



AMD News Release

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AMD Reports Second Quarter Results

SUNNYVALE, Calif. — July 21, 2009 — AMD¹ (NYSE:AMD) today reported second quarter 2009 results.

AMD reported revenue for the second quarter of 2009 of \$1.184 billion. Second quarter 2009 revenue was flat compared to the first quarter of 2009 and decreased 13 percent compared to the second quarter of 2008.

“The AMD Product Company successfully executed its product and technology roadmaps in the first half of the year, including introducing the Six-Core AMD Opteron™ processor months ahead of schedule. While we increased cash, exceeded our revenue plan and reduced operating expenses in the second quarter, gross margin was disappointing,” said Dirk Meyer, AMD president and CEO. “New platform, microprocessor and graphics introductions planned for the second half of 2009 position us well to improve margins and meet our financial goals for the year.”

In the second quarter of 2009, AMD reported a net loss attributable to AMD common stockholders of \$330 million or \$0.49 per share, which includes the net favorable impact of \$86 million, or \$0.13 per share, primarily from the sale of inventory written-down in the fourth fiscal quarter of 2008 as described in the table below². AMD’s operating loss was \$249 million.

In the first quarter of 2009, AMD had revenue of \$1.177 billion, a net loss attributable to AMD common stockholders of \$416 million and an operating loss of \$298 million. In the second quarter of 2008, AMD had revenue from continuing operations of \$1.362 billion, a net loss attributable to AMD common stockholders of \$1.195 billion and an operating loss of \$569 million.

In the second quarter of 2009, AMD Product Company reported a non-GAAP net loss of \$244 million and a non-GAAP operating loss of \$205 million. In the first quarter of 2009, AMD Product Company reported a non-GAAP net loss of \$189 million and a non-GAAP operating loss of \$123 million³.

Second quarter 2009 AMD gross margin was 37 percent, including a positive impact of 8 percentage points due to a \$98 million benefit from the sale of inventory written down in the fourth quarter of 2008. First quarter 2009 AMD gross margin was 43 percent, including a positive impact of 5 percentage points due to a \$64 million benefit from the sale of inventory written down in the fourth quarter of 2008. Second quarter 2009 AMD Product Company non-GAAP gross margin was 27 percent compared to 35 percent in the prior quarter.

Current Outlook

AMD's outlook statements are based on current expectations. The following statements are forward looking, and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement" below.

Considering current macroeconomic conditions, limited visibility and historical seasonal patterns, AMD expects its Product Company revenue to be up slightly for the third quarter of 2009.

Additional Highlights

- Leading enterprise computing providers, including Dell, HP, IBM and Sun Microsystems [announced new servers](#) based on the Six-Core AMD Opteron processor, which is a drop-in replacement for the Quad-Core AMD Opteron processor and delivers up to 34 percent more performance-per-watt in the exact same platform.
- AMD introduced [the first 40nm desktop graphics processor](#), the [first 1 GHz graphics processor](#) and [held the first public preview](#) of working silicon and drivers supporting Microsoft's upcoming DirectX® 11 technology featured in Windows 7.

- [Customer adoption of AMD's graphics products for the professional market](#) continued, with Dell, HP and Lenovo offering workstations featuring ATI FirePro™ professional graphics accelerators.
- HP, Acer, BenQ, and Medion announced solutions powered by the [AMD Neo™](#) and ATI Radeon™ family of low-power technologies, including delivering the industry's first affordable, full-featured HD computing experiences to the increasingly popular ultrathin notebook and all-in-one desktop markets.
- AMD refreshed its [Dragon platform](#) technology for desktop PCs, including the introduction of the AMD Phenom™ II X4 955 Black Edition processor, the company's fastest quad-core processor. The stability of AMD Phenom II processors on Dragon technology provides an ideal platform for overclocking, resulting in the industry's first known CPU to break the 7GHz barrier.
- Adobe, ArcSoft and Cyberlink began offering [optimized versions of their video editing and processing applications that use ATI Stream technology](#) to intelligently combine the computing power of AMD's CPUs and GPUs to greatly accelerate the time-intensive activity of video encoding.
- [AMD's vision](#) to bring a leading-edge semiconductor manufacturing facility and thousands of jobs to upstate New York is being fulfilled as GLOBALFOUNDRIES prepares to break ground on the construction of the Fab 2 project in New York. Fab 2 is expected to be the world's most technologically-advanced semiconductor manufacturing facility, expanding AMD's access to world-class manufacturing expertise.

AMD Teleconference

AMD will hold a conference call for the financial community at 2:00 p.m. PT (5:00 p.m. ET) today to discuss its second quarter financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its Web site at www.amd.com. The webcast will be available for 10 days after the conference call.

Reconciliation of GAAP Net Income (Loss) Attributable to AMD Common Stockholders to AMD Product Company Non-GAAP Net Income (Loss) ^{1,2,3,4}

(Millions except per share amounts)	Q2-09		Q1-09		Q2-08	
GAAP net income (loss) attributable to AMD common stockholders / EPS	\$ (330)	\$ (0.49)	\$ (416)	\$ (0.66)	\$ (1,195)	\$ (1.97)
Loss from discontinued operations	-	-	-	-	(494)	(0.81)
Income (loss) attributable to AMD stockholders from continuing operations	\$ (330)	\$ (0.49)	\$ (416)	\$ (0.66)	\$ (701)	\$ (1.16)
Gross margin benefit from sales of inventory written down in Q4-08	98	0.15	64	0.10	-	-
Amortization of acquired intangibles	(17)	(0.03)	(18)	(0.03)	(37)	(0.06)
ATI impairment of goodwill and acquired intangible assets	-	-	-	-	(403)	(0.66)
Restructuring charges	(1)	-	(60)	(0.10)	(31)	(0.05)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	-	-	(21)	(0.03)	-	-
Gain on sale of 200 millimeter equipment	-	-	-	-	193	0.32
Investment net charges	-	-	(9)	(0.01)	(36)	(0.06)
Gain on debt buyback	6	0.01	108	0.17	-	-
Gain on sale of Handheld assets	-	-	28	0.04	-	-
Incremental tax provision related to the formation of GLOBALFOUNDRIES	-	-	(114)	(0.18)	-	-
Net favorable (unfavorable) impact subtotal	\$ 86	\$ 0.13	\$ (22)	\$ (0.04)	\$ (314)	\$ (0.52)
Non-GAAP net income (loss) attributable to AMD common stockholders	\$ (416)		\$ (394)		\$ (387)	-
Net income (loss) from Foundry segment and intersegment eliminations	(177)	(0.27)	(317)	(0.51)	-	-
Incremental tax provision related to the formation of GLOBALFOUNDRIES	-	-	114	0.18	-	-
Net (income) loss attributable to noncontrolling interest	25	0.04	6	0.01	-	-
Class B preferred accretion	(20)	(0.03)	(8)	(0.01)	-	-
AMD Product Company non-GAAP net income (loss)	\$ (244)		\$ (189)		-	-

Reconciliation of GAAP to AMD Product Company Non-GAAP Operating Income (Loss) ^{1,2,3,4}

(Millions)	Q2-09	Q1-09	Q2-08
GAAP operating income (loss)	\$ (249)	\$ (298)	\$ (569)
Gross margin benefit from sales of inventory written down in Q4-08	98	64	-
Amortization of acquired intangibles	(17)	(18)	(37)
ATI impairment of goodwill and acquired intangible assets	-	-	(403)
Restructuring charges	(1)	(60)	(31)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	-	(21)	-
Gain on sale of 200 millimeter equipment	-	-	193
Non-GAAP operating income (loss)	\$ (329)	\$ (263)	\$ (291)
Operating income (loss) from Foundry segment and intersegment eliminations	(124)	(140)	-
AMD Product Company non-GAAP operating income (loss)	\$ (205)	\$ (123)	-

Reconciliation of GAAP to AMD Product Company Non-GAAP Gross Margin ^{1,2,3,4}

(Millions, except percentages)	Q2-09	Q1-09	Q2-08
GAAP Gross Margin	\$ 441	\$ 511	\$ 511
GAAP Gross Margin %	37%	43%	38%
Gross margin benefit from sales of inventory written down in Q4-08	98	64	-
Non-GAAP Gross Margin	\$ 343	\$ 447	\$ 511
Non-GAAP Gross Margin %	29%	38%	38%
Gross margin from Foundry segment and intersegment eliminations	20	34	-
AMD Product Company non-GAAP Gross Margin	\$ 323	\$ 413	-
AMD Product Company non-GAAP Gross Margin %	27%	35%	-

Select Segment Information⁴

(Millions, except percentages)	Q2-09	vs Q1-09	vs Q2-08
Computing Solutions			
Revenue	\$ 910	-3%	-17%
Microprocessor Units		flat	down
Microprocessor Average Selling Prices (ASP)		down	down
Graphics			
Revenue	\$ 251	13%	1%
Graphic Processor Units		up	up
Graphic Processor Average Selling Prices (ASP)		down	down

About AMD

Advanced Micro Devices (NYSE: AMD) is an innovative technology company dedicated to collaborating with customers and technology partners to ignite the next generation of computing and graphics solutions at work, home and play. For more information, visit <http://www.amd.com>

Cautionary Statement

This release contains forward-looking statements concerning AMD Product Company, its third quarter 2009 revenue, its gross margins and financials for 2009, the planned availability of its future products and technologies and assumptions regarding the future economic environment, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects," and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this release are based on current beliefs, assumptions and expectations, speak only as of the date of this release and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Risks include the possibility that Intel Corporation's pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities targeting the company's business will prevent attainment of the company's current plans; global business and economic conditions will continue in their current state or worsen resulting in lower than currently expected revenue in the third quarter of 2009 and beyond; demand for computers and consumer electronics products and, in turn, demand for the company's products will be lower than currently expected; customers stop buying the company's products or materially reduce their demand for its products; the company will require additional funding and may not be able to raise funds on favorable terms or at all; the company will be unable to develop, launch and ramp new products and technologies in the volumes and mix required by the market and at mature yields on a timely basis; there will be unexpected variations in market growth and demand for the company's products and technologies in light of the product mix that it may have available at any particular time or a decline in demand; the company will be unable to transition its products to advanced manufacturing process technologies in a timely and effective way; the company will be unable to maintain the level of investment in research and development and capacity that is required to remain competitive; and the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will under-utilize its commitment with respect to GLOBALFOUNDRIES' microprocessor manufacturing facilities. Investors are urged to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the Quarterly Report on Form 10-Q for the quarter ended March 28, 2009.

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¹ For financial reporting purposes, AMD consolidates the operating results of GLOBALFOUNDRIES Inc. in its results as of March 2, 2009 and created the Foundry segment as of the start of the fiscal year. References to "AMD" in this announcement include these consolidated operating results which are reported for GAAP purposes. "AMD Product Company" refers to AMD, excluding the operating results of the Foundry segment and Intersegment eliminations. Foundry segment includes the operating results attributable to the front end wafer manufacturing operations and related activities as of the beginning of the first quarter of 2009, which includes the operating results of GLOBALFOUNDRIES from March 2, 2009 through June 27, 2009. Intersegment eliminations consist of revenues, cost of sales and profits on inventory between AMD Product Company and the Foundry segment.

² In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures for AMD net income (loss) attributable to AMD common stockholders, operating income (loss) and gross margin. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this press release. Management believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results by, among other things, excluding items that are not indicative of ongoing operating performance.

³ The Company is providing non-GAAP financial measures for AMD Product Company such as a statement of operations and selected balance sheet items as reflected in this press release. In addition, for AMD Product Company, the Company is providing non-GAAP financial measures such as net income (loss), operating income (loss) and gross margin which exclude certain adjustments as reflected in the tables above. AMD is providing these financial measures because it believes it is important for investors to have visibility into AMD's financial results excluding the Foundry segment, intersegment eliminations and certain adjustments as reflected in the tables in this press release and to better understand the Company's financial results absent the requirement to consolidate the financial results of GLOBALFOUNDRIES.

⁴ Refer to corresponding tables at the end of this press release for additional AMD and AMD Product Company data.