

# NEWS RELEASE

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## AMD Reports Second Quarter Results

- AMD revenue \$1.57 billion, 2 percent sequential decrease and 5 percent decrease year-over-year
- Net income \$61 million, earnings per share \$0.08, operating income \$105 million
- Non-GAAP<sup>1</sup> net income \$70 million, earnings per share \$0.09, operating income \$114 million
- Gross margin 46 percent
- Accelerating Fusion Accelerated Processor Unit (APU) shipments drive record microprocessor unit shipments and record mobile microprocessor unit shipments

**SUNNYVALE, Calif. – July 21, 2011 –** [AMD](http://www.amd.com) (NYSE:AMD) today announced revenue for the second quarter of 2011 of \$1.57 billion, net income of \$61 million, or \$0.08 per share, and operating income of \$105 million. The company reported non-GAAP net income of \$70 million, or \$0.09 per share, and non-GAAP operating income of \$114 million.

“In the first half of 2011, AMD brought to market the most competitive client offerings in our history, reinforcing our position as a design and innovation powerhouse,” said Thomas Seifert, CFO and Interim CEO. “Today’s computing experience is increasingly being defined by the ability to deliver brilliant multimedia and video content with all day battery life. Fusion APUs are ideal to meet this need, positioning AMD to gain unit market share in the mobile computing space.”

### GAAP Financial Results<sup>2</sup>

	Q2-11	Q1-11	Q2-10
Revenue	\$1.57B	\$1.61B	\$1.65B
Operating income	\$105M	\$54M	\$125M
Net income (loss) / Earnings (loss) per share	\$61M/\$0.08	\$510M/\$0.68	\$(43)M/\$(0.06)

### Non-GAAP Financial Results<sup>1</sup>

	Q2-11	Q1-11	Q2-10
Revenue	\$1.57B	\$1.61B	\$1.65B
Operating income	\$114M	\$92M	\$138M
Net income / Earnings per share	\$70M/\$0.09	\$56M/\$0.08	\$83M/\$0.11

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## Quarterly Summary

- Gross margin was 46 percent.
- Cash, cash equivalents and marketable securities balance at the end of the quarter was \$1.86 billion.
- AMD's second quarter had 13 weeks of business compared to 14 weeks for the first quarter.
- Computing Solutions segment revenue was flat sequentially and year-over-year. Sequentially, higher mobile microprocessor revenues were offset by lower desktop and server revenue. The year-over-year decrease was primarily driven by lower server revenue.
  - Operating income was \$142 million, compared with \$100 million in Q1 11 and \$128 million in Q2 10.
  - Microprocessor ASP decreased sequentially and year-over-year.
  - AMD launched the highly-anticipated AMD A-Series APU for client PCs combining a brilliant HD experience, supercomputer-like performance and all-day battery life for notebooks.
  - AMD Fusion APUs received the [2011 Best Choice of Computex Taipei Award](#) and the A-Series APU-based products have won 20 reviewer awards to-date.
  - The AMD A-Series APU has secured more than 150 notebook and desktop design wins across leading PC manufacturers including Acer, Asus, Dell, HP, Lenovo, Samsung and Toshiba.
  - [Acer](#) and [MSI](#) introduced new tablets based on AMD's 2011 HD Tablet Platform and AMD Z-Series APU that enables outstanding video, graphics experience and content creation capabilities for Windows-based tablets.
  - The new AMD Embedded G-Series APU was named Best in Show for hardware at the Embedded Systems Conference by industry analyst firm VDC Research.
  - The number of AMD-powered offerings on the most recent TOP500 supercomputers list increased 15 percent, with more than half of the AMD systems featuring the AMD Opteron™ 8- or 12-core processors.
  - Dell, Cray and NexServe announced new AMD Opteron processor-based systems aimed at high-performance, compute-intensive workloads. Leading [enterprises](#), [universities](#) and [research facilities](#) worldwide announced new high-performance computing installations featuring the AMD Opteron™ processor.
- Graphics segment revenue decreased 11 percent sequentially and 17 percent year-over-year. The sequential decrease was driven primarily by lower discrete mobile unit shipments and seasonality in the desktop discrete graphics add-in board market. The annual decrease was primarily driven by lower unit shipments.
  - Operating loss was \$7 million, compared with operating income of \$19 million in Q1 11 and \$33 million in Q2 10.
  - GPU ASP was flat sequentially and year-over-year.
  - AMD expanded its offerings for the professional graphics market with the introduction of the AMD FirePro™ V5900 and FirePro™ V7900 graphics cards which provide enhanced visual capabilities designed to improve workflow and increase productivity for engineers and designers.
  - Dell announced a new, ultra-high performance blade server powered by the AMD FirePro™ V7800P professional graphics.
  - The award-winning AMD Radeon™ HD 6000 family of graphics expanded with the introduction of two sub-\$100 cards offering support for DirectX 11, AMD App acceleration and AMD Eyefinity multi-display technologies.
  - AMD extended its position as the graphics provider of choice for the game console market, where more than 140 million current-generation games consoles are powered by AMD graphics technology. Nintendo announced it selected AMD

to provide the graphics technology for its next-generation Wii U™ System that will be available next year.

## 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.

AMD expects revenue to increase 10 percent, plus or minus 2 percent, sequentially for the third quarter of 2011.

For additional detail regarding AMD's results and outlook please see the CFO commentary posted at [quarterlyearnings.amd.com](http://quarterlyearnings.amd.com).

## 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 [AMD](#). The webcast will be available for 10 days after the conference call.

## Reconciliation of GAAP to Non-GAAP Net Income <sup>1</sup>

(Millions except per share amounts)	Q2-11		Q1-11		Q2-10	
<b>GAAP net income (loss) / Earnings (loss) per share</b>	<b>\$ 61</b>	<b>\$ 0.08</b>	<b>\$ 510</b>	<b>\$ 0.68</b>	<b>\$ (43)</b>	<b>\$ (0.06)</b>
Equity income (loss) and dilution gain in investee, net	-	-	492	0.66	(120)	(0.16)
Payment to GLOBALFOUNDRIES	-	-	(24)	(0.03)	-	-
<b>Non-GAAP net income excluding GLOBALFOUNDRIES related items</b>	<b>61</b>	<b>0.08</b>	<b>42</b>	<b>0.06</b>	<b>77</b>	<b>0.11</b>
Amortization of acquired intangible assets	(9)	(0.01)	(9)	(0.01)	(17)	(0.02)
Restructuring reversals	-	-	-	-	4	0.01
Legal settlements	-	-	(5)	(0.01)	-	-
Gain on investment sale	-	-	-	-	7	0.01
<b>Non-GAAP net income / Earnings per share</b>	<b>\$ 70</b>	<b>\$ 0.09</b>	<b>\$ 56</b>	<b>\$ 0.08</b>	<b>\$ 83</b>	<b>\$ 0.11</b>

## Reconciliation of GAAP to Non-GAAP Operating Income <sup>1</sup>

(Millions)	Q2-11	Q1-11	Q2-10
<b>GAAP operating income</b>	<b>\$ 105</b>	<b>\$ 54</b>	<b>\$ 125</b>
Payment to GLOBALFOUNDRIES	-	(24)	-
Amortization of acquired intangible assets	(9)	(9)	(17)
Restructuring reversals	-	-	4
Legal settlements	-	(5)	-
<b>Non-GAAP operating income</b>	<b>\$ 114</b>	<b>\$ 92</b>	<b>\$ 138</b>

## Reconciliation of GAAP to Non-GAAP Gross Margin <sup>1</sup>

(Millions except percentages)	Q2-11	Q1-11	Q4-10
<b>GAAP Gross Margin</b>	<b>\$ 720</b>	<b>\$ 691</b>	<b>\$ 738</b>
<b>GAAP Gross Margin %</b>	<b>46%</b>	<b>43%</b>	<b>45%</b>
Payment to GLOBALFOUNDRIES	-	(24)	-
Legal settlements	-	(5)	-
<b>Non-GAAP Gross Margin</b>	<b>\$ 720</b>	<b>\$ 720</b>	<b>\$ 738</b>
<b>Non-GAAP Gross Margin %</b>	<b>46%</b>	<b>45%</b>	<b>45%</b>

**About AMD**

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its groundbreaking AMD Fusion Accelerated Processing Units (APUs) that power a wide range of computing devices. AMD's server computing products are focused on driving industry-leading cloud computing and virtualization environments. AMD's superior graphics technologies are found in a variety of solutions ranging from game consoles, PCs to supercomputers. For more information, visit <http://www.amd.com>.

**Cautionary Statement**

This release contains forward-looking statements concerning AMD, its third quarter 2011 revenue, and future market share, 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; 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; GLOBALFOUNDRIES will be unable to manufacture the company's products on a timely basis in sufficient quantities and using competitive technologies; 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; the recent earthquake and tsunami in Japan may have significant impacts on the company's supply chain or its customers; the company will be unable to transition its products to advanced manufacturing process technologies in a timely and effective way; global business and economic conditions will not continue to improve or will worsen resulting in lower than currently expected demand; 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; 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; and the company will be unable to maintain the level of investment in research and development that is required to remain competitive. 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 April 2, 2011.

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<sup>1</sup> In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures, including for non-GAAP net income excluding GLOBALFOUNDRIES related items, non-GAAP net income, non-GAAP operating income, non-GAAP earnings per share and non-GAAP gross margin. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this press release. The Company also provided Adjusted EBITDA and non-GAAP Adjusted free cash flow as supplemental measures of its performance. These items are defined in the footnotes to the selected corporate data tables provided at the end of this press release. The Company is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because the Company believes it assists investors in comparing the Company's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance and for the other reasons described in the footnotes to the selected data tables. Refer to corresponding tables at the end of this press release for additional AMD data.

<sup>2</sup>For the year 2010, the Company accounted for its investment in GLOBALFOUNDRIES under the equity method of accounting. Starting in the first quarter of 2011, the Company started accounting for its investment in GLOBALFOUNDRIES under the cost method of accounting.