

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K/A (No. 2)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 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	(IRS EMPLOYER
OF INCORPORATION OR ORGANIZATION)	IDENTIFICATION NUMBER)
ONE AMD PLACE	94086
SUNNYVALE, CALIFORNIA	(ZIP CODE)

(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
-----	-----
\$0.01 Par Value Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Aggregate market value of the voting stock held by nonaffiliates as of February 25, 1998.

\$3,092,910,944

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

1) 142,646,957 shares as of February 25, 1998.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)

1. Financial Statements

The financial statements listed on page F-1 in the Index to Consolidated Financial Statements and Financial Statement Schedule covered by Report of Independent Auditors are set forth on pages F-2 through F-27 of this Annual Report on Form 10-K.

2. Financial Statement Schedule

The financial statement schedule listed on page F-1 in the Index to Consolidated Financial Statements and Financial Statement Schedule covered by the Report of Independent Auditors is set forth on page S-1 of this Annual

All other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the Consolidated Financial Statements or Notes thereto.

3. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K. The following is a list of such Exhibits:

Exhibit Number -----	Description of Exhibits -----
2.1	Agreement and Plan of Merger dated October 20, 1995, as amended, between the Company and NexGen, Inc., filed as Exhibit 2 to the Company's Quarterly Report for the period ended October 1, 1995, and as Exhibit 2.2 to the Company's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
2.2	Amendment No. 2 to the Agreement and Plan of Merger, dated January 11, 1996, between Advanced Micro Devices, Inc. and NexGen, Inc., filed as Exhibit 2.2 to the Company's Current Report on Form 8-K dated January 17, 1996, is hereby incorporated by reference.
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended July 2, 1995, is hereby incorporated by reference.
3.2	By-Laws, as amended, filed as Exhibit 3.2 to the Company's Amendment No. 1 to its Annual Report on Form 10-K/A for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
4.1	Form of Advanced Micro Devices, Inc. 11 percent Senior Secured Notes due August 1, 2003, filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.2	Indenture, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and United States Trust Company of New York, as trustee, filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.3	Intercreditor and Collateral Agent Agreement, dated as of August 1, 1996, among United States Trust Company of New York, as trustee, Bank of America NT&SA, as agent for the banks under the Credit Agreement of July 19, 1996, and IBJ Schroder Bank & Trust Company, filed as Exhibit 4.3 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
4.4	Payment, Reimbursement and Indemnity Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and IBJ Schroder Bank & Trust Company, filed as Exhibit 4.4 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.5	Deed of Trust, Assignment, Security Agreement and Financing Statement, dated as of August 1, 1996, among Advanced Micro Devices, Inc., as grantor, IBJ Schroder Bank & Trust Company, as grantee, and Shelley W Austin, as trustee, filed as Exhibit 4.5 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.6	Security Agreement, dated as of August 1, 1996, among Advanced Micro Devices, Inc. and IBJ Schroder Bank & Trust Company, as agent for United States Trust Company of New York, as Trustee, and Bank of America NT&SA, as agent for banks, filed as Exhibit 4.6 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
4.7	Lease, Option to Purchase and Put Option Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc., as lessor, and AMD Texas Properties, LLC, as lessee, filed as Exhibit 4.7 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.

- 4.8 Reciprocal Easement Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc. and AMD Texas Properties, LLC, filed as Exhibit 4.8 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
- 4.9 Sublease Agreement, dated as of August 1, 1996, between Advanced Micro Devices, Inc., as sublessee, and AMD Texas Properties, LLC, as sublessor, filed as Exhibit 4.9 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
- 4.10 The Company hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to long-term debt of the Company or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis.
- *10.1 AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- *10.2 AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- *10.3 AMD 1992 Stock Incentive Plan, as amended, filed as Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- *10.4 AMD 1980 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
- *10.6 Forms of Stock Option Agreements, filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
- *10.7 Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to the Company's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
*10.8	AMD 1987 Restricted Stock Award Plan, as amended, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.9	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.10	Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
*10.11	Advanced Micro Devices, Inc. 1996 Stock Incentive Plan, as amended, filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
*10.12	Employment Agreement dated September 29, 1996, between the Company and W. J. Sanders III, filed as Exhibit 10.11(a) to the Company's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.
*10.13	Management Continuity Agreement between the Company and W. J. Sanders III, filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.14	Bonus Agreement between the Company and Richard Previte, filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.

- *10.15 Executive Bonus Plan, as amended, filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
- *10.16 Advanced Micro Devices, Inc. Executive Incentive Plan, filed as Exhibit 10.14(b) to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1996, is hereby incorporated by reference.
- *10.17 Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
- *10.18 Form of Executive Deferral Agreement, filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
- *10.19 Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
- 10.20 Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
- *10.21 Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
- *10.22 Form of Management Continuity Agreement, filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.

Exhibit Number -----	Description of Exhibits -----
**10.23(a)	Joint Venture Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(a) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(b)	Technology Cross-License Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(b) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(c)	AMD Investment Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(c) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(d)	Fujitsu Investment Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(d) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(e)	First Amendment to Fujitsu Investment Agreement dated April 28, 1995, filed as Exhibit 10.23(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
10.23(f)	Second Amendment to Fujitsu Investment Agreement, dated February 27, 1996, filed as Exhibit 10.23(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.23(g)	Joint Venture License Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(e) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(h)	Joint Development Agreement between the Company and Fujitsu Limited, filed as Exhibit 10.27(f) to the Company's Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.23(i)	Fujitsu Joint Development Agreement Amendment, filed as Exhibit

10.23(g) to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 1996, is hereby incorporated by reference.

- 10.24(a) Credit Agreement, dated as of July 19, 1996, 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, filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
- 10.24(b) First Amendment to Credit Agreement, dated as of August 7, 1996, 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, filed as Exhibit 99.2 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
- 10.24(c) Second Amendment to Credit Agreement, dated as of September 9, 1996, 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, filed as Exhibit 10.24(b) to the Company's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.

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Exhibit Number -----	Description of 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 syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(d) to the Company's Quarterly Report on Form 10-Q for the period ended September 28, 1997, is hereby incorporated by reference.
10.24(e)	Fourth Amendment to Credit Agreement, dated as of January 26, 1998, among Advanced Micro Devices, Inc., Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.24(f)	Fifth Amendment to Credit Agreement, dated as of February 26, 1998, among Advanced Micro Devices, Inc., Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank, N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as Exhibit 10.24(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.24(g)	Sixth Amendment to Credit Agreement, dated as of June 30, 1998, among Advanced Micro Devices, Inc., Bank of America NT & SA, as administrative agent and lender, ABN AMRO Bank N.V., as syndicated agent and lender, and Canadian Imperial Bank of Commerce, as documentation agent and lender, filed as exhibit 10.24(g) to the Company's Current Report on Form 8-K dated July 8, 1998, is hereby incorporated by reference.
10.25(a)	Third Amended and Restated Guaranty, dated as of August 21, 1995, made by the Company in favor of CIBC Inc. (replacing in entirety the Amended and Restated Guaranty and the First Amendment thereto filed as Exhibits 10.29(a) and 10.29(b), respectively, to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994) filed as Exhibit 10.29(a) to the Company's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.25(b)	First Amendment to Third Amended and Restated Guaranty, dated as of October 20, 1995, (amending the Third Amended and Restated Guaranty, dated as of August 21, 1995, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.29(d) to the Company's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.

- 10.25(c) Second Amendment to Third Amended and Restated Guaranty, dated as of January 12, 1996, (amending the Third Amended and Restated Guaranty, dated as of August 21, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
- 10.25(d) Third Amendment to Third Amended and Restated Guaranty, dated as of May 10, 1996, (amending the Third Amended and Restated Guaranty, dated as of August 21, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(n) to the Company's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.
- 10.25(e) Fourth Amendment to Third Amended and Restated Guaranty, dated as of June 20, 1996, (amending the Third Amended and Restated Guaranty, dated as of August 21, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(o) to the Company's Quarterly Report on Form 10-Q for the period ended September 29, 1996, is hereby incorporated by reference.

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Exhibit Number -----	Description of Exhibits -----
10.25(f)	Fifth Amendment to Third Amended and Restated Guaranty, dated as of August 1, 1996, (amending the Third Amended and Restated Guaranty, dated as of August 25, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 99.3 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
10.25(g)	Sixth Amendment to Third Amended and Restated Guaranty, dated as of February 6, 1998, (amending the Third Amended and Restated Guaranty, dated as of August 25, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(g) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.25(h)	Seventh Amendment to Third Amended and Restated Guaranty, dated as of February 27, 1998, (amending the Third Amended and Restated Guaranty, dated as of August 25, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
10.25(i)	Eighth Amendment to Third Amended and Restated Guaranty, dated as of June 30, 1998, (amending the Third Amended and Restated Guaranty, dated as of August 25, 1995, as amended, made by the Company in favor of CIBC Inc.), filed as Exhibit 10.25(i) to the Company's Current Report on Form 8-K dated July 8, 1998, is hereby incorporated by reference.
10.26(a)	Building Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd., dated as of September 22, 1992, filed as Exhibit 10.28(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.26(b)	First Amendment to Building Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.26(c)	Second Amendment to Building Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
10.26(d)	Third Amendment to Building Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales and Service, Ltd. (amending the Building Lease filed as Exhibit 10.29(c) to the Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(b) to the Company's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.26(e)	Fourth Amendment to Building Lease dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Ltd.

(amending the Building Lease filed as Exhibit 10.29(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 24, 1994), filed as Exhibit 10.25(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.

- 10.26(f) Fifth Amendment to Building Lease dated August 1, 1996, (amending the Building Lease dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. and CIBC Inc.), filed as Exhibit 99.4 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.

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Exhibit Number -----	Description of Exhibits -----
10.26(g)	Sixth Amendment to Building Lease dated June 30, 1998, (amending the Building Lease dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. and CIBC Inc.), filed as Exhibit 10.26(g) to the Company's Current Report on Form 8-K dated July 8, 1998, is hereby incorporated by reference.
10.27(a)	Land Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd., dated as of September 22, 1992, filed as Exhibit 10.28(d) to the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.27(b)	First Amendment to Land Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(e) to the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.27(c)	Second Amendment to Land Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.29(h) to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
10.27(d)	Third Amendment to Land Lease dated August 21, 1995, by and between CIBC Inc. and AMD International Sales & Service, Ltd. (amending the Land Lease filed as Exhibit 10.29(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.29(c) to the Company's Quarterly Report on Form 10-Q for the period ended October 1, 1995, is hereby incorporated by reference.
10.27(e)	Fourth Amendment to Land Lease dated November 10, 1995, by and between CIBC Inc. and AMD International Sales & Service, Ltd. (amending the Land Lease filed as Exhibit 10.29(f) to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994), filed as Exhibit 10.25(m) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
10.27(f)	Fifth Amendment to Land Lease dated as of August 1, 1996, (amending the Land Lease dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. and CIBC Inc.), filed as Exhibit 99.5 to the Company's Current Report on Form 8-K dated August 13, 1996, is hereby incorporated by reference.
10.27(g)	Sixth Amendment to Land Lease dated as of June 30, 1998, (amending the Land Lease dated as of September 22, 1992, by and between AMD International Sales & Service, Ltd. and CIBC Inc.), filed as Exhibit 10.27(g) to the Company's Current Report on Form 8-K dated July 8, 1998, is hereby incorporated by reference.
*10.28(a)	Advanced Micro Devices Executive Savings Plan (Amendment and Restatement, effective as of August 1, 1993), filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.28(b)	First Amendment to the Advanced Micro Devices Executive Savings Plan (as amended and restated, effective as of August 1, 1993), filed as Exhibit 10.28(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
*10.28(c)	Second Amendment to the Advanced Micro Devices Executive Savings Plan (as amended and restated, Effective as of August 1, 1993),

filed as Exhibit 10.28(c) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.

*10.29 Form of Split Dollar Agreement, as amended, filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.

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Exhibit Number -----	Description of Exhibits -----
*10.30	Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.31	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-8 (No. 33-46577), are hereby incorporated by reference.
*10.32	1992 United Kingdom Share Option Scheme, filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
**10.33	Compaq Computer Company/Advanced Micro Devices, Inc. Agreement, filed as Exhibit 10.35 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.34	Form of indemnification agreements with current officers and directors of the Company, filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.35	Agreement to Preserve Goodwill dated January 15, 1996, between the Company and S. Atiq Raza, filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
*10.36	1995 Stock Plan of NexGen, Inc., as amended, filed as Exhibit 10.36 to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.37	Patent Cross-License Agreement dated December 20, 1995, between the Company and Intel Corporation, filed as Exhibit 10.38 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
10.38	Contract for Transfer of the Right to the Use of Land between Advanced Micro Devices (Suzhou) Limited and China-Singapore Suzhou Industrial Park Development Co., Ltd., filed as Exhibit 10.39 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, is hereby incorporated by reference.
*10.39	NexGen, Inc. 1987 Employee Stock Plan, filed as Exhibit 99.3 to Post-Effective Amendment No. 1 on Form S-8 to the Company's Registration Statement on Form S-4 (No. 33-64911), is hereby incorporated by reference.
*10.40	1995 Stock Plan of NexGen, Inc. (assumed by Advanced Micro Devices, Inc.), as amended, filed as Exhibit 10.37 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 1996, is hereby incorporated by reference.
*10.41	Form of indemnity agreement between NexGen, Inc. and its directors and officers, filed as Exhibit 10.5 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.42	Series E Preferred Stock Purchase Warrant of NexGen, Inc. issued to PaineWebber Incorporated, filed as Exhibit 10.14 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
10.43	Series F Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.15 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.

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Exhibit Number -----	Description of Exhibits -----
10.44	Series G Preferred Stock Purchase Warrant of NexGen, Inc., filed as Exhibit 10.16 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
**10.45	Agreement for Purchase of IBM Products between IBM and NexGen, Inc. dated June 2, 1994, filed as Exhibit 10.17 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
*10.46	Letter Agreement dated as of September, 1988, between NexGen, Inc. and S. Atiq Raza, First Promissory Note dated October 17, 1988, and Second Promissory Note dated October 17, 1988, as amended, filed as Exhibit 10.20 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), are hereby incorporated by reference.
10.47	Series B Preferred Stock Purchase Warrant of NexGen, Inc. issued to Kleiner, Perkins, Caufield and Byers IV, as amended, filed as Exhibit 10.23 to the Registration Statement of NexGen, Inc. on Form S-1 (No. 33-90750), is hereby incorporated by reference.
**10.48(a)	C-4 Technology Transfer and Licensing Agreement dated June 11, 1996, between the Company and IBM Corporation, filed as Exhibit 10.48 to the Company's Amendment No. 1 to its Quarterly Report on Form 10-Q/A for the period ended September 29, 1996, is hereby incorporated by reference.
**10.48(b)	Amendment No. 1 to the C-4 Technology Transfer and Licensing Agreement, dated as of February 23, 1997, between the Company and International Business Machine Corporation, filed as Exhibit 10.48(a) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.49(a)	Design and Build Agreement dated November 15, 1996, between AMD Saxony Manufacturing GmbH and Meissner and Wurst GmbH, filed as Exhibit 10.49(a) to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
10.49(b)	Amendment to Design and Build Agreement dated January 16, 1997, between AMD Saxony Manufacturing GmbH and Meissner and Wurst GmbH filed as Exhibit 10.49(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 1996, is hereby incorporated by reference.
**10.50(a-1)	Syndicated Loan Agreement with Schedules 1, 2 and 17, dated as of March 11, 1997, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50(a) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
**10.50(a-2)	Supplemental Agreement to the Syndicated Loan Agreement dated February 6, 1998, among AMD Saxony Manufacturing GmbH, Dresdner Bank AG and Dresdner Bank Luxembourg S.A., filed as Exhibit 10.50(a-2) to the Company's Annual Report on Form 10-K/A (No.1) for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
**10.50(b)	Determination Regarding the Request for a Guarantee by AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(b) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference, filed as Exhibit 10.50(b) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
**10.50(c)	AMD Subsidy Agreement, between AMD Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(c) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

- **10.50(d) Subsidy Agreement, dated February 12, 1997, between Sachsische Aufbaubank and Dresdner Bank AG, with Appendices 1, 2a, 2b, 3 and 4, filed as Exhibit 10.50(d) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(e) AMD, Inc. Guaranty, dated as of March 11, 1997, among the Company, Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(e) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(f-1) Sponsors' Support Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(f) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(f-2) First Amendment to Sponsors' Support Agreement, dated as of February 6, 1998, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(f-2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
- 10.50(g-1) Sponsors' Loan Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(g) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(g-2) First Amendment to Sponsors' Loan Agreement, dated as of February 6, 1998, among the Company, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(g-2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.
- 10.50(h) Sponsors' Subordination Agreement, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH, AMD Saxony Manufacturing GmbH and Dresdner Bank AG, filed as Exhibit 10.50(h) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(i) Sponsors' Guaranty, dated as of March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(i) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- **10.50(j) AMD Holding Wafer Purchase Agreement, dated as of March 11, 1997, among the Company and AMD Saxony Holding GmbH, filed as Exhibit 10.50(j) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- **10.50(k) AMD Holding Research, Design and Development Agreement, dated as of March 11, 1997, between AMD Saxony Holding GmbH and the Company, filed as Exhibit 10.50(k) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- **10.50(l-1) AMD Saxonia Wafer Purchase Agreement, dated as of March 11, 1997, between AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(l) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.
- 10.50(l-2) First Amendment to AMD Saxonia Wafer Purchase Agreement, dated as of February 6, 1998, between AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(l-2) to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1997, is hereby incorporated by reference.

Exhibit
Number

Description of Exhibits

- **10.50(m) AMD Saxonia Research, Design and Development Agreement, dated as of March 11, 1997, between AMD Saxony Manufacturing GmbH and AMD Saxony Holding GmbH, filed as Exhibit 10.50(m) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

10.50(n) License Agreement, dated March 11, 1997, among the Company, AMD Saxony Holding GmbH and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(n) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

10.50(o) AMD, Inc. Subordination Agreement, dated March 11, 1997, among the Company, AMD Saxony Holding GmbH and Dresdner Bank AG, filed as Exhibit 10.50(o) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

**10.50(p-1) ISDA Agreement, dated March 11, 1997, between the Company and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(p) to the Company's Quarterly Report on Form 10-Q for the period ended March 30, 1997, is hereby incorporated by reference.

**10.50(p-2) Confirmation to ISDA Agreement, dated February 6, 1998, between the Company and AMD Saxony Manufacturing GmbH, filed as Exhibit 10.50(p-2) to the Company's Annual Report on Form 10-K/A (No.1) for the fiscal year ended December 28, 1997, is hereby incorporated by reference.

****21 List of AMD subsidiaries.

****23 Consent of Ernst & Young LLP, Independent Auditors.

****23 Power of Attorney.

****27 Financial Data Schedule.

- -----

* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

** Confidential treatment has been granted as to certain portions of these Exhibits.

**** Previously filed.

The Company will furnish a copy of any exhibit on request and payment of the Company's reasonable expenses of furnishing such exhibit.

(b) REPORTS ON FORM 8-K.

The following reports on Form 8-K were filed during the fourth quarter of the Company's fiscal year ended December 28, 1997:

1. Current Report on Form 8-K dated October 7, 1997 reporting under Item 5--Other Events--third-quarter earnings.

2. Current Report on Form 8-K dated September 30, 1997 reporting under Item 5--Other Events--third-quarter loss expected to be larger than anticipated.

(d) FINANCIAL STATEMENTS

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FUJITSU AMD SEMICONDUCTOR LIMITED

STATEMENTS OF INCOME
FOR THE THREE YEARS ENDED MARCH 31, 1998

- -----

(THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)

Net sales	\$ 483,937	\$ 367,103	\$ 379,749
Expenses:			
Cost of sales	294,849	219,079	149,916
Selling, general and administrative	47,976	42,153	35,844
	-----	-----	-----
	342,825	261,232	185,760
	-----	-----	-----
Operating income	141,112	105,871	193,989
Interest income	24	161	198
Interest expense	(881)	(322)	-
Other (expense) income, net	(1,967)	412	(950)
	-----	-----	-----
Income before income taxes	138,288	106,122	193,237
Provision for income taxes	62,902	53,850	98,661
	-----	-----	-----
Net income	\$ 75,386	\$ 52,272	\$ 94,576
	=====	=====	=====
Net income per common share	\$ 118.53	\$ 82.19	\$ 148.70
Shares used in per share calculation	636,000	636,000	636,000

See accompanying notes

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FUJITSU AMD SEMICONDUCTOR LIMITED

<TABLE>
<CAPTION>
BALANCE SHEETS
MARCH 31, 1998 AND 1997

(Thousands except share and per share amounts)

	1998	1997
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,453	\$ 4,067
Accounts receivable from affiliates	74,837	47,115
Inventories:		
Raw materials and supplies	4,921	4,123
Work-in-process	35,693	23,573
Finished goods	8,471	2,009
	-----	-----
Total inventories	49,085	29,705
Other current assets	1,960	314
	-----	-----
Total current assets	137,335	81,201
Property, plant and equipment:		
Equipment	764,921	543,261
Buildings	117,449	72,506
Construction in progress	5,708	33,388
	-----	-----
Total property, plant and equipment	888,078	649,155
Accumulated depreciation	(288,342)	(164,122)
	-----	-----
Property, plant and equipment, net	599,736	485,033
Other assets	9,955	2,445
	-----	-----
TOTAL	\$ 747,026	\$ 568,679
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Loan payable to affiliates	\$ 93,868	\$ 52,447
Accounts payable	105,473	40,118
Payables to affiliates	33,331	20,124
Accrued liabilities	8,047	4,112
Income taxes payable	31,908	30,161
	-----	-----
Total current liabilities	272,627	146,962
Deferred income taxes	62,097	57,344
Other accrued liabilities	772	468
Commitments	-	-
Stockholders' equity:		
Common stock, par value \$500; 636,000 shares issued and outstanding in 1998 and 1997	318,790	318,790
Retained earnings	203,931	128,545
Cumulative translation adjustments	(111,191)	(83,430)
	-----	-----
Total stockholders' equity	411,530	363,905

TOTAL	\$ 747,026	\$ 568,679
-------	------------	------------

</TABLE>

See accompanying notes

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FUJITSU AMD SEMICONDUCTOR LIMITED

STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE YEARS ENDED MARCH 31, 1998

(Thousands except share amounts)

<TABLE>

<CAPTION>

	Common Stock		Retained Earnings	Cumulative Translation Adjustments	Total Stockholders' Equity
	Number of Shares	Amount			
March 31, 1995 (Unaudited)	636,000	\$ 318,790	\$ (18,303)	\$ 36,181	\$ 336,668
Net income	-	-	94,576	-	94,576
Net change in cumulative translation adjustments	-	-	-	(62,842)	(62,842)
March 31, 1996 (Unaudited)	636,000	318,790	76,273	(26,661)	368,402
Net income	-	-	52,272	-	52,272
Net change in cumulative translation adjustments	-	-	-	(56,769)	(56,769)
March 31, 1997	636,000	318,790	128,545	(83,430)	363,905
Net income	-	-	75,386	-	75,386
Net change in cumulative translation adjustments	-	-	-	(27,761)	(27,761)
March 31, 1998	636,000	\$ 318,790	\$ 203,931	\$ (111,191)	\$ 411,530

</TABLE>

See accompanying notes

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FUJITSU AMD SEMICONDUCTOR LIMITED

<TABLE>

<CAPTION>

STATEMENTS OF CASH FLOWS
FOR THE THREE YEARS ENDED MARCH 31, 1998

(Thousands)

	1998	1997	1996 (Unaudited)
Cash flows from operating activities:			
Net income	\$ 75,386	\$ 52,272	\$ 94,576
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	146,637	117,287	63,604
Net loss on disposal of property, plant and equipment	433	-	-
Changes in operating assets and liabilities:			
Net (increase) decrease in receivables, inventories, prepaid expenses and other assets	(65,570)	32,268	(106,720)
Net increase in deferred income tax liabilities	11,719	12,668	69,674
Increase in income taxes payable	3,893	12,813	20,188
Net increase (decrease) in payables and accrued liabilities	90,721	(152,059)	234,715
Net cash provided by operating activities	263,219	75,249	376,037
Cash flows from investing activities:			
Purchase of property	(303,834)	(233,817)	(283,914)
Proceeds from sale of property, plant and equipment	702	-	-
Net cash used for investing activities	(303,132)	(233,817)	(283,914)
Cash flows from financing activities:			

Proceeds from borrowings	242,368	92,791	-
Payments on debt	(194,221)	(44,758)	-
	-----	-----	-----
Net cash provided by financing activities	48,147	48,033	-
	-----	-----	-----
Net increase (decrease) in cash	8,234	(110,535)	92,123
Net effect of exchange rate changes on cash	(848)	(4,919)	10,844
Cash at beginning of year	4,067	119,521	16,554
	-----	-----	-----
Cash at end of year	\$ 11,453	\$ 4,067	\$119,521
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 881	\$ 322	\$ -
	=====	=====	=====
Income taxes	\$ 47,225	\$ 27,034	\$ -
	=====	=====	=====

See accompanying notes

</TABLE>

FUJITSU AMD SEMICONDUCTOR LIMITED
NOTES TO FINANCIAL STATEMENTS

March 31, 1998

(Information for the year ended March 31, 1996 is unaudited)

1. NATURE OF OPERATIONS

In 1993, Advanced Micro Devices (AMD) and Fujitsu Limited (Fujitsu) formed a joint venture, Fujitsu AMD Semiconductor Limited (FASL or the Company), for the development and manufacture of non-volatile memory devices. Through FASL, the two companies have constructed and are operating an advanced integrated circuit manufacturing facility in Aizu-Wakamatsu, Japan, to produce Flash memory devices. AMD has a 49.992% interest in FASL, and Fujitsu has the remaining interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PRINCIPLES. The accounting records of the Company are maintained in accordance with accounting practices prevailing in Japan. The accompanying financial statements, however, include adjustments that have not been recorded in the legal books of account of the Company but are necessary to conform to generally accepted accounting principles in the United States of America (U.S. GAAP). These adjustments consist principally of depreciation under a different method and its impact on the valuation of inventories, provision of deferred income taxes, and adjustments stemming from the translation of the Company's financial statements into the U.S. dollar for reporting purposes.

FOREIGN CURRENCY TRANSLATION. The functional currency of the Company is the Japanese yen. Financial statements are translated into the U.S. dollar using the exchange rate at each balance sheet date for assets and liabilities and a weighted-average exchange rate for each period for income statement items. Translation adjustments are recorded as a separate component of stockholders' equity in the U.S. dollar financial statements.

INVENTORIES. Inventories are stated at standard cost adjusted to approximate the lower of cost (average method) or market (net realizable value).

PROPERTY, PLANT AND EQUIPMENT. Property, plant and equipment is stated at cost. Depreciation for U.S. GAAP purposes is provided principally on the straight-line basis over the estimated useful lives of the assets for financial reporting purposes and on accelerated methods for tax purposes. Estimated useful lives for financial reporting purposes are as follows: machinery and equipment 3 to 5 years; buildings up to 26 years.

NET INCOME PER COMMON SHARE. 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. Net income per share has been computed using the weighted-average common shares outstanding. The Company has no potentially dilutive securities.

RECENT ACCOUNTING PRONOUNCEMENTS. In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130 (SFAS 130), "Reporting Comprehensive Income." This

March 31, 1998
(Information for the year ended March 31, 1996 is unaudited)

Statement establishes standards for the reporting and display of comprehensive income and its components. SFAS 130 will be effective for the Company's fiscal year 1999 and requires restatement of all previously reported information for comparative purposes. This Statement will require additional disclosure but will have no impact on the Company's financial position, results of operations or cash flows.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements.

3. RELATED PARTY TRANSACTIONS

The Company is 100 percent owned by AMD and Fujitsu, with AMD having a 49.992% interest, and Fujitsu having the remaining interest. Under the terms of the joint venture agreement, FASL production is allocated nearly equally between AMD and Fujitsu. All of the Company's accounts receivable and sales as of and for the years ended March 31, 1998, 1997 and 1996 were with these related parties. In 1998, 1997 and 1996, FASL made purchases from AMD and Fujitsu totaling \$12 million, \$14 million and \$14 million, respectively. At March 31, 1998 and 1997, FASL owed AMD, Fujitsu and Fujitsu's subsidiaries \$125 million and \$73 million, respectively, which consisted of loan, trade and royalty payables.

The Company has an agreement with Fujitsu Capital Limited (FCAP), a wholly owned subsidiary of Fujitsu, to provide financing to FASL at lower interest rates than banks. Had the Company obtained financing from a lender other than FCAP, the additional interest expense would have been immaterial. FASL completed construction of the building for a second Flash memory device wafer fabrication facility, FASL II, in the third quarter of 1997 at a site contiguous to the existing FASL facility in Aizu-Wakamatsu, Japan. Equipment installation is in progress and the facility including equipment, the completion of which is anticipated in the second quarter of 2000, is expected to cost approximately \$1.1 billion. Approximately \$260 million of such cost has been funded as of March 31, 1998. Capital expenditures for FASL II construction to date have been funded by cash generated from FASL operations and borrowings by FASL. However, to the extent that FASL is unable to secure the necessary funds for FASL II, AMD and Fujitsu may be required to contribute cash or guarantee third-party loans in proportion to their respective interests in FASL. At March 31, 1998, AMD and Fujitsu had loan guarantees outstanding totaling \$94 million with respect to such loans. The planned FASL II costs are denominated in yen and are therefore subject to change due to foreign exchange rate fluctuations.

The Company has a severance benefit package for employees formerly employed by Fujitsu. FASL accrues the Company's share of severance benefits at year-end in an amount to be settled with Fujitsu if the eligible employee terminates their service with FASL and returns to Fujitsu or another Fujitsu group company.

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FUJITSU AMD SEMICONDUCTOR LIMITED
NOTES TO FINANCIAL STATEMENTS

March 31, 1998
(Information for the year ended March 31, 1996 is unaudited)

4. OTHER RISKS

PRODUCTS. At present the only type of product produced by the Company is a Flash memory device. The Company expects that its ability to maintain or expand its current levels of revenues in the future will depend upon, among other things, its dependence on AMD and Fujitsu in developing and marketing in a timely manner its future generations of Flash memory devices.

MARKETS. The markets for the Company's products are characterized by rapid technological developments, evolving industry standards, changes in customer requirements, frequent new product introductions and enhancements and short product life cycles. The market for Flash memory devices is primarily dependent upon the market for communications devices, such as cellular phones and routers (devices used to transfer data between local area networks).

CUSTOMERS. The Company derives all of its revenues from sales to AMD and Fujitsu. Under the terms of the joint venture, the production is allocated nearly equally to AMD and Fujitsu. The Company is dependent on the demand of Flash memory devices from AMD and Fujitsu.

MATERIALS. Certain of the raw materials used by the Company in the manufacture of its products are available from a limited number of suppliers. Shortages could occur in various essential materials due to interruption of supply or

increased demand in the industry. If FASL 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, FASL has not experienced significant difficulty in obtaining the necessary raw materials.

5. INCOME TAXES

Provision for income taxes consists of:

(Thousands)	1998	1997	1996
Current:			
Foreign National	\$33,935	\$27,415	\$14,868
Foreign Local	17,248	13,841	7,632
Deferred:			
Foreign National and Local	11,719	12,594	76,161
Provision for income taxes	\$62,902	\$53,850	\$98,661

Under SFAS No. 109, deferred income taxes reflect the net tax effects of tax carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of March 31, 1998 and 1997 are as follows:

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FUJITSU AMD SEMICONDUCTOR LIMITED NOTES TO FINANCIAL STATEMENTS

March 31, 1998

(Information for the year ended March 31, 1996 is unaudited)

(Thousands)	1998	1997
Deferred tax assets:		
Inventory reserves	\$ 2,672	\$ 2,606
Sales reserves	-	84
Accrued expenses not currently deductible	5,995	3,365
Total deferred tax assets	8,667	6,055
Deferred tax liabilities:		
Depreciation	(63,967)	(62,985)
Sales reserves	(9,553)	-
Other	-	(414)
Total deferred tax liabilities	(73,520)	(63,399)
Net deferred tax liabilities	\$(64,853)	\$(57,344)

The following is a reconciliation between statutory Japanese income taxes and the total provision for income taxes:

(Thousands except percent)	1998		1997		1996	
	Tax	Rate	Tax	Rate	Tax	Rate
Statutory income tax provision	\$69,700	50.4 %	\$53,492	50.4 %	\$97,387	50.4 %
Permanent book/tax differences	49	0.0	(36)	(0.0)	84	0.1
Inhabitant tax per capita	33	0.0	36	0.0	42	0.0
Effect of tax rate change	(5,533)	(4.0)	0	0.0	0	0.0

Other	(1,347)	(0.9)	358	0.3	1,148	0.6
	-----	-----	-----	-----	-----	-----
	\$62,902	45.5 %	\$53,850	50.7 %	\$98,661	51.1 %
	=====	=====	=====	=====	=====	=====

--
</TABLE>

6. COMMITMENTS

At March 31, 1998, the Company had commitments of approximately \$75 million for the purchase and installation of equipment in FASL facilities.

The Company leases the land from Fujitsu under an agreement that expires May 31, 2023. The lease fee is revised every three years based on the fair market value of the land. For each of the next five years and beyond, lease obligations are:

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FUJITSU AMD SEMICONDUCTOR LIMITED NOTES TO FINANCIAL STATEMENTS

March 31, 1998
(Information for the year ended March 31, 1996 is unaudited)

<TABLE>
<CAPTION>

(Thousands)	Leases

<S>	<C>
1999	\$ 363
2000	363
2001	363
2002	363
2003	363
Beyond 2003	7,352

Total	\$9,167
	=====

</TABLE>

Rent expense was \$1,151, \$573 and \$661 in 1998, 1997 and 1996, respectively.

7. RETAINED EARNINGS

The amount of retained earnings available for dividends under the Commercial Code in Japan is based on the amount recorded in the Company's books maintained in accordance with Japanese accounting practices. The adjustments included in the accompanying financial statements but not recorded in the books as explained in Note 2 have no effect on the determination of retained earnings available for dividends under the Commercial Code in Japan.

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[LOGO OF ERNST & YOUNG]

Report of Independent Auditors

The Board of Directors and Stockholders
Fujitsu AMD Semiconductor Limited

We have audited the accompanying balance sheets of Fujitsu AMD Semiconductor Limited as of March 31, 1998 and 1997, and the related statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We have also reported separately on the financial statements of Fujitsu AMD Semiconductor Limited for the same years prepared in accordance with accounting principles generally accepted in Japan.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fujitsu AMD Semiconductor Limited at March 31, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Ernst & Young

Tokyo, Japan
September 18, 1998

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANCED MICRO DEVICES, INC.
Registrant

September 23, 1998

By: /s/ Richard Previte

Richard Previte
Director, President,
Chief Operating Officer,
Chief Administrative Officer
and Treasurer

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