
**UNITED STATES
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

October 27, 2005
Date of Report (Date of earliest event reported)

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

001-07882
(Commission File Number)

94-1692300
(IRS Employer Identification Number)

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

(408) 749-4000
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On October 27, 2005, the Board of Directors approved an amendment (the "*Employment Amendment*") of the employment agreement between Advanced Micro Devices, Inc. (the "*Company*") and Dr. Hector Ruiz, the Company's Chairman of the Board of Directors, President and Chief Executive Officer which will amend, effective as of July 1, 2005, the employment agreement with Dr. Ruiz dated January 31, 2002, as amended (the "*Employment Agreement*") to reflect the participation of Dr. Ruiz in the Advanced Micro Devices, Inc. 2005 Long Term Incentive Plan ("*LTIP*").

On October 25, 2005 the Compensation Committee of the Company's Board of Directors approved the grant of the maximum restricted stock units that can be earned under the LTIP for two 2005 award cycles to Dr. Ruiz. The restrictions on the restricted stock units will only lapse if certain levels of performance under the LTIP are met.

<u>Participant</u>	<u>Number of Restricted Stock Units Earned for Various Levels of Performance</u>		
	<u>Below Threshold</u>	<u>Target</u>	<u>Maximum</u>
<u>For the Award Cycle 2005 – 2006</u> Dr. Hector Ruiz	0	31,500	63,000
<u>For the Award Cycle 2005 – 2007</u> Dr. Hector Ruiz	0	73,500	147,000

This summary is qualified in its entirety by the terms of the Employment Amendment, which is filed herewith as Exhibit 10.1.

Item 2.04. Triggering Events that Accelerate or Increase a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement.

On October 27, 2005, pursuant to the Indenture dated November 25, 2002, between Advanced Micro Devices, Inc. (the "Company") and the Bank of New York, as Trustee (the "Indenture") relating to the 4.50% Convertible Senior Notes Due 2007 (the "Notes"), the Company announced that it notified the Trustee and the holders of the Notes that on December 5, 2005 (the "Redemption Date") the Company will redeem all outstanding principal amount of the Notes (as of October 26, 2005, approximately \$200 million), at a redemption price of 101.80% of the principal amount outstanding, plus accrued but unpaid interest, if any, to, but excluding, the Redemption Date. The announcement of the notice of redemption was made by the Company in its press release dated October 27, 2005, filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits

- 10.1 Amendment to Employment Agreement between Advanced Micro Devices, Inc. and Hector Ruiz.
- 99.1 Press Release dated October 27, 2005

AMENDMENT TO EMPLOYMENT AGREEMENT

This agreement (the "**Amendment**") between Advanced Micro Devices, Inc. ("**AMD**"), and you, Hector Ruiz, is made as of October 27, 2005 and shall be effective as of July 1, 2005 (the "**Amendment Effective Date**") and, to the extent provided herein, amends the Employment Agreement between Advanced Micro Devices, Inc. and you dated January 31, 2002 as amended effective January 1, 2005 (the "**Employment Agreement**") governing your service with AMD.

You and AMD agree to the following amendments to the Employment Agreement:

1. A new Section 4(c) is hereby added to the Employment Agreement to read in its entirety as follows:

(c) You shall be eligible to participate in the 2005 AMD Long Term Incentive Plan (the "**LTIP**") or in a replacement plan adopted by the Board during each fiscal year throughout the term of your employment. The target incentive opportunity for your participation under the LTIP shall be an amount equal to two hundred percent (200%) of your Annual Base Salary, with a maximum incentive opportunity under such LTIP not to exceed four hundred percent (400%) of your Annual Base Salary. You shall continue to be eligible for monthly transition participation in AMD's long term incentive plans in effect for the three-year award cycles ending 2004, 2005 and 2006, and twenty-five percent (25%) (or such lower percentage of any cash award as may be determined by AMD's Compensation Committee) of any award paid to you for such cycles shall be paid in restricted stock issued under the AMD 2004 Equity Incentive Plan. The restrictions on any such awards of restricted stock shall lapse over a two (2) year period, with the restrictions on 25% of the shares subject thereto lapsing on each six (6) month anniversary of the grant date.

2. Section 4(d) of the Employment Agreement is hereby amended to read in its entirety as follows:

(d) The aggregate amount payable to you under Section 4(a) and Section 4(c) in each fiscal year shall not be greater than \$5,000,000 or such higher amount as may be permitted under the 1996 Executive Incentive Plan or deductible by the Company for Federal income tax purposes for such fiscal year; provided, however, that until such time as such 1996 Executive Incentive Plan is amended to increase its \$5,000,000 limit to an amount that AMD's Compensation Committee determines in its sole discretion will permit amounts paid to you under Sections 4(a) and (c) to be deductible for Federal income tax purposes, any non-deductible amounts that would otherwise be payable under Sections 4(a) and 4(c) that would exceed the maximum bonus payable in any such fiscal year, if any, (the "**Excess Bonus**") shall be carried over (on a "first-in, first-out" basis) and shall be added to the aggregate Annual Bonus and LTIP payments (if any) payable for any of the next three (3) fiscal years, whether or not any one or more of such fiscal years ends before or after the end of the Employment Period; and provided further that the Excess Bonus, or portion thereof, may not cause the Annual Bonus and/or the LTIP payments payable in any fiscal year to exceed \$5,000,000 or such higher amount as may be permitted under the 1996 Executive Incentive Plan in such fiscal year.

3. Section 10(a)(i)(A) of the Employment Agreement is hereby amended to read in its entirety as follows:

(A) the amount equal to the sum of (x) the product of (i) two multiplied by (II) your Annual Base Salary plus (y) the sum of the highest (i) Annual Bonus, (ii) Additional Bonus, and (iii) LTIP payment paid to you (measured, with respect to LTIP payments made in the form of AMD's Common Stock, using the closing price of AMD's Common Stock on the New York Stock Exchange as reported in the Wall Street Journal on the date on which the amount of such AMD Common Stock to be delivered to you was finally determined by AMD's Compensation Committee) for any of the three (3) years prior to the Date of Termination (this sum of the Annual Bonus, Additional Bonus and LTIP payment shall not exceed \$5,000,000 in the aggregate and shall be referred to as the "**Recent Annual Bonus**") (including as paid for this purpose any compensation earned but deferred, whether or not at your election);

4. Section 10(a)(i)(C) of the Employment Agreement is hereby amended to read in its entirety as follows:

(C) a pro-rata portion (based on your months of service during each applicable outstanding award cycle under the LTIP or any prior long term incentive plan) of any payments that you would have received under the LTIP or any other such plan for each award cycle in which you are a participant and had you remained Chief Executive Officer through the last day of such award cycle without regard to your not being employed on such date; provided, however, that any determination of the amount of payments to which you are entitled under this subsection (C) shall be made solely with reference to Company performance through the end of the calendar quarter that immediately precedes the Date of Termination and in the case of distributions under the LTIP, payment shall be made by distribution of unrestricted shares of AMD Common Stock pursuant to the restricted stock unit award granted to you under the LTIP; and provided further that all payments shall be made as soon as practicable (but in no event more than 45 days) following the Date of Termination; and

5. No Other Changes. Except as provided in this Amendment to the Employment Agreement, the Employment Agreement shall remain in full force and effect.

The parties hereto have executed this Amendment on this date of October 27, 2005.

ADVANCED MICRO DEVICES, INC.

/s/ Leonard M. Silverman

Dr. Leonard M. Silverman, Chairman
Compensation Committee of
Advanced Micro Devices, Inc.

/s/ Hector Ruiz

HECTOR RUIZ
Chairman, President and Chief Executive Officer

NEWS RELEASE

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**ADVANCED MICRO DEVICES, INC. ANNOUNCES REDEMPTION
OF 4.50% CONVERTIBLE SENIOR NOTES DUE 2007**

SUNNYVALE, Calif. – October 27, 2005 – Advanced Micro Devices, Inc. (AMD) announced today that it will redeem all outstanding principal amount of its 4.50% Convertible Senior Notes due 2007 (the “Notes”) (as of October 26, 2005, approximately \$200 million) on December 5, 2005. The notice of redemption was mailed to the holders of the Notes on October 27, 2005.

Questions regarding the redemption should be directed to The Bank of New York, the trustee under the indenture governing the Notes, at The Bank of New York, Corporate Trust Division, 101 Barclay Street, 8W, New York, NY 10286.

About AMD

AMD (NYSE:AMD) designs and produces innovative microprocessors, Flash memory devices and low-power processor solutions for the computer, communications and consumer electronics industries. AMD is dedicated to delivering standards-based, customer-focused solutions for technology users, ranging from enterprises and governments to individual consumers. For more information visit www.amd.com.

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