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Chairman and Chief Executive Officer
AMD
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This evening finds me halfway through my 33rd year as chairman and CEO of AMD, a manufacturer of semiconductor microchips, that I co-founded in 1969. I have spent half of my entire life in this role. My career in the ten years before AMD was similarly aligned with the semiconductor industry, first at Motorola, and then at Fairchild Semiconductor, where in 1958 – coincidentally the year I got my BSSE from the University of Illinois – the monolithic integrated circuit was born. For my entire working life I have been a chip guy.

I love this industry, and I am proud to be a part of it. Semiconductor microchips are the seminal technology underpinning the entire information technology industry. Their unique characteristic of providing ever-lower cost for ever-higher performance and ever-higher functionality has expanded their application and generated one of the great growth industries of all time. For the past 25 years, the semiconductor industry has grown at a compound annual rate of 16 percent to over 200 billion dollars. For those same 25 years, AMD outperformed the industry with a compound annual growth rate

of 23 percent. I'm proud of that. This year will be no exception. But in this case, it will be by shrinking less than the industry does. I'm less proud of that!

In the very early days of AMD, when we began entertaining customer visits at our first facility – a 15,000-square-foot, tilt-up building on Thompson Place in Sunnyvale -- representatives of a major electronic equipment manufacturer gave us a rather stark appraisal. One of my co-founders, after touring the group through our modest fab, assembly and test facility, and enthusiastically describing our achievement to date, concluded by saying, “We remain humble.” The customer’s response was, “You’ve got a lot to be humble about.” I’ve never forgotten that.

In the semiconductor industry, there is always plenty to be humble about. The current downturn, the worst in history for our industry, drives that point home. There is also plenty to be proud of. For me, the greatest source of pride is not what we at AMD have achieved within the semiconductor industry, but rather *who we are*, as demonstrated by our values. In the interest of time, I will only mention one: our unwavering commitment to the concept that competition is good. AMD is a champion of competition. Competition drives innovation, reduces costs and expands choices. Society benefits from competition.

We have a great role model – the United States of America. The American society is the greatest society in the history of mankind. Our freedom and our standard of living are unmatched anywhere. There are many facets to that greatness but, again, in the interest of time, let's focus on just one: America *is* the land of opportunity. We hold a cherished belief that everyone should have the opportunity to be as good as they can be, that everyone should have the opportunity to go as far in life as their abilities and efforts can take them, unrestrained by oppression or discrimination: a covenant of *equal opportunity* for everyone but not a guarantee of *equal outcomes*.

America is a meritocracy. Every American family can believe that their child can grow up and be President. Our society is a society of “May the best man – or, in this age of political correctness, may the best *person* – win.” While equal opportunity doesn't guarantee equal outcomes, there is an odious corollary: *unequal* opportunity produces *unequal* outcomes. Americans believe in fair play. Life isn't always fair.

The semiconductor industry just may be the most competitive industry on earth. It is a global industry, but the opportunity presented to American

semiconductor manufacturers resulting from our large and relatively homogeneous market coupled with our invention of the transistor itself and its integrated circuit successor, got us off to an early lead. That lead has been repeatedly challenged, perhaps most memorably by Japan, Inc. in memories in the early '80s when manufacturing prowess and product quality was the competitive battleground for these commodity products. We had to come from behind on the merits as well as overcome an unfair advantage of government subsidy and subsequent predatory pricing practices. All we asked for as an industry was a level playing field. Our government got us that level playing field and the rest is history.

America leads. Unfair trading practices will always be with us and we have to be ever vigilant that we are given an equal opportunity to compete anywhere in the world.

But on what basis will we compete with each other? I believe the basis of competition should be "*the best product at the best price.*" Great products at great prices should win the day. The marketplace should pick the winners. Society is most benefited by a market economy.

There are only three ways to win in business: out-invest, out-produce or out-innovate. Only the third option is truly an equal opportunity. As we engineer an economic recovery with fiscal and monetary policy, the

semiconductor industry will lead the way in growth because the Austrian economist, Joseph Schumpeter, was right: growth will occur when the entrepreneur is provided the opportunity to innovate and to participate in the rewards of that innovation. The American electronics industry, exemplified by Silicon Valley, is world-renowned for its entrepreneurship and its innovation.

The investment-led economic expansion of the last decade, that culminated in the bubble of excess from whose collapse we must now recover, presents us with our greatest challenge ever. We are up to the challenge. I believe the engineers of the AEA community in this room tonight and their colleagues at their companies, and companies like theirs, will continue to develop solutions that acquire and create, process and communicate information to enhance productivity and improve the quality of life for people everywhere. In so doing, great wealth will be created for the benefit of all mankind.

I am blessed to be a member of this community. I am grateful for the recognition of my humble contribution to the pursuit of our noble goals, and I am honored by your award tonight. I would like to leave you with a final thought: *Civilized societies protect the innocent.*

Thousands of *innocent* people were killed by terrorists on September 11. This is no time for moral ambivalence or the relativism that has clouded our vision of late. America is a civilized society – the terrorists are murders! New York’s Mayor Giuliani said it best: “We are right. They are wrong.” The economic fallout of the events of September 11 will impact many more innocent people, albeit in less dire ways than the events themselves.

Jobs will be lost, and finding new ones will be much tougher than in the past.

Indeed, the number of announced layoffs nationwide accelerated dramatically in September, and now stands at 1,350,000 year to date. Our companies and our colleagues have not been spared.

In today’s world, the corporation is an important societal unit. **Let’s protect *our innocent!*** Lets make every effort to retain as many jobs as possible by avoiding draconian job-cutting measures to fix short-term problems. Where we must cut, let’s be eminently fair in our severance programs and preserve the dignity of those who will have no ongoing role in our enterprises. The American economy and America itself will be stronger for our efforts.

Thank you.