



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

November 1, 2002

**Letter of Comment No:** 28  
**File Reference:** 1101-001  
**Date Received:** 11/4/02

OVERNIGHT

Financial Accounting Standards Board  
MP&T Director – File Reference 1101-001  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Sir or Madam:

Advanced Micro Devices, Inc. (AMD) is pleased to submit its comments regarding the Proposed Statement of Financial Accounting Standards, Accounting for Stock-Based Compensation – Transition and Disclosure (an amendment of FASB Statement No. 123), dated October 4, 2002 (the “Exposure Draft”). AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, Japan, and Asia. It produces microprocessors, Flash memory devices, and supporting circuitry for communications and networking applications and had revenues of \$3.9 billion in 2001.

AMD strongly believes its ability to offer stock options is the key to its competitiveness in the global market economy. Stock options allow us to recruit and retain the best talent available from around the world and offer a vehicle to “share the wealth” with our employees. AMD maintains a broad-based stock option program which has been essential to its history of innovative new product offerings and growth.

Disclosing stock option information that is accurate and understandable on a quarterly basis is appropriate. This could provide shareholders with valuable data needed to make informed investment decisions. Expensing of options cannot provide investors with reliable information because there is no accurate way to assess the value of employee stock options. There is growing consensus that the Black-Scholes method of valuation produces wide ranging and often misleading results. Any change in frequency of reporting needs to take this into consideration. Investors will not be helped by inaccurate reporting four times a year instead of just once a year.

The unique characteristics of employee stock options are not accounted for in current option pricing models. Among these characteristics are that these options are long term, may never vest, and are not freely tradable. Disclosure of inaccurate information does nothing to assist investors determine the financial health of publicly traded companies.



In summation, AMD supports more frequent reporting of accurate data. Should you have any questions regarding our position, please contact the undersigned at [bill.haerle@amd.com](mailto:bill.haerle@amd.com) or 408-749-5371.

Sincerely,

A handwritten signature in black ink, appearing to read "William R. Haerle". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William R. Haerle  
Assistant General Counsel  
Director, Government Relations