICES, INC. INFORMATION ONLY

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 NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS\*  
 (INCLUDES PRE-TAX FASL INVESTMENT EQUITY INCOME IN OPERATING INCOME (LOSS))

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 (THOUSANDS EXCEPT PER SHARE AMOUNTS)

	Quarters Ended (Unaudited)			Nine Months Ended (Unaudited)	
	Sept. 27, 1998	June 28, 1998	Sept. 28, 1997	Sept. 27, 1998	Sept. 1997
	<C>	<C>	<C>	<C>	<C>
NET SALES \$1,743,204	\$ 685,927	\$ 526,538	\$ 596,644	\$1,753,321	
Cost of sales 1,149,582	422,985	390,140	428,240	1,236,716	
Income from equity investment in FASL (30,779)	(4,487)	(7,416)	(11,041)	(27,891)	
Research and development 340,846	143,665	139,158	125,917	410,943	
Marketing, general and administrative 298,417	109,768	101,198	100,915	299,180	
	671,931	623,080	644,031	1,918,948	
Operating income (loss) (14,862)	13,996	(96,542)	(47,387)	(165,627)	
Litigation settlement -	-	-	-	(11,500)	
Interest income and other, net 28,572	10,071	8,518	5,532	24,170	
Interest expense (33,519)	(21,182)	(17,663)	(14,151)	(51,317)	
Income (loss) before income taxes (19,809)	2,885	(105,687)	(56,006)	(204,274)	
Benefit for income taxes (25,294)	(635)	(44,110)	(30,072)	(91,742)	
Provision for taxes on equity income in FASL 14,241	2,514	2,983	5,741	13,749	

NET INCOME (LOSS) (8,756)	\$ 1,006	\$ (64,560)	\$ (31,675)	\$ (126,281)	\$
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NET INCOME (LOSS) PER COMMON SHARE SHARE					
- Basic (0.06)	\$ 0.01	\$ (0.45)	\$ (0.22)	\$ (0.88)	\$
- Diluted (0.06)	\$ 0.01	\$ (0.45)	\$ (0.22)	\$ (0.88)	\$

Shares used in per share calculation					
- Basic 139,975	143,915	143,462	141,055	143,249	
- Diluted 139,975	146,642	143,462	141,055	143,249	

</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.

AMD  
SELECTED CORPORATE DATA  
(UNAUDITED)

PRODUCT LINE BREAKDOWN	Q3 '98		Q2 '98		Q3 '97	
	% OF SALES	REVENUE	% OF SALES	REVENUE	% OF SALES	REVENUE
Communications Group (CPD, EPD, NPD)	18	\$ 126M	23	\$ 123M	30	\$ 179M
Vantis (PLD)	7	50M	10	52M	10	62M
Memory Group (MG)	19	129M	25	132M	30	178M
Computation Products Group (CMD, PPD, TMD)	56	381M	42	220M	30	178M

OTHER DATA	Q3 '98	Q2 '98	Q3 '97
Depreciation and Amortization	\$ 117M	\$ 113M	\$ 104M
Capital Additions	321M	314M	169M
Headcount	13,384	13,314	12,617
International Sales	52%	48%	60%

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