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 September 28, 1997

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

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

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 October 31, 1997: 141,771,297.

ADVANCED MICRO DEVICES, INC.

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Financial Information

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1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)
(Thousands except per share amounts)

	Quarter Ended		Nine Months Ended	
	September 28, 1997	September 29, 1996	September 28, 1997	September 29, 1996
<S>	<C>	<C>	<C>	<C>
Net sales	$596,644	$456,862	$1,743,204	$1,456,151
Expenses:				
Cost of sales	428,240	337,692	1,149,582	1,086,206
Research and development	125,917	105,656	340,846	293,204
Marketing, general and administrative	100,915	90,432	298,417	276,506
	655,072	533,780	1,788,845	1,655,916
Operating loss	(58,428)	(76,918)	(45,641)	(199,765)
Interest income and other expense, net	5,532	4,214	28,572	55,312
Interest expense	(14,151)	(3,443)	(33,519)	(7,236)
Loss before income taxes and equity in joint venture	(67,047)	(76,147)	(50,588)	(151,689)
Benefit for income tax	(30,072)	(30,459)	(25,294)	(62,182)
Loss before equity in joint venture	(36,975)	(45,688)	(25,294)	(89,507)
Equity in net income of joint venture	5,300	7,326	16,538	41,800

Net loss	$(31,675)	$(38,362)	$ (8,756)	$ (47,707)
Net loss per common share:				
Primary	$(.22)	$(.28)	$(.06)	$(.35)
Fully diluted	$(.22)	$(.28)	$(.06)	$(.35)
Shares used in per share calculation:				
Primary	141,730	136,082	140,619	135,019
Fully diluted	141,730	136,082	140,619	135,019

</TABLE>
See accompanying notes

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ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS*

(Thousands)

<S>	September 28, 1997 <C>	December 29, 1996 <C>
Assets		
Current assets:		
Cash and cash equivalents	$ 162,781	$ 166,194
Short-term investments	278,229	220,004
Total cash, cash equivalents and short-term investments	441,010	386,198
Accounts receivable, net	309,153	220,028
Inventories:		
Raw materials	38,273	22,050
Work-in-process	94,112	83,853
Finished goods	31,046	48,107
Total inventories	163,431	154,010
Deferred income taxes	163,905	140,850
Prepaid expenses and other current assets	56,215	127,991
Total current assets	1,133,714	1,029,077
Property, plant and equipment, at cost	3,679,836	3,326,768
Accumulated depreciation and amortization	(1,734,435)	(1,539,366)

Property, plant and equipment, net	1,945,401	1,787,402
Investment in joint venture	199,998	197,205
Other assets	146,833	131,599
	$ 3,425,946	$ 3,145,283

Liabilities and Stockholders' Equity

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

* Amounts as of September 28, 1997 are unaudited. Amounts as of December 29, 1996 were derived from the December 29, 1996 audited financial statements.

</TABLE>
See accompanying notes

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ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(Thousands)

	Nine Months Ended	
	September 28,	September 29,

	1997	1996
Cash flows from operating activities:		
Net loss	$ (8,756)	$ (47,707)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	286,790	262,591
Net loss on disposal of property, plant and equipment	21,381	6,252
Net gain realized on sale of available-for-sales securities	(4,978)	(41,028)
Compensation recognized under employee stock plans	16,955	2,478
Undistributed income of joint venture	(16,538)	(41,800)
Changes in operating assets and liabilities:		
Net increase in receivables, inventories, prepaid expenses and other assets	(80,937)	(69,486)
Net (increase) decrease in deferred income taxes	(35,300)	11,000
Decrease in income tax payable	(5,142)	(59,471)
Net increase (decrease) in payables and accrued liabilities	28,071	(98,972)
Net cash provided by (used in) operating activities	201,546	(76,143)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(468,375)	(349,132)
Proceeds from sale of property, plant and equipment	22,698	2,278
Purchase of available-for-sale securities	(442,416)	(518,317)
Proceeds from sale of available-for-sale securities	398,255	692,741
Investment in joint venture	(128)	-
Net cash used in investing activities	(489,966)	(172,430)
Cash flows from financing activities:		
Proceeds from borrowings	287,930	432,760
Payments on debt and capital lease obligations	(52,699)	(230,377)
Proceeds from issuance of stock	49,776	28,622
Net cash provided by financing activities	285,007	231,005
Net decrease in cash and cash equivalents	(3,413)	(17,568)
Cash and cash equivalents at beginning of period	166,194	126,316
Cash and cash equivalents at end of period	$ 162,781	$ 108,748

Supplemental disclosures of cash flow information:

Cash (refunded) paid during the first nine months for:		
Income taxes	$(101,047)	$ 4,441
	=================	==================
Non-cash financing activities:		
Equipment capital leases	$ 16,768	$ 3,366
	=================	==================

</TABLE>

See accompanying notes
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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1. The results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. In the opinion of 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 Company uses a 52- to 53-week fiscal year ending on the last Sunday in December. The quarters ended September 28, 1997 and September 29, 1996 included 13 weeks. The nine months ended September 28, 1997 and September 29, 1996 included 39 weeks.

   Certain prior year amounts on the Condensed Consolidated Financial Statements have been reclassified to conform to the 1997 presentation.

2. The following is a summary of available-for-sale securities included in cash and cash equivalents and short-term investments as of September 28, 1997 (in thousands):

<TABLE>

<S>	<C>
Cash equivalents	
Treasury notes	$ 1,997
Federal agency notes	36,333
Commercial paper	32,500
Other debt securities	1,135

Total cash equivalents	$71,965
	=======
Short-term investments	
Certificates of deposit	$ 80,021
Bank/Corporate notes	45,724
Treasury notes	79,448
Commercial paper	73,036

Total short-term investments	$278,229
	========

</TABLE>

   As of September 28, 1997, the Company held $8 million of available-for-sale equity securities with a fair value of $12 million which are included in other assets. The total net unrealized gain on these equity securities, net of tax, is included in retained earnings.

3. The net income per common share computations are based on the weighted-average number of common shares outstanding plus dilutive common share equivalents. The net loss per common share computations exclude common share equivalents as their effect on the net loss per share would be anti-dilutive. Shares used in the per share computations are as follows:

<TABLE>
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	Quarter Ended		Nine Months Ended	
	Sept. 28 1997	Sept. 29 1996	Sept. 28 1997	Sept. 29 1996
	(Thousands)		(Thousands)	
<S>	<C>	<C>	<C>	<C>
Primary:				
Common shares outstanding	141,491	135,827	140,376	134,782
Employee stock plans	239	255	243	237
	-------	-------	-------	-------
	141,730	136,082	140,619	135,019

Fully diluted:				
Common shares outstanding	141,491	135,827	140,376	134,782
Employee stock plans	239	255	243	237
	141,730	136,082	140,619	135,019

</TABLE>

In February, 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 (SFAS 128), "Earnings per Share." SFAS 128 supersedes Accounting Principles Board Opinion No. 15 (APB 15), "Earnings per Share," and other related interpretations and is effective for the periods ending after December 15, 1997. Upon adoption of SFAS 128, all prior-period earnings per share amounts are required to be restated. Pro forma basic and diluted net loss per share in accordance with SFAS 128 would be unchanged from historical reported net loss per share for all periods presented.

4. On July 19, 1996, the Company entered into a syndicated bank loan agreement (the Credit Agreement), which provides for a new $400 million term loan and revolving credit facility. The Credit Agreement provided for a $150 million three-year secured revolving line of credit (which can be extended for one additional year, subject to approval of the lending banks) and a $250 million four-year secured term loan, the latter of which the Company used fully in January 1997. No balances were outstanding under the revolving line of credit at September 28, 1997 or December 29, 1996. The Credit Agreement contains provisions regarding limits on the Company's and its subsidiaries' ability to engage in various transactions and requires satisfaction of specified financial performance criteria. At September 28, 1997, the Company was in compliance with all restrictive covenants of the Credit Agreement and all retained earnings were restricted as to payments of cash dividends on common stock.

5. 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 an advanced integrated circuit manufacturing facility in Aizu-Wakamatsu, Japan, to produce Flash memory devices. The Company's share of FASL is 49.992 percent and the investment is being accounted for under the equity method. The accumulated adjustment at September 28, 1997 related to the translation of the FASL financial statements into U.S. dollars resulted in a decrease of approximately $42 million to the investment in FASL. In the third quarter of 1997 and

of 1996, the Company purchased $61 million and $41 million, respectively, of Flash memory devices from FASL. At September 28, 1997 and September 29, 1996, the Company had outstanding payables to FASL of $39 million and $35 million, respectively, for Flash memory device purchases. In the third quarter of 1997 and of 1996, the Company earned royalty income of $6 million and $3 million, respectively, as a result of FASL sales. For the nine months ended September 28, 1997 and September 29, 1996, these royalties were $15 million and $17 million, respectively.

The following is condensed unaudited financial data of FASL:

<TABLE>
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	Quarter Ended		Nine Months Ended	
(Unaudited) (Thousands)	Sept. 28 1997	Sept. 29 1996	Sept. 28 1997	Sept. 29 1996
	(Thousands)		(Thousands)	
<S>	<C>	<C>	<C>	<C>
Net sales	$116,249	$63,228	$298,980	$369,891
Gross profit	39,151	3,172	81,594	179,292
Operating income	38,417	2,715	79,808	177,856
Net income	12,511	13,301	38,822	122,530

</TABLE>

The Company's share of the above FASL net income differs from the equity in net income of joint venture reported on the Consolidated Statements of Operations due to adjustments resulting from the related party relationship between FASL and the Company which are reflected on the Company's Consolidated Statements of Operations.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements in this Management's Discussion and Analysis of Results of Operations and Financial Condition 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 operating results; anticipated cash flows; capital expenditures; adequacy of resources to fund operations and capital investments; the Company's ability to access external sources of capital; the effect of foreign exchange contracts and interest rate swaps; and the Fab 30 and FASL manufacturing facilities. See Financial Condition and Risk Factors below, as well as such other risks and uncertainties as are detailed in the Company's Securities and Exchange Commission reports and filings for a discussion of the factors that could cause the actual results to differ materially from the forward-looking statements.

The following discussion should be read in conjunction with the included condensed Consolidated Financial Statements and Notes thereto, and with the Company's Consolidated Financial Statements and Notes thereto at December 29, 1996 and December 31, 1995 and for each of the three years in the period ended December 29, 1996.

AMD, the AMD logo, and combinations thereof, Advanced Micro Devices, Vantis, NexGen, MACH, Am486, K86, AMD-K5, AMD-K6, Nx586 and Nx686, are either trademarks or registered trademarks of Advanced Micro Devices, Inc. Microsoft, Windows, Windows 95 and Windows NT are either registered trademarks or trademarks of Microsoft Corporation. Pentium is a registered trademark and MMX is a trademark of Intel Corporation. Other terms used to identify companies and products may be trademarks of their respective owners.

RESULTS OF OPERATIONS
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AMD participates in the digital integrated circuit (IC) market - memory circuits, microprocessors and logic circuits - through, collectively, its Communications Group, its Memory Group, its Computation Products Group (CPG) and its Programmable Logic Division, now a wholly-owned subsidiary, Vantis Corporation (Vantis). Communications Group products include voice and data communications products, microcontrollers, input/output (I/O) devices, network products and bipolar programmable logic devices. Memory Group products include Flash memory devices and Erasable Programmable Read-Only Memory (EPROM) devices. CPG products include Microsoft compatible microprocessors and chip sets. Vantis products include MACH(R) products as well as other high speed CMOS programmable logic devices. During 1996, the Company's business groups were reorganized. Results for periods in 1996 have been reclassified to conform to the current presentation.

The following is a summary of the net sales of the Communications Group, Memory Group, CPG and Vantis for the periods presented below:

<TABLE>
<CAPTION>

	Quarter Ended			Nine Months Ended	
(Millions)	Sept. 28 1997	June 29, 1997	Sept. 29, 1996	Sept. 28 1997	Sept. 29, 1996
<S>	<C>	<C>	<C>	<C>	<C>
Communications Group	$179	$183	$158	$ 533	$ 499
Memory Group	178	181	159	543	537
CPG	178	174	82	479	231
Vantis	62	57	58	188	189
Total	$597	$595	$457	$1,743	$1,456

</TABLE>

Revenue Comparison of Quarters Ended September 28, 1997 and September 29, 1996
- --

Communications Group net sales increased primarily due to increased unit shipments of the Company's telecommunication products. This increase was partially offset by a decline in both unit shipments and the average selling price of network and logic products.

Memory Group net sales increased as substantial Flash memory device unit growth more than offset average selling price declines. EPROM product sales decreased, due to a decline in both the average selling price and unit shipments.

CPG net sales increased significantly due to sales of AMD-K6(TM) MMX(TM) Enhanced microprocessors, which became available at the end of the first quarter of 1997. These increases were partially offset by decreased sales of AMD-K5(TM) microprocessors and Am486 microprocessors which represented most of the Company's microprocessor sales in the third quarter of 1996. The Company expects

AMD-K5 microprocessor sales to be negligible in the future.

Vantis net sales increased due to unit growth in MACH products and other CMOS products.

Revenue Comparison of Quarters Ended September 28, 1997 and June 29, 1997

Communications Group net sales decreased slightly primarily due to decreased unit shipments of network products, partially offset by increases in unit shipments and average selling price of microcontroller products, and increased unit shipments of telecommunications products.

Memory Group net sales decreased slightly, due to a decline in unit shipments of EPROM products. Flash memory device sales were flat, with unit volume growth offset by lower average selling prices.

CPG net sales increased slightly. Higher unit volume of AMD-K6 microprocessors and related chip sets more than offset a decrease in the average selling price of AMD-K6 microprocessors. AMD-K5 microprocessor sales decreased substantially, due to a decrease in both unit shipments and average selling prices. The Company expects AMD-K5 microprocessor sales to be negligible in the future.

Vantis net sales increased primarily due to an increase in average selling price for MACH products and an increase in unit shipments of other CMOS products.

Revenue Comparison of Nine Months Ended September 28, 1997 and September 29, 1996

Communications Group net sales increased primarily due to increased unit shipments of the Company's telecommunication products and secondarily due to an increase in both unit shipments and the average selling price of microcontroller products. This increase was partially offset by a decline in the average selling price for network products and a decline in both unit shipments and the average selling price of bipolar programmable logic products.

Memory Group net sales increased slightly, with increased unit shipments of Flash memory devices mostly offset by declines in their average selling prices, as well as price and unit declines in EPROM devices.

CPG net sales increased with sales of AMD-K6 microprocessors and related chip sets contributing most of this increase. AMD-K5 microprocessor sales were below cumulative AMD-K5 and Am486 microprocessor sales during the first nine months of 1996. The Company expects AMD-K5 microprocessor sales to be negligible in the future.

Vantis net sales remained relatively flat as increased unit shipments of MACH products were offset by a decline in the average selling price for other CMOS products.

Comparison of Expenses, Gross Margin Percentage and Interest

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

<TABLE>
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(Millions except for gross margin percentage)	Quarter Ended Sept. 28 1997	Quarter Ended June 29, 1997	Quarter Ended Sept. 29, 1996	Nine Months Ended Sept. 28 1997	Nine Months Ended Sept. 29, 1996
<S>	<C>	<C>	<C>	<C>	<C>
Cost of sales	$428	$372	$338	$1,150	$1,086
Gross margin percentage	28%	37%	26%	34%	25%
Research and development	$126	$110	$106	$ 341	$ 293
Marketing, general and administrative	101	103	90	298	277
Interest income and other, net	6	10	4	29	55
Interest expense	14	10	3	34	7

</TABLE>

Gross margin percentage in the third quarter of 1997 increased slightly as compared to the third quarter of 1996 as sales increased significantly. The increase in sales was mostly offset by higher costs, primarily due to AMD-K6 microprocessor production ramp during the third quarter of 1997. Gross margin percentage in the third quarter of 1997 was also adversely affected by aggressive price cuts that became effective during the quarter, lower than expected yields in the production of AMD-K6 microprocessors, and a less favorable product mix with fewer of the higher speed, higher margin AMD-K6 microprocessors. Gross margin percentage in the third quarter of 1997 decreased as compared to the second quarter of 1997 primarily due to lower margins on the AMD-K6 microprocessor caused by the factors mentioned above. In addition, during the second quarter of 1997, the Company's gross margin benefited from a $9 million gain on the sale of a building, which was included in cost of sales. Gross margin percentage for the first nine months of 1997 increased as compared to the same period in 1996 primarily due to the sale of higher margin AMD-K6 microprocessors in 1997 as compared to the sale of AMD-K5 and Am486 microprocessors in 1996. The Company's gross margin for the first nine months of 1997 also benefited from a $9 million gain on the sale of a building, which was included in cost of sales.

Research and development expenses increased in all cases due to a higher proportion of Submicron Development Center (SDC) activities being used for research and development. SDC activities support research and development efforts for all product lines. In addition, in the third quarter of 1997, the Company had a $5 million increase in research and development due to its share in a cooperative research and development arrangement with other semiconductor manufacturers for extreme ultra violet lithography.

Marketing, general and administrative expenses remained relatively flat as compared to the second quarter of 1997. Marketing, general and administrative expenses increased in all other cases primarily due to higher advertising and marketing expenses.

Interest income and other as compared to the third quarter of 1996 increased slightly due to a higher average cash and cash equivalents balance. Interest income and other decreased as compared to the second quarter of 1997 as the cash and cash equivalents balance decreased. Interest income and other for the nine months ended September 29, 1996 includes pre-tax gains of $41 million resulting from sales of equity investments. Interest expense increased as compared to the third quarter of 1996 and the nine months ended September 29, 1996, primarily due to interest expense incurred on the Company's $400 million Senior Secured Notes sold in August, 1996 and

interest expense on its $250 million four-year secured term loan. These increases were partially offset by higher capitalized interest mainly related to the second phase of construction of Fab 25.

Income Tax

The Company's effective tax rate (benefit) for the third quarter and the first nine months of 1997 was 45 percent and 50 percent, respectively. The effective tax rate (benefit) was approximately 40 percent in the third quarter and the first nine months of 1996, respectively.

Other Items

International sales were 60 percent of total sales in the third quarter of 1997 as compared to 53 percent for the same period in 1996, and 54 percent for the immediate prior quarter. For the nine month period ended September 28, 1997, international sales increased to 57 percent of net sales from 52 percent for the comparable period in 1996. In the first nine months of 1997, approximately 12 percent of the Company's net sales were denominated in foreign currencies. The Company does not have sales denominated in local currencies in those countries which have highly inflationary economies. (A highly inflationary economy is defined in accordance with the Statement of Financial Accounting Standards No. 52 as one in which the cumulative inflation over a three-year consecutive period approximates 100 percent or more.) The impact on the Company's operating results from changes in foreign currency rates individually and in the aggregate has not been material.

The Company enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of the Company's foreign net monetary asset position including the Company's liabilities for products purchased from FASL. In 1996 and 1997, these hedging transactions were denominated in lira, yen, French franc, deutsche mark and pound sterling. The maturities of these contracts are generally short-term in nature. The Company believes its foreign exchange contracts do not subject the Company to material risk from exchange rate movements because gains and losses on these contracts are designed to offset losses and gains on the net monetary asset position being hedged. Net foreign currency gains and losses have not been material. As of September 28, 1997, the Company had approximately $62 million (notional amount) of foreign exchange forward contracts.

The Company participates as an end user in various derivative markets to manage its exposure to interest and foreign currency exchange rate fluctuations. The counterparties to the Company's foreign exchange forward contracts and interest rate swaps consist of a number of major, high credit quality, international financial institutions. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company monitors their credit ratings, and reduces the financial exposure by limiting the notional amount of agreements entered into with any one financial institution.

FINANCIAL CONDITION

The increase in cash and cash equivalents from December 29, 1996 primarily resulted from net cash provided by operating activities and proceeds from financing activities, offset by capital expenditures during the period. Net cash provided by operating activities was $202 million which includes receipt of a tax refund for $101 million. Financing activities include proceeds from a $250 million four-year secured long-term loan and $50 million from issuance of stock, offset by $53 million in repayments of debt and capital lease obligations. These funds were used to support capital additions of $468 million for the nine months ended September 28, 1997.

The Company plans to continue to make significant capital investments through at least 1999, including those relating to Dresden Fab 30 and FASL. The Company's current capital plan and requirements are based on the availability of financial resources and various product-mix, selling-price, and unit-demand assumptions and are, therefore, subject to revision.

AMD Saxony Manufacturing GmbH (AMD Saxony), a German subsidiary wholly owned by the Company through a German holding company, is building a 900,000 square foot submicron integrated circuit manufacturing and design facility in Dresden, in the State of Saxony, Germany (Dresden Fab 30) over the next five years at a presently estimated cost of approximately $1.9 billion. The Federal Republic of Germany and the State of Saxony have agreed to support the project in the form of guarantees of bank debt, investment grants and subsidies, and interest subsidies. In March 1997, AMD Saxony entered into a loan agreement with a consortium of banks led by Dresdner Bank AG under which loan facilities will be made available, and AMD Saxony plans to draw down on this loan in the near future. In connection with the financing, the Company has agreed to invest in AMD Saxony over the next three years equity and subordinated loans, and to guarantee a portion of AMD Saxony's obligations under the loan agreement until Dresden Fab 30 has been completed. In addition, after completion of Dresden Fab 30, AMD has agreed to make funds available to AMD Saxony if the subsidiary does not meet its fixed charge coverage ratio covenant. Finally, AMD has agreed to undertake certain contingent obligations, including various obligations to fund project cost overruns. The Company commenced construction in the second quarter of 1997. The planned Dresden Fab 30 costs are denominated in deutsche marks and, therefore, are subject to change due to foreign exchange rate fluctuations. During the third quarter of 1997, the Company entered into foreign currency swaps to hedge foreign exchange transaction exposure for Dresden Fab 30, and anticipates that it will engage in future hedging arrangements.

FASL completed the building construction of a second Flash memory device wafer fabrication facility (FASL II) at a site contiguous to the existing FASL facility in Aizu-Wakamatsu, Japan. Equipment installation is in process and the facility is expected to cost approximately $1.1 billion when fully equipped. Capital expenditures for FASL II construction are expected to be funded by cash generated from FASL operations and borrowings by FASL. To the extent that FASL is unable to secure the necessary funds for FASL II, AMD may be required to contribute cash or guarantee third-party loans in proportion to its percentage interest in FASL. At September 28, 1997, AMD had loan guarantees of $48 million outstanding with respect to such loans. The planned FASL II costs are denominated in yen and, therefore, are subject to change due to foreign exchange rate fluctuations.

The Company has an unused syndicated bank loan agreement providing for a $150 million three-year secured revolving line of credit (which can be extended for one additional year, subject to approval of the lending banks). Additionally, as of September 28, 1997, the Company has available unsecured uncommitted bank lines of credit in the amount of $83 million, of which $10 million was used.

The Company believes that cash flows from operations and current cash balances, together with financing activities will be sufficient to fund operations and capital investments currently planned through 1998.

RISK FACTORS

The Company's business, results of operations and financial condition are subject to the following risk factors:

Microprocessor Products

Intel Dominance. Intel Corporation (Intel) has long held a dominant position in the market for microprocessors used in personal computers (PCs). Intel Corporation's dominant market position enables it to set and control x86 microprocessor standards and thus dictate the type of product the market requires of Intel Corporation's competitors. In addition, Intel Corporation's financial strength and dominant position enable it to vary prices on its microprocessors at will and thereby affect the margins and profitability of its competitors. Intel Corporation's strength also enables it to exert substantial influence and control over PC manufacturers through the Intel Inside advertising rebate program and to invest hundreds of millions of dollars in, and as a result exert influence over, many other technology companies. The Company expects Intel to continue to invest heavily in research and development, new manufacturing facilities, other technology companies and to maintain its dominant position through the Intel Inside program, through other contractual constraints on customers and other third parties, and by controlling industry standards. As an extension of its dominant microprocessor market share, Intel also increasingly dominates the PC platform, which has made it difficult for PC manufacturers to innovate and differentiate their product offerings. The Company does not have the financial resources to compete with Intel on such a large scale. As long as Intel remains in this dominant position, its product introduction schedule, product pricing strategy, customer brand loyalty and control over industry standards, PC manufacturers and other PC industry participants may have a material adverse effect on the Company.

As Intel has expanded its dominance in designing and setting standards for PC systems, many PC manufacturers have reduced their system development expenditures and have begun to purchase microprocessors in conjunction with chip sets or in assembled motherboards. In marketing its microprocessors to these OEMs and dealers, AMD is dependent upon companies other than Intel for the design and manufacture of core-logic chip sets, motherboards, basic input/output system (BIOS) software and other components. In recent years, these third-party designers and manufacturers have lost significant market share to Intel. In addition, these companies are able to produce chip sets, motherboards, BIOS software and other components to support each new generation of Intel Corporation's microprocessors only if Intel makes information about its products available. Delay in the availability of such information makes and will continue to make it increasingly difficult for them to retain or regain market share. To compete with Intel in this market in the future, the Company intends to continue to form closer relationships with third-party designers and manufacturers of core-logic chip sets, motherboards, BIOS software and other components. The Company similarly intends to expand its chip set and system design capabilities, and offer to OEMs a portion of the Company's processors together with chip sets and licensed system designs incorporating the Company's processors and companion products. There can be no assurance, however, that such efforts by the Company will be successful. The Company expects that, as Intel introduces future generations of microprocessors, chip sets and motherboards, the design of chip sets and higher level board products which support Intel

microprocessors will become increasingly dependent on the Intel microprocessor design and may become incompatible with non-Intel processor-based PC systems. Intel Corporation's Pentium II is sold only in the form of a "Slot 1" daughtercard that is not physically or interface protocol compatible with "Socket 7" motherboards currently used with Intel Pentium(R) processors. Thus, Intel will cease supporting the Socket 7 infrastructure as it transitions away from its Pentium processors. Because the AMD-K6 microprocessor is designed to be Socket 7 compatible, and will not work with motherboards designed for Slot 1 Pentium II processors, the Company intends to work with third party designers and manufacturers of motherboards, chip sets and other products to assure the continued availability of Socket 7 infrastructure support for the AMD-K6 microprocessor, including support for enhancements and features the Company plans to add to the processor. There can be no assurance that Socket 7 infrastructure support for the AMD-K6 microprocessor will endure over time as Intel moves the market to its Slot 1 designs. AMD has no plans to develop microprocessors that are bus interface protocol compatible with the Pentium II processors, because the Company's patent cross license agreement with Intel Corporation does not extend to AMD processors that are bus interface protocol compatible with Intel Corporation's Pentium Pro, Pentium II and subsequent generation processors. Similarly, the Company's ability to compete with Intel in the market for seventh- and future generation microprocessors will depend not only upon its success in designing and developing the microprocessors themselves, but also in ensuring either that they can be used in PC platforms designed to support Intel microprocessors as well as AMD microprocessors or that alternative platforms are available which are competitive with those used with Intel processors. A failure for any reason of the designers and producers of motherboards, chip sets and other system components to support the Company's x86 microprocessor offerings could have a material adverse effect on the Company.

Investment in and Dependence on K86/TM/ AMD Microprocessor Products. The Company's microprocessor products have traditionally made significant contributions to the Company's revenues, profits and margins. The Company's ability to expand its current levels of revenues from microprocessor products and to benefit fully from the substantial financial commitments it has made and continues to make related to microprocessors will depend upon the success of the AMD-K6 microprocessor and future generations of K86 microprocessors. The Company's production and sales plans for its AMD-K6 microprocessors are subject to numerous risks and uncertainties, including the pace at which the Company continues to ramp production in Fab 25 to 0.25 micron process technology, the percentage of production yields of the higher performing parts, the effects of marketing and pricing strategies adopted by Intel, the development of market acceptance for the products particularly with leading PC OEMs, the possibility that products newly introduced by the Company may be found to be defective, possible adverse conditions in the personal computer market and unexpected interruptions in the Company's manufacturing operations. In view of Intel Corporation's industry dominance and brand strength, AMD prices the AMD-K6 microprocessor at least 25 percent below the price of Intel processors offering comparable performance. Thus, Intel Corporation's decisions on processor prices can impact and has impacted the average selling prices of the AMD-K6 microprocessors, and consequently can impact the Company's margins. A failure to successfully ramp to 0.25 micron process technology or of the Company's AMD-K6 microprocessors to achieve market acceptance would have a

material adverse effect on the Company. AMD is also devoting substantial resources to the development of its seventh-generation Microsoft(R) Windows(R) compatible microprocessor.

Compatibility Certifications. AMD has obtained Windows, Windows 95(R) and Windows NT(R) certifications from Microsoft and other appropriate certifications from recognized testing organizations for its K86 microprocessors. A failure to maintain certifications from Microsoft would prevent the Company from describing and labeling its K86 microprocessors as Microsoft Windows compatible. This could substantially impair the Company's ability to market the products and could have a material adverse effect on the Company.

Fluctuation in PC Market. Since most of the Company's microprocessor products are used in personal computers and related peripherals, the Company's future growth is closely tied to the performance of the PC industry. The Company could be materially and adversely affected by industry-wide fluctuations in the PC marketplace in the future.

Possible Rights of Others. Prior to its acquisition by AMD, NexGen granted limited manufacturing rights regarding certain of its current and future microprocessors, including the Nx586 and Nx686/TM/, to other companies. The Company does not intend to produce any NexGen products. The Company believes that its AMD-K6 microprocessors are AMD products and not NexGen products. There can be no assurance that another company will not seek to establish rights with respect to the processors. If another company were deemed to have rights to produce the Company's AMD-K6 microprocessors for its own use or for sale to third parties, such production could reduce the potential market for microprocessor products produced by AMD, the profit margin achievable with respect to such products, or both.

Flash Memory Products

Importance of Flash Memory Device Business; Increasing Competition. The market for Flash memory devices continues to experience increased competition as additional manufacturers introduce competitive products and industry-wide production capacity increases. The Company expects that the marketplace for Flash memory devices will continue to be increasingly competitive. A substantial portion of the Company's revenues are derived from sales of Flash memory devices, and the Company expects that this will continue to be the case for the foreseeable future. During 1996 and the first three quarters of 1997, the Company experienced declines in the selling prices of Flash memory devices. There can be no assurance that the Company will be able to maintain its market share in Flash memory devices or that price declines may not accelerate as the market develops and as more competitors emerge. A decline in the Company's Flash memory device business or continued declines in the gross margin percentage in this business could have a material adverse effect on the Company.

Manufacturing

Capacity. The Company's manufacturing facilities have been underutilized from time to time as a result of reduced demand for certain of the Company's products. The Company's operations related to microprocessors have been particularly affected by this situation. Any future

underutilization of the Company's manufacturing facilities could have a material adverse effect on the Company. The Company plans to increase its manufacturing capacity by making significant capital investments in Fab 25 and in Fab 30 in

Dresden, Germany. In addition, the building construction of FASL II, a second Flash memory device manufacturing facility, is complete and equipment installation is in progress. There can be no assurance that the industry projections for future growth upon which the Company is basing its strategy of increasing its manufacturing capacity will prove to be accurate. If demand for the Company's products does not increase, underutilization of the Company's manufacturing facilities will likely occur and have a material adverse effect on the Company.

In contrast to the above, there also have been situations in the past in which the Company's manufacturing facilities were inadequate to enable the Company to meet demand for certain of its products. In addition to having its own fabrication facilities, AMD has foundry arrangements for the production of its products by third parties. Any inability of AMD to generate sufficient manufacturing capabilities to meet demand, either in its own facilities or through foundry or similar arrangements with others, could have a material adverse effect on the Company.

Process Technology. Manufacturers of integrated circuits are constantly seeking to improve the process technologies used to manufacture their products. In order to remain competitive, the Company must make continuing substantial investments in improving its process technologies. In particular, the Company has made and continues to make significant research and development investments in the technologies and equipment used to fabricate its microprocessor products and its Flash memory devices. Portions of these investments might not be recoverable if the Company's microprocessors fail to gain market acceptance or if the market for its Flash memory products should significantly deteriorate. This could have a material adverse effect on the Company. In addition, any inability of the Company to remain competitive with respect to process technology could have a material adverse effect on the Company. For example, the Company's success in competing with Intel and producing higher performance AMD-K6 microprocessors in volumes sufficient to increase market share depends on the timely development and qualification of 0.25 micron process technology. There can be no assurance that the Company will be able to commit Fab 25 production to a qualified 0.25 micron process technology in order to fabricate product in sufficient volume to meet the anticipated needs and demands of its customers.

Manufacturing Interruptions. Any substantial interruption with respect to any of the Company's manufacturing operations, either as a result of a labor dispute, equipment failure or other cause, could have a material adverse effect on the Company. The Company has in the past and may in the future be materially adversely affected by fluctuations in manufacturing yields.

Product Incompatibility. While AMD submits its products to rigorous internal and external testing, there can be no assurance that the Company's products will be compatible with all industry-standard software and hardware. Any inability of the Company's customers to achieve such compatibility or compatibility with other software or hardware after the Company's products are shipped in volume could have a material adverse effect on the Company. There can be no assurance that AMD will be successful in correcting any such compatibility problems that are discovered or that such corrections will be acceptable to customers or made in a timely manner. In

addition, the mere announcement of an incompatibility problem relating to the Company's products could have a material adverse effect on the Company.

Product Defects. One or more of the Company's products may possibly be found to be defective after AMD has already shipped such products in volume, requiring a product replacement, recall, or a software fix which would cure such defect but impede performance. Product returns could impose substantial costs on AMD and have a material adverse effect on the Company.

Essential Manufacturing Materials. Certain raw materials used by the Company in the manufacture of its products are available from a limited number of suppliers. For example, several types of the integrated circuit packages purchased by AMD, as well as by the majority of other companies in the semiconductor industry, are principally supplied by a few foreign companies. Shortages could occur in various essential materials due to interruption of supply or increased demand in the industry. If AMD were unable to procure certain of such materials, it would be required to reduce its manufacturing operations which could have a material adverse effect on the Company. To date, AMD has not experienced significant difficulty in obtaining necessary raw materials.

International Manufacturing. Nearly all product assembly and final testing of the Company's products are performed at the Company's manufacturing facilities in Penang, Malaysia; Bangkok, Thailand; and Singapore; or by subcontractors in Asia. AMD has a 50 year land lease in Suzhou, China, to be used for the construction and operation of an additional assembly and test facility. 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 AMD were unable to assemble and test its products abroad, or if air transportation between the United States and the Company's overseas facilities were disrupted, there could be a material adverse effect on the Company.

Other Risk Factors

Debt Restrictions. The Credit Agreement and the Indenture related to the Senior Secured Notes contain significant covenants that limit the Company's and its subsidiaries' ability to engage in various transactions and require satisfaction of specified financial performance criteria. In addition, the occurrence of certain events (including, without limitation, failure to comply with the foregoing covenants, material inaccuracies of representations and warranties, certain defaults under or acceleration of other indebtedness and events of bankruptcy or insolvency) would, in certain cases after notice and grace periods, constitute events of default permitting acceleration of indebtedness. The limitations imposed by the Credit Agreement and the Indenture are substantial, and failure to comply with such limitations could have a material adverse effect on the Company. In addition, the agreements entered into by AMD Saxony in connection with the Dresden Facility loan substantially prohibit the transfer of assets from AMD Saxony to the Company, which will prevent the Company from utilizing current or future assets of AMD Saxony other than to satisfy obligations of AMD Saxony.

Dependence on Third Parties for Programmable Logic Software. Customers utilizing programmable logic devices must use special software packages, generally provided by the suppliers of the programmable logic devices, to program these devices. The Company's wholly-owned programmable logic company, Vantis, provides its customers with software which it licenses from third parties and is dependent upon third parties for the software and continuing improvements in the quality of the software. No assurance can be made that Vantis will be able to maintain its existing relationships with these third parties. An inability of Vantis to continue to obtain appropriate software and improvements from third parties or to develop its own software internally could materially adversely affect Vantis business, including the timing of new or improved product introductions, which could have a material adverse effect on the Company.

Technological Change and Industry Standards. The market for the Company's 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. The Company's success depends substantially upon its ability, on a cost-effective and timely basis, to continue to enhance its 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 its products, in market demand for products based on a particular technology or on accepted industry standards could have a material adverse effect on the Company. There can be no assurance that AMD will 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, or that any such new products will achieve market acceptance.

Competition. The IC industry is intensely competitive and, historically, has experienced rapid technological advances in product and system technologies together with substantial price reductions in maturing products. After a product is introduced, prices normally decrease over time as production efficiency and competition increase, and as a successive generation of products is 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 performance. Competition in the sale of ICs is based on performance, product quality and reliability, price, compatibility with 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.

Fluctuations in Operating Results. The Company's operating results are subject to substantial quarterly and annual fluctuations due to a variety of factors, including the effects of competition with Intel in the microprocessor industry, competitive pricing pressures, anticipated decreases in unit average selling prices of the Company's products, production capacity levels and fluctuations in manufacturing yields, availability and cost of products from the Company's suppliers, the gain or loss of significant customers, new product introductions by AMD or its 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 the Company's products, seasonal customer demand, the timing of significant orders and the timing and extent of product development costs. In addition, operating results could 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. The Company's customers may change delivery schedules or cancel orders without significant penalty. Many of the factors listed above are outside of the Company's control. These factors are difficult to forecast, and these or other factors could materially adversely affect the Company's quarterly or annual operating results.

Order Revision and Cancellation Policies. AMD manufactures and markets 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 are frequently subject to revision and cancellation without penalty. As a result, AMD must commit resources to the production of products without having received advance purchase commitments from customers. Any inability to sell products to which it had devoted significant resources could have a material adverse effect on the Company. Distributors typically maintain an inventory of the Company's products. Pursuant to the Company's agreements with distributors, AMD protects its distributors' inventory of the Company's 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 contain a provision for the return of the Company's products in the event the agreement with the distributor is terminated. The price protection and return rights AMD offers to its distributors may materially adversely affect the Company.

Key Personnel. The Company's future success depends upon the continued service of numerous key engineering, manufacturing, sales and executive personnel. There can be no assurance that AMD will be able to continue to attract and retain qualified personnel necessary for the development and manufacture of its products. Loss of the service of, or failure to recruit, key engineering design personnel could be significantly detrimental to the Company's product development programs or otherwise have a material adverse effect on the Company.

Intellectual Property Rights; Potential Litigation. Although the Company attempts to protect its intellectual property rights through patents, copyrights, trade secrets, trademarks and other measures, there can be no assurance that the Company will be able to protect its technology or other intellectual property adequately or that competitors will not be able to develop similar technology independently. There can be no assurance that any patent applications that the Company may file will be issued or that foreign intellectual property laws will protect the Company's intellectual property rights. There can be no assurance that any patent licensed by or issued to the Company will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide competitive advantages to the Company. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate the Company's products or design around the Company's patents and other rights.

From time to time, AMD has been notified that it may be infringing intellectual property rights of others. If any such claims are asserted against the Company, the Company may seek to obtain a

license under the third party's intellectual property rights. AMD could decide, in the alternative, to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming and could materially adversely affect the Company. No assurance can be given that all necessary licenses can be obtained on satisfactory terms, or that litigation may always be avoided or successfully concluded.

Environmental Regulations. The failure 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 could result in fines being imposed on the Company, suspension of production, alteration of the Company's manufacturing processes or cessation of operations. Such regulations could require the Company to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. Any failure by the Company to control the use, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject the Company to future liabilities and could have a material adverse effect on the Company.

International Sales. AMD derives a substantial portion of its revenues from its sales subsidiaries located in Europe and Asia Pacific. The Company's international sales operations entail political and economic risks, including expropriation, currency controls, exchange rate fluctuations, changes in freight rates and changes in rates for taxes and tariffs.

Domestic and International Economic Conditions. The Company's business is subject to general economic conditions, both in the United States and abroad. A significant decline in economic conditions in any significant geographic area could have a material adverse effect on the Company.

Volatility of Stock Price; Ability to Access Capital. Based on the trading history of its stock, AMD believes factors such as quarterly fluctuations in the Company's financial results, announcements of new products and/or pricing by AMD or its competitors, the pace of new product manufacturing ramp, production yields of key products and general conditions in the semiconductor industry have caused and are likely to continue to cause the market price of AMD common stock to fluctuate substantially. 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 AMD common stock in any given period. Technology company stocks in general have experienced extreme price and volume fluctuations that often have been unrelated to the operating performance of the companies. This market volatility may adversely affect the market price of the Company's common stock and consequently limit the Company's ability to raise capital. The Company's current business plan envisions substantial cash outlays requiring external capital financing. There can be no assurances that capital and/or long-term financing will be available on terms favorable to the Company or in sufficient amounts to enable the Company to implement its current business plan.

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

Year 2000 Compliance. The Company is aware of the issues associated with the limitations of the programming code in many existing computer systems, whereby the computer systems may not

properly recognize date sensitive information as the millennium (year 2000) approaches. Systems that do not properly recognize such information could generate erroneous data or cause a system to fail.

The Company is currently in the process of evaluating its information technology infrastructure for year 2000 compliance. A Company-wide task force has been assembled to identify, correct or reprogram, and test the systems to ensure that they do not malfunction as a result of the year 2000. Management has not yet assessed the year 2000 compliance expenses and related potential effect on the Company's earnings.

II. Other Information

Item 1. Legal Proceedings

Advanced Micro Devices, Inc. v. Altera Corporation (Case No. C94-20567-RMW, U.S. District Ct., San Jose, California). This litigation, which began in 1994, involves multiple claims and counterclaims for patent infringement relating to the Company's and Altera Corporation's programmable logic devices. As a result of a bench trial held on August 11 and 13, 1997, the Court held that Altera is licensed to the remaining three AMD patents-in-suit. Two of the seven patents asserted by Altera in its counterclaim against the Company remain in the suit. The Company intends to seek entry of final judgment with respect to the jury and Court determinations that Altera is licensed to each of the Company's eight patents-in-suit, and to appeal these rulings at the earliest practicable time. The Company anticipates that Altera will file a motion for attorney fees following entry of the final judgment. Based upon information presently known to management, the Company does not believe that the ultimate resolution of this lawsuit will have a material adverse effect on the financial condition or results of operations of the Company.

Item 6. Exhibits and Reports on Form 8-K

(a). Exhibits

10.24(d) Third Amendment to Credit Agreement, dated as of October

1, 1997, among Advanced Micro Devices, Inc., Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank, N.V., as syndication agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender.

21 List of AMD Subsidiaries

27 Financial Data Schedule

(b). Reports on Form 8-K

The following reports on Form 8-K were filed during the quarter for which this report is filed:

1. Current Report on Form 8-K dated July 8, 1997 reporting under Item 5 - Other Events - second quarter earnings.

2. Current Report on Form 8-K dated September 3, 1997 reporting under Item 5 - Other Events - expectation of a small operating loss.

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

ADVANCED MICRO DEVICES, INC.

Date: November 12, 1997 By: /s/ Geoff Ribar

Geoff Ribar
Vice President and
Corporate Controller

Signing on behalf of the
registrant and as the
principal accounting
officer

EXHIBIT INDEX

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27	Financial Data Schedule

EXHIBIT 10.24(d)

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), is entered into as of October 1, 1997, among Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), the "Banks" party to the Credit Agreement (Collectively, the "Banks"), ABN AMRO Bank N.V., as Syndication Agent for the Banks (the "Syndication Agent"), Canadian Imperial Bank of Commerce, as Documentation Agent for the Banks (the "Documentation Agent"), and Bank of America National Trust and Savings Association, as Administrative Agent for the Banks (the "Agent").

WHEREAS, the Company, the Banks, the Syndication Agent, the Documentation Agent and the Agent are parties to a Credit Agreement dated as of July 19, 1996, as amended by a First Amendment to Credit Agreement dated as of August 7, 1996, and a Second Amendment to Credit Agreement dated as of September 9, 1996 (as so amended, the "Credit Agreement");

WHEREAS, the Company has requested that the Majority Banks agree to certain amendments to the Credit Agreement;

WHEREAS, the Majority Banks have agreed to such request, subject to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

1. Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Interpretation. The rules of interpretation set forth in Section 1.02 of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

2. Amendments to the Credit Agreement.

(a) Amendment. The Credit Agreement is hereby amended as follows:

(i) Section 1.01 of the Credit Agreement is hereby amended by adding the following new definitions in appropriate alphabetical order:

"Vantis Division" means the Company's Programmable Logic Division."

"Vantis Subsidiary" means, collectively, Vantis Corporation, a Delaware corporation and a Wholly-Owned Subsidiary of the Company, and any other Wholly-Owned Subsidiary of the Company, in each case, specifically formed for the purpose of acquiring directly, or indirectly through one or more Wholly-Owned Subsidiaries, the assets and business constituting the Vantis Division."

(ii) Section 7.02 of the Credit Agreement is hereby amended by (A) deleting the word "and" from the end of subsection 7.02(c), (B) re-designating existing subsection 7.02(d) as subsection 7.02(e), (C) adding a new subsection 7.02(d) as follows:

"(d) (i) the transfer in one transaction or a series of transactions by the Company of its Vantis Division to the Vantis Subsidiary or any Wholly-Owned Subsidiary of the Vantis Subsidiary, and (ii) transfers of assets among the Vantis Subsidiary and its

Wholly-Owned Subsidiaries; provided that the aggregate value of all assets so transferred by the Company shall not exceed $80,000,000; and"

and (D) deleting the first three lines of the final paragraph of Section 7.02 and substituting therefor the following:

"Notwithstanding subsection 7.02(e) above, the disposition of Receivables shall not be permitted (other than as permitted under subsection 7.02(d) above), and, notwithstanding subsections 7.02(a) through 7.02(e) above, the".

(iii) Section 7.04 of the Credit Agreement is hereby amended by (A) deleting the word "and" from the end of subsection 7.04(f), (B) re-designating existing subsection 7.04(g) as subsection 7.04(h), and (C) adding a new subsection 7.04(g) as follows:

"(g) Investments by (i) the Company in the capital stock of the Vantis Subsidiary, and (ii) the Vantis Subsidiary in the capital stock of one or more of its Wholly-Owned Subsidiaries, in each case, made in exchange for asset transfers permitted under subsection 7.02(d); and"

(iv) Section 7.05 of the Credit Agreement is hereby amended by (A) re-designating existing subsection 7.05(e) as subsection 7.05(f), (B) re-designating existing subsection 7.05(f) as subsection 7.05(g), and (C) adding a new subsection 7.05(e) as follows:

"(e) Indebtedness for borrowed money owing from the Vantis Subsidiary to the Company not to exceed $15,000,000 in the aggregate at any time outstanding;"

(b) References Within Credit Agreement. Each reference in the Credit Agreement to "this Agreement" and the words "hereof," "herein," "hereunder," or words of like import, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

3. Representations and Warranties. The Company hereby represents and warrants to the Agent, the Syndication Agent, the Documentation Agent and the Banks as follows:

a. No Default or Event of Default has occurred and is continuing.

b. The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any governmental authority) in order to be effective and enforceable.

c. This Amendment and the Loan Documents, as amended by this Amendment, constitute the legal, valid and binding obligations of the Company, enforceable against it in accordance with their respective terms, without defense, counterclaim or offset.

4. Amendment Effective Date. This Amendment will become effective on October 1, 1997, provided that the Agent has received from each of the Company and the Majority Banks an executed counterpart of this Amendment.

5. Miscellaneous.

(a) Credit Agreement Otherwise Not Affected. Except as expressly amended pursuant hereto, the Credit Agreement shall remain unchanged and in full force and effect and is hereby ratified and confirmed in all respects. The Banks', the Agent's, the Syndication Agent's and the Documentation Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

(b) No Reliance. The Company hereby acknowledges and confirms to the Agent, the Syndication Agent, the Documentation Agent and the Banks that the Company is executing this Amendment on the basis of its own investigations and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of the Agent, the Syndication

Agent, the Documentation Agent, any Bank or any other Person.

(c) Amendments and Waivers. The provisions of this Amendment may only be amended or waived, and any consent with respect to any departure by the Company therefrom may only be granted, in accordance with the terms of Section 10.01 of the Credit Agreement.

(d) Costs and Expenses. The Company shall, whether or not the amendments contemplated hereby shall become effective, pay or reimburse the Agent, within five Business Days after demand, for all costs and expenses incurred by the Agent in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to, this Amendment and the consummation of the transactions contemplated hereby and thereby, including the Attorney Costs incurred by the Agent with respect thereto.

(e) Successors and Assigns. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(f) Counterparts. This Amendment may be executed by one or more of the parties to this Amendment in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. The parties hereto agree that the Agent may accept and rely on facsimile transmissions of executed signature pages of this Amendment.

(g) Severability. The illegality or unenforceability of any provision of this Amendment or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Amendment or any instrument or agreement required hereunder.

(h) No Third Parties Benefited. This Amendment is made and entered into for the sole protection and legal benefit of the Company, the Syndication Agent, the Documentation Agent, the Banks and the Agent, and their successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Amendment. Each of the Agent, the Syndication Agent, the Documentation Agent and the Banks shall not have any obligation to any Person not a party to this Amendment.

(i) Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(j) Entire Agreement. This Amendment embodies the entire agreement and understanding among the Company, the Banks, the Syndication Agent, the Documentation Agent and the Agent, and supersedes all prior or contemporaneous agreements and

understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

(k) Interpretation. This Amendment is the result of negotiations between and has been reviewed by counsel to the Agent, the Company and other parties, and is the product of all parties hereto. Accordingly, this Amendment shall not be construed against the Banks, the Syndication Agent, the Documentation Agent or the Agent merely because of the Agent's or such other Person's involvement in the preparation of such documents and agreements.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered in San Francisco, California, by their proper and duly authorized officers as of the day and year first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

Title: Senior Vice President and
Chief Financial Officer

THE AGENT

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Administrative Agent

By: /s/ Wendy W. Young

Title: Vice President

THE SYNDICATION AGENT

ABN AMRO BANK N.V., as Syndication Agent

By: ABN AMRO NORTH AMERICA, INC.,
its agent

By: /s/ Thomas R. Wagner

Title: Group Vice President

By: /s/ Jamie Dillon

Title: Vice President

THE DOCUMENTATION AGENT

CANADIAN IMPERIAL BANK OF COMMERCE, as
Documentation Agent

By: /s/ Cyd Petre

Title: Authorized Signatory

THE BANKS

BANK OF AMERICA NATIONAL TRUST AND SAVINGS
ASSOCIATION, as a Bank

By: /s/ Kevin McMahon

Title: Managing Director

ABN AMRO BANK N.V., as a Bank

By: ABN AMRO NORTH AMERICA, INC.,
its agent

By: /s/ Thomas R. Wagner

Title: Group Vice President

By: /s/ Jamie Dillon

Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE, as a Bank

By: /s/ Cyd Petre

Title: Authorized Signatory

BANKBOSTON, N.A.

By: /s/ illegible signature

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Jon A. Barkin

Title: Relationship Manager

BANQUE PARIBAS

By: Nanci Meyer

Title: VP

By: /s/ illegible signature

Title: Managing Director

THE DAI-ICHI KANGYO BANK, LTD.

By:

Title:

FLEET NATIONAL BANK

By: /s/ illegible signature

Title: VP

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: /s/ Haruhiko Masuda

Title: Deputy General Manager

KEYBANK NATIONAL ASSOCIATION

By: /s/ illegible signature

Title: Vice President

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED

By: /s/ illegible signature

Title: Deputy General Manager

THE MITSUBISHI TRUST AND BANKING CORPORATION

By: /s/ Yashushi Satomi

Title: Senior Vice President

ROYAL BANK OF CANADA

By: /s/ Michael Cole

Title: Manager

THE SAKURA BANK LIMITED, SAN FRANCISCO AGENCY

By: /s/ Takao Nakajima

Title: Assistant General Manager

THE SUMITOMO TRUST AND BANKING COMPANY, LIMITED,
LOS ANGELES AGENCY

By: /s/ Ninons Benjamin

Title: Vice President and Manager

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Glenn Leyrer

Title: Assistant Vice President

EXHIBIT 21

ADVANCED MICRO DEVICES, INC.

LIST OF SUBSIDIARIES

NAME OF SUBSIDIARY	STATE OR JURISDICTION IN WHICH INCORPORATED OR ORGANIZED
DOMESTIC SUBSIDIARIES	
Advanced Micro Ltd.	California
AMD Corporation	California
AMD Far East Ltd.	Delaware
AMD International Sales & Service, Ltd.	Delaware
AMD Texas Properties, LLC.	Delaware
Vantis Corporation	Delaware
Vantis International Limited	Delaware
FOREIGN SUBSIDIARIES	
Advanced Micro Devices S.A.N.V.	Belgium
AMD South America Limitada (1)	Brazil
Advanced Micro Devices (Canada) Limited	Canada
Advanced Micro Devices (Suzhou) Limited (2)	China
Advanced Micro Devices S.A.	France
Advanced Micro Devices GmbH	Germany
AMD Saxony Holding GmbH	Germany
AMD Saxony Manufacturing GmbH (3)	Germany
AMD Foreign Sales Corporation	Guam
Advanced Micro Devices S.p.A.	Italy
Vantis S.r.l.	Italy
AMD Japan Ltd.	Japan
Vantis Japan K.K. (4)	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Export Sdn. Bhd. (5)	Malaysia
AMD (Netherlands) B.V. (6)	Netherlands
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
AMD Holdings (Singapore) Pte. Ltd. (7)	Singapore
Advanced Micro Devices AB	Sweden
Advanced Micro Devices S.A. (8)	Switzerland
AMD (Thailand) Limited (7)	Thailand
Advanced Micro Devices (U.K.) Limited	United Kingdom
Vantis (UK) Limited	United Kingdom
Vantis II (UK) Limited	United Kingdom

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(1) Subsidiary of AMD International Sales & Service, Ltd. and AMD Far East Ltd.
(2) Subsidiary of AMD Holdings (Singapore) Pte. Ltd.
(3) Subsidiary of AMD Saxony Holding GmbH
(4) Subsidiary of Vantis Corporation

(5) Subsidiary of Advanced Micro Devices Sdn. Bhd.
(6) Subsidiary of Advanced Micro Devices Export Sdn. Bhd.
(7) Subsidiary of Advanced Micro Devices (Singapore) Pte. Ltd.
(8) Subsidiary of AMD International Sales & Service, Ltd.

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