

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 8-K

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

Date of Report (date of earliest event reported): October 17, 2001

ADVANCED MICRO DEVICES, INC.  
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(Exact name of registrant as specified in its charter)

DELAWARE ----- (State or other jurisdiction of incorporation)	1-7882 ----- (Commission File Number)	94-1692300 ----- (I.R.S. Employer Identification No.)
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One AMD Place, P.O. Box 3453 Sunnyvale, California ----- (address of principal executive offices)	94088-3453 ----- (Zip Code)
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Registrant's telephone number, including area code:	(408) 732-2400 -----
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Item 5. Other Events.  
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On October 17, 2001, Advanced Micro Devices, Inc. (the "Company") announced its third quarter sales. The Company reported sales of \$765,870,000, a decline of 22 percent compared with sales of \$985,264,000 in the second quarter of 2001. The Company reported sales of \$1,206,549,000 in the third quarter of 2000. The full text of the press release is set forth in Exhibit 99.1 attached hereto and is incorporated in this report as if fully set forth herein.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.  
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(c) Exhibits

Number -----	Exhibit -----
99.1	Press release dated October 17, 2001.

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

Date: October 18, 2001

By: /s/ Robert J. Rivet

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Robert J. Rivet  
Senior Vice President, Chief Financial  
Officer

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Exhibit Index

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Number

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Exhibit

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99.1

Press release dated October 17, 2001.

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NEWS RELEASE

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AMD REPORTS THIRD QUARTER RESULTS

-- Company Reports Lower Revenues on Record Unit Sales of AMD Athlon(TM) and AMD Duron(TM) Processors at Depressed Prices--

SUNNYVALE, CA - October 17, 2001 - AMD today reported results for the quarter ended September 30, 2001.

Net sales for the third quarter of 2001 were \$765,870,000, a decline of 22 percent compared with sales of \$985,264,000 in the second quarter of 2001. AMD reported sales of \$1,206,549,000 in the third quarter of 2000.

The pro forma net loss for the quarter, which excludes one-time charges, amounted to \$97,424,000, which was equivalent to \$0.28 per share. The pro forma net loss excludes the effects of restructuring and other special charges amounting to \$89.3 million and additional inventory provisions amounting to \$6.9 million. These charges were associated with the company's previously announced plans to close wafer fabrication facilities and reduce other manufacturing activities and administrative support that primarily serve AMD foundry service operations. The pro forma net loss also excludes the effects of a charge amounting to \$22 million for impaired investments. Total pro forma adjustments, net of tax credits, amounted to \$89.5 million.

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The total net loss under GAAP (generally accepted accounting principles) for the third quarter of 2001 was \$186,929,000, which amounted to \$0.54 per share on 345,044,000 shares outstanding. In the second quarter of 2001, AMD reported net income of \$17,352,000, which amounted to \$0.05 per diluted share.

Net sales for the first nine months of 2001 were \$2,939,881,000, compared with \$3,469,015,000 for the first nine months of 2000, a decline of 15 percent. Pro forma net income for the first nine months of 2001 amounted to \$44,766,000, or \$0.13 per diluted share. Pro forma net income for the first nine months of 2000 amounted to \$615,792,000, or \$1.81 per diluted share.

The total net loss under GAAP for the first nine months of 2001 was \$44,739,000, or \$0.14 per share. Net income for the first nine months of 2000 was \$805,058,000, or \$2.36 per diluted share.

Memory Group sales in the third quarter of 2001 at \$210 million declined by 34 percent from the second quarter of 2001, reflecting continuing weakness in the communication sector and excess inventories of flash memory devices at major customers.

The company reported record unit sales of AMD Athlon(TM) and AMD Duron(TM) processors in the quarter. Total PC processor unit sales for the third quarter of 2001, at more than 7.7 million units, remained at the record level of the immediate-prior quarter. In the face of very aggressive competition, average selling prices (ASPs) for PC processors declined by 20 percent sequentially.

"AMD held market share in the 22 percent range in a very weak PC market made more difficult by our principal competitor's efforts to halt our forward momentum," said W. J. Sanders III, chairman and chief executive officer. "Those efforts have failed as the performance deficiencies of computers based on Intel's Pentium(R) 4 processors have become increasingly evident. Nevertheless, drastic price cuts and large, cash-backed marketing programs from Intel had the effect of driving down ASPs on PC processors in the market segments where we compete directly.

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"During the quarter, AMD commenced shipments of the newest member of the AMD Athlon processor family, the AMD Athlon XP processor, based on the 'Palomino' core. AMD Athlon XP processors were designed to deliver extreme performance on the desktop running the new Microsoft(R) Windows(R) XP operating system. The AMD Athlon XP processor outperforms any other PC processor in the world, unlocking the full potential of a PC when combined with the Windows XP operating system," Sanders said.

"Earlier this week at the Microprocessor Forum, the industry's leading microprocessor technical conference, AMD revealed more details about the architecture of the eighth-generation Hammer family of PC processors planned for introduction late next year. The Hammer family will feature on-chip memory control as well as a highly scalable system bus that uses HyperTransport(TM) technology, enabling the chips inside PCs to communicate with each other up to 24 times faster than with existing technologies. We believe the Hammer family will continue AMD's performance leadership in the PC processor market.

"AMD employees throughout the world responded valiantly in the wake of the terrorist attacks in New York and Washington. Despite disruption of air transportation services following the attacks, AMD maintained its operational excellence and met all commitments to customers," Sanders concluded.

The company also reported the repurchase of 6.3 million shares of its common stock during the quarter.

#### Current Outlook

The company's outlook statements are based on current expectations. The following statements are forward-looking, and actual results could differ materially. The company's current outlook is based on the following projections:

Demand for flash memory devices from new customers is expected to offset continuing weakness in demand from customers in the communications sector, where inventories continue to exceed desired levels. Uncertainty in the economy reflecting declining consumer sentiment suggests caution in attempting a precise forecast. Accordingly, the company projects that Memory Group sales in the fourth quarter will range from unchanged to growth of 10 percent over the level of the third quarter of 2001.

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The company expects that the normal seasonality that was to have benefited the PC market in the fourth quarter will be muted at best in light of the impact of global economic uncertainty on consumer spending.

Unit sales of PCs are expected to grow only modestly in the fourth quarter of 2001 from the levels of the third quarter. The encouraging reception of the new AMD Athlon XP processor, the world's highest-performance PC processor; the acceptance of AMD's first multiprocessor server and workstation product, the AMD Athlon MP processor; and the growing success in commercial markets of the AMD Athlon family offerings presage continuing growth in unit shipments of AMD PC processors.

In the current quarter, the company again expects to achieve record unit volume sales of AMD Athlon and AMD Duron processors. The company's strengthening competitive position is expected to result in attenuating price declines and to generate revenues ranging from the level of the third quarter of 2001 to as much as 10 percent growth sequentially.

If current conditions prevail and as revenues from the company's other IC products and foundry services decline, the company expects that overall revenues will range from flat to high single-digit percentage growth in the fourth quarter.

Revenues in this range would be insufficient to offset the current level of expenses, and therefore the company currently expects to report an operating loss in the fourth quarter.

#### AMD Teleconference

AMD will hold a teleconference for the financial community at 2:30 PM Pacific Daylight Time today to discuss third-quarter financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its web site at <http://www.amd.com> or

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<http://www.StreetEvents.com>. The webcast will be available for two weeks after  
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 the teleconference.

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Cautionary Statement

This release contains forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements in this release involve risks and uncertainty that could cause actual results to differ materially from current expectations. Risks include the possibility that global business and economic conditions will worsen, and that consumer confidence will continue to decline, resulting in lower than expected sales in the quarter; that Intel Corporation pricing, marketing programs, product bundling, new product introductions or other activities targeting the company's processor business will prevent attainment of the company's current PC processor sales plans; that demand for personal computers and, in turn, demand for the company's seventh-generation PC processors will be lower than currently expected; that demand from new customers for the company's flash memory products will be lower than currently expected; that changes in customer needs will dampen anticipated demand for the company's flash memory products; that the company will not continue to be successful in ramping production of the company's highest-performance AMD Athlon processors in Fab 30 in Dresden, Germany; and that the company will not be able to maintain or grow revenues in the current quarter consistent with its current forecast. We urge investors to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the report on Form 10-K for the year ended December 31, 2000, and the report on Form 10-Q for the quarter ended July 1, 2001.

About AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, Japan, and Asia. AMD, a Fortune 500 and Standard & Poor's 500 company, produces microprocessors, flash memory devices, and support circuitry for communications and networking applications. Founded in 1969 and based in Sunnyvale, California, AMD had revenues of \$4.6 billion in 2000. (NYSE: AMD).

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Visit AMD on the Web

For more AMD news and product information, please visit our virtual pressroom at [www.amd.com/news/virtualpress/index.html](http://www.amd.com/news/virtualpress/index.html). Additional press releases are available at [www.amd.com/news/news.html](http://www.amd.com/news/news.html).

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Other product names used in this publication are for identification purposes only and may be trademarks of their respective companies.

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

<TABLE>  
 <CAPTION>

	Sept. 30,	July 1,
December 31,		
2000*	2001	2001

	(unaudited)	(unaudited)	
<S>	<C>	<C>	<C>
Assets			

Current assets:

Cash, cash equivalents and short-term investments	\$	903,534	\$	1,057,163	\$
1,293,165					
Accounts receivable, net		588,563		728,356	
547,200					
Inventories		449,078		400,849	
343,541					
Deferred income taxes		168,846		188,946	
218,527					
Prepaid expenses and other current assets		289,722		175,522	
255,256					
-----					
-----					
Total current assets		2,399,743		2,550,836	
2,657,689					
Property, plant and equipment, net		2,715,292		2,668,271	
2,636,467					
Investment in joint venture		396,351		377,639	
261,728					
Other assets		227,819		234,207	
211,851					
-----					
-----					
		\$ 5,739,205		\$ 5,830,953	\$
5,767,735					
=====					
=====					
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	\$	369,064	\$	314,606	\$
477,369					
Accrued compensation and benefits		143,987		121,523	
172,815					
Accrued liabilities		382,797		315,928	
276,721					
Income tax payable		49,591		38,184	
74,806					
Deferred income on shipments to distributors		34,620		67,407	
92,828					
Current portion of long-term debt, capital lease obligations and other		192,487		220,080	
129,570					
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Total current liabilities		1,172,546		1,077,728	
1,224,109					
Deferred income taxes		139,850		198,203	
203,986					
Long-term debt, capital lease obligations and other, less current portion		796,021		754,717	
1,167,973					
Stockholders' equity:					
Capital stock:					
Common stock, par value		3,471		3,464	
3,141					
Capital in excess of par value		1,890,646		1,955,498	
1,406,290					
Retained earnings		1,811,522		1,998,450	
1,856,261					
Accumulated other comprehensive loss		(74,851)		(157,107)	
(94,025)					
-----					
-----					
Total stockholders' equity		3,630,788		3,800,305	
3,171,667					
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		\$ 5,739,205		\$ 5,830,953	\$
5,767,735					
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</TABLE>

\*Derived from the December 31, 2000 audited financial statements of Advanced Micro Devices, Inc.

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

Ended	Quarter Ended			Nine Months	
	(Unaudited)			(Unaudited)	
	Sept. 30,	July 1,	Oct. 1,	Sept. 30,	
	2001	2001	2000	2001	
Oct. 1, 2000					
<S> Net sales 3,469,015	<C> \$ 765,870	<C> \$ 985,264	<C> \$ 1,206,549	<C> \$ 2,939,881	<C> \$
Cost of sales 1,857,334	594,056	636,199	639,010	1,945,085	
Research and development 479,712	161,185	171,114	162,764	490,059	
Marketing, general and administrative 438,259	150,918	156,291	141,931	456,346	
Restructuring and other special charges --	89,305	--	--	89,305	
	995,464	963,604	943,705	2,980,795	
Operating income (loss) 693,710	(229,594)	21,660	262,844	(40,914)	
Gain on sale of Legerity 336,899	--	--	336,899	--	
Interest and other income (expense), net 60,852	(11,220)	12,308	19,789	19,911	
Interest expense (40,105)	(9,946)	(20,199)	(17,382)	(51,790)	
Income (loss) before income taxes, equity in joint venture and extraordinary item 1,051,356	(250,760)	13,769	602,150	(72,793)	
Provision (benefit) for income taxes 226,787	(65,018)	3,717	175,009	(8,758)	
Income (loss) before equity in joint venture and extraordinary item 824,569	(185,742)	10,052	427,141	(64,035)	
Equity in net income (loss) in joint venture 3,469	(1,187)	7,300	4,406	19,296	
Income (loss) before extraordinary item 828,038	(186,929)	17,352	431,547	(44,739)	
Extraordinary item - debt retirement, net of tax benefit 22,980	--	--	22,980	--	

Net income (loss)	\$ (186,929)	\$ 17,352	\$ 408,567	\$ (44,739)	\$
805,058					
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Net income (loss) per common share					
Basic:					
Income (loss) before extraordinary item	\$ (0.54)	\$ 0.05	\$ 1.38	\$ (0.14)	\$
2.69					
Net income (loss)	\$ (0.54)	\$ 0.05	\$ 1.31	\$ (0.14)	\$
2.61					
Diluted:					
Income (loss) before extraordinary item	\$ (0.54)	\$ 0.05	\$ 1.24	\$ (0.14)	\$
2.42					
Net income (loss)	\$ (0.54)	\$ 0.05	\$ 1.18	\$ (0.14)	\$
2.36					
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Shares used in per share calculation					
-Basic	345,044	330,120	311,943	329,837	
307,942					
-Diluted	345,044	340,533	352,893	329,837	
350,082					
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