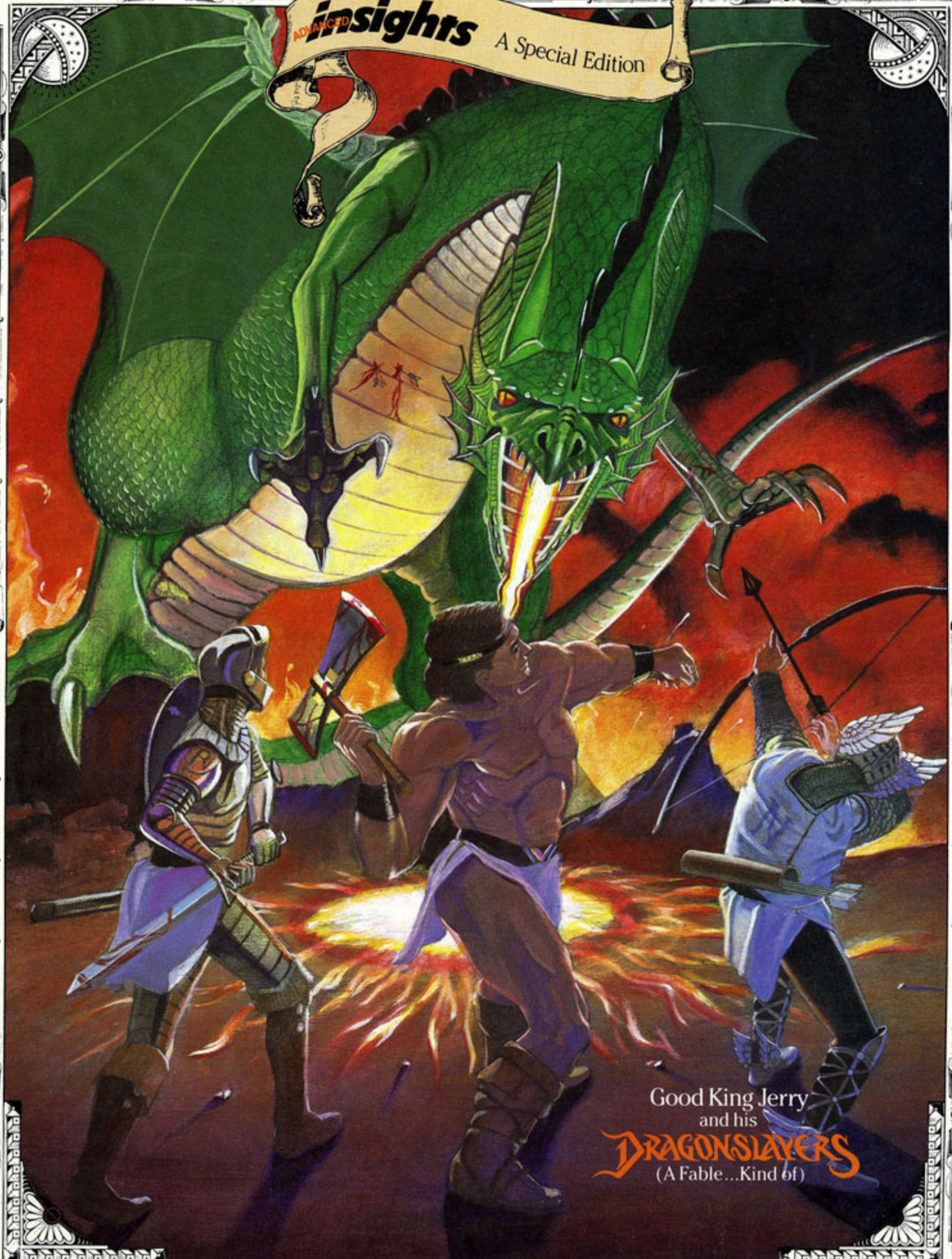


ADVANCED insights A Special Edition



Good King Jerry
and his
DRAGONSLAYERS
(A Fable...Kind of)

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Once upon a time, on a distant planet in the far reaches of the galaxy, there was a great and good king who wanted more than anything else happiness and prosperity for his people. The people of the kingdom worked hard, but they did not mind because there is great satisfaction in doing one's job well and being rewarded in proportion to the value of one's work. And so the most important rule in the kingdom was: "People first, products and profits will follow." This rule came directly from Good King Jerry, the beloved leader of the kingdom that was known far and wide as A Magical Domain, or more simply as AMD, which was much shorter and easier to say. But it was not always peaceful and prosperous in the kingdom of AMD, for the land was often ravaged by terrible dragons that terrorized the people, frightened their customers and greatly reduced the amount of gold in the royal treasuries (and this gold, after all, was the source of enrichment for the people). These dragons were also thought by some to have devoured maidens from time to time, but others believed this was just another bad rap put unfairly on dragons who have always had terrible reputations. And so this is the story of how Good King Jerry established his kingdom and how he and his loyal dragonslayers have continually battled in order to protect and strengthen the kingdom of AMD. Our story begins in the year '69 (we will omit the century since this was on another planet circling a distant sun) when Good King Jerry was still Just Plain Jerry and AMD was only a dream. Jerry had been a renowned knight in another kingdom and had slain many dragons to protect the gold of the realm, but he found that the king kept most of the gold for himself and did not share it with those who really did the work. "If I were king," said Jerry, "I would decree that the people must be free to innovate and thereby gain an opportunity to improve their economic condition through participation in the rewards of their efforts. I would demand excellent performance, but we would have the kind of environment to facilitate it and we would reward those who achieve it. To celebrate, we would also have great parties and much fun." And that's exactly what Just Plain Jerry set about to do. So he left the old kingdom in search of precisely the right location to start up his own kingdom and lo, in a place called Sunnyvalley (much later corrupted to "Sunnyvale"), he found just what he was looking for . . . almost.

The problem with Sunnyvalley was that the place was simply crawling with dragons, if you'll pardon the expression. There were dragons of every variety and description. There were fire-breathing dragons, three-headed dragons, dragons with dagger-like teeth and of course the dragons who got blamed for the decline in the maiden population. And Just Plain Jerry knew that if he ever was to become Good King Jerry, he would first have to slay many dragons. 🐉 Just Plain Jerry realized that starting up a new kingdom would require a great deal of gold, even back in the early days, but he was not dismayed because he knew where to find all the gold that would be needed: in the nearby realm of Venture Capital. Now, the realm of Venture Capital then as it is even today was guarded by a number of miserly dragons that would have to be slain before he could get to the gold. And so Just Plain Jerry prepared a plan (which he called the "business plan") that would enable him to obtain the gold he needed from the realm of Venture Capital. The plan involved a magical goose that could perform a most wondrous feat: it could turn ordinary silicon into tiny chips that were worth their weight in gold! 🐉 But the battle was not easy. The dragons were more numerous than Just Plain Jerry had imagined and he spent much energy simply slaying dragons in order to reach the realm of Venture Capital. He found that he was unable to carry away as much gold as he really needed. Moreover, the Venture Capitalists themselves were a skeptical lot. "We wish to know more about your business plan," said one. 🐉 "Aye," said another. "There are many who would use the magic goose to turn silicon into gold. How will your kingdom be successful where others have failed?" 🐉 And Jerry replied, "Because in the kingdom of AMD, people will come first and products and profits will surely follow." But even this great wisdom was not enough to convince the Venture Capitalists who cared much more about their precious gold than they did about people. 🐉 "What other magic will you employ?" they demanded. 🐉 "We will make a commitment to excellence," replied Jerry. "Where others are bigger, we will be better. We will create new things that others have not yet thought of." 🐉 "Then give us but one example of your new things that no one else has yet invented," said one of the Venture Capitalists. 🐉 Now, to be totally honest, Just Plain Jerry had not anticipated that question. 🐉

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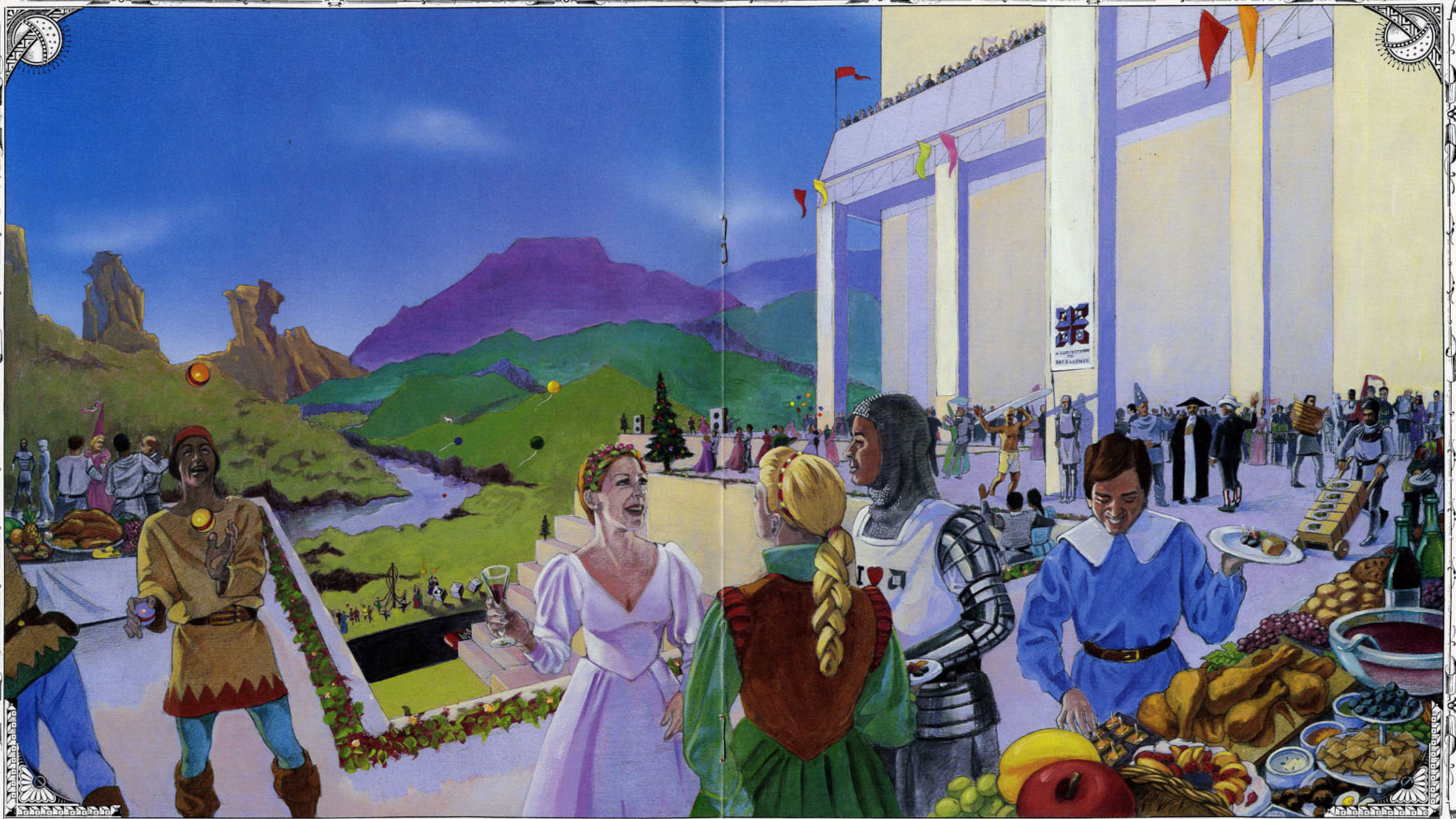
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"Well, sir, I had planned to start up my kingdom as a second source," said Jerry, who was inventing some of this as he went along. "My people will make the same products as others, but our devices will have parametric superiority. We will pay more attention to—what's the word I'm looking for?—quality! We will be the champions of quality. And furthermore," said Jerry, who was now on a roll, "we will make our kingdom the most customer-oriented kingdom of all. These four commitments—to people, to innovation, to quality and to customers—will set us apart from others and we will make much gold and have fun! And eventually, we will be much more than a second source and you will get a great return on the gold you venture with us." 🐉 "Harrumph!" said all of the Venture Capitalists at once. "We have heard many such stories and all too often we have lost our gold. But you strike us as a sincere young man and you have already achieved great fame as a dragonslayer, so we will risk some gold on your venture. But you must recruit other dragonslayers to your cause, for you will not survive alone out there by yourself with all those ferocious dragons waiting to swallow you up." 🐉



At last Just Plain Jerry had the gold to start up his kingdom and he became Good King Jerry. "I shall need strong magic in order to succeed," thought Good King Jerry and so it came to pass that he recruited to his cause a fabled sorcerer named Richard the Prevalent (so named because his magic nearly always prevailed). Good King Jerry and Richard the Prevalent, stepping carefully over the bodies of the dragons that now were nearly everywhere, set out to put their ventured gold to use in Sunnyvalley to start up the kingdom of AMD. 🐉 And on their way, they encountered many more dragons. "First, we shall have to recruit more dragonslayers," said Good King Jerry. "We must find many people—men and women—who understand the ever-increasing complexity of the paths we are about to pursue and who are not afraid to face the dragons we shall surely encounter along the way, and we must enlist them to our cause." 🐉 And so they recruited many famous dragonslayers who left other kingdoms because they liked the unique culture and opportunity to share in personal and professional growth that was to be found in the kingdom of AMD. These famous dragonslayers included Prince Tony (the Lionhearted), Sir George (the Steadfast), Sir James (the Relentless), Sir John (the Forceful) and Sir Stephen (the Zealous) among others too numerous to be named in this brief tale. 🐉 To make a very long story quite a bit shorter, Good King Jerry and his Council of Dragonslayers killed dragons left and right. Sunnyvalley and, indeed, the surrounding area called Silicon Valley were littered with dragons slain by Good King Jerry and his fellow dragonslayers who by now were the envy of all other realms. 🐉



The kingdom of AMD was the fastest growing of all the silicon kingdoms and everyone was happy . . . most of the time. 🍷



he problem was, to put it bluntly, there just seemed to be no end of dragons to slay. There was the dreaded DESC dragon that reared up its especially ugly head and was slain when product testing problems were solved. And then they slew the dragon of merely being an alternate source when the people of AMD anticipated what customers would really want and invented their very first proprietary magic chips. And indeed, these magic chips were truly worth their weight in gold! And there were plagues of dragons in '74 and '81 when harsh times fell upon the lands and even at Christmastime there were no great feasts. But with courage, sacrifice, hard work and innovative efforts—the noble qualities that always prevail against dragons—good times and prosperity returned to the people of AMD (who by this time had come to be known as AMDers). No matter how many dragons were killed by Good King Jerry and his dragonslayers, it seemed that there were always new dragons to be vanquished. There were the LUST (leaking underground storage tank) dragons; dragons that damaged customer satisfaction by delaying shipments; dragons that bedeviled new devices that would work well until they went into production and then would not work properly; dragons that caused manufacturing delays when new processes were implemented; and, most dangerous of all, were the dragons of unfair, predatory pricing from foreign competitors. Each time Good King Jerry and his dragonslayers killed a dragon, a new and more dangerous dragon seemed to appear in its place. And harsh times fell upon the land of AMD. Some AMDers were even heard to say in despair “The magic has gone from AMD. We are just another realm like so many other ordinary realms.” Good King Jerry and his Council of Dragonslayers knew this was not true, but they also knew that it is difficult to get a true picture of the situation when you are up to your ASICs in dragons. The winter of '85 was a dreary one in the land of AMD. There had been a joyous Christmas festival in December of '84, but even at the time of the splendid party it was already clear that new and menacing dragons were at the borders of the realm. Sales of magic chips were down, gold was flowing out of the royal treasury and the sternest measures were adopted to staunch the wounds inflicted by the dragons. Loyal followers of Good King Jerry worked extra hours, accepted less gold for their work and strove to forge new swords with which to slay the dragons that continued to gobble up markets that once belonged to the kingdom of AMD. The armies of Good King Jerry became more and more dispirited as the dragons took their toll. The Christmas festivals of '85 and '86 were cancelled. There were no profits to share, there was less gold to distribute in the form of pay raises and finally even the size of Good King Jerry's army had to be reduced for the good of the entire realm.



gainst this dismal scene, in the winter of '86-'87, Good King Jerry convened a meeting of his Council of Dragonslayers. “The dragons are no longer content to nibble at our borders,” said Good King Jerry. “Now they come directly into the heart of our realm to pillage and destroy. They strike at us from protected dragon sanctuaries where we have not yet made much headway. We must slay these dragons just as we have done before with so many other dragons.”



“All that you say is true, Good King Jerry,” said Prince Tony (the Lionhearted), “but today's dragons are different from those we have slain in the past. Some of the dragons that are attacking the realm of AMD are often invisible. We can see their tracks and the damage they leave behind, but sometimes we cannot see the dragons themselves. For example, the dragons of the Far East dump magical chips at prices even below what it costs to produce them. They do this not only in our own realm where we can see what is happening; they do it in other realms where these chips are bought by our customers and then brought into our realm hidden in other products. We cannot see it happen, but we know that it goes on and our loyal people are the ones who suffer.” “Tell me, Sir James,” said Good King Jerry, fastening his gaze upon James (the Relentless), “do you also find the tracks of these invisible dragons in your magic factories?” “Alas, we do,” said Sir James. “And while we suffer from dragon raids, our loyal customers feel the pain along with us. When we have a new magic chip that our customers want and need and we find that we cannot obtain sufficient yields or that these new devices do not perform according to their design, our customers cry out in anguish. Even worse, they take their gold elsewhere and fill the coffers of our competitors.” “And what, Sir James, do you propose to do about this?” “We must have more VIGOR in our manufacturing,” responded Sir James. “We must redouble our efforts in support of our customers, getting our yields up, getting our throughput times down and managing our inventories. With VIGOR, even invisible dragons can be found and slain. The answer, Good King Jerry, is VIGOR in manufacturing.”

It is difficult to see the magic when you are up to your ASICs in dragons.

SPIRIT OF AMD



STABILITY
STABILITY



LIBERTY
CHIPS



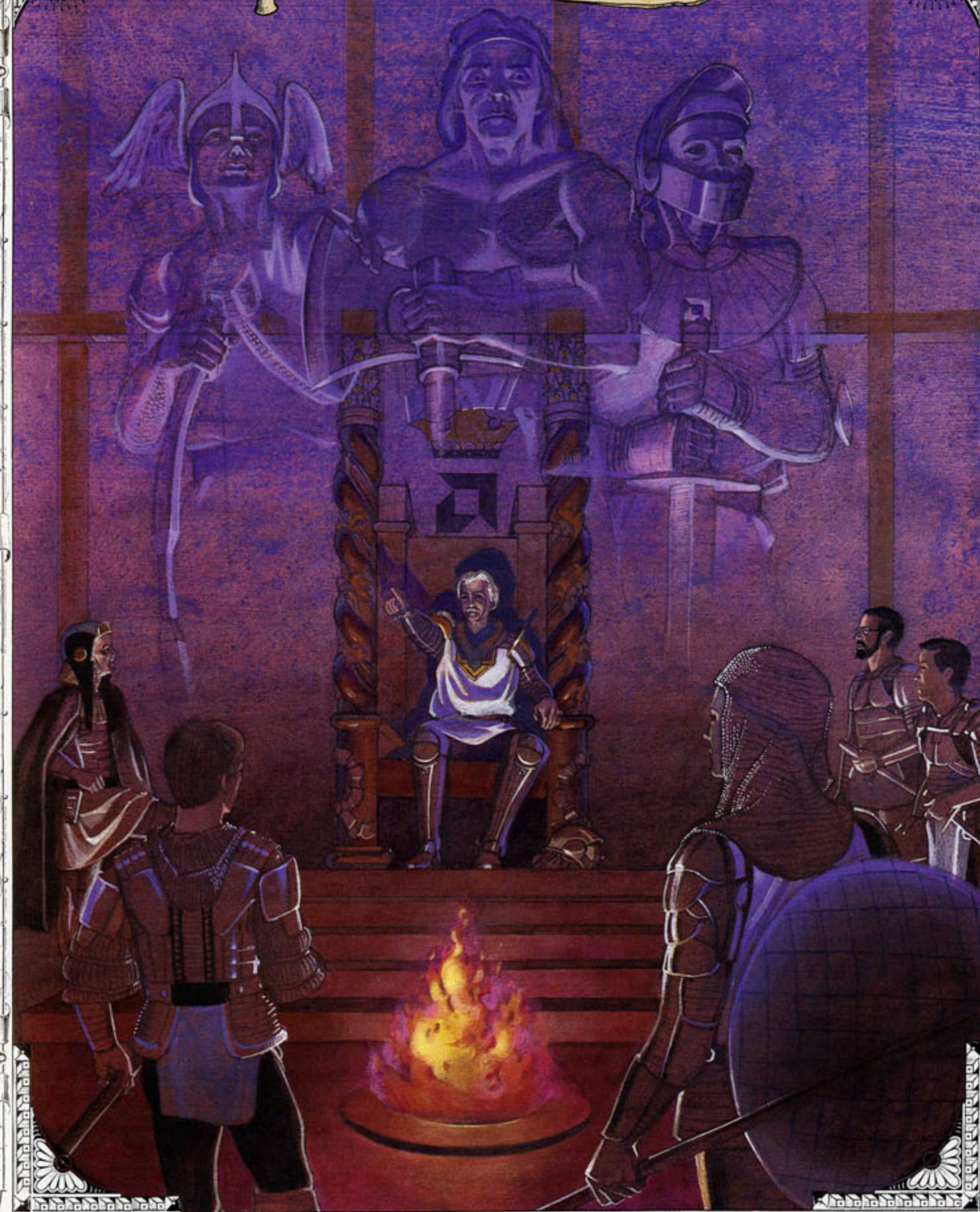
Now this response caused the famous white brows of Good King Jerry to wrinkle in perplexity. "Just who is this VIGOR of whom you speak, Sir James? Is he a knight of this realm?" "He is a knight, and a very grand knight indeed, sir. When VIGOR is present in all of our efforts, we are invincible against even the most powerful dragons," said Sir James relentlessly. "Let us come back to this subject," said Good King Jerry, turning now to look directly at Sir John the Forceful. "Tell me, Sir John, do you believe in invisible dragons?" "Oh, very much so, Good King Jerry," said Sir John, demonstrating once again why he was known as the Forceful. "The invisible dragons have left their all-too-visible tracks—and dragon residues as well!—all over our efforts to get CMOS products quickly into the hands of eager customers. The result, sadly enough, is that loyal customers who want our CMOS devices will buy from our competitors because they fear the dragons." "And what is the answer to our engineering problems?" asked Good King Jerry. "The answer clearly is more RIGOR in engineering," Sir John responded at once. "Our R&D efforts have been reduced as a result of the outflow of gold from our coffers. We must make up for this loss with more RIGOR." By this time Good King Jerry's silver mustache, which was more famous than his eyebrows, was twitching even as his brows wrinkled. "This RIGOR person—is this a knight of our realm?" "RIGOR is a grand knight, sir, and a famous dragonslayer as well. RIGOR possesses the insight needed to find and slay invisible dragons. When RIGOR is with us, we are the best and fear no dragon that exists anywhere," said Sir John. Good King Jerry turned now to Sir George and asked "Do you believe in invisible dragons as well?" "Oh yes, sir, indeed I do," said Sir George, who was steadfast in returning the gaze of Good King Jerry. "Throughout the entire realm I have seen the tracks and droppings of the dragons. Market conditions change, but we do not always respond quickly, with the result that our customers become unhappy and we lose orders. I believe this to be the work of the invisible dragons. Despite our efforts to do a better job on quality than any of our competitors, we sometimes make magic chips that are not as magic as they should be. And when this happens, our customers take their gold elsewhere." "And what is the answer to these problems?" asked Good King Jerry. "We must be more NIMBLE throughout the entire realm," said Sir George. "We must anticipate problems before they happen. We must think the way our customers think so that we will know where the market is going. When problems do occur, as they do even in the best of worlds, we must respond quickly to solve them before our customers feel the effects. If we were more NIMBLE, we could seek out and slay these invisible dragons."

"And no doubt you are about to tell me that NIMBLE is another grand knight and famous dragonslayer who is sometimes absent from the realm these days?" Good King Jerry's blue eyes (need we say that his blue eyes were also famous?) fixed each of his loyal dragonslayers in turn. ♣ It was Prince Tony who, according to tradition, spoke first. "That is sadly true, Good King Jerry. Our loyal workers introduced 64 new magical chips last year—a truly wondrous feat—but our adversaries have still gained ground on us. VIGOR, RIGOR and NIMBLE are three of the grandest grand knights ever known in this realm. Even the invisible dragons are unable to hide from those who possess the qualities of RIGOR, VIGOR and NIMBLE. We must do everything possible to make certain that these grand knights are present every day of the year and that all of our loyal citizens possess the same qualities." The other dragonslayers all nodded their heads in sage agreement to the wise words of Prince Tony. ♣



And now it was Good King Jerry who rose to speak. "We must spare no efforts to locate RIGOR, VIGOR and NIMBLE and bring their magic back to every AMDer. I want you to search throughout the entire realm—in every corner of Sunnyvalley and even deep into the heart of Texas—to find these grand knights. RIGOR, VIGOR and NIMBLE belong at AMD slaying the dragons that threaten our happy existence. ♣ "And to hasten the endeavor, I shall award a grand each month (a thousand dollars in the coin of the realm) both here and in Texas to each of my loyal followers who best embodies these qualities—VIGOR in manufacturing, RIGOR in engineering, and NIMBLEness anywhere in the realm—in support of our customers. By my order, a dragonslayer medallion will be awarded to each grand knight in recognition of special service to the realm. ♣ "We have the processes. We have the products. We have the production to make our magic chips. And most of all, we have the people who can slay the dragons. Once we all possess the qualities of VIGOR, RIGOR and NIMBLE, prosperity will be restored and we will all have fun once again." ♣ And so Good King Jerry designated these senior dragonslayers as his Royal Council of Dragonslayers and ordered them to commence the search for VIGOR, RIGOR and NIMBLE at once. A proclamation was distributed throughout the realm, spelling out the terms of the rewards for finding the grand knights, RIGOR, VIGOR and NIMBLE. ♣ That night, for the first time in many months, the people of AMD went to sleep with peace in their hearts, for they knew that Good King Jerry and his Royal Council of Dragonslayers would soon find VIGOR, RIGOR and NIMBLE. ♣ *TO BE CONTINUED...*

"We must spare no efforts to locate
VIGOR, RIGOR, and NIMBLE."





By order of Good King Jerry, AMD will reward extraordinary efforts in service to customers by superior performers. Awards will be made on a monthly basis in two categories: Dragonslayers and Dragonbusters.

☛ Employees eligible for the DRAGONSLAYERS PROGRAM include full-time U.S. salaried (exempt and SNE) and indirect hourly employees, European and South East Asia sales support personnel and professional employees in the European Test Center.

☛ The DRAGONBUSTERS PROGRAM is for direct, full-time hourly employees in the U.S. and in the European Test Center.

☛ In order to be eligible for these awards, employees must be on active status at the time awards are distributed. Directors and above are not eligible, nor are employees on bonus or incentive programs such as field sales personnel and field applications engineers.

☛ The DRAGONSLAYERS PROGRAM will last through December. Each month, managing directors and directors will nominate employees who have made extraordinary efforts in overcoming obstacles (slaying dragons) and satisfying the needs of AMD customers. Vice presidents will select finalists from among the nominees, and the names will be submitted to the Council of Dragonslayers, who will review accomplishments and determine winners.

☛ Each month six \$1,000 prizes, two in each category, will be awarded to the winners for significant accomplishments that demonstrate RIGOR in engineering (including all engineering positions primarily involved in the development of new products and new technologies); VIGOR in manufacturing (including engineering positions primarily involved in manufacturing and customer service, production supervision, quality assurance and reliability and back-end activities); and NIMBLEness in all other eligible positions including marketing and non-technical SNEs in all areas. All awards are made at the discretion of the Council of Dragonslayers.

☛ The six monthly \$1,000 winners will receive a special Dragonslayer medallion designating them as Grand Knights. All finalists will receive a Dragonslayer award and are eligible for a grand prize drawing at the end of the year for a trip to England, the home of St. George, the most famous of all dragonslayers.

☛ DRAGONBUSTERS will be nominated by GFs and shift supervisors on a monthly basis through December for exceptional efforts that help AMD slay the dragons that stand between the company and satisfied customers. Management will choose four Dragonbusters each month, each of whom will receive \$500. All Dragonbuster nominees, including monthly award winners, will receive a Dragonbusters t-shirt and will be eligible for a special year-end grand prize drawing.

☛ The accomplishments of all Dragonslayer and Dragonbuster finalists will be highlighted in a monthly Dragonslayers newsletter distributed to all employees.

☛ More information on selection criteria and procedures will be forthcoming. The aim of the Dragonslayers campaign is to find and reward RIGOR, VIGOR and NIMBLEness at AMD.