UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 1, 2001

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number 1-7882

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	94-1692300
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One AMD Place Sunnyvale, California	94088
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares of $0.01 par value common stock outstanding as of August 3, 2001: 345,550,821

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Part I. Financial Information

</TABLE>

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
(Thousands except per share amounts)

<TABLE>
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	Quarter Ended		Six Months Ended	
	July 1, 2001	July 2, 2000	July 1, 2001	July 2, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 985,264	$ 1,170,437	$ 2,174,011	$ 2,262,466
Expenses:				
Cost of sales	636,199	612,567	1,351,029	1,218,324
Research and development	171,114	155,651	328,874	316,948
Marketing, general and administrative	156,291	152,022	305,429	296,328
	963,604	920,240	1,985,332	1,831,600
Operating income	21,660	250,197	188,679	430,866
Interest income and other, net	12,308	19,935	31,131	41,063
Interest expense	(20,199)	(11,244)	(41,844)	(22,723)
Income before income taxes and equity in net income (loss) of joint venture	13,769	258,888	177,966	449,206
Provision for income taxes	3,717	51,778	56,260	51,778
Income before equity in net income (loss) of joint venture	10,052	207,110	121,706	397,428
Equity in net income (loss) of joint venture	7,300	32	20,483	(937)

Net income	$ 17,352	$ 207,142	$ 142,189	$ 396,491
Net income per common share:				
Basic	$ 0.05	$ 0.67	$ 0.44	$ 1.30
Diluted	$ 0.05	$ 0.60	$ 0.43	$ 1.17
Shares used in per share calculation:				
Basic	330,120	309,116	322,234	305,438
Diluted	340,533	352,437	332,183	348,160

</TABLE>

See accompanying notes.

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Thousands)

<TABLE>
<CAPTION>

<S>	July 1, 2001 (unaudited) <C>	December 31, 2000* <C>
Assets		
Current assets:		
Cash and cash equivalents	$ 392,500	$ 591,457
Short-term investments	664,663	701,708
Total cash, cash equivalents and short-term investments	1,057,163	1,293,165
Accounts receivable, net of allowance for doubtful accounts	728,356	547,200
Inventories:		
Raw materials	51,284	34,413
Work-in-process	215,261	154,854
Finished goods	134,304	154,274
Total inventories	400,849	343,541
Deferred income taxes	188,946	218,527
Prepaid expenses and other current assets	175,522	255,256
Total current assets	2,550,836	2,657,689
Property, plant and equipment, at cost	5,763,554	5,461,801

Accumulated depreciation and amortization	(3,095,283)	(2,825,334)
Property, plant and equipment, net	2,668,271	2,636,467
Investment in joint venture	377,639	261,728
Other assets	234,207	211,851
	$ 5,830,953	$ 5,767,735
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 314,606	$ 477,369
Accrued compensation and benefits	121,523	172,815
Accrued liabilities	315,928	276,721
Income taxes payable	38,184	74,806
Deferred income on shipments to distributors	67,407	92,828
Current portion of long-term debt, capital lease obligations and other	220,080	129,570
Total current liabilities	1,077,728	1,224,109
Deferred income taxes	198,203	203,986
Long-term debt, capital lease obligations and other, less current portion	754,717	1,167,973
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value	3,464	3,141
Capital in excess of par value	1,955,498	1,406,290
Retained earnings	1,998,450	1,856,261
Accumulated other comprehensive loss	(157,107)	(94,025)
Total stockholders' equity	3,800,305	3,171,667
	$ 5,830,953	$ 5,767,735

</TABLE>

* Amounts as of December 31, 2000 were derived from the December 31, 2000 audited financial statements.

See accompanying notes.

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Thousands)

<TABLE>
<CAPTION>

	Six Months Ended	
	July 1,	July 2,

	2001	2000
<S>	<C>	<C>
Cash flows from operating activities:		
Net income	$ 142,189	$ 396,491
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	312,376	275,703
Net change in deferred income taxes	23,798	33,886
Foreign grant and subsidy income	(24,749)	(22,155)
Net loss on disposal of property, plant and equipment	18,862	3,414
Undistributed (income) loss of joint venture	(20,483)	937
Recognition of deferred gain on sale of building	(841)	(840)
Net compensation recognized under employee stock plans	2,860	2,508
Changes in operating assets and liabilities:		
Increase in accounts receivable	(180,970)	(97,481)
Increase in inventories	(64,718)	(57,366)
Increase (decrease) in prepaid expenses	2,147	(25,035)
Decrease in other assets	47,209	29,641
Decrease in tax refund receivable and tax payable	(37,887)	(2,175)
(Refund) receipt of customer deposits under purchase agreements	(39,000)	142,500
Decrease in payables and accrued liabilities	(151,094)	(76,008)
(Decrease) increase in accrued compensation	(51,290)	63,879
Income tax benefits from employee stock option exercises	4,480	-
Net cash (used in) provided by operating activities	(17,111)	667,899
Cash flows from investing activities:		
Purchases of property, plant and equipment	(377,818)	(289,893)
Proceeds from sale of property, plant and equipment	367	9,660
Purchases of available-for-sale securities	(2,190,266)	(1,562,628)
Proceeds from sale/maturity of available-for-sale securities	2,205,171	1,497,207
Investment in joint venture	(122,356)	-
Net cash used in investing activities	(484,902)	(345,654)
Cash flows from financing activities:		
Proceeds from borrowings	334,307	6,924
Payments on debt and capital lease obligations	(47,598)	(12,380)
Proceeds from issuance of stock and other	32,623	95,099
Net cash provided by financing activities	319,332	89,643
Effect of exchange rate changes on cash and cash equivalents	(16,276)	3,510
Net increase in cash and cash equivalents	(198,957)	415,398
Cash and cash equivalents at beginning of period	591,457	294,125
Cash and cash equivalents at end of period	$ 392,500	$ 709,523
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	$ 26,458	$ 23,542
Income taxes	$ 50,996	$ 9,734
Supplemental disclosures of non-cash financing activities:		
Redemption of convertible debt	$ 516,860	$ -

</TABLE>

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Advanced Micro Devices, Inc. (the Company or AMD) have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the full fiscal year ending December 30, 2001. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary to make the results of operations for the interim periods a fair statement of such operations. All such adjustments are of a normal recurring nature. The interim financial statements should be read in conjunction with the financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

The Company uses a 52- to 53-week fiscal year ending on the last Sunday in December. The quarters ended July 1, 2001 and July 2, 2000 each included 13 weeks. The six months ended July 1, 2001 and July 2, 2000 included 26 and 27 weeks.

2. Available-For-Sale Securities

The following is a summary of available-for-sale securities:

(Thousands)	July 1, 2001
Cash equivalents:	
Certificates of deposit	$ 10,001
Commercial paper	32,671
Money market funds	44,614
Municipal bonds	28,485
Federal agency notes	49,577
Tax exempt money market funds	25,000
Total cash equivalents	$ 190,348
Short-term investments:	
Certificates of deposit	$ 10,121
Commercial paper	237
Money market auction rate preferred stocks	181,279
Municipal bonds	246,447
Federal agency notes	46,197
Floating rate notes	10,013
Tax exempt preferred auction	170,369
Total short-term investments	$ 664,663
Long-term investments:	
Equity investments	$ 25,671
Commercial paper	9,999
Treasury notes	3,323
Total long-term investments (included in other assets)	$ 38,993

3. Net Income per Common Share

Basic net income per common share is computed using the weighted-average common shares outstanding. Diluted net income per common share is computed using the weighted-average common shares outstanding plus any potential dilutive securities. Dilutive securities included stock options and shares issuable upon the conversion of convertible debt. For the three- and six-month periods ended July 1, 2001, an incremental 14 million and 21 million shares of common stock issuable upon the assumed conversion of convertible debt were anti-dilutive and were not included in the calculation of diluted earnings per share. The following table sets forth the components of basic and diluted income per common share:

<TABLE>
<CAPTION>

	Quarter Ended		Six Months Ended	
(Thousands except per share data)	July 1, 2001	July 2, 2000	July 1, 2001	July 2, 2000
<S>	<C>	<C>	<C>	<C>
Numerator:				
Numerator for basic income per common share	$ 17,352	$ 207,142	$ 142,189	$ 396,491
Effect of adding back interest expense associated with convertible debentures	-	6,207	-	13,970

Numerator for diluted income per common share	$ 17,352	$ 213,349	$ 142,189	$ 410,461
Denominator:				
Denominator for basic income per share - weighted-average shares	330,120	309,116	322,234	305,438
Effect of dilutive securities:				
Employee stock options	10,413	15,361	9,949	14,760
Convertible debentures	-	27,960	-	27,962
Dilutive potential common shares	10,413	43,321	9,949	42,722
Denominator for diluted net income per common share - adjusted weighted-average shares	340,533	352,437	332,183	348,160
Net income per common share:				
Basic	$ 0.05	$ 0.67	$ 0.44	$ 1.30
Diluted	$ 0.05	$ 0.60	$ 0.43	$ 1.18

</TABLE>

On August 21, 2000, the Company effected a two for one stock split in the form of a stock dividend of one share of common stock for each share of AMD common stock held on August 7, 2000. Share and per share amounts have been adjusted for prior periods presented to give effect to the stock split.

4. Investment in Joint Venture

In 1993, AMD and Fujitsu Limited formed a joint venture, Fujitsu AMD Semiconductor Limited (FASL), for the development and manufacture of non-volatile memory devices. FASL operates advanced integrated circuit manufacturing facilities in Aizu-Wakamatsu, Japan, to produce Flash memory devices. FASL also uses foundry facilities in Iwate, Japan and Gresham, Oregon. The Company's share of FASL is 49.992 percent, and the investment is being accounted for under the equity method. At July 1, 2001, the cumulative adjustment related to the translation of the FASL financial statements into U.S. dollars resulted in an increase in the investment in FASL of $41 million. During the quarter ended July 1, 2001, the Company made capital contributions of approximately $122 million to FASL. The following are the significant FASL related-party transactions and balances:

<TABLE>
<CAPTION>

	Quarter Ended		Six Months Ended	
(Thousands)	July 1, 2001	July 2, 2000	July 1, 2001	July 2, 2000
<S>	<C>	<C>	<C>	<C>
Royalty income	$ 10,604	$ 7,110	$ 24,949	$ 13,653
Purchases	129,027	78,420	288,754	154,658

<CAPTION>

(Thousands)	July 1, 2001	December 31, 2000
<S>	<C>	<C>
Royalty receivable	$ 10,083	$ 9,561
Accounts payable	85,551	77,503

</TABLE>

The following is condensed unaudited financial data of FASL:

<TABLE>

<CAPTION>

(Thousands)	Quarter Ended July 1, 2001	Quarter Ended July 2, 2000	Six Months Ended July 1, 2001	Six Months Ended July 2, 2000
<S>	<C>	<C>	<C>	<C>
Net sales	$ 250,294	$ 156,587	$ 566,761	$ 302,029
Gross profit	28,521	2,485	92,533	3,298
Operating income	27,018	1,806	89,994	1,677
Net income	15,717	1,092	52,292	845

</TABLE>

The Company's share of the above FASL net income differs from the equity in net income of joint venture reported on the condensed consolidated statements of operations. The difference is due primarily to adjustments resulting from the related-party transactions between FASL and the Company which are reflected on the Company's condensed consolidated statements of operations.

FASL has expanded its production capacity through a foundry arrangement with Fujitsu Microelectronics, Inc. (FMI). In connection with this foundry arrangement, the Company agreed to guarantee up to $125 million of Fujitsu Limited's obligations under FMI's credit facility.

5. Segment Reporting

AMD operates in two reportable segments: the Core Products and Foundry Services segments. AMD has previously shown three reportable segments; however, as a result of the sale of Legerity, Inc. (Legerity), effective July 31, 2000, the Company no longer operates in the Voice Communications segment. The Core Products segment includes microprocessors, Flash memory devices, Erasable Programmable Read-Only Memory (EPROM) devices, embedded processors, platform products and networking products. The Foundry Services segment includes fees for wafer fabrication and assembly, test, mark and pack services provided to Legerity and Vantis Corporation (Vantis), the Company's former programmable logic subsidiary. The Voice Communications segment included the voice communications products of Legerity until July 31, 2000, the effective date of its sale. The following table is

a summary of the operating income by segment for the quarters and six months ended July 1, 2001 and July 2, 2000:

<TABLE>
<CAPTION>

(Thousands)	Quarter Ended July 1, 2001	Quarter Ended July 2, 2000	Six Months Ended July 1, 2001	Six Months Ended July 2, 2000
Net sales:				
<S>	<C>	<C>	<C>	<C>
Core Products segment	$ 955,455	$ 1,082,902	$ 2,102,595	$ 2,095,546
Foundry Services segment	29,809	24,172	71,416	44,037
Voice Communications segment	-	63,363	-	122,883
Total net sales	$ 985,264	$ 1,170,437	$ 2,174,011	$ 2,262,466
Segment operating income (loss):				
Core Products segment	$ 27,787	$ 226,323	$ 193,996	$ 385,460
Foundry Services segment	(6,127)	4,224	(5,317)	9,459
Voice Communications segment	-	19,650	-	35,947
Total segment operating income	21,660	250,197	188,679	

				430,866
Interest income and other, net	12,308	19,935	31,131	41,063
Interest expense	(20,199)	(11,244)	(41,844)	(22,723)
Provision for income taxes	(3,717)	(51,778)	(56,260)	(51,778)
Equity in net income (loss) of FASL	7,300	32	20,483	(937)
Net income	$ 17,352	$ 207,142	$ 142,189	$ 396,491

</TABLE>

6. Comprehensive Income (Loss)

The following are the components of comprehensive income (loss):

<TABLE>
<CAPTION>

(Thousands)	Quarter Ended July 1, 2001	Quarter Ended July 2, 2000	Six Months Ended July 1, 2001	Six Months Ended July 2, 2000
<S>	<C>	<C>	<C>	<C>
Net income	$ 17,352	$ 207,142	$ 142,189	$ 396,491
Foreign currency translation adjustments	(23,558)	(7,394)	(40,940)	(32,763)
Derivative financial instrument gains (losses), net	(3,831)	-	(11,648)	-
Unrealized gains on securities, net of tax:				
Unrealized gains (losses) on investments arising during the period	498	54	(10,492)	2,564
Other comprehensive income (loss)	(26,891)	(7,340)	(63,080)	(30,199)
Comprehensive income (loss)	$ (9,539)	$ 199,802	$ 79,109	$ 366,292

</TABLE>

The components of accumulated other comprehensive loss are as follows:

(Thousands)	July 1, 2001	December 31, 2000
Unrealized gain on investments, net of tax	$ 2,649	$ 13,143
Derivatives - cash flow hedging adjustments	(11,648)	-
Cumulative translation adjustments	(148,108)	(107,168)
	$ (157,107)	$ (94,025)

7. Share Repurchase Program

On January 29, 2001, the Company announced that the Board of Directors had authorized a program to repurchase up to $300 million worth of the Company's common shares over a period of time to be determined by management. Any such repurchases will be made in the open market or in privately negotiated transactions from time to time in compliance with Rule 10b-18 of the Securities Exchange Act, subject to market conditions, applicable legal requirements and other factors. This plan does not obligate the Company to acquire any particular amount of its common stock, and the plan may be suspended at any time at the Company's discretion. No shares had been repurchased as of July 1, 2001.

8. Dresden Loan Agreements

AMD Saxony Manufacturing GmbH (AMD Saxony), an indirect wholly owned subsidiary of the Company, operates the Company's manufacturing and design facility in Dresden, Germany (Dresden Fab 30). In 1997, AMD Saxony entered into a loan and related agreements (the Dresden Loan Agreements) with a consortium of banks led by Dresdner Bank AG.

In February 2001, the Dresden Loan Agreements were amended to reflect new capacity and increased capital spending plans for Dresden Fab 30. Under the

February 2001 amendments, the Company agreed to extend its guaranty of AMD Saxony's obligations and to make available to AMD Saxony revolving loans of up to $500 million. The Company also expanded its obligation to reimburse AMD Saxony for the cost of producing wafers for the Company and agreed to cancel the cost overrun facility made available by the banks. Under these amendments, the Company has been released from financial covenants limiting capital expenditures and requiring AMD Saxony to achieve capacity and production cost targets by the end of 2001.

The Dresden Loan Agreements, as amended, require that the Company: provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, such interim funding to be repaid as AMD Saxony receives the grants and subsidies from the State of Saxony; fund shortfalls in government subsidies resulting from any default under the subsidy agreements caused by AMD Saxony or its affiliates; and guarantee up to 35 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than $100 million or more than $264 million, until the bank loans are repaid in full.

9. Derivative Instruments and Hedging

On January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133). The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative are either offset against the change in fair value of assets, liabilities, or firm commitments through earnings (fair value hedges) or recognized in other comprehensive income until the hedged item is recognized in earnings (cash flow hedges). The ineffective portion of a derivative's change in fair value is immediately recognized in earnings. As of January 1, 2001, the Company's foreign currency forward contracts had been entered into to hedge the gains and losses generated by the re-measurement of foreign currency denominated intercompany accounts. These derivatives therefore did not qualify for hedge accounting and, therefore, the change in fair values of these derivatives are adjusted to fair value through operations. Accordingly, the adoption of SFAS 133 had no impact on the Company's consolidated financial position or operating results.

The Company purchases significant volumes of inventory from its unconsolidated joint venture in Japan, FASL, and from AMD Saxony. Purchases from FASL and AMD Saxony are denominated in yen and the euro, respectively. Therefore, in the normal course of business, the Company's financial position is routinely subjected to market risk associated with foreign currency rate fluctuations. The Company's general practice is to ensure that material business exposure to foreign exchange risks are identified, measured and minimized using the most effective and efficient methods to eliminate or reduce such exposures. To protect against the reduction in value of forecasted yen and euro denominated cash flows resulting from these transactions, the Company has instituted a foreign currency cash flow hedging program. The Company purchases foreign currency forward contracts and sells or purchases foreign currency option contracts generally expiring within 12 months to hedge portions of its forecasted foreign currency denominated cash flows. These foreign currency contracts are carried on the Company's balance sheet at fair value with the effective portion of the contracts' gain or loss recorded in other comprehensive income (a component of stockholders' equity) and subsequently recognized in earnings in the same period the hedged forecasted transaction affects earnings. The Company does not use derivatives for trading purposes.

The effectiveness test for these foreign currency contracts utilized by the Company is the fair value to fair value comparison method. SFAS 133 permits the exclusion from the effectiveness assessment of the time value portion of the change in value of the currency forward contract. The change in fair value of the time value portion of the derivative is considered by the Company to be inherently ineffective and is immediately adjusted through earnings each accounting period. During the three-month period ended July 1, 2001, portions of the hedging instruments excluded from the assessment of hedge effectiveness were not material to the Company's consolidated financial position or operating results and are included in earnings in the accompanying Consolidated Statements of Operations.

As of July 1, 2001, the Company expects to reclassify the amount accumulated in other comprehensive income to earnings within the next twelve months due to the recognition in earnings of the hedged forecasted transactions.

If a cash flow hedge should be discontinued because it is probable that the original forecasted transaction will not occur, the net gain or loss in accumulated other comprehensive income will be reclassified into earnings as a component of income and expense. No such amounts were recorded in earnings during the three-month period ended July 1, 2001.

The following table summarizes activity in other comprehensive income related solely to derivatives classified as cash flow hedges held by the Company during the period from January 1, 2001 through July 1, 2001:

(Thousands)	Six Months Ended July 1, 2001
Cumulative effect of adopting SFAS 133	$ -
Changes in fair value of derivatives, net	11,648
	$ 11,648

10. Debt

On May 21, 2001, the Company called all $517.5 million of its outstanding 6% Convertible Subordinated Notes due 2005 for redemption, which resulted in the conversion of $517.3 of such Notes into approximately 28 million shares of the Company's common stock. The remaining $0.2 million of such Notes were paid in cash to investors.

11. Subsequent Events

On August 1, 2001, the Company redeemed all $43 million of its outstanding 11% Senior Secured Notes due 2003.

On July 25, 2001, the Company acquired 293,329 shares of its common stock at an aggregate cost of $5 million under its existing common stock repurchase program.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statement Regarding Forward-Looking Statements

The statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations that are forward-looking are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially. The forward-looking statements relate to, among other things: operating results; anticipated cash flows; capital expenditures; adequacy of resources to fund operations and capital investments; our ability to produce AMD Athlon(TM) and AMD Duron(TM) microprocessors in the volume required by customers on a timely basis; our ability to maintain average selling prices of seventh-generation microprocessors despite aggressive pricing strategies of our competitors; the ability of third parties to provide timely infrastructure solutions (motherboards and chipsets) to support our microprocessors; our ability to increase customer and market acceptance of the newest versions of our seventh-generation microprocessors, particularly in commercial and mobile markets; a recovery in the communications industry leading to an increase in the demand for Flash memory products; the effect of foreign currency hedging transactions; the production ramp of our new submicron integrated circuit manufacturing and design facility in Dresden, Germany (Dresden Fab 30); and the financing and construction of the Fujitsu AMD Semiconductor Limited (FASL) manufacturing facilities. See "Financial Condition" and "Risk Factors" below, as well as such other risks and uncertainties as are detailed in our other Securities and Exchange Commission reports and filings for a discussion of the factors that could cause actual results to differ materially from the forward-looking statements.

The following discussion should be read in conjunction with the Unaudited Condensed Financial Statements and related notes included in this report and our Audited Financial Statements and related notes as of December 31, 2000 and December 26, 1999 and each of the three years in the period ended December 31, 2000 as filed in our Annual Report on Form 10-K.

AMD, the AMD logo, and combinations thereof, Advanced Micro Devices, AMD-K6, AMD Athlon and AMD Duron are either trademarks or registered trademarks of Advanced Micro Devices, Inc. Vantis is a trademark of Vantis Corporation. Legerity is a trademark of Legerity, Inc. Microsoft and Windows are either registered trademarks or trademarks of Microsoft Corporation. Other terms used to identify companies and products may be trademarks of their respective owners.

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RESULTS OF OPERATIONS

We participate in all three technology areas within the digital integrated circuit (IC) market--microprocessors, memory circuits and logic circuits--through our Core Products and Foundry Services segments. Our Core Products segment includes our PC processors, Memory products and Other IC products. PC processors include our seventh-generation microprocessors, the AMD Athlon and AMD Duron microprocessors, and our sixth-generation microprocessors. Memory products include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. Other IC products include embedded processors, platform products and networking products. Our Foundry Services segment consists of fees for services that we provide to Legerity, Inc. and Vantis Corporation.

On August 4, 2000, we completed the sale of 90 percent of Legerity for approximately $375 million in cash, effective July 31, 2000. We retained a ten percent ownership interest in Legerity and a warrant to acquire approximately an additional ten percent. As part of the transaction, we entered into various service contracts with Legerity to continue to provide, among other things, wafer fabrication and assembly, test, mark and pack services to Legerity. We receive fees from Legerity for these services.

We use a 52- to 53-week fiscal year ending on the last Sunday in December. The quarters ended July 1, 2001, December 31, 2000 and July 2, 2000 each included 13 weeks. The six months ended July 1, 2001 and July 2, 2000 included 26 and 27 weeks.

The following is a summary of our net sales by segment for the periods presented below:

<TABLE>
<CAPTION>

	Quarter Ended			Six Months Ended	
(Millions)	July 1, 2001	April 1, 2001	July 2, 2000	July 1, 2001	July 2, 2000
<S>	<C>	<C>	<C>	<C>	<C>
Core Products segment:					
PC Processors	$ 588	$ 661	$ 583	$ 1,249	$ 1,146
Memory Products	316	411	362	727	689
Other IC Products	51	75	138	126	260
	955	1,147	1,083	2,102	2,095
Foundry Services segment	30	42	24	72	44
Voice Communications segment	-	-	63	-	123
	$ 985	$ 1,189	$ 1,170	$ 2,174	$ 2,262

</TABLE>

Net Sales Comparison of Quarters Ended July 1, 2001 and April 1, 2001

Net sales of $985 million for the second quarter of 2001 decreased by 17 percent compared to net sales of $1,189 million for the first quarter of 2001. If current conditions prevail, overall revenues could decline in the range of 10 to 15 percent in the third quarter of 2001.

PC Processors net sales of $588 million decreased 11 percent in the second quarter of 2001 compared to the first quarter of 2001. The decrease in net sales was primarily due to a decline in average selling prices resulting from very aggressive market pricing pressures from our competitors, partially offset by higher unit sales of our seventh-generation microprocessors. Maintaining overall PC Processor sales levels in the third quarter of 2001 is dependent upon continuing a successful production ramp in Dresden Fab 30, the ability to maintain average selling prices for our seventh-generation microprocessors, availability of chipsets and motherboards from third-party suppliers and increasing market acceptance of the newest versions of the AMD Athlon and AMD Duron processors, particularly in commercial and mobile markets, as to which we cannot give any assurance.

Memory products net sales of $316 million decreased 23 percent in the second quarter of 2001 compared to the first quarter of 2001. The decrease was primarily the result of the continuing weakness in the communications and networking equipment industries resulting in a decrease in the sales of Flash memory devices. We expect these revenues will continue to decline in the third quarter of 2001.

The Other IC products net sales of $51 million decreased 32 percent in the second quarter of 2001 compared to the first quarter of 2001 primarily due to decreased net sales of chipset products and networking products. Networking product sales decreased as a result of the communications and networking equipment industries decline. We expect these revenues will continue to decline in the third quarter of 2001.

The Foundry Services segment included service fees of $30 million in the second quarter of 2001 compared to $42 million in the first quarter of 2001. This 29 percent decrease was due to the communications and networking equipment industries decline. We expect that service fees will continue to decline.

Net Sales Comparison of Quarters Ended July 1, 2001 and July 2, 2000

Net sales of $985 million for the second quarter of 2001 decreased by 16 percent compared to net sales of $1,170 million for the second quarter of 2000.

PC Processors net sales of $588 million increased one percent in the second quarter of 2001 compared to the same quarter of 2000 primarily due to increased net sales of our seventh-generation microprocessors offset by a decrease in net sales of AMD-K6 microprocessors. The increase in net sales was primarily due to higher unit shipments, offset by lower average selling prices of our seventh-generation microprocessors and lower sales of AMD-K6 microprocessors caused by a market shift toward our seventh-generation microprocessors.

Memory products net sales of $316 million decreased by 13 percent in the second quarter of 2001 compared to the same quarter of 2000 due to the communications and networking equipment industries downturn, resulting in a decrease in the sales of Flash memory devices.

The Other IC products net sales of $51 million in the second quarter of 2001 decreased by 63 percent when compared to the same quarter of 2000 due to decreased net sales from networking products, chipsets and embedded processors products as the communications and networking equipment industries continued to decline.

The Foundry Services segment service fees of $30 million in the second quarter of 2001 increased compared to the same quarter of 2000. The increase was primarily due to the addition of service fees from Legerity after the second quarter of 2000.

Net Sales Comparison of Six Months Ended July 1, 2001 and July 2, 2000

Net sales of $2,174 million for the first six months of 2001 decreased by four percent compared to net sales of $2,262 million for the first six months of 2000.

PC Processors net sales of $1,249 million increased nine percent in the first six months of 2001 compared to the same period of 2000 primarily due to increased net sales of our seventh-generation microprocessors offset by a decrease in net sales of AMD-K6 microprocessors. The increase in net sales was primarily due to higher unit shipments, offset by lower average selling prices of our seventh-generation microprocessors and lower sales of AMD-K6 microprocessors caused by a market shift toward our seventh-generation microprocessors.

Memory products net sales of $727 million decreased by five percent in the first six months of 2001 compared to the same period of 2000 due to the communications and networking equipment industries downturn, resulting in a decrease in the sales of Flash memory devices.

The Other IC products net sales of $126 million in the first six months of 2001 decreased by 51 percent when compared to the same period of 2000 due to decreased net sales from networking products, chipsets and embedded processor products as the communications and networking equipment industries continued to decline.

The Foundry Services segment service fees of $72 million in the first six months of 2001 increased compared to the same period of 2000. The increase was primarily due to the addition of service fees from Legerity after the second quarter of 2000.

Comparison of Expenses, Gross Margin Percentage and Interest

The following is a summary of expenses, gross margin percentage and interest income and other, net for the periods presented below:

(Millions except for gross margin percentage)	Quarter Ended July 1, 2001	Quarter Ended April 1, 2001	Quarter Ended July 2, 2000	Six Months Ended July 1, 2001	Six Months Ended July 2, 2000
Cost of sales	$636	$715	$613	$1,351	$1,219
Gross margin percentage	35%	40%	48%	38%	46%
Research and development	$171	$158	$156	$ 329	$ 317
Marketing, general and administrative	156	149	152	305	296
Interest income and other, net	12	19	20	31	41
Interest expense	20	22	11	42	22

We operate in an industry characterized by high fixed costs due to the capital-intensive manufacturing process, particularly the state-of-the-art production facilities required for PC processors and Flash memory devices. As a result, our gross margin percentage is significantly affected by fluctuations in product sales. The ability to maintain gross margin percentages depends on continually increasing sales because fixed costs continue to rise due to the ongoing capital investments required to expand production capacity and capability.

The gross margin percentage of 35 percent in the second quarter of 2001 decreased from 40 percent in the first quarter of 2001 and from 48 percent in the same quarter of 2000. The decrease in gross margin percentage in the second quarter of 2001 compared to the first quarter of 2001 was primarily attributable to a decline in the average selling prices for seventh-generation microprocessors. The decrease in gross margin percentage in the second quarter of 2001 compared to the same quarter in 2000 was primarily due to higher fixed manufacturing costs, changes in product mix and pricing pressures. Fixed costs will continue to increase as we ramp Dresden Fab 30 production.

Research and development expenses of $171 million in the second quarter of 2001 increased eight percent compared to the immediate prior quarter, and 10 percent compared to the same quarter in 2000. The increase was primarily due to increased research and development activities for PC microprocessors.

Included in research and development and cost of sales were the recognition of deferred credits on foreign capital grants and interest subsidies that were received for Dresden Fab 30. These credits of approximately $11 million per quarter (denominated in deutsche marks) will continue to be offset against Dresden Fab 30 expenses in future quarters until June 2007.

Marketing, general and administrative expenses of $156 million in the second quarter of 2001 increased five percent compared to the first quarter of 2001 as a result of an increase in marketing spending and corporate advertising for seventh-generation microprocessors. Marketing, general and administrative expenses in the second quarter of 2001 increased three percent compared to the same quarter in 2000. The increase was primarily due to increased advertising and marketing for seventh-generation microprocessors and spending on information systems.

Interest income and other, net of $12 million in the second quarter of 2001 decreased 36 percent compared to the first quarter of 2001 and decreased 40 percent compared to the same quarter of 2000. The decrease was primarily due to the recognition of an other than temporary decline in the value of our short-term investments.

Interest expense of $20 million in the second quarter of 2001 decreased nine percent compared to the first quarter of 2001 primarily due to the conversion of nearly all of our of 6% convertible

subordinated notes, partially offset by an increase of interest expense as a result of increased borrowings by AMD Saxony, our indirect wholly owned subsidiary, under the loan agreements with a consortium of banks led by Dresdner Bank AG (the Dresden Loan Agreements). Interest expense increased 80 percent compared to the same quarter of 2000 primarily due to increased borrowings by AMD Saxony under the Dresden Loan Agreements. During the construction of Dresden Fab 30 we capitalized interest expense attributable to the construction. Fab 30 began production at the end of the second quarter of 2000 and consequently we no longer capitalize these interest costs.

Income Tax

We recorded a $4 million income tax provision in the second quarter of 2001 and a $52 million income tax provision in the second quarter of 2000. The effective tax rates for the quarter and six months ended July 1, 2001 were 27 percent and 32 percent. The effective tax rates for the quarter and six months ended July 2, 2000 were 20 percent and 12 percent, reflecting the utilization of net operating loss carryforwards.

Other Items

International sales as a percent of net sales were 61 percent in the second quarter of 2001 compared to 63 percent in the first quarter of 2001 and 61 percent in the second quarter of 2000. International sales as a percent of net sales were 62 percent in the first six months of 2001 compared to 60 percent in the first six months of 2000. During the second quarter of 2001, approximately one percent of our net sales were denominated in foreign currencies compared to six percent in the same period in 2000. We do not have sales denominated in local currencies in countries that have highly inflationary economies. The impact on our operating results from changes in foreign currency rates individually and in the aggregate has not been significant.

Comparison of Segment Income

For a comparison of segment net sales, refer to the previous discussions on net sales by product group.

The following is a summary of operating income by segment for the periods presented below:

<TABLE>
<CAPTION>

(Millions)	Quarter Ended July 1, 2001	Quarter Ended April 1, 2001	Quarter Ended July 2, 2000	Six Months Ended July 1, 2001	Six Months Ended July 2, 2000
<S>	<C>	<C>	<C>	<C>	<C>
Core Products	$ 28	$ 166	$ 226	$ 194	$ 386
Foundry Services	(6)	1	4	(5)	9
Voice Communications	-	-	20	-	36
Total	$ 22	$ 167	$ 250	$ 189	$ 431

</TABLE>

Core Products' operating income in the second quarter of 2001 decreased 83 percent compared to the first quarter of 2001 and 88 percent compared to the second quarter of 2000. The decrease was primarily due to a decline in the average selling price for PC processors as well as a downturn in the communications and networking equipment industries resulting in a decrease in the net sales of our Core Products. Core Products' operating income in the first six months of 2001 decreased 50 percent compared to the first six months of 2000 due to a downturn in the communications and networking equipment industries resulting in a

decrease in net sales of our Core Products, as well as a decline in the average selling price for PC processors and a decline in unit sales of our Flash memory devices. As a result of the sale of Legerity, effective July 31, 2000, we no longer operate in our former Voice Communications segment, resulting in no operating income in the second quarter of 2001 compared to an operating income of $20 million in the second quarter of 2000.

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FINANCIAL CONDITION

Net cash used by operating activities was $17 million in the first six months of 2001 primarily due to net income of $142 million and depreciation and amortization of $312 million, offset by a decrease of $476 million in payables, accrued liabilities and accrued compensation.

Net cash provided by operating activities was $668 million in the first six months of 2000 primarily due to net income of $396 million, depreciation and amortization expenses of $276 million, and $142 million from customer deposits under long-term purchase agreements, offset by a decrease of $120 million in payables, accrued liabilities and accrued compensation.

Net cash used by investing activities was $485 million during the first six months of 2001. Major uses of cash during the period included $378 million for the purchases of property, plant and equipment, primarily for Dresden Fab 30 and Asia manufacturing facilities, $2,190 million for purchases of available-for-sale securities, and $122 million of additional equity investments in FASL, offset by $2,205 million of proceeds from the maturities of available-for-sale securities.

Net cash used by investing activities was $346 million in the first six months of 2000. Major uses of cash during the period included $290 million from purchases of property, plant and equipment, primarily for Dresden Fab 30 and Asia manufacturing facilities and $1,563 million from purchases of available-for-sale securities, offset by $1,497 million of proceeds from the maturities of available-for-sale securities.

Net cash provided by financing activities was $319 million during the first six months of 2001. Major uses of cash during the period included $48 million in payments on debt and capital lease obligations offset by $346 million in proceeds from Dresden Fab 30 borrowing activities, $21 million in proceeds from Dresden Fab 30 foreign grants and subsidies and $33 million in proceeds from the issuance of stock in connection with stock option exercises and purchases under our Employee Stock Purchase Plan.

Net cash provided by financing activities was $90 million in the first six months of 2000 primarily due to $95 million in proceeds from the issuance of stock in connection with stock option exercises and purchases under our Employee Stock Purchase Plan and $7 million in proceeds from borrowings, offset by $12 million in payments on debt and capital lease obligations.

Under our Loan and Security Agreement (the Loan Agreement) effective on July 13, 1999, which provides for a four-year secured revolving line of credit of up to $200 million, we can borrow, subject to amounts which may be set aside by the lenders, up to 85 percent of our eligible accounts receivable from Original Equipment Manufacturers (OEMs) and 50 percent of our eligible accounts receivable from distributors. We must comply with certain financial covenants if the level of domestic cash we hold declines to certain levels, or the amount of borrowings under the Loan Agreement rises to certain levels. Our obligations under the Loan Agreement are secured by a pledge of most of our accounts receivable, inventory, general

intangibles and the related proceeds. As of July 1, 2001, no funds were drawn under the Loan Agreement. In addition, we had available unsecured, uncommitted bank lines of credit in the amount of $24 million, none of which were outstanding.

We plan to make capital investments of approximately $900 million during 2001. These investments include those relating to the continued facilitization of Dresden Fab 30 and our fabrication facility in Austin, Texas (Fab 25).

On January 29, 2001, we announced that our Board of Directors had authorized a program to repurchase up to $300 million worth of our common shares over a period of time to be determined by management. Any such repurchases will be made in the open market or in privately negotiated transactions from time to time in compliance with Rule 10b-18 of the Securities Exchange Act, subject to market conditions, applicable legal requirements and other factors. This plan does not obligate us to acquire any particular amount of our common stock, and the plan may be suspended at any time at our discretion. On July 25, 2001, we acquired 293,329 shares of our common stock at an aggregate cost of $5 million under the plan.

On May 21, 2001, we called all $517.5 million of our outstanding 6% Convertible Subordinated Notes due 2005 for redemption, which resulted in the conversion of $517.3 of such Notes into approximately 28 million shares of our common stock. The remaining $0.2 million of such Notes were paid in cash to investors.

On August 1, 2001, we redeemed all $43 million of our outstanding 11% Senior Secured Notes due 2003.

AMD Saxony, an indirect wholly owned German subsidiary of AMD, has constructed a fab and has installed equipment in Dresden Fab 30, which began production in the second quarter of 2000. AMD, the Federal Republic of Germany, the State of Saxony and a consortium of banks are supporting the project. We currently estimate construction and facilitization costs of Dresden Fab 30 will be $2.3 billion when fully equipped by the end of 2003. We have invested $1.6 billion to date. In March 1997, AMD Saxony entered into a loan agreement and other related agreements (the Dresden Loan Agreements) with a consortium of banks led by Dresdner Bank AG. Because most of the amounts under the Dresden Loan Agreements are denominated in deutsche marks, the dollar amounts set forth below are subject to change based on applicable conversion rates. We used the exchange rate at the end of the second quarter of 2001, which was approximately 2.27 deutsche marks to one U.S. dollar, to value the amounts denominated in deutsche marks. The Dresden Loan Agreements provide for the funding of the construction and facilitization of Dresden Fab 30. The funding consists of:

- equity, subordinated loans and loan guarantees from AMD;

- loans from a consortium of banks; and

- grants, subsidies and loan guarantees from the Federal Republic of Germany and the State of Saxony.

The Dresden Loan Agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, we have invested $271 million as of July 1, 2001 in the form of subordinated loans to and equity in AMD Saxony. In addition to support from AMD, the

consortium of banks referred to above has made available $661 million in loans to AMD Saxony to help fund Dresden Fab 30 project costs. As of July 1, 2001, $618 million of the available loans were outstanding.

Finally, the Federal Republic of Germany and the State of Saxony are supporting the Dresden Fab 30 project, in accordance with the Dresden Loan Agreements, in the form of:

- guarantees of the lesser of 65 percent of AMD Saxony bank debt or $661 million;

- capital investment grants and allowances totaling $287 million; and

- interest subsidies totaling $138 million.

Of these amounts, AMD Saxony had received $284 million in capital investment grants and allowances and $54 million in interest subsidies as of July 1, 2001. The grants and subsidies are subject to conditions, including meeting specified levels of employment in December 2001 and maintaining those levels until June 2007. Noncompliance with the conditions of the grants and subsidies could result in the forfeiture of all or a portion of the future amounts to be received as well as the repayment of all or a portion of amounts received to date. As of July 1, 2001, we were in compliance with all of the conditions of the grants and subsidies.

In February 2001, we amended the Dresden Loan Agreements to reflect new capacity and increased capital expenditure plans for Dresden Fab 30. Under the February 2001 amendments, we agreed to increase and extend our guaranty of AMD Saxony's obligations and to make available to AMD Saxony revolving loans of up to $500 million. We expanded our obligation to reimburse AMD Saxony for the cost of producing wafers for us, and we also agreed to cancel the cost overrun facility made available by the banks. Under the February 2001 amendments, we have been released from financial covenants limiting capital expenditures and requiring AMD Saxony to achieve capacity and production cost targets by the end of 2001.

The Dresden Loan Agreements, as amended, also require that we:

- provide interim funding to AMD Saxony if either the remaining capital investment allowances or the remaining interest subsidies are delayed, such funding to be repaid to AMD as AMD Saxony receives the grants or subsidies from the State of Saxony;

- fund shortfalls in government subsidies resulting from any default under the subsidy agreements caused by AMD Saxony or its affiliates; and

- guarantee up to 35 percent of AMD Saxony's obligations under the Dresden Loan Agreements, which guarantee must not be less than $100 million or more than $264 million, until the bank loans are repaid in full.

The definition of defaults under the Dresden Loan Agreements includes the failure of AMD, AMD Saxony or AMD Saxony Holding GmbH (AMD Holding), the parent company of AMD Saxony and a wholly owned subsidiary of AMD, to comply with obligations in connection with the Dresden Loan Agreements, including:

- material variances from the approved plan and specifications;

- our failure to fund equity contributions or shareholder loans or otherwise comply with our obligations relating to the Dresden Loan Agreements;

- the sale of shares in AMD Saxony or AMD Holding;

- the failure to pay material obligations;

- the occurrence of a material adverse change or filings or proceedings in bankruptcy or insolvency with respect to us, AMD Saxony or AMD Holding; and

- the occurrence of default under the indenture dated August 1, 1996 between AMD and the United States Trust Company of New York (the Indenture) pursuant to which our Senior Secured Notes were issued or the Loan Agreement.

Generally, any default with respect to borrowings made or guaranteed by AMD results in recourse to us of more than $10 million and, if not cured by us, would result in a cross-default under the Dresden Loan Agreements and the Loan Agreement. As of July 1, 2001, we were in compliance with all conditions of the Dresden Loan Agreements.

In the event we are unable to meet our obligation to make loans to, or equity investments in, AMD Saxony as required under the Dresden Loan Agreements, AMD Saxony will be unable to complete the continued facilitization of Dresden Fab 30, and we will be in default under the Dresden Loan Agreements and the Loan Agreement, which would permit acceleration of certain indebtedness, which would have a material adverse effect on us. We cannot assure that we will be able to obtain the funds necessary to fulfill these obligations. Any such failure would have a material adverse effect on us.

FASL, a joint venture formed by AMD and Fujitsu Limited (Fujitsu) in 1993, is continuing the facilitization of its second Flash memory device wafer fabrication facility, FASL JV2, in Aizu-Wakamatsu, Japan. The facility, including equipment, is expected to cost approximately $1.3 billion when fully equipped. As of July 1, 2001, approximately $864 million (denominated in yen) of this cost had been funded. In July 2000, FASL broke ground for a third fabrication facility for the manufacture of Flash memory devices in Aizu-Wakamatsu, Japan. The facility, designated as FASL JV3, is expected to cost approximately $1.4 billion when fully equipped. Capital expenditures for FASL JV2 and FASL JV3 construction to date have been funded by cash generated from FASL operations and borrowings by FASL. FASL has also expanded its production capacity through a foundry arrangement with Fujitsu Microelectronics, Inc. (FMI). In connection with this foundry arrangement, we agreed to guarantee up to $125 million of Fujitsu's obligations under FMI's credit facility.

A significant portion of the FASL capital expenditures in 2001 will continue to be funded by cash generated from FASL operations. In addition, both Fujitsu and AMD made capital contributions of 15 billion yen ($122 million) each to FASL during the second quarter of 2001. Further, to the extent that additional funds are required for the full facilitization of FASL JV2 or ramp of FASL JV3, AMD may be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL. As of July 1, 2001, we did not have any loan guarantees outstanding with respect to these loans. These planned costs

are incurred in yen and are, therefore, subject to change due to foreign exchange rate fluctuations. At the end of the second quarter of 2001, the exchange rate was approximately 121.46 yen to 1 U.S. dollar, which we used to translate the amounts denominated in yen.

We believe that cash flows from operations and current cash balances, together with available external financing, will be sufficient to fund operations and capital investments for at least the next 12 months.

RISK FACTORS

Our business, results of operations and financial condition are subject to a number of risk factors, including the following:

Flash Memory Products

The demand for Flash memory devices continues to be weak primarily as a result of the continued severe downturn in the communications and networking equipment industries. It is extremely difficult to forecast memory product sales given the uncertainties of the level of demand in a continuing soft market. Therefore, we cannot be certain as to the level of demand for our Flash memory devices, although a substantial sequential decline in sales is probable in the current quarter. If the communications and networking equipment industries do not recover and the sales of our Flash memory products continue to decline, our business could be materially and adversely affected.

Competition in the market for Flash memory devices will increase in 2001 and beyond as existing manufacturers introduce new products and industry-wide production capacity increases. We may be unable to maintain or increase our market share in Flash memory devices as the market develops and as existing and potential new competitors introduce competitive products. A decline in our Flash memory device business could have a material adverse effect on our business.

Microprocessor Products

Dependence on AMD Seventh-Generation Microprocessors. We must continue to successfully market our seventh-generation Microsoft Windows compatible microprocessors, the AMD Athlon and AMD Duron microprocessors, in order to increase our microprocessor product revenues in 2001 and beyond, and to benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors. We began volume shipments of AMD Athlon microprocessors in the second half of 1999. We began shipments of AMD Duron processors, a derivative of the AMD Athlon processor designed to provide an optimized solution for value-conscious business and home users, in the second half of 2000. Our production and sales plans for AMD Athlon and AMD Duron microprocessors are subject to numerous risks and uncertainties, including:

- our ability to maintain average selling prices of seventh-generation microprocessors despite increasingly aggressive Intel pricing strategies, marketing programs and product bundling of microprocessors, motherboards, chipsets and combinations thereof;

- whether Tier One OEM customers will use our seventh-generation microprocessors in systems developed for the commercial market;

- our ability to successfully offer new higher performance versions of the AMD Athlon microprocessor competitive with Intel's Pentium 4 processor;

- our ability on a timely basis to produce seventh-generation microprocessors in the volume and with the performance and feature set required by customers;

- the pace at which we are able to ramp production in Dresden Fab 30 on 0.18- and 0.13-micron copper interconnect process technology;

- our ability to expand our chipset and system design capabilities;

- the availability and acceptance of motherboards and chipsets designed for our seventh-generation microprocessors; and

- the use and market acceptance of a non-Intel processor bus (adapted by us from Digital Equipment Corporation's EV6 bus) in the design of our seventh-generation microprocessors, and the availability of chipsets from vendors who will develop, manufacture and sell chipsets with the EV6 interface in volumes required by us.

If we fail to achieve continued market acceptance of our seventh-generation microprocessors our business will be materially and adversely affected.

Investment in and Dependence on AMD Microprocessor Products. Our microprocessor product revenues have and will continue in 2001 and 2002 to make significant contributions to our overall revenues, profit margins and operating results. We plan to continue to make significant capital expenditures to support our microprocessor products both in the near and long term. These capital expenditures will be a substantial drain on our cash flow and possibly on our cash balances as well.

Our ability to increase microprocessor product revenues, and benefit fully from the substantial financial investments and commitments we have made and continue to make related to microprocessors, depends upon the success of the AMD Athlon and AMD Duron microprocessors, our seventh-generation Microsoft Windows compatible microprocessors, and future generations of microprocessors beginning with the "Hammer" family of microprocessors that we plan to introduce in 2002. The Hammer processors will be our first processors capable of 64-bit operation, and are being designed to deliver leading-edge performance on both the 64-bit software used by high-end workstations and servers and the 32-bit software used by the majority of desktop and mobile computer users.

The microprocessor market is characterized by short product life cycles and migration to ever-higher performance microprocessors. To compete successfully against Intel in this market, we must transition to new process technologies at a fast pace and offer higher performance microprocessors in significantly greater volumes. We must achieve acceptable yields while producing microprocessors at higher speeds. Any significant difficulty in achieving microprocessor yield and volume plans may adversely affect our results of operations and liquidity. If we fail to offer higher performance microprocessors in significant volume on a timely basis in the future, our business could be materially and adversely affected. We may not

achieve the production ramp necessary to meet our customers' volume requirements for higher performance microprocessors. It is also possible that we may not increase our microprocessor revenues enough to achieve sustained profitability.

To sell the volume of AMD Athlon and AMD Duron microprocessors we currently plan to make in 2001 and 2002, we must increase sales to existing customers and develop new customers in both consumer and commercial markets. If we lose any current top tier OEM customers, or if we fail to attract additional customers through direct sales and through our distributors, we may not be able to sell the volume of units planned. This result could have a material adverse effect on our business.

Our production and sales plans for microprocessors are subject to other risks and uncertainties, including:

- the effects of Intel's increasingly aggressive pricing, new product introductions and marketing strategies;
- adverse market conditions in the personal computer (PC) market and consequent diminished demand for our microprocessors;
- market acceptance of our microprocessors, including the timely volume availability of motherboards and chipsets designed for these processors;
- whether we can successfully fabricate higher performance microprocessors in planned volume and speed mixes;
- whether we will have the financial and other resources necessary to continue to invest in the microprocessor products, including leading-edge wafer fabrication equipment and advanced process technologies;
- the possibility that our newly introduced products may be defective; and
- unexpected interruptions in our manufacturing operations.

See also the discussions below regarding Intel Dominance and Process Technology.

Intel Dominance. Intel has dominated the market for microprocessors used in PCs for many years. Because of its dominant market position, Intel has historically set and controlled x86 microprocessor and PC system standards and, thus, dictated the type of product the market requires of Intel's competitors. In addition, Intel may and does vary prices on its microprocessors and other products at will and thereby affects the margins and profitability of its competitors due to its financial strength and dominant position. Because Intel has dominated the microprocessor market for many years and has brand strength, we have in the past priced AMD microprocessors below the published price of Intel processors offering comparable performance. Thus, Intel's processor pricing and marketing can impact and have impacted the average selling prices of our microprocessors, and consequently can impact and have impacted our overall margins.

Intel also exerts substantial influence over PC manufacturers and their channels of distribution through the "Intel Inside" brand program and other marketing programs. Intel invests billions of dollars in, and as a result exerts influence over, many other technology companies. We expect Intel to continue to invest heavily in research and development, new manufacturing facilities and other technology companies, and to remain dominant:

- through the Intel Inside and other marketing programs;
- through other contractual constraints on customers, retailers, industry suppliers and other third parties;
- by controlling industry standards; and
- by controlling supply and demand of motherboards, chipsets and other system components.

As an extension of its dominant microprocessor market share, Intel also dominates the PC platform. As a result, PC manufacturers have been increasingly unable to innovate and differentiate their product offerings. We do not have the financial resources to compete with Intel on such a large scale. As long as Intel remains in this dominant position, we may be materially and adversely affected by its:

- pricing strategies;
- product mix and introduction schedules;
- product bundling, marketing, and merchandising strategies;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, chipset and basic input/output system (BIOS) suppliers; and

- user brand loyalty.

As Intel expanded its dominance over the PC system platform, many PC manufacturers reduced their system development expenditures and now purchase microprocessors together with chipsets or in assembled motherboards. PC OEMs are increasingly dependent on Intel, less innovative on their own and, to a large extent, distributors of Intel technology. In marketing our microprocessors to these OEMs and dealers, we depend on companies other than Intel for the design and manufacture of core-logic chipsets, graphics chips, motherboards, BIOS software and other components. In recent years, many of these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies produce chipsets, motherboards, BIOS software and other components to support each new generation of Intel's microprocessors only if Intel makes information about its products available to them in time to address market opportunities. Delay in the availability of such information makes, and will continue to make, it increasingly difficult for these third parties to retain or regain market share.

To compete with Intel in the microprocessor market in the future, we intend to continue to form close relationships with third-party designers and manufacturers of chipsets, motherboards, graphics chips, BIOS software and other components. Similarly, we intend to expand our chipset and system design capabilities, and to offer OEMs licensed system designs incorporating our microprocessors and companion products. We cannot be certain, however, that our efforts will be successful.

We do not currently plan to develop microprocessors that are bus interface protocol compatible with the Pentium III, Pentium 4 and Celeron processors because our patent cross-license agreement with Intel does not extend to microprocessors that are bus interface protocol compatible with Intel's sixth and subsequent generation processors. Thus, the AMD Athlon and AMD Duron microprocessors are not designed to function with motherboards and chipsets

designed to work with Intel microprocessors. The same will be true of our Hammer family of microprocessors. Our ability to compete with Intel in the market for seventh-generation and future generation microprocessors will depend on our:

- success in designing and developing the microprocessors; and

- ability to ensure that the microprocessors can be used in PC platforms designed to support our microprocessors, or that platforms are available which support both Intel processors and our microprocessors.

A failure for any reason of the designers and producers of motherboards, chipsets, processor modules and other system components to support our microprocessor offerings would have a material adverse effect on our business.

Fluctuations in the PC Market. Since most of our microprocessor products are used in PCs and related peripherals, our future growth is closely tied to the growth of the PC industry. Industry-wide fluctuations in the PC marketplace have in the past and may in the future materially and adversely affect our business.

Dependence on Microsoft and Logo License. Our ability to innovate beyond the x86 instruction set controlled by Intel depends on support from Microsoft in its operating systems. If Microsoft does not provide support in its operating systems for the x86 instructions that we innovate and design into our processors, independent software providers may forego designing their software applications to take advantage of our innovations. This would adversely affect our ability to market our processors. For example, we cannot assure that Microsoft will support our Hammer family of microprocessors and its x86-64 bit instruction set. Microsoft's support is vital to the success of the Hammer family products currently in development.

In addition, we have entered into logo license agreements with Microsoft that allow us to label our products as "Designed for Microsoft Windows." We have also obtained appropriate certifications from recognized testing organizations for our microprocessors. If we fail to maintain the logo license agreements with Microsoft, we may lose our ability to label our microprocessors with the Microsoft Windows logo. This could impair our ability to market the products and could have a material adverse effect on our business.

Demand for Our Products Affected by Worldwide Economic Conditions

A continued decline of the worldwide semiconductor market could further decrease the demand for microprocessors, Flash memory devices and other integrated circuits. A significant decline in economic conditions in any significant geographic area, either domestically or internationally, could decrease the overall demand for our products, which could have a material adverse effect on our business.

Financing Requirements

We will have significant capital requirements during the remainder of 2001. To the extent that we cannot generate the required capital internally or obtain such capital externally, our business could be materially and adversely affected. We cannot assure the availability of such capital on terms favorable to us, or at all. We currently plan to make capital investments of approximately $900 million in 2001 although the actual expenditures may vary. These investments include those relating to the continued facilitization of Dresden Fab 30 and Fab 25.

In March 1997, our indirect wholly owned subsidiary, AMD Saxony, entered into the Dresden Loan Agreements with a consortium of banks led by Dresdner Bank AG. The Dresden Loan Agreements require that we partially fund Dresden Fab 30 project costs in the form of subordinated loans to, or equity investments in, AMD Saxony. In accordance with the terms of the Dresden Loan Agreements, we have invested $271 million as of July 1, 2001, in the form of subordinated loans and equity in AMD Saxony. If we are unable to meet our obligations to AMD Saxony as required under the Dresden Loan Agreements, we will be in default under the Dresden Loan Agreements and the Loan Agreement, which would permit acceleration of indebtedness, which would have a material adverse effect on our business.

In July 2000, FASL broke ground for a third fabrication facility, FASL JV3, for the manufacture of Flash memory devices in Aizu-Wakamatsu, Japan. As of December 2000, the building was complete and the clean room was under construction. FASL JV3 is expected to cost $1.4 billion when fully equipped. FASL capital expenditures to date have been funded by cash generated from FASL operations and borrowings by FASL. A significant portion of the FASL capital expenditures in 2001 will continue to be funded by cash generated from FASL operations. In addition, both Fujitsu and AMD made capital contributions of $122 million each to FASL during the second quarter of 2001. To the extent that additional funds are required for the full facilitization of FASL JV2 or ramp of FASL JV3, AMD may be required to contribute cash or guarantee third-party loans in proportion to our 49.992 percent interest in FASL. If we are unable to fulfill our obligations to FASL, our business will be materially and adversely affected.

Manufacturing

Capacity. We underutilize our manufacturing facilities from time to time as a result of reduced demand for certain of our products. In the past, there have been times when our operations related to microprocessors have been particularly affected by this situation. If we underutilize our manufacturing facilities in the future, our gross margins may suffer. We are substantially increasing our manufacturing capacity by making significant capital investments in Fab 25 and Dresden Fab 30. FASL is currently constructing FASL JV3. We are continuing to increase production in our test and assembly facility in Suzhou, China. We have based our strategy of increasing our manufacturing capacity on industry projections for future growth. If these industry projections are inaccurate, or if demand for our products does not increase consistent with our plans and expectations, we will likely underutilize our manufacturing facilities and our business could be materially and adversely affected.

In contrast to the above, there also have been situations in the past in which our manufacturing facilities were inadequate to meet the demand for certain of our products. Our inability to obtain sufficient manufacturing capacities to meet demand, either in our own facilities or through foundry or similar arrangements with others, could have a material adverse effect on our business. At this time, the risk is that we will have underutilized capacity in Fab 25, in our manufacturing facilities that support our Foundry Services segment and in the manufacturing facilities used to make our Flash memory devices.

Conversion of Fab 25 to Flash Memory Device Production. We will begin converting Fab 25 to production of our Flash memory devices by the end of 2001. The speed of the conversion of Fab 25 will depend on the Flash market and general business conditions.

Process Technology. In order to remain competitive, we must make continuing substantial investments in improving our process technologies. In particular, we have made and continue to make significant research and development investments in the technologies and equipment used to fabricate our microprocessor products and our Flash memory devices. Portions of these investments might not be fully recovered if we fail to continue to gain market acceptance, if the communications and networking industries do not recover or if the market for our Flash memory products should continue to significantly deteriorate. Likewise, we are making a substantial investment in Dresden Fab 30. We have developed and installed 0.18-micron process technology and copper interconnect technology in

Dresden Fab 30 in order to manufacture AMD Athlon microprocessors and plan to begin to convert Dresden Fab 30 to 0.13 micron technology in the fourth quarter of 2001. We have entered into a strategic alliance with Motorola to co-develop logic process and embedded Flash technologies. The logic process technology which is the subject of the alliance includes the copper interconnect and silicon on insulator technology that is required for AMD Athlon microprocessors and subsequent generations of microprocessors. The successful development and implementation of silicon on insulator technology is, for example, critical to the success of the Hammer family of processors currently under development. We cannot be certain that the strategic alliance will be successful or that we will be able to develop or obtain the leading-edge process technologies that will be required in Fab 25 or Dresden Fab 30 to fabricate microprocessors successfully.

Manufacturing Interruptions and Yields. Any substantial interruption of our manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, could materially and adversely affect our business operations. We also have been and may in the future be materially and adversely affected by fluctuations in manufacturing yields. The design and manufacture of ICs is a complex process. Normal manufacturing risks include errors and interruptions in the fabrication process and defects in raw materials, as well as other risks, all of which can affect yields. Additional manufacturing risks incurred in ramping up new fabrication areas and/or new manufacturing processes include equipment performance and process controls as well as other risks, all of which can affect yields.

Product Incompatibility. Our products may possibly be incompatible with some or all industry-standard software and hardware. If our customers are unable to achieve compatibility with software or hardware after our products are shipped in volume, we could be materially and adversely affected. It is also possible that we may be unsuccessful in correcting any such compatibility

problems that are discovered or that corrections will be unacceptable to customers or made in an untimely manner. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on our business.

Product Defects. One or more of our products may possibly be found to be defective after we have already shipped such products in volume, requiring a product replacement, recall or a software fix which would cure such defect but impede performance. We may also be subject to product returns which could impose substantial costs on us and have a material and adverse effect on our business.

Essential Manufacturing Materials. Certain raw materials we use in the manufacture of our products are available from a limited number of suppliers. For example, we are dependent on key chemicals from a limited number of suppliers, and a few foreign companies principally supply several types of the integrated circuit packages purchased by us. Interruption of supply or increased demand in the industry could cause shortages in various essential materials. We would have to reduce our manufacturing operations if we were unable to procure certain of these materials. This reduction in our manufacturing operations could have a material adverse effect on our business.

International Manufacturing and Foundries. Nearly all product assembly and final testing of our products are performed at our manufacturing facilities in Penang, Malaysia; Bangkok, Thailand; Suzhou, China; and Singapore; or by subcontractors in the United States and Asia. We also depend on foreign foundry suppliers and joint ventures for the manufacture of a portion of our finished silicon wafers. Foreign manufacturing and construction of foreign facilities entail political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight and interest rates, and loss or modification of exemptions for taxes and tariffs. For example, if we were unable to assemble and test our products abroad, or if air transportation between the United States and our overseas facilities were disrupted, there could be a material adverse effect on our business.

Key Personnel

Our future success depends upon the continued service of numerous key engineering, manufacturing, marketing, sales and executive personnel. We may or may not be able to continue to attract, retain and motivate qualified personnel necessary for our business. Loss of the service of, or failure to recruit, key engineering design personnel could be significantly detrimental to our product development programs, including next generation microprocessors and Flash memory devices, or otherwise have a material adverse effect on our business.

Fluctuations in Operating Results

Our operating results are subject to substantial quarterly and annual fluctuations due to a variety of factors, including:

- the effects of competition with Intel in microprocessor and Flash memory device markets;

- decreases in unit average selling prices of our products due to competitive pricing pressures or other factors;

- the gain or loss of significant customers;

- new product introductions by us or our competitors;

- changes in the mix of products produced and sold and in the mix of sales by distribution channels;

- market acceptance of new or enhanced versions of our products;

- production capacity levels and fluctuations in manufacturing yields;

- availability and cost of products from our suppliers;

- seasonal customer demand; and

- the timing of significant orders and the timing and extent of product development costs.

Our operating results also tend to vary seasonally due to vacation and holiday schedules. Our revenues are generally lower in the first, second and third quarters of each year than in the fourth quarter. This seasonal pattern is largely a result of decreased demand in Europe during the summer months and higher demand in the retail sector of the personal computer market during the winter holiday season.

In addition, operating results have recently been, and may in the future be, adversely affected by general economic and other conditions causing a downturn in the market for semiconductor devices, or otherwise affecting the timing of customer orders or causing order cancellations or rescheduling. Our customers may change delivery schedules or cancel orders without significant penalty. Many of the factors listed above are outside of our control. These factors are difficult to forecast, and these or other factors could materially and adversely affect our quarterly or annual operating results.

Other Risk Factors

Technological Change and Industry Standards. The market for our products is generally characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements, short product life cycles and severe price competition. Currently accepted industry standards may change. Our success depends substantially on our ability, on a cost-effective and timely basis, to continue to enhance our existing products and to develop and introduce new products that take advantage of technological advances and adhere to evolving industry standards. An unexpected change in one or more of the technologies related to our products, in market demand for products based on a particular technology or of accepted industry standards could materially and adversely affect our business. We may or may not be able to develop new products in a timely and satisfactory manner to address new industry standards and technological changes, or to respond to new product announcements by others. In addition, new products may or may not achieve market acceptance.

Competition. The integrated circuit industry is intensely competitive and, historically, has experienced rapid technological advances in product and system technologies. After a product is introduced, costs and average selling prices normally decrease over time as production efficiency

and competition increase, and as successive generations of products are developed and introduced for sale. Technological advances in the industry result in frequent product introductions, regular price reductions, short product life cycles and increased product capabilities that may result in significant performance improvements. Competition in the sale of ICs is based on:

- performance;

- product quality and reliability;

- price;

- adherence to industry standards;

- software and hardware compatibility;

- marketing and distribution capability;

- brand recognition;

- financial strength; and

- ability to deliver in large volumes on a timely basis.

Order Revision and Cancellation Policies. We manufacture and market standard lines of products. Sales are made primarily pursuant to purchase orders for current delivery or agreements covering purchases over a period of time, which may be revised or canceled without penalty. As a result, we must commit resources to the production of products without any advance purchase commitments from customers. Our inability to sell products after we devoted significant resources to them could have a material adverse effect on our business.

Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as products that are slow moving or have been discontinued. These agreements, which may be canceled by either party on a specified notice, generally allow for the return of our products if the agreement with the distributor is terminated. The market for our products is generally characterized by, among other things, severe price competition. The price protection and return rights we offer to our distributors could materially and adversely affect us if there is an unexpected significant decline in the price of our products.

Intellectual Property Rights. It is possible that:

- we will be unable to protect our technology or other intellectual property adequately through patents, copyrights, trade secrets, trademarks and other measures;

- patent applications that we may file will not be issued;

- foreign intellectual property laws will not protect our intellectual property rights;

- any patent licensed by or issued to us will be challenged, invalidated or circumvented or that the rights granted thereunder will not provide competitive advantages to us; and

- others will independently develop similar products, duplicate our products or design around our patents and other rights.

From time to time, we have been notified that we may be infringing intellectual property rights of others. If any such claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We could decide, in the alternative, to resort to

litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming and could have a material adverse effect on our business. We cannot give any assurance that all necessary licenses can be obtained on satisfactory terms, or whether litigation may always be avoided or successfully concluded.

California Energy Crisis. California's two largest power companies are currently experiencing a power shortage that has resulted in periodic "rolling" blackouts to maintain the stability of the state power grid. Certain of our California facilities, including our headquarters, product design, sales and process technology development facilities, are susceptible to power interruptions as long as the energy crisis continues. One of the power companies, PG&E, has filed an additional contingency plan with the California Public Utilities Commission that would, if implemented, result in lengthy and routine power interruptions that would directly impact our leading-edge process technology development efforts, which could have a material adverse impact on our business. We are continuing to assess the impact of the energy crisis on our operations.

Environmental Regulations. We could possibly be subject to fines, suspension of production, alteration of our manufacturing processes or cessation of our operations if we fail to comply with present or future governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in the manufacturing process. Such regulations could require us to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. Any failure to control the use of, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject us to future liabilities and could have a material adverse effect on our business.

International Sales. Our international sales operations entail political and economic risks, including expropriation, currency controls, exchange rate fluctuations, changes in freight rates and changes in rates and exemptions for taxes and tariffs.

Volatility of Stock Price; Ability to Access Capital. Based on the trading history of our stock, we believe that the following factors have caused and are likely to continue to cause the market price of our common stock to fluctuate substantially:

- quarterly fluctuations in our operating and financial results;
- announcements of new products and/or pricing by us or our competitors;
- the pace of new process technology and product manufacturing ramps;
- production yields of key products; and
- general conditions in the semiconductor industry.

In addition, an actual or anticipated shortfall in revenue, gross margins or earnings from securities analysts' expectations could have an immediate effect on the trading price of our common stock in any given period. Technology company stocks in general have experienced extreme price and volume fluctuations that are often unrelated to the operating performance of the companies. This market volatility may adversely affect the market price of our common stock and consequently limit our ability to raise capital or to make acquisitions. Our current long term business plan envisions substantial cash outlays which may require external capital

financing. It is possible that capital and/or long-term financing will be unavailable on terms favorable to us or in sufficient amounts to enable us to implement our strategic plans.

Debt Restrictions. The Dresden Loan Agreements substantially prohibit AMD Saxony from transferring assets to us.

Earthquake Danger. Our corporate headquarters, a portion of our manufacturing facilities, assembly and research and development activities and certain other critical business operations are located near major earthquake fault lines. We could be materially and adversely affected in the event of a major earthquake.

Euro Conversion. On January 1, 1999, eleven of the fifteen member countries of the European Union established fixed conversion rates between their existing currencies and the euro. The participating countries adopted the euro as their common legal currency on that date. The transition period will last through January 1, 2002. We do not expect the introduction and use of the euro to materially affect our foreign exchange activities, to affect our use of derivatives and other financial instruments or to result in any material increase in costs to us. We will continue to assess the impact of the introduction of the euro currency over the transition period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In February 2001, we cancelled the interest rate swap agreement with a counterparty under which the difference between fixed- and floating-rate interest amounts calculated on an agreed-upon notional principal amount ($400 million) were exchanged at specified intervals. The cancellation resulted in a gain to us of $475,000.

For additional Quantitative and Qualitative Disclosures about Market Risk, including other foreign exchange risks associated with Dresden Fab 30, reference is made to Part II, Item 7A, Quantitative and Qualitative Disclosures about Market Risk, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2000.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

AMD's annual meeting of stockholders was held on April 26, 2001. The following are the results of the voting on the proposals submitted to stockholders at the annual meeting.

Proposal No. 1 Election of Directors. The following individuals were elected as directors:

Name	For	Withheld
W.J. Sanders III	259,400,030	3,474,452

Hector de J. Ruiz	260,949,548	1,924,934
Charles M. Blalack	260,942,422	1,932,060
R. Gene Brown	260,946,780	1,927,702
Robert B. Palmer	260,956,232	1,918,250
Joe L. Roby	260,397,720	2,476,762
Friedrich Baur	260,952,910	1,921,572
Leonard Silverman	260,955,950	1,918,532

Proposal No. 2: The proposal to ratify the appointment of Ernst & Young LLP as AMD's independent auditors for the current fiscal year was approved.

For: 260,323,157 Against: 1,464,839 Abstain: 1,086,486

Proposal No. 3: The proposal to approve the amendments to the 1996 Stock Incentive Plan was approved.

For: 185,413,030 Against: 75,942,169 Abstain: 1,519,282 Broker Non-Vote: 1

Proposal No. 4: The proposal to reapprove the performance goals under the 1996 Executive Incentive Plan was approved.

For: 253,889,078 Against: 7,384,154 Abstain: 1,601,249 Broker Non-Vote: 1

Proposal No. 5: The proposal to approve the amendments to the 2000 Employee Stock Purchase Plan was approved.

For: 250,342,812 Against: 11,064,097 Abstain: 1,467,572 Broker Non-Vote: 1

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

*10.23(b-1) Third Amendment to Technology Cross License Agreement, effective April 2, 2001, between AMD and Fujitsu Limited.

*10.23(g-1) Amendment to Joint Venture License Agreement, effective April 1, 1999, between AMD and Fujitsu Limited.

*10.23(j) Guaranty, effective as of October 1, 2000, by AMD in favor of and for the benefit of Fujitsu Limited.

10.57 Employment Agreement, dated as of September 27, 2000, between AMD and Robert J. Rivet.

*10.58 Patent Cross-License Agreement, dated as of May 4, 2001, between AMD and Intel Corporation.

10.59 Loan Agreement, dated as of June 19, 2001, between AMD and Hector and Judy Ruiz.

(b) Reports on Form 8-K

1. A Current Report on Form 8-K dated April 18, 2001, reporting under Item 5 - Other Events, was filed announcing our first quarter earnings.

2. A Current Report on Form 8-K dated May 7, 2001, reporting under Item 5 - Other Events, was filed announcing our intention to redeem all of our outstanding 6% Convertible Subordinated Notes due 2005 on May 21, 2001.

* Confidential treatment has been requested with respect to certain parts of this Exhibit.

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 thereunto duly authorized.

ADVANCED MICRO DEVICES, INC.

Date: August 8, 2001 By: /s/ Robert J. Rivet

Robert J. Rivet
Senior Vice President, Chief
Financial Officer

Signing on behalf of the registrant

and as the principal accounting
officer

EXHIBIT 10.23(b-1)

Third Amendment to Technology Cross-License Agreement

ADVANCED MICRO DEVICES, INC. ("AMD") and FUJITSU LIMITED ("Fujitsu") have agreed upon this Amendment to the Technology Cross-License Agreement between the parties dated March 26, 1993 ("Agreement") and other documents related thereto

1. The First Amendment To Technology Cross-License Agreement dated September 1, 1996, the letter entitled "RE First Amendment to Technology Cross-License Agreement" dated May 22, 1997 and the Second Amendment to Technology Cross-License Agreement dated March 20, 1998 are hereby terminated in their entirety.

2. *****

3. *****

4. *****

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

5. The following ***** are designated as *****

   *****

6. The parties agree, upon request by one of them, to review the ***** for the purpose of making changes thereto Notwithstanding, all changes to the ***** must be agreed to, in writing, by AMD and Fujitsu

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, the parties cause this Third Amendment to be executed by their duly authorized representatives to be effective as of April 2, 2001.

ADVANCED MICRO DEVICES INC.	FUJITSU LIMITED
/s/ Walid Maghribi	/s/ K. Shirai
By Walid Maghribi	By Kazunari Shirai
Title President, Memory Group	Title Executive Vice President & Group President, Electronic Devices Group

EXHIBIT 10.23(g-1)

AMENDMENT

TO

JOINT VENTURE LICENSE AGREEMENT

THIS AMENDMENT (this "Amendment"), effective as of April 1, 1999, is made among ADVANCED MICRO DEVICES, INC., a corporation organized and existing under the laws of the State of Delaware, United States of America, with its chief executive office and principal place of business at One AMD Place, Sunnyvale, California 94088, United States of America ("AMD"), FUJITSU LIMITED, a corporation organized and existing under the laws of Japan, with its registered place of business at 1-1, Kamikodanaka 4-Chome, Nakahara-ku, Kawasaki 211-8588, Japan ("Fujitsu"), and FUJITSU AMD SEMICONDUCTOR LIMITED, a joint venture organized and existing under the laws of Japan, with its registered office at 6, Kogyo Danchi, Monden-machi, Aizuwakamatsu-shi, Fukushima-ken 965-0845, Japan ("FASL").

WITNESSETH:

WHEREAS, AMD and Fujitsu formed FASL pursuant to the Joint Venture Agreement between AMD and Fujitsu dated March 30, 1993 and certain related agreements (collectively, the "FASL Agreements");

WHEREAS, pursuant to the FASL Agreements, FASL manufactures electrically programmable read only memory and flash memory integrated circuit devices ("Products") which are purchased by AMD and Fujitsu pursuant to the FASL Agreements, including without limitation, the Sales and Purchase Agreement of FASL Products among Fujitsu, AMD and FASL dated September 8, 1995, as amended by Memorandum of Understanding dated October 18, 1995, Memorandum dated February 19, 1996, Memorandum dated March 14, 1996, Memorandum dated May 16, 1996, and Memorandum dated July 13, 1998 (as amended, the "Sales and Purchase Agreement");

WHEREAS, AMD, Fujitsu and FASL *****;

WHEREAS, *****.

NOW, THEREFORE, AMD, Fujitsu and FASL agree as follows:

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

ARTICLE I
Definitions

SECTION 1.1 Definitions. Capitalized terms not otherwise defined in this Amendment are used with the definitions assigned to them in the Joint Venture License Agreement.

SECTION 1.2 Construction. In this Amendment, unless the context requires otherwise, references to Sections are to Sections of the Joint Venture License Agreement. Section headings are inserted for reference only and shall not affect the construction of this Amendment.

ARTICLE II
Amendments

SECTION 2.1 The Joint Venture License Agreement shall be amended as more particularly set out below. In all other respects, the Joint Venture License Agreement shall remain in full force and effect.

(a) Section 1.7 shall be deleted in its entirety, and replaced with the following text:

    *****

ARTICLE III
Miscellaneous

SECTION 3.1 Miscellaneous.

(a) This Amendment is limited as specified and shall not constitute a modification, amendment or waiver of any other provision of the Joint Venture License Agreement or any other provision of any other FASL Agreement. Except as specifically amended by this Amendment, the Joint Venture License Agreement shall remain in full force and effect and is hereby ratified and confirmed.

(b) This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

(c) The provisions of Article 7 (Exchange of Information and Confidentiality) of the Joint Venture License Agreement shall apply, mutatis mutandis, to all information exchanged among parties, as amended by this Amendment.

(d) This Amendment shall be effective as of April 1, 1999.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, each of the parties set out below has caused this Amendment to be duly executed by its respective, duly authorized officer as of the date first above written.

ADVANCED MICRO DEVICES, INC.

/s/ Fran Barton

By Fran Barton

Title Sr. Vice President, CFO

FUJITSU LIMITED

/s/ K. Shirai

By Kazunari Shirai

Title Senior Vice President

FUJITSU AMD SEMICONDUCTOR LIMITED

/s/ K. Yanagida

By Kimio Yanagida

Title President

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

EXHIBIT 10.23(j)

GUARANTY

This Guaranty (the "Guaranty") is effective as of October 1, 2000 and is entered into by ADVANCED MICRO DEVICES, INC., a Delaware corporation ("AMD"), in favor of and for the benefit of FUJITSU LIMITED, a corporation organized under the laws of Japan ("Fujitsu").

RECITALS

A. Fujitsu Microelectronics, Inc., a California corporation ("FMI") and Fujitsu AMD Semiconductor Limited, a joint venture organized under the laws of Japan ("FASL") are in the process of negotiating a foundry agreement whereby FMI will ***** production capacity for flash wafers at FMI's Gresham Manufacturing Division in Gresham, Oregon ("GMD") to FASL and pursuant to which FASL will purchase ***** of the flash wafers produced by FMI (the "GMD Wafers").

B. FASL, AMD and Fujitsu are party to that certain Sales and Purchase Agreement of FASL Products dated as of September 8, 1995 (as amended from time to time, the "FASL Sales Agreement"), pursuant to which AMD and Fujitsu purchase wafers from FASL (including without limitation the GMD Wafers). *****.

C. In order to meet its working capital needs and to increase production capacity at GMD, FMI wishes to borrow funds from the lenders (the "Lenders") under that certain US$550,000,000 364-Day Global Multicurrency Revolving Credit Facility Agreement dated October 29, 1999, with Credit Lyonnais, Tokyo Branch, the Agent Bank, or any amendment or replacement, including any bilateral bank loan facility, of the credit facility (the "Credit Facility").

D. Under the terms of the Credit Facility, Fujitsu is a co-signer with FMI on all borrowings made by FMI pursuant to the Credit Facility (such co-signing obligation being the "Fujitsu Primary Lender Obligation").

E. In consideration of Fujitsu's Primary Lender Obligation and because increased production capacity at FMI will benefit AMD, AMD has agreed to provide to Fujitsu a guarantee of FMI's obligations under the Credit Facility, up to a maximum guaranteed amount of $125,000,000, subject to the terms and conditions outlined herein.

NOW THEREFORE, in consideration of and subject to the mutual covenants, terms and conditions contained in this Agreement, AMD and Fujitsu agree as follows:

1. Guaranty.

(a) In order to induce Fujitsu to maintain its Primary Lender Obligation for FMI's borrowings under the Credit Facility, AMD guaranties the due and punctual payment in full of all Guarantied Obligations (as hereinafter defined) when the same shall

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

become due, whether at stated maturity, by acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. ss. 362(a)), but solely to the extent such Guarantied Obligations become due as a result of FMI's (x) failure to pay a scheduled installment of principal or interest on the Credit Facility when due (including without limitation at maturity) (such failure being "Payment Default") or (y) request for an immediate advance of funds from Fujitsu accompanied by a written certification sent to both Fujitsu and AMD and signed by FMI's Chief Financial Officer stating that such failure will occur in the absence of the advance. The term "Guarantied Obligations" means the obligations of FMI under the Credit Facility or under any advance from Fujitsu made in response to such written certification from FMI's Chief Financial Officer, but in no event shall the Guarantied Obligations exceed $125,000,000 in the aggregate. Fujitsu acknowledges, except as specifically noted above, that in no event shall the "Guarantied Obligations" hereunder include any obligations of FMI to Fujitsu, any affiliate or subsidiary thereof or to the Lenders other than such obligations as may arise in connection with the Credit Facility.

(b) AMD acknowledges that the Guarantied Obligations are being incurred for and will inure to the benefit of AMD.

(c) Subject to the other provisions of this Section 1, upon (x) an advance of funds by Fujitsu to FMI in response to a written certification from FMI's Chief Financial Officer in the form noted in Section 1(a) above or (y)(i) acceleration of the Credit Facility due to a Payment Default by FMI (except to the extent such Payment Default is caused by Fujitsu or is due to the failure of FMI or Fujitsu to renew or replace the 364-Day Credit Agreement at its terminination) and (ii) a demand under Fujitsu's Primary Lender Obligation, AMD will upon Fujitsu's demand pay, or cause to be paid, in cash, to Fujitsu, an amount equal to (i) the aggregate of the unpaid Guarantied Obligations of FMI under the Credit Facility in case of the Payment Default or (ii) any advance from Fujitsu made in response to a written certification from FMI's Chief Financial Officer.

2. Guaranty Absolute; Continuing Guaranty. The obligations of AMD hereunder are absolute and independent and shall not be affected by any circumstance that constitutes a legal or equitable discharge of AMD other than payment in full of the Guarantied Obligations or termination of this Guaranty. In furtherance of the foregoing and without limiting the generality thereof, AMD agrees that: (a) this Guaranty is a guaranty of payment when due and not of collectibility; (b) subject as provided herein, Fujitsu may enforce this Guaranty upon an acceleration under the Credit Facility and a demand on the Fujitsu Primary Lender Obligation, or upon Fujitsu's advance of funds; and (c) AMD's payment of a portion, but not all, of the Guarantied Obligations shall in no way limit, affect, modify or abridge AMD's liability for any portion of the Guarantied Obligations that has not been paid. This Guaranty is a continuing guaranty and shall be binding upon AMD and its successors and assigns.

3. No Discharge. This Guaranty and the obligations of AMD hereunder shall be valid and enforceable and, subject as provided herein, shall not be subject to any

limitation, impairment or discharge for any reason (other than payment in full of the Guarantied Obligations or any termination of this Guaranty).

4. Expenses. AMD agrees to pay, or cause to be paid, on demand, and to save Fujitsu harmless against liability for, any and all costs and expenses incurred or expended by Fujitsu in connection with the enforcement of or preservation of any rights under this Guaranty.

5. Amendments and Waivers. No amendment, modification, termination or waiver of any provision of this Guaranty, and no consent to any departure by AMD therefrom, shall in any event be effective without the written concurrence of Fujitsu and, in the case of any such amendment or modification, AMD. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

6. Miscellaneous.

(a) In case any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(b) THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF AMD AND FUJITSU HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) This Guaranty shall inure to the benefit of Fujitsu and its successors and assigns.

(d) ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST AMD ARISING OUT OF OR RELATING TO THIS GUARANTY MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE STATE OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS GUARANTY AMD ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS GUARANTY. AMD agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to AMD at its address set forth below its signature hereto, such service being acknowledged by AMD to be sufficient for personal jurisdiction in any action against AMD in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of Fujitsu to bring proceedings against AMD in the courts of any other jurisdiction.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

(e) AMD AND, BY ITS ACCEPTANCE OF THE BENEFITS HEREOF, FUJITSU EACH AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS GUARANTY. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation contract claims, tort claims, breach of duty claims and all other common law and statutory claims. AMD and, by its acceptance of the benefits hereof, Fujitsu each (i) acknowledges that this waiver is a material inducement for AMD and Fujitsu to enter into a business relationship, that AMD and Fujitsu have already relied on this waiver in entering into this Guaranty or accepting the benefits thereof, as the case may be, and that each will continue to rely on this waiver in their related future dealings, and (ii) further warrants and represents that each has reviewed this waiver with its legal counsel and that each knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS OF THIS GUARANTY. In the event of litigation, this Guaranty may be filed as a written consent to a trial by the court.

7. Counterparts. This Guaranty may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original for all purposes; but all such counterparts together shall constitute but one and the same instrument.

8. Covenant. Each party covenants and agrees that it will enforce this Guaranty and its rights hereunder in good faith.

9. Termination. This Guaranty shall terminate and be of no further force and effect on the earliest of:

(a) any default by Fujitsu under the FASL Sales Agreement or the Joint Venture Agreement dated March 30, 1993 between AMD and Fujitsu, as amended;

(b) termination of the Credit Facility;

(c) March 31, 2003.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

IN WITNESS WHEREOF, AMD and, solely for purposes of the waiver of the right to jury trial contained in Section 6, Fujitsu have caused this Guaranty to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

ADVANCED MICRO DEVICES, INC.

/s/ Francis P. Barton

By: Francis P. Barton

Title: Senior Vice President & Chief Financial Officer

Address: One AMD Place
Sunnyvale, California 94088
Attention: ____________________

FUJITSU LIMITED

/s/ Takashi Takaya

By: Takashi Takaya

Title: Executive Vice President

Address: 6-1, Marunouchi 1-chome
Chiyeda-ku, Tokyo 100-8211
Attention: Finance Division

Exhibit 10.57

[LOGO OF AMD]
[LETTERHEAD OF AMD]

September 27, 2000

Robert J. Rivet
4319 Lakeway Blvd.
Austin, TX 78734

Dear Bob:

I am pleased to extend to you this offer to join AMD, Inc. as Senior Vice President and Chief Financial Officer, reporting to Hector Ruiz, President and Chief Operating Officer on the terms set forth below;

1. <u>Base Salary</u> - Your initial base salary will be $35,416.67 per month ($425,000 per year) paid biweekly. Your base salary will be reviewed on an annual basis, generally in April. Any increase you may receive in April of 2001 will be prorated to reflect actual number of months in AMD's employ.

2. <u>Bonus</u> - You will participate in AMD's Vice President Incentive Plan (VPIP) with a short term component target of 50%, and a long term component target of 30%. Any bonus payment for which you may qualify in 2000 will be prorated to reflect actual number of months in AMD's employ. Details of this plan are described in the enclosed VPIP Summary Brochure.

   In addition, in the event that you forfeit any part of the Motorola 2000 annual bonus, including both the short-term and long-term component, to which you would have been entitled, AMD will pay you an equivalent amount, not to exceed $425,000, on the date the bonus would have been paid by Motorola.

3. <u>Stock Options</u> - On your first day of employment (the commencement date), subject to the approval of the Compensation Committee of our Board of Directors, you will be granted a nonqualified stock option to purchase 200,000 shares of AMD common stock at an exercise price equal to the closing price of AMD common stock on the grant date. Starting in 2001, your annual grant target is 100,000 options.

   <u>Vesting</u>

   200,000 options

   - 125,000 vest on the first anniversary of the grant date
   - 75,000 vest ratably over the 12-month period immediately following the first anniversary.

   100,000 options annual grant target beginning in 2001

   - 50,000 shares vest on the first anniversary of the grant date
   - 50,000 vest ratably over the 12-month period immediately following the first anniversary.

Actual number of shares granted may be more or less than 100,000, depending on personal performance and competitive market considerations.

4. <u>Restricted Stock</u> - Subject to the approval of the Compensation Committee of our Board of Directors you will be granted 30,000 shares of restricted stock with par value of $0.01 on your commencement date.

   <u>Vesting</u>

   30,000 shares of restricted stock

   - 10,000 vest in mid July 2001

- o 10,000 vest in mid July 2002
- o 10,000 vest in mid July 2003

A sample vesting schedule is shown in Exhibit A. Shares shown as granted in 2001 and beyond are intended to demonstrate how shares vest over time.

5. Special Employment Bonus - AMD will pay you a hire-on bonus of $370,000, subject to approximate tax withholding, within 10 days of the beginning of the quarter following your commencement date.

6. Retirement Benefit Replacement - Subject to your continued employment by AMD, the Company will provide you with a lump sum cash payment at age 57 of an amount estimated to be the projected benefit payable to you under the Motorola Elected Officers Supplemental Retirement Plan on the date you attain age 57. If you retire from AMD at or after age 55 but prior to age 57, you will be eligible to receive at age 57 a benefit similar to what you would be projected to receive under the Motorola Elected Officers Supplemental Retirement Plan. During the next few weeks, we will work with you and your financial advisor to determine the amount of this payment as well as the terms and conditions of the agreement under which this benefit will be provided.

7. Involuntary Termination through 12/31/01 - In the event of your involuntary termination by AMD between your commencement date and January 1, 2002 (other than for cause or as a result of a change in control) we will pay you an amount equal to one year's salary at the rate then in effect, plus an amount you would have earned under the Vice President Incentive Plan (VPIP) had you continued employment through the end of the year in which employment terminated, and we will accelerate the vesting of all unvested options and restricted stock granted to you on your commencement date (the initial grant).

8. Management Continuity Agreement - Certain benefits will be available to you in the event of a change in control, which includes any change of a nature which would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended. A change in control is conclusively presumed to have occurred on:

    - o Acquisition by an person, other than AMD, or any employee benefit plan of ours, of beneficial ownership of more than 20% of the combined voting power of our then outstanding securities.
    - o A change of the majority of the Board of Directors during any two consecutive years, unless certain conditions of Board approval are met.
    - o A determination by certain members of the Board within one year after an event that such event constitutes a change in control.

    The management continuity agreements provide that, in the event of a change in control, we will reimburse you for any federal excise taxes (and taxes on those taxes) payable as a result of benefits received from us. The agreements provide that, if within two years after a change in control your employment is terminated by the company or you are constructively discharged you will receive:

    - o A severance benefit equal to three times the sum of your rate of base compensation plus the average of your two highest bonuses in the last five years.
    - o Payment of your accrued bonus.
    - o Twelve months' continuation of other incidental benefits, and
    - o Full and immediate vesting of all unvested stock options, SARs and restricted stock awards.
    - o If termination following a change in control occurs on or after the date you attain age 55, you will receive a lump sum payment of the Retirement Benefit Replacement amount otherwise payable to you at age 57.

9. Benefits and Perquisites - AMD makes available to our executives a broad range of benefits and executive perqs., including health and dental insurance, 401(K) program with company matching and profit sharing. Enclosed are brochures describing these benefits and perqs. After your review, please direct any questions you may have to Reid Linney, Vice President Human Resources at (408) 749-2113 or to me.

10. Strategic Incentive - We will tailor a personalized incentive plan covering the 2001, 2002 and 2003 fiscal years. This plan will enable you to participate in AMD's success relative to our annual EVA objectives, as specified in our business plan. The target award in any year will be 100% of salary, although you will have an opportunity to earn up to 125% of salary for exceeding planned EVA. A boundary condition for any award to be earned for a given year is that every AMD product group must achieve an EVA of zero or better. Provided that condition is satisfied, you will begin to accrue an award as soon as AMD's overall EVA for the year equals 60% of planned EVA. If AMD as a whole achieves its planned EVA for the year, then your award will equal the target award. As agreed, you and Hector will jointly finalize the details of this plan.

Bob, we believe that your career interests and accomplishments align very well with AMD's requirements, and that you will be a very successful member of our executive team. We look forward to your early acceptance of our offer. Please call me if I can be of assistance to you.

Yours sincerely,

/s/ Stan Winvick /s/ Bob Rivet 9/27/00

Stan Winvick
Senior Vice President
Human Resources

PATENT CROSS LICENSE AGREEMENT

BETWEEN

ADVANCED MICRO DEVICES, INC. AND INTEL CORPORATION

This Patent License Agreement ("Agreement") is entered into as of January 1, 2001 ("Effective Date") by and between Advanced Micro Devices, Inc., a Delaware corporation, having an office at One AMD Place, Sunnyvale, CA ("AMD") and Intel Corporation, a Delaware corporation, having an office at 2200 Mission College Blvd., Santa Clara, California 95052, U.S.A. ("Intel").

IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

1.1. "Affiliate" shall mean any entity (a) of which a party is a Subsidiary (such entity being a "Parent"), (b) that is a Subsidiary of a party, or (c) that is a Subsidiary of a Parent of a party.

1.2. "Capture Period" shall mean any time on or prior to the tenth anniversary of the Effective Date.

1.3. "AMD Compatible Chipsets" shall mean *****.

1.4. "AMD Interface" shall mean *****.

1.5. "AMD Licensed Products" shall mean *****.

1.6. "AMD Processor" shall mean *****.

1.7. "AMD Processor Bus" shall mean *****.

1.8. "AMD Proprietary Product" shall mean *****.

1.9. "Information System Product" shall mean *****.

1.10. "Integrated Circuit" shall mean an integrated unit comprising (a) one or more active and/or passive circuit elements associated on one or more substrates, such unit forming, or contributing to the formation of, a circuit for performing electrical functions (including, if provided therewith, housing and/or supporting means) in combination with (b) any and all firmware, microcode or drivers, if needed to cause such circuit to perform substantially all of its intended hardware functionality, whether or not such firmware, microcode or drivers are shipped with such integrated unit or installed at a later time.

1.11. "Intel Compatible Chipsets" shall mean *****.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

1.12. "Intel Interface" shall mean *****.

1.13. "Intel Licensed Products" shall mean *****.

1.14. "Intel Processor" shall mean *****.

1.15. "Intel Processor Bus" shall mean *****.

1.16. "Intel Proprietary Product" shall mean *****.

1.17. "Licensed Product" shall mean an AMD Licensed Product or an Intel Licensed Product as applicable.

1.18. "Net Revenue" shall mean the *****. Deductions may not include *****. Calculation of Net Revenue shall be subject to the following terms.

(a) For sales or other dispositions to end-customers (i.e., not to distributors), AMD may also deduct from Net Revenue *****.

(b) Sales or other dispositions to an AMD Subsidiary shall not be deemed sales that trigger Net Revenue until *****.

(c) Sales or other dispositions to a third party that is not an AMD Subsidiary shall be deemed to have occurred as follows. *****.

(d) When a Royalty-Bearing Unit is sold or disposed of as part of a system rather than as an individual component, the Net Revenue shall be determined as follows, *****.

(e) When a Royalty-Bearing Unit is sold or disposed of through a transaction in which AMD does not invoice the recipient of the Royalty-Bearing Unit (other than as specified in Section 1.18(b) above), the Net Revenue shall be determined as follows. *****.

(f) All currency transactions shall be translated to United States dollars using the average daily conversion rate for the period based upon published Wall Street Journal rates.

1.19. "Patents" shall mean all classes or types of patents other than design patents (including, without limitation, originals, divisions, continuations, continuations-in-part, extensions or reissues), and applications for these classes or types of patent rights in all countries of the world (collectively "Patent Rights") that, at any time during the term of this Agreement, are owned or controlled by the applicable party or any of its Subsidiaries or to which such entities have the right to grant licenses, that have a first effective filing date during the Capture Period and to the extent that the applicable party or its Subsidiaries has the right to grant licenses within and of the scope set forth herein and without the requirement to pay consideration to any third party (other than employees of the applicable party or its Subsidiaries) for the grant of a license under this Agreement.

1.20. "Processor" shall mean any Integrated Circuit or combination of Integrated Circuits capable of processing digital data, such as a microprocessor or coprocessor (including, without limitation, a math coprocessor, graphics coprocessor, or digital signal processor) that is capable of executing a substantial portion of the instruction set of an AMD Processor or an Intel Processor.

1.21. "Royalty-Bearing Units" shall mean *****.

1.22. "Subsidiary" shall mean any corporation, partnership, joint venture, limited liability or other entity, now or hereafter, in which a party

(a) owns or controls (either directly or indirectly) or originally contributed (either directly or indirectly) at least fifty percent (50%) of the tangible and intangible assets of such entity; and

(b) owns or controls (either directly or indirectly) either of the following:

(1) if such entity has voting shares or other securities, at least fifty percent (50%) of the outstanding shares or securities entitled to vote for the election of directors or similar managing authority and such entity is under no obligation (contractual or otherwise) to directly or indirectly distribute more than seventy percent (70%) of its profits to a third party, or

(2) if such entity does not have voting shares or other securities, at least fifty percent (50%) of the ownership interest that represents the right to make decisions for such entity and an interest sufficient to receive at least thirty percent (30%) of the profits and/or losses of such entity.

(c) An entity shall be deemed to be a Subsidiary under this Agreement only so long as all requisite conditions of being a Subsidiary are met.

2. MUTUAL RELEASES

2.1. AMD. AMD, on behalf of itself and its Subsidiaries, hereby releases, acquits and forever discharges Intel, its Subsidiaries that are Subsidiaries as of the Effective Date or become Subsidiaries during the term of this Agreement, and its and their distributors and customers, direct and indirect, from any and all claims or liability for infringement (direct, induced, indirect or contributory) of any AMD Patents that arise prior to the Effective Date of this Agreement, to the extent such infringement would have been licensed under the license granted to Intel hereunder if such license had been in existence at the time of such infringing activity.

2.2 Intel. Intel, on behalf of itself and its Subsidiaries, hereby releases, acquits and forever discharges AMD, its Subsidiaries that are Subsidiaries as of the Effective Date or become Subsidiaries during the term of this Agreement, and its and their distributors and customers, direct and indirect, from any and all claims or liability for infringement (direct, induced, indirect or contributory) of any Intel Patents that arose prior to the

Effective Date of this Agreement, to the extent such infringement would have been licensed under the license granted to AMD hereunder if such license had been in existence at the time of such infringing activity.

3. GRANT OF RIGHTS

3.1. AMD License to Intel. Subject to the terms and conditions of this Agreement, AMD hereby grants to Intel a non-exclusive, non-transferable ***** worldwide license, without the right to sublicense, under AMD's Patents to:

(a) make, use, sell (directly or indirectly), offer to sell, import and otherwise dispose of all Intel Licensed Products; and

(b) make, have made, use and/or import any equipment and practice any method or process for the manufacture, use and/or sale of Intel Licensed Products; and

(c) have made ***** Intel Licensed Products by another manufacturer for supply solely to Intel for use, import, sale, offer for sale or disposition by Intel pursuant to the license granted above in Section 3.1(a).

3.2. Intel License to AMD. Subject to the terms and conditions of this Agreement, Intel hereby grants to AMD a non-exclusive, non-transferable ***** worldwide license, without the right to sublicense, under Intel's Patents to:

(a) make, use, sell (directly or indirectly), offer to sell, import and otherwise dispose of all AMD Licensed Products;

(b) make, have made, use and/or import any equipment and practice any method or process for the manufacture, use and/or sale of AMD Licensed Products; and

(c) have made ***** AMD Licensed Products by another manufacturer for supply solely to AMD for use, import, sale, offer for sale or disposition by AMD pursuant to the license granted above in Section 3.2(a).

3.3. *****

3.4. Intel grants to AMD, for use in or with an AMD Licensed Product, licenses under Intel's copyrights in *****. No other copyright license to AMD is provided by this Agreement other than as set forth in this paragraph, either directly or by implication or estoppel.

3.5. AMD grants to Intel, for use in or with an Intel Licensed Product, licenses under AMD's copyrights in *****. No other copyright license to Intel is provided by this Agreement other than as set forth in this paragraph, either directly or by implication or estoppel.

3.6 Clarification Regarding *****. The parties understand and acknowledge that the licenses granted hereunder are intended to cover only the products of the two parties to this Agreement, and are not intended to cover *****. Similarly, the licenses provided under this Agreement are not intended to cover *****. Accordingly, by way of

clarification, the following guidelines are provided to aid the determination of whether a party's product is a Licensed Product as defined herein or whether such product is disqualified from being a Licensed Product because *****.

(a) Products of either party (including, without limitation, Application Specific Integrated Circuits "ASICs") that otherwise meet the definition of Licensed Product are disqualified as Licensed Products if such products *****.

(b) Products of either party (including, without limitation, ASICs) that otherwise meet the definition of Licensed Product are not disqualified as Licensed Products under ***** this Section 3.6 if:

(1) the party hereto selling such Licensed Product *****; or

(2) the party hereto selling such Licensed Product *****.

The guidelines set forth in this Section 3.6 restricting the definition of Licensed Product shall not apply to *****.

The guidelines set forth in this Section 3.6 restricting the definition of Licensed Product shall not apply to the *****.

3.7. *****

3.8. Licenses and Subsidiaries.

(a) Intention for Subsidiaries to be Bound.

(1) Except as expressly set forth herein, the parties intend that this Agreement shall extend to all of each party's Subsidiaries. The parties agree that to the extent they are not already bound, each party shall use reasonable and diligent efforts to ensure that all such Subsidiaries are bound by the terms of this Agreement.

(2) Each party agrees to take all steps that are reasonable and in good faith under the circumstances to ensure that all Patents directed to inventions that are made by its employees and/or contractors either alone or in conjunction with the employees and/or contractors of one or more of its Subsidiaries or third parties (to the extent legally possible) are licensed under this Agreement. Each party further agrees to take all steps that are reasonable and in good faith under the circumstances to ensure that all Patents directed to inventions that are made in substantial part using funding provided directly or indirectly by that party and/or its Subsidiaries are licensed under this Agreement.

(3) Notwithstanding the foregoing, however, both parties understand and intend that there are circumstances in which a

party could reasonably agree in good faith with an independent third party that the party would not have rights to license and/or enforce Patents directed to inventions

developed in conjunction with employees and or contractors of such third party. For example, both parties understand that it could be reasonable under the circumstances for a party to agree in good faith not to have rights to license and/or enforce Patents directed to inventions that arise out of: *****.

(4) Either party to this Agreement shall have the right to request a written confirmation or denial from the other party to this Agreement that a specific Subsidiary is (or is not) bound by this Agreement. A party receiving such a request shall provide such written confirmation (including a full explanation in support of such confirmation or denial) within 30 days after the receipt of the request.

(b) In the event that neither a party nor any of its Subsidiaries has the right to grant a license under any particular Patent Right of the scope set forth herein, then *****.

(c) The parties represent, warrant and covenant that they shall not *****.

(d) If either party or one of their Subsidiaries ("First Party") owns or has the right to enforce or control the enforcement of any rights in any Patent but *****.

(e) The extension of license rights to a Subsidiary shall apply only during the time period when such Subsidiary meets all requirements of a Subsidiary. However, if a Subsidiary of a party that holds any Patents that are licensed to the other party hereunder ceases to meet all requirements of being a Subsidiary, the licenses granted by such Subsidiary to the other party under this Agreement shall continue for the life of such Patents even after such entity ceases to meet all the requirements of being a Subsidiary.

(f) Notwithstanding anything to the contrary contained herein, in the event that either party or any of its Subsidiaries obtains rights to any Patents that would be included within the Patents licensed hereunder but for the fact that such a license would require the party granting such license to make payments to a third party, such Patents shall be included within the AMD Patents or the Intel Patents, as the case may be, if the party to whom such would be licensed under this Agreement agrees in a separate written agreement to be bound by, and protect such grantor against, those payment obligations.

(g) Notwithstanding Section 3.8(e), if a Subsidiary of a party becomes a Former Subsidiary, the other party ("Other Party") agrees that it shall *****, provided that:

(1) *****;

(2) *****;

(3) *****, and;

(4) For purposes of this Section 3.8(g), *****.

3.9. Waiver of Indirect Infringement Liability.

(a) For purposes of this Section 3.9, "Indirect Infringement" means a claim for infringement where the accused infringer is not directly infringing the subject patent rights(s), but is in some manner contributing to a third party's direct infringement of the subject Patent Rights(s) by, for example, supplying parts or instructions to the third party that as a result of such parts or instructions enable such third party to infringe directly the subject patent rights(s). Indirect Infringement includes without limitation contributory infringement and inducing infringement.

(b) Each party agrees that, unless the licenses it has granted hereunder are terminated pursuant to Section 6.2, for any Patents licensed hereunder and/or subject to Section 3.8(d) it will not assert a claim of Indirect Infringement against the other party ("Licensed Party") where such a claim would be based in any part or in any way upon (a) any activity for which the Licensed Party is licensed under this Agreement, or (b) the Licensed Party providing instructions regarding or sample designs related to its Licensed Products. The parties agree that the foregoing sentence does not and shall not in any way limit their respective rights to assert direct or indirect claims of infringement against third parties.

3.10. No Other Rights. No other rights are granted hereunder, by implication, estoppel, statute or otherwise, except as expressly provided herein. Specifically, (i) except as expressly provided in Section 3, nothing in the licenses granted hereunder or otherwise contained in this Agreement shall expressly or by implication, estoppel or otherwise give either party any right to license the other party's Patents to others, and (ii) no license or immunity is granted by either party hereto directly or by implication, estoppel or otherwise to any third parties acquiring items from either party for the combination of Licensed Products with other items or for the use of such combination. Nothing in this Section 3 shall be deemed as an agreement or prohibition against the manufacture, use, sale or importation of any product by either party.

4. ROYALTY PAYMENTS BY AMD

4.1. AMD agrees to pay INTEL a royalty on the Net Revenue from sales and other dispositions of Royalty-Bearing Units as a percentage of such Net Revenue according to the following schedule:

Disposition Date of Royalty-Bearing Unit	Royalty Rate
*****	*****%
*****	*****%
*****	*****%
*****	*****%

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

4.2. Intel represents that for the term of this Agreement, *****. The parties agree that in no event shall Intel's performance under the terms of this provision or Intel's breach of this representation be a cause of legal action or termination for material breach.

4.3. Within ***** (*****) days of the end of each calendar quarter, AMD shall pay the full amount of royalties due with respect to such quarter to Intel by wire transfer for the account of Intel to *****, or such other account as Intel may indicate from time to time. Along with each such payment, AMD shall deliver to Intel a detailed written royalty statement, in a form reasonably acceptable to Intel, which shows the sum of the ***** each allowed deduction applied by AMD to arrive at the ***** sold or otherwise disposed of, the royalty rate in effect, and the total royalty due to Intel. All royalty notices and reports shall be delivered to Intel at the following address, until such address is changed by notice from Intel:

Intel Corp
2111 NE 25th Ave
Hillsboro, OR 97124
MS JF3-149

4.4. All payments shall be made free and clear without deduction for any and all present and future taxes imposed by any taxing authority. In the event that AMD is prohibited by law from making such payments unless such deductions are made or withheld therefrom, then AMD shall pay such additional amounts as are necessary in order that the net amounts received by INTEL, after such deduction or withholding, equal the amounts which would have been received if such deduction or withholding had not occurred. AMD shall promptly furnish INTEL with a copy of an official tax receipt or other appropriate evidence of any taxes imposed on payments made under this Agreement, including taxes on any additional amounts paid. In cases other than taxes referred to above including but not limited to sales and use taxes, stamp taxes, value added taxes, property taxes and other taxes or duties imposed by any taxing authority on or with respect to the Agreement, the costs of such taxes or duties shall be borne by AMD. In the event that such taxes or duties are legally imposed initially on INTEL or INTEL is later assessed by any taxing authority, then INTEL will be promptly reimbursed by AMD for such taxes or duties together with any penalties, fines and interest thereon, except for interest, fines and/or penalties assessed due to the negligence, failure or fault of INTEL which interest, fines and/or penalties remain the sole obligation of INTEL. This clause shall survive the termination of the Agreement. Notwithstanding the foregoing, AMD shall not be responsible for taxes on or measured by Intel's net income.

4.5. INTEL agrees to make every good faith effort to notify AMD's tax department within ten (10) days of any audit, notice, assessment or other action affecting sales, use, stamp, value added, property or other taxes to be paid directly or indirectly by AMD. INTEL grants AMD the right to pursue a separate action against any governmental unit that asserts such taxes against INTEL and INTEL agrees to cooperate in a reasonable manner with AMD for the purpose of minimizing taxes, that pursuant to this section are to be paid directly or indirectly by AMD.

4.6. AMD agrees that any payments required under the terms of this Agreement which are not paid when due will accrue interest at the ***** rate established by ***** (on the first business day after any such payment is due), where such interest shall accrue starting ***** (*****) days after the due date as established by this Agreement. The right to collect interest on such late payments shall be in addition to any other rights that INTEL may have herein.

4.7. AMD covenants that it will maintain adequate accounting records of all production, sales, leases or other dispositions of ***** for purposes of audit sufficient to permit a reasonable confirmation of AMD's compliance with its royalty obligations herein for a period of three (3) years after sale or other disposition of each *****. The foregoing information shall be used solely for audit purposes.

4.8. The parties agree that INTEL shall have the right to conduct audits of AMD for the purpose of determining that the terms of this Agreement are being met. Such audits shall be held at any reasonable time during business hours but no more than once in each calendar year. An independent certified public accounting firm selected and paid by INTEL and reasonably satisfactory to AMD shall conduct such audits. The purpose of such audits shall be to verify that the terms of this Agreement are being met, including the royalty statements and payments provided herein. AMD agrees to provide such accounting firm with reasonable access to accounting records and information requested during an audit. The information will be made available to the accounting firm under conditions of confidentiality and it will report to INTEL and to AMD only whether the terms of this Agreement are being met, including without limitation that payments have been properly reported on and paid or, if not, the amount of any overpayment or underpayment. This provision will survive the last payment of a royalty under this Agreement for a period of three (3) years. Should the audit discover any errors or omissions by AMD resulting in an underpayment of more than five percent (5%) of the amount due with respect to any reporting period, AMD shall reimburse Intel for the full costs of such audit.

4.9. The parties hereby agree that the above royalty rates are a reasonable compromise for ease of accounting and administration based on the fact that neither party wishes to keep strict records of the Intel Patents that each Royalty-Bearing Unit or the manufacturing processes therefor infringes based on AMD's constantly changing product mix, manufacturing technology and the likelihood that Intel will receive new patents covering both such products and processes during the term of this Agreement.

5. PRIOR LICENSE

5.1 This Agreement supersedes the patent cross license agreement made by the parties hereto with an Effective Date of ***** and the rights and licenses of each party under, or with respect to the patents of the other party and its Subsidiaries shall be governed by this Agreement beginning with the Effective Date. However, *****. The License Agreement dated ***** between Intel and AMD, and extensions thereof, as modified in

***** shall govern all patent license grants between Intel and AMD for all patents having an issue date in the country of issue *****. Notwithstanding anything to the contrary herein, nothing in this Agreement shall limit, terminate or have any other effect upon any patent licenses between the parties (other than those specifically identified above in this Section 5.1), including without limitation specific or special purpose patent licenses such as the ***** or other such agreement.

6. EFFECTIVE DATE, TERM AND TERMINATION FOR CAUSE

6.1. Term. This Agreement and the rights and licenses granted hereunder shall become effective on the Effective Date, and shall continue in effect until terminated by a party pursuant to Section 6.2. The parties agree to meet one (1) year prior to the expiration of the Capture Period to negotiate in good faith for a renewal of the license. However, nothing in this paragraph or this Agreement obligates either party to renew this Agreement, enter into any other agreements or grant any other licenses now or in the future.

6.2. Termination for Cause.

(a) A party may terminate the other party's rights and licenses hereunder upon notice if the other party hereto commits a material breach of this Agreement and does not correct such breach within sixty (60) days after receiving written notice complaining thereof. In the event of such termination, the rights and licenses granted to the defaulting party shall terminate, but the rights and licenses granted to the party not in default shall survive such termination of this Agreement subject to its continued compliance with the terms and conditions of this Agreement.

(b) A party hereto may terminate this Agreement upon sixty (60) days written notice of termination to the other party given at any time upon or after:

(1) the filing by the other party of a petition in bankruptcy or insolvency;

(2) any adjudication that the other party is bankrupt or insolvent;

(3) the filing by the other party of any petition or answer seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency;

(4) the appointment of a receiver for all or substantially all of the property of the other party;

(5) the making by the other party of any assignment for the benefit of creditors;

(6) the institution of any proceedings for the liquidation or winding up of the other party's business or for the termination of its corporate charter;

(7) the other party undergoes a Change of Control. For purposes of this Section 6.2(b)(7), "Change of Control" shall mean a transaction or a series of related transactions in which (i) one or more related parties who did not previously own at least a fifty percent (50%) interest in a party to this Agreement obtain at least a fifty percent (50%) interest in such party, and, in the reasonable business judgment of the other party to this Agreement, such change in ownership will have a material effect on the other party's business, or (ii) a party acquires, by merger, acquisition of assets or otherwise, all or any portion of another legal entity such that either the assets or market value of such party after the close of such transaction are greater than one and one third (1 1/3) of the assets or market value of such party prior to such transaction.

6.3. Survival. The provisions of Sections 1, 2, 4.5, 5, 6.3, 7 and 9 will survive any termination or expiration of this Agreement.

7. DISCLAIMER

7.1. Nothing contained in this Agreement shall be construed as:

(a) a warranty or representation by either of the parties to this Agreement as to the validity, enforceability or scope of any class or type of Patent Right; or

(b) a warranty or representation that any manufacture, sale, lease, use or other disposition of Licensed Products hereunder will be free from infringement of any patent rights or other intellectual property rights of either party or any third party.

(c) an agreement to bring or prosecute actions or suits against third parties for infringement or conferring any right to bring or prosecute actions or suits against third parties for infringement; or

(d) conferring any right to use in advertising, publicity, or otherwise, any trademark, trade name or names, or any contraction, abbreviation or simulation thereof, of either party; or

(e) conferring by implication, estoppel or otherwise, upon any party licensed hereunder, any license or other right under any Patent Rights, copyright, maskwork, trade secret, trademark other intellectual property right except the licenses and rights expressly granted hereunder; or

(f) an obligation to furnish any technical information or know-how.

7.2. NO IMPLIED WARRANTIES. EACH PARTY HEREBY DISCLAIMS ANY IMPLIED

WARRANTIES WITH RESPECT TO THE PATENTS LICENSED HEREUNDER, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. ASSIGNMENT

8.1. No Assignment. This Agreement is personal to the parties, and the Agreement or any right or obligation hereunder is not assignable, whether in conjunction with a change in ownership, merger, acquisition, the sale or transfer of all, or substantially all or any part of a party's business or assets or otherwise, either voluntarily, by operation of law, or otherwise, without the prior written consent of the other party, which consent may be withheld at the sole discretion of such other party. Any such purported assignment or transfer shall be deemed a breach of this Agreement and shall be null and void. This Agreement shall be binding upon and inure to the benefit of the parties and their permitted successors and assigns.

8.2. Limited Exception. As a limited exception to Sections 6.2 and 8.1, either party (but not any of its successors or assigns) may assign the licenses granted under this Agreement pursuant to *****, subject to the following conditions:

(a) The assigning party ("Assignor") must *****.

(b) *****.

(c) The licenses granted to Assignor hereunder terminate immediately upon any such assignment and only the assignee shall be entitled to the benefit of such licenses.

(d) *****.

(e) Prior to any such assignment becoming effective, the assignee must:

(1) *****, and

(2) *****

(3) *****.

9. MISCELLANEOUS PROVISIONS

9.1. Authority. Each of the parties hereto represents and warrants that it has the right to grant the other the licenses granted hereunder.

9.2. Notice. All notices required or permitted to be given hereunder shall be in writing and shall be delivered by hand, or if dispatched by prepaid air courier or by registered or certified airmail, postage prepaid, addressed as follows:

If to AMD:	If to Intel:

General Counsel	General Counsel
Advanced Micro Devices, Inc.	Intel Corporation
One AMD Place	2200 Mission College Blvd.
Sunnyvale, CA 94088	Santa Clara, CA 95052
United States of America	United States of America

Such notices shall be deemed to have been served when received by addressee or, if delivery is not accomplished by reason of some fault of the addressee, when tendered for delivery. Either party may give written notice of a change of address and, after notice of such change has been received, any notice or request shall thereafter be given to such party as above provided at such changed address.

9.3. No Rule of Strict Construction. Regardless of which party may have drafted this Agreement, no rule of strict construction shall be applied against either party. If any provision of this Agreement is determined by a court to be unenforceable, the parties shall deem the provision to be modified to the extent necessary to allow it to be enforced to the extent permitted by law, or if it cannot be modified, the provision will be severed and deleted from this Agreement, and the remainder of the Agreement will continue in effect.

9.4. Taxes. Each party shall be responsible for the payment of its own tax liability arising from this transaction except as otherwise provided in section 4.5.

9.5. Entire Agreement. This Agreement embodies the entire understanding of the parties with respect to the subject matter hereof, and merges all prior discussions between them, and neither of the parties shall be bound by any conditions, definitions, warranties, understandings, or representations with respect to the subject matter hereof other than as expressly provided herein. No oral explanation or oral information by either party hereto shall alter the meaning or interpretation of this Agreement.

9.6. Modification; Waiver. No modification or amendment to this Agreement, nor any waiver of any rights, will be effective unless assented to in writing by the party to be charged, and the waiver of any breach or default will not constitute a waiver of any other right hereunder or any subsequent breach or default.

9.7. Governing Law. This Agreement and matters connected with the performance thereof shall be construed, interpreted, applied and governed in all respects in accordance with the laws of the United States of America and the State of Delaware, without reference to conflict of laws principles.

9.8. Jurisdiction. Intel and AMD agree that all disputes and litigation regarding this Agreement and matters connected with its performance shall be subject to the exclusive jurisdiction of the courts of the State of Delaware or of the Federal courts sitting therein.

9.9. Dispute Resolution. All disputes arising directly under the express terms of this Agreement or the grounds for termination thereof shall be resolved as follows: First, the senior management of both parties shall meet to attempt to resolve such disputes. If the senior management cannot resolve the disputes, either party may make a written demand for formal dispute resolution. Within thirty (30) days after such written demand, the parties agree to meet for one day with an impartial mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within thirty (30) days after the one-day mediation, either party may begin litigation proceedings.

9.10. Confidentiality of Terms. The parties hereto shall keep the terms of this Agreement confidential and shall not now or hereafter divulge these terms to any third party except:

(a) with the prior written consent of the other party; or

(b) to any governmental body having jurisdiction to call therefor; or

(c) subject to (d) below, as otherwise may be required by law or legal process, including to legal and financial advisors in their capacity of advising a party in such matters; or

(d) during the course of litigation so long as the disclosure of such terms and conditions are restricted in the same manner as is the confidential information of other litigating parties and so long as (a) the restrictions are embodied in a court-entered Protective Order and (b) the disclosing party informs the other party in writing at least ten (10) days in advance of the disclosure; or

(e) in confidence to legal counsel, accountants, banks and financing sources and their advisors solely in connection with complying with financial transactions.

The parties shall cooperate in preparing and releasing an announcement, if any, relating to this Agreement.

9.11. Compliance with Laws. Anything contained in this Agreement to the contrary notwithstanding, the obligations of the parties hereto and of the Subsidiaries of the parties shall be subject to all laws, present and future, of any government having jurisdiction over the parties hereto or the Subsidiaries of the parties, and to orders, regulations, directions or requests of any such government.

9.12. Force Majeure. The parties hereto shall be excused from any failure to perform any obligation hereunder to the extent such failure is caused by war, acts of public enemies, strikes or other labor disturbances, fires, floods, acts of God, or any causes of like or different kind beyond the control of the parties.

Confidential treatment has been requested for portions of this exhibit. The copy filed herewith omits the information subject to the confidentiality request. Omissions are designated as *****. A complete version of this exhibit has been filed separately with the Securities and Exchange Commission.

WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date below written.

INTEL CORPORATION	AMD
By: /s/ C. R. Barrett	By: /s/ Hector Ruiz
Craig Barrett	Hector de J. Ruiz
Printed Name	Printed Name
CEO	COO
Title	Title
May 1, 2001	May 4, 2001
Date	Date

Exhibit 10.59

LOAN AGREEMENT

This Loan Agreement ("Agreement") is made this 19 day of June, 2001, by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation ("AMD"), on the one hand, and HECTOR RUIZ and JUDY RUIZ (collectively, the "Borrowers"), on the other hand. AMD and Borrowers may be referred to collectively in this Agreement as the "Parties."

RECITALS

A. AMD has offered to loan Borrowers money, and Borrowers have accepted AMD's offer. The Borrowers principal residence is located in Austin, Texas. The loan proceeds are to be used by Borrowers solely for the purchase of a secondary residence in California.

B. Borrowers and AMD wish to enter into this Agreement to set forth the terms and conditions relating to the loan to be made by AMD to Borrowers.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

COVENANTS

1. Loan Amount. AMD hereby agrees to loan to Borrowers (the "AMD Loan") the sum of Two Million Dollars ($2,000,000.00) (the "Loan Amount"). The AMD Loan will bear interest at one hundred percent (100%) of the mid-term applicable federal rate ("AFR"), compounding annually, for the month(s) in which the AMD Loan funds are transferred to or on behalf of Borrowers.

2. Term. The AMD Loan will have a five-year term, subject to early repayment, commencing on the first date of the transfer of AMD Loan funds to or on behalf of Borrowers (the "Loan Date").

3. Repayment. Borrowers agree to repay the entire principal Loan Amount by no later than five years from the Loan Date. Borrowers agree to pay accrued interest on any outstanding Loan Amount as follows: the first interest payment for the interest accrual period from the Loan Date through March 31, 2002 being made by no later than April 15, 2002, and interest payments for each subsequent 12-month accrual period ending on each subsequent March 31 being paid on or before each subsequent April 15th for as long as the AMD Loan remains outstanding.

4. Promissory Note. The AMD Loan shall be evidenced by a Promissory Note (the "Note") substantially in the form of Exhibit A attached to and incorporated in this Agreement that Borrowers will execute and deliver to AMD with this Agreement. Borrowers agree to be bound by and adhere to the terms and conditions of the Note.

5. Collateral. The Note and this Agreement shall be secured by a Deed of Trust encumbering the real property purchased by Borrowers to be used as Borrowers' secondary residence while present in California (the "Property"), as more particularly described in the Deed of Trust. The Deed of Trust shall be substantially in the form of Exhibit B attached to and incorporated in this Agreement. Borrowers agree to be bound by and adhere to the terms and conditions of the Deed of Trust.

6. No Transfer. The AMD Loan is not transferable.

7. Borrowers' Covenants. Borrowers agree as follows:

a. The AMD Loan shall be used for the purchase and furnishing of the Property, and

b. The Property will not be used for business or other purposes other than as a secondary residence in California for Borrowers.

8. Acceleration of Repayment.

a. Borrowers agree to immediately repay the entire then outstanding Loan Amount, including accrued interest, on the earlier to occur of the following:

(i) Non-payment by Borrowers, or either of them, of any uncontested debt within 30 days of when due;

(ii) Appointment of a receiver or trustee to take possession of any real or personal property of Borrowers, or of either Borrower, including, but not limited to, the Property, if not removed with 30 days;

(iii) Death of Hector Ruiz;

(iv) Insolvency, commission of an act of bankruptcy, or for relief, under the provisions of the Bankruptcy Code of 1978, as amended, or under any other law or laws for the relief of or relating to debtors, of, by or against Borrowers, or either of them;

(v) Hector Ruiz's voluntary termination of his employment with AMD or AMD's termination of Hector Ruiz's employment for cause;

(vi) Attachment of any voluntary or involuntary lien of any kind or character to the assets of Borrowers, or either of them, including, but not limited to, Borrowers' further encumbrance of the Property, unless released within 30 days;

(vii) Sale, transfer or conveyance by Borrowers, or either of them, of their interest in the Property to anyone other than AMD; or

(viii) Borrowers' failure to meet any of the conditions, perform any obligation or make any payment under this Agreement, the Note or the Deed of Trust.

9. Forgiveness.

a. In the event that AMD terminates the employment of Hector Ruiz for reasons other than cause, including a termination following a "change of control" as defined in AMD's stock option plans, AMD agrees to forgive the balance remaining on the AMD Loan, including accrued interest.

b. Borrowers understand that any balance remaining on the AMD Loan that might be subject to forgiveness under Section 9.a., above, would be taxable compensation to Borrowers.

10. Other Agreements. Borrowers agree, until the AMD Loan is repaid in full:

a. To take any action reasonably requested by AMD to carry out the intent of this Agreement; and

b. To reimburse AMD for any expense it incurs in the administration of this Agreement, or of the Note or Deed of Trust executed in connection with this Agreement, including reasonable attorney's fees, if and as request by AMD.

11. Notices to AMD. Borrowers agree to notify AMD immediately in writing if:

a. Borrowers' home or billing address changes;

b. There is a material adverse change in Borrowers' financial condition, or an event has occurred that might result in a material adverse change in Borrowers' financial condition.

12. Default. AMD may declare Borrowers in default, without prior notice, if:

a. Borrowers fail to meet any of the conditions, perform any obligation or make any payment under this Agreement, the Note, or the Deed of Trust;

b. Hector Ruiz dies before the AMD Loan is repaid;

c. Borrowers, or either of them, file a bankruptcy petition, a bankruptcy petition is filed against Borrowers, or either of them, or Borrowers make a general assignment for the benefit of creditors before the AMD Loan is repaid;

d. An attachment, execution, involuntary lien or other levy is issued or filed against any assets of Borrowers, including but not limited to Borrowers' further encumbrance of the Property, unless released within 30 days;

e. Hector Ruiz voluntarily terminates his employment with AMD or the employment is terminated by AMD for cause;

f. Borrowers, or either of them, sell, transfer, or in any way convey their interest in the Property to anyone other than AMD;

g. Appointment of a receiver or trustee to take possession of any real or personal property of Borrowers including but not limited to the Property, if not removed within 30 days.

13. AMD's Rights Upon Default. If Borrowers default, AMD may, at its election, accelerate the indebtedness of Borrowers to AMD under this Agreement and the Note, and declare the unpaid balance of the Note, including accrued interest, immediately due and payable and exercise any and all of its rights, including judicial or non-judicial foreclosure on any security then held by AMD.

14. Enforcing This Agreement.

a. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State.

b. If AMD delays or waives exercising a right, it does not forfeit that right or any others. Borrowers waive any defense by reason of any other person's or business organization's (including any co-signer's) defense, disability, or release from liability. AMD can exercise its rights against any collateral, even if the Borrowers are no longer liable on the debt because of a statute of limitations or for other reasons.

c. Each signatory to this Agreement is separately liable and all signatories are liable together for the AMD Loan.

d. This Agreement shall be binding upon Borrowers and Borrowers' heirs, personal representatives, executors, successors and assigns.

e. If AMD takes collection action or incurs any other expenses in connection with enforcing this Agreement or the Note before the beginning of any lawsuit or arbitration proceeding, it is entitled to costs and reasonable attorney's fees, including any allocated costs of in-house counsel.

f. In the event of a lawsuit or other proceeding, the prevailing party is entitled to recover costs and reasonable attorney's fees (including allocated costs of in-house counsel) incurred in connection with the lawsuit or other proceedings, as determined by the court or other person legally appointed to resolve the lawsuit or proceeding.

g. This Agreement, the Note and the Deed of Trust represent, collectively, the sum of the understandings and agreements between AMD and Borrowers concerning the AMD Loan and replace any prior oral or written agreements between AMD and Borrowers concerning the AMD Loan.

15. Notice. Any notice Borrowers and AMD give to one another must be sent to the addresses shown below:

AMD:	BORROWERS:
Advanced Micro Devices, Inc.	Hector and Judy Ruiz
One AMD Place	8218 Chalk Knoll
Sunnyvale, California 94088	Austin, TX 78735
Attn: Legal Department, MS-68	

16. No Promise of Continued Employment. Nothing contained in this Agreement, the Note or the Deed of Trust, individually or collectively, shall serve as a promise of continued employment of Hector Ruiz by AMD or by any other AMD entity.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

ADVANCED MICRO DEVICES, INC.	HECTOR RUIZ
By: /s/ Stan Winvick	By: /s/ Hector Ruiz

Stan Winvick
Its: Senior Vice President,
Human Resources

Date: 7/3/01

Hector Ruiz

Date: 6/19/01

JUDY RUIZ

By: /s/ Judy Ruiz

Judy Ruiz

Date: 6/19/01
