ADVANCED MICRO DEVICES INC
Form S-3ASR
July 13, 2007
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As filed with the Securities and Exchange Commission on July 13, 2007

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

ADVANCED MICRO DEVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Advanced Micro Devices, Inc.

One AMD Place, P.O. Box 3453

Sunnyvale, California 94088-3453

Delaware	**(408) 749-4000**	**94-1692300**
(State or Other Jurisdiction of Incorporation or Organization)	**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)**	**(I.R.S. Employer Identification Number)**

Harry A. Wolin

Senior Vice President, General Counsel

Advanced Micro Devices, Inc.

One AMD Place, P.O. Box 3453

Sunnyvale, California 94088-3453

(408) 749-4000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:

Tad J. Freese

Latham & Watkins LLP

140 Scott Drive

Menlo Park, California 94025

(650) 328-4600

Approximate date of commencement of proposed sale to the public:

From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount Of Registration Fee

6.00% Convertible Senior Notes due 2015	$ 2,200,000,000	100%	$ 2,200,000,000	$ 67,540
Common Stock, $0.01 par value per share	78,347,579 shares (2)			

(1) Equals the aggregate principal amount of the notes being registered. Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Represents the number of shares of common stock that are issuable upon conversion of the notes at the current conversion price of $28.08 per share. Pursuant to Rule 416(a) under the Securities Act, this registration statement shall be deemed to cover any additional number of shares of common stock as may be issued from time to time upon conversion of the notes to prevent dilution as a result of stock splits, stock dividends or similar transactions. No additional consideration will be received for the common stock, and therefore no registration fee is required pursuant to Rule 457(i).

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PROSPECTUS

$2,200,000,000

6.00% Convertible Senior Notes due 2015

The Offering:

In April 2007, we issued and sold $2,200,000,000 aggregate principal amount of our 6.00% Convertible Senior Notes due 2015 at an issue price of $1,000 per note. This prospectus will be used by selling security holders to resell the notes and the common stock issuable upon conversion of the notes. Additional selling security holders may be named by prospectus supplement. The notes accrue interest at a rate of 6.00% per annum. Interest is payable semiannually in arrears in cash on May 1 and November 1 of each year, beginning November 1, 2007 unless the notes are earlier converted.

The notes rank equally with all our existing and future senior debt and senior to all our future subordinated debt. The notes will rank junior to all our existing and future senior secured debt to the extent of the collateral securing such debt and will be effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. For a more detailed description of the notes, see Description of Notes beginning on 39.

Convertibility of the Notes:

Holders may convert their notes at their option on any day prior to the close of business on the scheduled trading day immediately preceding February 1, 2015 only under the following circumstances: (1) during the five business-day period after any five consecutive trading-day period (the measurement period) in which the trading price per note for each day of that measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day; (2) during any calendar quarter after the calendar quarter ending June 30, 2007, if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect on the last trading day of the immediately preceding calendar quarter; or (3) upon the occurrence of specified corporate events. On or after February 15, 2015 until the close of business on the scheduled trading day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances.

Upon conversion we will pay cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated on a proportionate basis for each day of the relevant 30-trading-day observation period. The initial conversion rate is 35.6125 shares of common stock per $1,000 principal amount of notes (equivalent to a conversion price of $28.08 per share of common stock). The conversion price is subject to adjustment in some events but will not be adjusted for accrued interest. In addition, if a fundamental change (as defined herein) occurs prior to the maturity date, we will in some cases increase the conversion rate for a holder that elects to convert its notes in connection with such fundamental change.

Repurchase of the Notes by Us at the Option of the Holder:

Holders may require us to purchase for cash all or a portion of their notes upon a designated event (as defined herein) at a price equal to 100% of the principal amount of the notes to be purchased plus accrued and unpaid interest up to, but excluding, the relevant purchase date. We may not redeem the notes prior to maturity.

Investing in the notes involves risks. See Risk Factors beginning on page 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 13, 2007.

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We have not authorized any dealer, salesperson or other person to give any information or to make any representations to you other than the information contained in this prospectus. You must not rely on any information or representations not contained in this prospectus as if we had authorized it. The information contained in this prospectus is current only as of the date on the cover page of this prospectus and may change after that date. We do not imply that there has been no change in the information contained in this prospectus or in our affairs since that date by delivering this prospectus.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of any of this information, please submit your request to One AMD Place, P.O. Box 3453, Sunnyvale, California, 94088-3453, or call (408) 749-4000 to make your request.

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PROSPECTUS SUMMARY

This summary highlights material information found in greater detail elsewhere in prospectus or the documents incorporated by reference herein. Before deciding to invest in our notes or common stock, you should carefully read this entire prospectus, including the section captioned Risk Factors, our financial statements and the notes to those financial statements, which are incorporated by reference in this prospectus, and the documents incorporated by reference in this prospectus.

Unless the context otherwise requires, references in this prospectus to AMD, we, our, us and the company refer to Advanced Micro Devices, Inc. and its consolidated subsidiaries.

Our Company

We are a global semiconductor company with facilities around the world. Within the global semiconductor industry, we offer primarily:

- x86 microprocessors, for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers;
- 3D graphics, video and multimedia products; and
- products for consumer electronic devices such as mobile phones, digital televisions and game consoles.

We were incorporated under the laws of Delaware on May 1, 1969 and became a publicly held company in 1972. Since 1979 our common stock has been listed on the New York Stock Exchange under the symbol AMD. Our mailing address and executive offices are located at One AMD Place, P.O. Box 3453, Sunnyvale, California 94088-3453, and our telephone number at that location is (408) 749-4000.

On October 25, 2006, we completed our acquisition of ATI Technologies Inc., or ATI, whereby ATI became our indirect, wholly-owned subsidiary. As a result of the acquisition, we began to supply 3D graphics, video and multimedia products and chipsets for personal computers, or PCs, including desktop and notebook PCs, professional workstations and servers and products for consumer electronic devices such as mobile phones, digital TVs and game consoles.

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The Offering

The following is a brief summary of the terms of this offering. For a more complete description of the terms of the notes, see Description of Notes in this prospectus.

Issuer	Advanced Micro Devices, Inc.
Securities Offered	$2.2 billion aggregate principal amount of 6.00% Convertible Senior Notes due 2015.
Maturity Date	May 1, 2015, unless earlier repurchased or converted.
Interest and Payment Dates	6.00% per year. Interest will be payable semiannually in arrears on May 1 and November 1 of each year, beginning November 1, 2007.
Optional Redemption	The notes may not be redeemed prior to maturity.
Conversion Rights	Holders may convert their notes prior to the close of business on the scheduled trading day immediately preceding February 1, 2015, in multiples of $1,000 principal amount, at the option of the holder under the following circumstances:
	during the five business-day period after any five consecutive trading-day period (the measurement period) in which the trading price per note for each day of such measurement period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate on each such day;
	during any calendar quarter after the calendar quarter ending June 30, 2007, if the last reported sale price of our common stock for 20 or more trading days in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the applicable conversion price in effect on the last trading day of the immediately preceding calendar quarter; or
	upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights.
	On and after February 1, 2015 to (and including) the close of business on the scheduled trading day immediately preceding the maturity date, subject to prior repurchase of the notes, holders may convert the notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The initial conversion rate is 35.6125 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of $28.08 per share of common stock), subject to adjustment.

Upon valid tender of notes for conversion, we will pay, on the third trading day following the last day of the related observation period, cash and shares of our common stock, if any, based on a daily conversion value (as described herein) calculated on a proportionate basis for each day of the relevant 30 trading-day observation period. See Description of Notes Conversion Rights Payment upon Conversion.

In addition, if a fundamental change occurs prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes

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	in connection with such a fundamental change upon conversion in certain circumstances as described under Description of Notes Conversion Rights Conversion Rate Adjustments Adjustment to Shares Delivered Upon Conversion Upon Fundamental Change.
	Holders of notes will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the cash and shares of common stock, if any, issued to holders of notes upon conversion.
Designated Event	If we undergo a designated event (as defined in this prospectus under Description of Notes Designated Event Permits Holders to Require us to Purchase Notes), including a fundamental change (as defined in such section), holders of notes will have the option to require us to purchase all or any portion of their notes. The designated event purchase price will be 100% of the principal amount of the notes to be purchased plus any accrued and unpaid interest to but excluding the designated event purchase date. We will pay cash for all notes so purchased.
Ranking	The notes rank equally with all our existing and future senior debt and senior to all our future subordinated debt. The notes rank junior to all our existing and future senior secured debt to the extent of the collateral securing such debt and are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries. As of March 31, 2007 (giving effect to the issuance of the notes and the application of the net proceeds therefrom), we had:
	$2,532 million of senior unsecured indebtedness outstanding equal in right of payment to the notes;
	$3,010 million of senior secured indebtedness outstanding senior in right of payment to the notes to the extent of the collateral securing such indebtedness (which included $390 million of our 7.75% Senior Notes); and
	no subordinated indebtedness.
	As of June 14, 2007, the 7.75% Senior Notes are no longer secured.

	In addition, our subsidiaries had liabilities (including trade and other payables but excluding intercompany indebtedness) outstanding in an amount of $3,040 million structurally senior to the notes. The indenture for the notes does not restrict us or our subsidiaries from incurring additional debt or other liabilities. Our subsidiaries do not guarantee any of our obligations under the notes.
Use of Proceeds	The selling security holders will receive all of the proceeds from the sale under this prospectus of notes and the common stock issuable upon conversion of the notes. We will not receive any proceeds from these sales. For additional information, see Use of Proceeds.
Capped Call Transaction	In connection with the issuance of the notes, we entered into a capped call transaction with a third party, whom we refer to as the counterparty. The capped call transaction is expected to reduce the potential dilution with respect to our common stock upon conversion of the notes to the extent described in Capped Call Transaction. In connection with hedging the capped call transaction, the counterparty or its affiliates may unwind various derivatives and/or purchase or sell our common stock in secondary

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	market transactions prior to the maturity of the notes and are likely to do so during any observation period related to the conversion of the notes, which could adversely affect the price of our common stock and the notes.
	For a discussion of the impact of any market or other activity by the counterparty or its affiliates in connection with the capped call transaction, see Risk Factors Risks Related to the Notes and Our Common Stock The capped call transaction may affect the value of the notes and our common stock, Capped Call Transaction and Plan of Distribution.
Listing	Our common stock is quoted on the New York Stock Exchange under the symbol AMD.
U.S. Federal Income Tax Considerations	You should consult your tax advisors with respect to the application of U.S. federal income tax laws to your own particular situation as well as any tax consequences of the ownership and disposition of the notes and our common stock arising under the U.S. federal estate or gift tax rules or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable treaty. See U.S. Federal Income Tax Considerations.
Risk Factors	You should carefully consider the information under Risk Factors and all other information included in or incorporated by reference into this prospectus before investing in the notes and our common stock.

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Summary Consolidated Financial and Operating Data

The following table sets forth our summary consolidated statement of operations data and balance sheet data. The summary statement of operations data for the fiscal years ended 2006, 2005 and 2004 are derived from our audited consolidated financial statements and should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2006, incorporated by reference in this prospectus. The summary statement of operations data for the three months ended March 31, 2007 and March 26, 2006 and summary balance sheet data as of March 31, 2007 are derived from our unaudited condensed consolidated financial statements and should be read in conjunction with our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, incorporated by reference in this prospectus. The as adjusted summary balance sheet data give effect to the receipt and application of the net proceeds from the issuance and sale of the notes, including the purchase of the capped call transaction and the application of $500 million towards the repayment of the Credit Agreement with Morgan Stanley Senior Funding Inc. dated October 24, 2006, which we refer to as the October 2006 Term Loan. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included.

The fiscal year ended December 31, 2006 consisted of 53 weeks and the fiscal years ended December 25, 2005 and December 26, 2004 each consisted of 52 weeks. The quarters ended March 31, 2007 and March 26, 2006 each consisted of 13 weeks.

	Quarter Ended		Year Ended		
	Mar. 31, 2007[1]	Mar. 26, 2006	Dec. 31, 2006[1][2]	Dec. 25, 2005[2][3]	Dec. 26, 2004[3]
	(unaudited)				
	(in millions, except per share amounts)				
Statement of Operations Data:					
Net revenue	$ 1,233	$ 1,332	$ 5,649	$ 5,848	$ 5,001
Expenses:					
Cost of sales	886	553	2,856	3,456	3,033
Research and development	432	264	1,205	1,144	934
Marketing, general and administrative	335	256	1,140	1,016	812
In process research and development			416[4]		
Amortization of acquired intangible assets and other integration charges	84[5]		79[5]		
Operating income (loss)	(504)	259	(47)	232	222
Interest income	16	28	116	37	18
Interest expense	(78)	(23)	(126)	(105)	(112)
Other income (expense), net	2	(20)	(13)	(24)	(49)[6]
Income (loss) before minority interest, equity in net loss of Spansion Inc., and other and income taxes	(564)	244	(70)	140	79
Minority interest in consolidated subsidiaries[7]	(8)	(6)	(28)	125	18
Equity in net loss of Spansion Inc. and other	(16)[8]	(18)	(45)	(107)[9]	
Income (loss) before income taxes	(588)	220	(143)	158	97
Provision (benefit) for income taxes	23	35	23[10]	(7)	6
Net income (loss)	$ (611)	$ 185	$ (166)	$ 165	$ 91
Net income (loss) per common share:					
Basic income (loss)	$ (1.11)	$ 0.40	$ (0.34)	$ 0.41	$ 0.25
Diluted income (loss)	$ (1.11)	$ 0.38	$ (0.34)	$ 0.40	$ 0.25
Shares used in per share calculation:					
Basic	549	464	492	400	359

Diluted	549	495	492	441	371
Other Financial Data:					
Ratio of earnings to fixed charges[11]		9.59x		1.74x	1.64x

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	As of March 31, 2007 Actual	As of March 31, 2007 As Adjusted[12]
	(in millions)	
Balance Sheet Data:		
Cash, cash equivalents and marketable securities	$ 1,167	$ 2,654
Total assets	12,712	14,225
Long-term debt and capital lease obligations, including current portion	3,841	5,541
Stockholders equity	5,205	5,018

(1) Results of operations for the quarter ended March 31, 2007 include the operations of ATI. Results of operations for the year ended December 31, 2006 includes the operations of ATI for the period from October 25, 2006 through December 31, 2006. As a result, the first fiscal quarter of 2007 and fiscal year 2006 are not fully comparable to prior periods.

(2) Consolidated statement of operations data for 2005 include the results of operations for our former Memory Products segment through December 20, 2005. From December 21, 2005, the date that Spansion closed its IPO, through December 25, 2005 and for all of 2006 we used the equity method of accounting to reflect our share of Spansion s net income (loss). We include this information under the caption, Equity in net income (loss) of Spansion Inc. and other, on our consolidated statements of operations. Therefore, 2006 is not fully comparable to prior periods.

(3) Consolidated statement of operations data for 2004 include the results of operations for our former Memory Products segment for the entire year. Therefore, 2004 is not fully comparable to 2005 during which Spansion s results of operations were not consolidated with our results of operations for the last five days of the fiscal year.

(4) Represents a write-off of in-process research and development in connection with the ATI acquisition.

(5) Represents amortization of acquisition related intangible assets acquired as part of the ATI acquisition and charges incurred to integrate the operations of ATI with our operations.

(6) Other income (expense), net, includes a charge of approximately $32 million associated with our exchange of $201 million of our 4.50% Convertible Senior Notes due 2007 for common stock and a charge of approximately $14 million in connection with our prepayment of amounts outstanding under a term loan agreement among our German subsidiary, AMD Fab 30 Limited Liability Company & Co. KG, and the lenders thereto.

(7) The 2007 and 2006 minority interest amounts represent the guaranteed rate of return of between 11 and 13 percent related to the limited partnership contributions that AMD Fab 36 KG received from the unaffiliated partners (Fab 36 Minority Interest); the 2005 and 2004 minority interest amount includes the Fab 36 Minority Interest and Spansion Related Minority Interest.

(8) During the first quarter of 2007, we sold 984,799 shares of Spansion Inc. Class A common stock under Rule 144 of the Securities Act of 1933. We received $13 million in net proceeds from the sales and realized a gain of $0.6 million. As of March 31, 2007, we owned a total of 26,544,604 shares, or approximately 19.8 percent, of Spansion s outstanding common stock. We continue to use the equity method of accounting to reflect our share of Spansion s results of operations because we continue to have the ability to exercise significant influence over Spansion.

(9) Due to the dilution in our ownership interest in Spansion from 60 percent to approximately 38 percent in connection with Spansion s IPO, we recorded a loss of $110 million which represents the difference between Spansion s book value per share before and after the IPO multiplied by the number of shares owned by us.

(10) The 2007 first quarter and 2006 income tax provision primarily results from current foreign taxes, plus deferred U.S. tax related to indefinite-lived goodwill, and reduced by deferred foreign benefits from removing part of the valuation allowance on German net operating loss carryovers of Fab 36.

(11) For purposes of computing the ratio of earnings to fixed charges, fixed charges consist of interest expense on long-term debt and capital leases, amortization of deferred financing costs and that portion of rental expense deemed to be representative of interest. Earnings consist of income (loss) before income taxes, minority interest, and equity in net loss of Spansion Inc. and other plus fixed charges. For the fiscal year 2006 and the quarter ended March 31, 2007, earnings were insufficient to cover fixed charges by $74 million and $568 million.

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(12) As adjusted to give effect to the receipt and application of the net proceeds from the issuance and sale of the notes, including the application of $500 million towards the repayment of a portion of the October 2006 Term Loan and the purchase of the capped call transaction for approximately $182 million (see Capped Call Transaction).

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RISK FACTORS

You should consider the risk factors below as well as the other information set forth or incorporated by reference in this prospectus. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially and adversely affected. In such case, our ability to make payments on the notes could be impaired, the trading price of the notes and our common stock could decline, and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below, elsewhere in this prospectus and in the documents incorporated by reference in this prospectus.

Risks Related to Our Business

Intel Corporation s dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively.

Intel has dominated the market for microprocessors for many years. Intel s significant financial resources enable it to market its products aggressively, to target our customers and our channel partners with special incentives, and to discipline customers who do business with us. These aggressive activities have in the past and are likely in the future to result in lower unit sales and average selling prices for our products and adversely affect our margins and profitability.

Intel also manufactures and sells integrated graphics chipsets bundled with their microprocessors and is a dominant competitor with respect to this portion of our semiconductor graphics business that we have added through the acquisition of ATI. Intel could leverage its dominance in the microprocessor market to sell its integrated chipsets. Also, we believe Intel will reenter the discrete GPU market. Either of these actions could shrink the total available market for certain of our discrete GPUs. Intel could also take other actions that place our discrete GPUs and integrated chipsets at a competitive disadvantage such as giving one or more of our competitors in the graphics market, such as Nvidia Corporation, preferential access to its proprietary graphics interface or other useful information. Moreover, computer manufacturers are increasingly using integrated graphics chipsets, particularly for notebooks, because they cost significantly less than traditional discrete graphics components while offering reasonably good graphics performance for most mainstream PCs. The success of our graphics business is dependent, in part, upon the success of our integrated chipset products. If our graphics products do not successfully address the discrete GPU and integrated chipset markets, our graphics business could be adversely affected.

As long as Intel remains in this dominant position, we may be materially adversely affected by Intel s:

- business practices, including rebating and allocation strategies and pricing actions, designed to limit our market share;
- product mix and product introduction schedules;
- product bundling, marketing and merchandising strategies;
- exclusivity payments to its current and potential customers;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system, or BIOS, suppliers and software companies as well as the graphics interface for Intel platforms; and