

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): July 10, 1996

ADVANCED MICRO DEVICES, INC.

(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.) |
|--|--|--|

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

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

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Item 5. Other Events.

On July 10, 1996, Advanced Micro Devices, Inc. (the "Company") announced its second quarter revenues. The Company reported a net loss of \$34,672,000 on sales of \$455,077,000. The loss amounted to \$0.26 per common share on a fully diluted basis. The results include a non-recurring pre-tax gain of \$16.3 million resulting from a sale of securities. The full text of the press release is set forth in Exhibit 99 attached hereto and is incorporated in this report as if fully set forth herein.

During the second quarter, the Company produced more than 500,000 of its AMD-K5(TM) PR75 (75 MHz) and AMD-K5 PR90 (90 MHz) microprocessors, but shipped only 200,000 units. The Company also began initial shipments of its AMD-K5 PR100 (100 MHz) microprocessor in the second quarter. Due to anticipated slower demand for its AMD-K5 products, the Company expects that it will produce fewer AMD-K5 microprocessors in the third quarter of 1996 than its previous goal of 1,000,000 units. This may also cause the Company to produce fewer AMD-K5 microprocessors during the remainder of 1996 and through the first quarter of 1997 than the 3,000,000 units and 5,000,000 units previously announced with respect to such periods.

The matters discussed above contain forward-looking statements regarding the Company's anticipated production and sales of its AMD-K5 microprocessors. These statements involve risks and uncertainties that could cause actual results to differ from predicted results. The Company's production plans are subject to change depending on customers inventory levels and orders for the Company's products, changed industry and Company forecasts of demand, the timing of introduction of higher-performance fifth-generation microprocessors and other products, and the place at which the Company is able to ramp production of fifth-generation microprocessors in FAB 25. The Company's success in producing and selling products as planned is subject to numerous risks and uncertainties including those related to the potentially adverse effects of marketing and pricing strategies adopted by Intel Corporation which has a dominant position in the microprocessor market, the possibility that products newly introduced by the Company may fail to achieve market acceptance or that any of the Company's products may be found to be defective, possibly adverse conditions in the personal computer market and unexpected interruptions in the Company's manufacturing operations. Information on the factors that could affect the Company's financial results are set forth in the Company's SEC filings, including the filed report on Form 10-K for the year ended December 31, 1995, and the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1996.

(c) Exhibits:

99 Press release dated July 10, 1996

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SIGNATURES

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

ADVANCED MICRO DEVICES, INC.
(Registrant)

Date: July 22, 1996

By: /s/ Marvin D. Burkett

Marvin D. Burkett
Senior Vice President, Chief
Financial and Administrative
Officer and Treasurer

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Exhibit Index

Exhibit Number

Exhibit

99 Press release dated July 10, 1996

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NEWS RELEASE

[LOGO OF AMD]
 One AMD Place
 P.O. Box 3453
 Sunnyvale, CA 94088-3453
 Tel (408) 732-2400

For further information:
 Tom Stites
 (408) 749-2918

AMD REPORTS SECOND QUARTER RESULTS

SUNNYVALE, CA--JULY 10, 1996--AMD today reported a net loss of \$34,672,000 on sales of \$455,077,000 for the quarter ended June 30, 1996. The loss amounted to \$0.26 per share on a fully diluted basis. The company's second-quarter results include a non-recurring, pre-tax gain of \$16.3 million resulting from a sale of securities.

Sales for the like period of 1995 amounted to \$638,867,000, which resulted in net income of \$80,652,000, or \$0.59 per share fully diluted.

In the immediate-prior quarter, AMD reported sales of \$544,212,000, which resulted in net income of \$25,327,000, or \$0.18 per share fully diluted. The company's first-quarter results included a non-recurring gain of \$24.7 million resulting from a sale of securities and non-recurring charges of \$8.7 million for expenses associated with AMD's merger with NexGen, Inc., which was completed during the quarter.

For the first six months of 1996, the company reported total revenues of \$999,289,000, which resulted in a net loss applicable to common stockholders of \$9,345,000, or \$0.07 per common share fully diluted. For the same period a year ago, AMD reported revenues of \$1,266,248,000, which resulted in net income applicable to common stockholders of \$164,972,000, or \$1.21 per common share fully diluted. (Financial results for 1995 have been restated to include the historical financial information of NexGen, Inc.)

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"The main cause of our revenue decrease was a significant decline in flash memory revenues from the immediate prior quarter," said W.J. Sanders III, chairman and chief executive officer. "Flash memory sales were impacted by soft demand and sharply lower prices as customers continued to reduce their inventories to levels consistent with current availability. All AMD product lines were adversely affected by weaker demand for semiconductors.

"AMD incurred a widening operating loss in its second quarter as aggregate results from our other divisions were insufficient to offset the large losses we are currently experiencing in our Microsoft(R) Windows(R)-compatible microprocessor divisions," Sanders continued.

"The keys to returning to profitability in our Windows-compatible microprocessor business are producing and selling our fifth-generation, AMD-K5(TM) and successfully introducing our sixth-generation, AMD-K6 superscalar microprocessors. In the just-completed quarter, we shipped more than 200,000 AMD-K5-PR75 and AMD-K5-PR90 microprocessors as direct plug-in replacements for Pentium(R) 75 and Pentium 90 devices, demonstrating compatibility of AMD's independently developed, fifth-generation processors," Sanders continued. "Consistent with our road map to introduce higher-performance devices, we made initial production shipments of our AMD-K5-PR100 devices during the second quarter," Sanders concluded.

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets. A Fortune 500 company, AMD

 produces processors, flash memories, programmable logic devices, and products for communications and networking applications. Founded in 1969, AMD is based in Sunnyvale, California, and has sales and manufacturing facilities worldwide. The Company had revenues of \$2.5 billion in 1995 (NYSE: AMD).

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CAUTIONARY STATEMENT

The forward-looking statements in the above news release relate to compatibility and profitability of AMD's microprocessors. Such forward-looking statements are

based on current expectations and beliefs, and are subject to numerous risks and uncertainties that could cause actual results to differ materially. Factors that would cause the actual results to differ materially are: the risk that the company's microprocessors may not be compatible with all industry-standard software and hardware or competitive with products produced by other manufacturers, primarily Intel Corporation; the risk that the company's sixth-generation microprocessor design acquired in the NexGen merger which is still in development, requires further modification using AMD's design verification and manufacturing technologies and will be manufactured using technologies which have not yet been successfully implemented; and such other risks and uncertainties as are detailed under the "Management's Discussion and Analysis of Results of Operations and Financial Condition" contained in the company's annual report on Form 10-K for the fiscal year ended December 31, 1995, and the company's quarterly report on Form 10-Q for the quarter ended March 31, 1996.

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

Microsoft and Windows are registered trademarks of Microsoft Corporation.

Pentium is a registered trademark of Intel Corporation.

AMD-K5, AMD, the AMD logo and combinations thereof are trademarks of Advanced Micro Devices, Inc.

AMD news release #96CORP18 9664

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

| <TABLE> <CAPTION> | Quarters Ended | | | Six Months Ended | |
|--|------------------|-------------------|--------------------------------|------------------|--------------------------------|
| | June 30, 1996 | March 31, 1996 | July 2, 1995 (Restated)* | June 30, 1996 | July 2, 1995 (Restated)* |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net sales | \$455,077 | \$544,212 | \$638,867 | \$999,289 | \$1,266,248 |
| Cost of sales | 379,779 | 368,735 | 315,905 | 748,514 | 621,590 |
| Research and development | 92,768 | 94,780 | 105,695 | 187,548 | 202,569 |
| Marketing, general, and administrative | 83,063 | 103,011 | 106,602 | 186,074 | 209,336 |
| | 555,610 | 566,526 | 528,202 | 1,122,136 | 1,033,495 |
| Operating income (loss) | (100,533) | (22,314) | 110,665 | (122,847) | 232,753 |
| Interest income and other, net | 23,039 | 28,059 | 6,975 | 51,098 | 14,033 |
| Interest expense | (1,812) | (1,981) | (501) | (3,793) | (1,079) |
| Income (loss) before income taxes and equity in joint venture | (79,306) | 3,764 | 117,139 | (75,542) | 245,707 |
| Provision (credit) for income taxes | (31,723) | - | 39,016 | (31,723) | 81,840 |
| Income (loss) before equity in joint venture | (47,583) | 3,764 | 78,123 | (43,819) | 163,867 |
| Equity in net income of joint venture | 12,911 | 21,563 | 2,529 | 34,474 | 1,115 |
| Net income (loss) | (34,672) | 25,327 | 80,652 | (9,345) | 164,982 |
| Preferred stock dividends | - | - | - | - | 10 |
| Net income (loss) applicable to common stockholders | \$(34,672) | \$25,327 | \$80,652 | \$(9,345) | \$164,972 |
| Net income (loss) per common share | | | | | |
| - Primary | \$(0.26) | \$0.18 | \$0.59 | \$(0.07) | \$1.24 |
| - Fully diluted | \$(0.26) | \$0.18 | \$0.59 | \$(0.07) | \$1.21 |
| Shares used in per share calculation | | | | | |
| - Primary | 135,266 | 138,399 | 136,950 | 134,487 | 132,722 |
| - Fully diluted | 135,266 | 138,399 | 137,647 | 134,487 | 136,467 |

</TABLE>

* Restated from previously released financial information as a result of the January 1996 merger with NexGen, Inc.

<TABLE>
<CAPTION>

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

| | June 30, 1996 (Unaudited) | December 31, 1995 (Audited) (Restated)* |
|--|---------------------------------|--|
| <S> | <C> | <C> |
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents, and short-term investments | \$281,658 | \$ 509,665 |
| Accounts receivable, net | 209,691 | 284,238 |
| Inventories | 175,837 | 155,986 |
| Deferred income taxes | 141,089 | 147,489 |
| Prepaid expenses and other current assets | 64,236 | 40,564 |
| Total current assets | 872,511 | 1,137,942 |
| Property, plant, and equipment, net | 1,681,120 | 1,641,634 |
| Investment in joint venture | 187,881 | 176,821 |
| Other assets | 103,513 | 122,070 |
| | \$2,845,025 | \$3,078,467 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Notes payable to banks | \$ 11,878 | \$ 26,770 |
| Accounts payable | 177,240 | 241,916 |
| Accrued compensation and benefits | 57,178 | 106,347 |
| Accrued liabilities | 96,916 | 103,404 |
| Income tax payable | 3,000 | 56,297 |
| Deferred income on shipments to distributors | 93,990 | 100,057 |
| Current portion of long-term debt and capital lease obligations | 27,739 | 41,642 |
| Total current liabilities | 467,941 | 676,433 |
| Deferred income taxes | 103,807 | 84,607 |
| Long-term debt and capital lease obligations, less current portion | 201,922 | 214,965 |
| Stockholders' equity: | | |
| Capital stock: | | |
| Common stock, par value | 1,404 | 1,050 |
| Capital in excess of par value | 936,475 | 908,989 |
| Retained earnings | 1,133,476 | 1,192,423 |
| Total stockholders' equity | 2,071,355 | 2,102,462 |
| | \$2,845,025 | \$3,078,467 |

</TABLE>

* Restated from previously released financial information as a result of the January 1996 merger with NexGen, Inc.

Advanced Micro Devices, Inc. INFORMATION ONLY

NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS*
(Includes Pre-Tax FASL Investment Equity Income in Operating Income (Loss))

(Thousands except per share amounts)

<TABLE>
<CAPTION>

| | Quarter Ended (Unaudited) | | | Six Months Ended (Unaudited) | |
|-----------|------------------------------|-------------------|--------------------|---------------------------------|--------------------|
| | June 30, 1996 | March 31, 1996 | July 2, 1995 ** | June 30, 1996 | July 2, 1995 ** |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net sales | \$455,077 | \$544,212 | \$638,867 | 999,289 | \$1,266,248 |

| | | | | | |
|---|------------|----------|----------|-----------|-----------|
| Cost of sales | 379,779 | 368,735 | 315,905 | 748,514 | 621,590 |
| Net income from equity investment in FASL | (19,863) | (33,174) | (3,891) | (53,037) | (1,715) |
| Research and development | 92,768 | 94,780 | 105,695 | 187,548 | 202,569 |
| Marketing, general, and administrative | 83,063 | 103,011 | 106,602 | 186,074 | 209,336 |
| - | 535,747 | 533,352 | 524,311 | 1,069,099 | 1,031,780 |
| Operating income (loss) | (80,670) | 10,860 | 114,556 | (69,810) | 234,468 |
| Interest income and other, net | 23,039 | 28,059 | 6,975 | 51,098 | 14,033 |
| Interest expense | (1,812) | (1,981) | (501) | (3,793) | (1,079) |
| Income (loss) before income taxes and equity in joint venture | (59,443) | 36,938 | 121,030 | (22,505) | 247,422 |
| Provision (credit) for income taxes | (31,723) | - | 39,016 | (31,723) | 81,840 |
| Provision for taxes on equity in income of FASL | 6,952 | 11,611 | 1,362 | 18,563 | 600 |
| Net income (loss) | (34,672) | 25,327 | 80,652 | (9,345) | 164,982 |
| Preferred stock dividends | - | - | - | - | 10 |
| Net income (loss) applicable to common stockholders | \$(34,672) | \$25,327 | \$80,652 | \$(9,345) | \$164,972 |
| Net income (loss) per common share | | | | | |
| - Primary | \$ (0.26) | \$0.18 | \$0.59 | \$ (0.07) | \$1.24 |
| - Fully diluted | \$ (0.26) | \$0.18 | \$0.59 | \$ (0.07) | \$1.21 |
| Shares used in per share calculation | | | | | |
| - Primary | 135,266 | 138,399 | 136,950 | 134,487 | 132,722 |
| - Fully diluted | 135,266 | 138,399 | 137,647 | 134,487 | 136,467 |

</TABLE>

* The above statements of operations are not in accordance with generally accepted accounting principles (GAAP) in that the pre-tax equity income of FASL has been reclassified and included in the determination of operating income (loss). Net income (loss) and related net income (loss) per common share amounts are the same as those reported under generally accepted accounting principles.

** Financial results for 1995 have been restated to include the historical financial information of NexGen, Inc.

AMD
SELECTED CORPORATE DATA
(UNAUDITED)

<TABLE>
<CAPTION>

PRODUCT LINE BREAKDOWN*

| | Q2 '96 | | Q1 '96 | | Q2 '95 | |
|-------------------------------------|------------|---------|------------|---------|------------|---------|
| | % OF SALES | REVENUE | % OF SALES | REVENUE | % OF SALES | REVENUE |
| Computation Products Group | 23 | \$103M | 23 | \$126M | 47 | \$ 298M |
| Communications and Components Group | 64 | 290M | 64 | 348M | 44 | 280M |
| Programmable Logic Subsidiary (TBN) | 13 | 62M | 13 | 70M | 9 | 61M |

| OTHER DATA | Q2 '96 | Q1 '96 | Q2 '95 |
|---------------------|--------|--------|--------|
| Depreciation | \$88M | \$76M | \$56M |
| Capital Spending | 110M | 96M | 141M |
| Headcount | 12,535 | 12,806 | 12,352 |
| International Sales | 53% | 52% | 58% |

* Restated to include NEXGEN