

# NEWS RELEASE

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## AMD Reports Fourth Quarter and Annual Results

### Q4 2011 Results

- AMD revenue \$1.69 billion, flat sequentially and increased two percent year-over-year
- Net loss \$177 million, loss per share \$0.24, operating income \$71 million
- Non-GAAP<sup>(1)</sup> net income \$138 million, earnings per share \$0.19, operating income \$172 million
- Gross margin 46 percent

### 2011 Annual Results

- AMD revenue \$6.57 billion, flat year-over-year
- Net income \$491 million, earnings per share \$0.66, operating income \$368 million
- Non-GAAP<sup>(1)</sup> net income \$374 million, earnings per share \$0.50, operating income \$524 million
- Gross margin 45 percent
- More than 30 million Accelerated Processor Unit (APU) shipments in 2011 drives record annual notebook revenue

**SUNNYVALE, Calif. – Jan. 24, 2012** – [AMD](http://www.amd.com) (NYSE:AMD) today announced revenue for the fourth quarter of 2011 of \$1.69 billion, net loss of \$177 million, or \$0.24 per share, and operating income of \$71 million. The company reported non-GAAP net income of \$138 million, or \$0.19 per share, and non-GAAP operating income of \$172 million. Fourth quarter non-GAAP net income excludes an impairment of AMD's investment in GLOBALFOUNDRIES of \$209 million, restructuring charges of \$98 million, the loss from discontinued operations of \$4 million, the amortization of acquired intangible assets of \$3 million and a loss on debt repurchase of \$1 million.

For the year ended December 31, 2011, AMD reported revenue of \$6.57 billion, net income of \$491 million, or \$0.66 per share, and operating income of \$368 million. Full year non-GAAP net income was \$374 million, or \$0.50 per share, and non-GAAP operating income was \$524 million.

"AMD shipped more than 30 million APU's in 2011, resulting in record annual notebook revenue," said Rory Read, AMD president and CEO. "The unmatched combination of computing and graphics capabilities in our low-power 'Brazos' platform has made it our fastest ramping platform ever, paving the way for continued growth in key segments and geographies. Our server business has re-gained momentum, delivering two consecutive quarters of strong sequential growth.

"We continued optimizing our financial model in 2011, consistently delivering operating income and creating the foundation for sustained success. We begin 2012 clear

on our priorities and opportunities. We are building an AMD that consistently delivers on its commitments.”

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

	Q4-11	Q3-11	Q4-10	2011	2010
Revenue	\$1.69B	\$1.69B	\$1.65B	\$6.57B	\$6.49B
Operating income	\$71M	\$138M	\$413M	\$368M	\$848M
Net income (loss) / Earnings (loss) per share	\$(177)M/\$0.24	\$97M/\$0.13	\$375M/\$0.50	\$491M/\$0.66	\$471M/\$0.64

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

	Q4-11	Q3-11	Q4-10	2011	2010
Revenue	\$1.69B	\$1.69B	\$1.65B	\$6.57B	\$6.49B
Operating income	\$172M	\$146M	\$141M	\$524M	\$553M
Net income / Earnings per share	\$138M/\$0.19	\$110M/\$0.15	\$106M/\$0.14	\$374M/\$0.50	\$360M/\$0.49

### Quarterly Summary

- Gross margin was 46 percent, a sequential increase of one percent.
- Cash, cash equivalents and marketable securities balance, including long-term marketable securities, was \$1.91 billion at the end of the quarter.
- Computing Solutions segment revenue increased two percent sequentially and seven percent year-over-year. The sequential increase was driven by double digit growth in Server and Chipset revenue. The year-over-year increase was driven by higher mobile processor and Chipset revenue.
  - Operating income was \$165 million, compared with \$149 million in Q3 11 and \$91 million in Q4 10.
  - Microprocessor ASP increased sequentially and was flat year-over-year.
  - AMD launched its “Bulldozer”-based [AMD Opteron™ 6200 Series](#) and AMD Opteron 4200 Series processors, delivering industry-leading performance<sup>(3)</sup> for business, increased scalability for virtualization and more efficient economics for the cloud.
    - HP introduced five new [ProLiant systems](#), including the industry’s fastest dual-socket database server.
    - Dell introduced four new [PowerEdge systems](#), including the world’s most power-efficient blade server. The AMD-powered PowerEdge R715 was awarded Technology of the Year from InfoWorld magazine based on its outstanding virtualization performance.
    - The AMD Opteron 6200 Series Processors were honored with the [Analysts’ Choice Award for Best Server Processor](#) by the Linley Group and [“Technology of the Year”](#) from InfoWorld.
    - AMD Opteron processor adoption in the HPC market continued, as the National Science Foundation [announced](#) a new supercomputer at the University of Illinois’ National Center for Supercomputing Applications (NCSA) will be powered by approximately 50,000 AMD Opteron 6200 series processors.
  - Worldwide demand for [AMD APUs](#) continued to increase throughout the fourth quarter. AMD shipped more than 30 million APUs in 2011, including a record number of mobile processors found in notebooks from Acer, Asus, Dell, HP, Lenovo, MSI Samsung, Sony and Toshiba.

- AMD introduced new [A-Series](#) notebook and desktop APUs that offer improved performance and enhanced features. We expect that systems based on the refreshed A-Series APU will be offered from the world's largest PC companies in early 2012.
- Graphics segment revenue decreased five percent sequentially and 10 percent year-over-year. The sequential decrease was driven primarily by a decline in mobile graphics processor unit (GPU) shipments, partially offset by a seasonal increase in game console revenue. The year-over-year decrease was primarily driven by decreased desktop and Add-in Board (AIB) graphics revenue.
  - Operating income was \$27 million, compared with \$12 million in Q3 11 and \$68 million in Q4 10.
  - GPU ASP increased sequentially and year-over-year.
  - In December, AMD launched the world's fastest single-GPU graphics card<sup>(4)</sup> and the first member of its AMD Radeon™ HD 7000 Series graphics family, the [AMD Radeon HD 7970](#). The HD 7970 delivers up to 150% performance improvement per square millimeter compared to our previous generation GPU, and is the industry's first 28nm GPU<sup>(5)</sup>.
  - AMD launched the [AMD Radeon HD 7000M](#) series mobile graphics processors for smaller form factor notebooks. Both HP and Lenovo announced new notebooks powered by the new GPU.
  - AMD is the industry leader in leading-edge graphics technology, having shipped more than 100 million [DirectX® 11](#) graphics engines across its GPUs and APUs that enable superior visual experiences.
- Corporate
  - The Company [announced a restructuring plan](#) and implementation of operational efficiency initiatives designed to strengthen the Company's competitive positioning. The Company plans to reinvest a significant portion of the anticipated savings to fund initiatives designed to accelerate AMD's strategies for lower power, emerging markets, and the cloud.
  - AMD strengthened its leadership team with the additions of [Mark Papermaster](#) as senior vice president and chief technology officer, [Rajan Naik](#) as senior vice president and chief strategy officer, and [Dr. Lisa Su](#) as senior vice president and general manager, global business units.

## 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 decrease eight percent, plus or minus three percent, sequentially for the first quarter of 2012.

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 fourth 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 Net Income (Loss) to Non-GAAP Net Income<sup>1</sup>

(Millions except per share amounts)	Q4-11		Q3-11		Q4-10		2011		2010	
<b>GAAP net income (loss) / Earnings (loss) per share</b>	<b>\$(177)</b>	<b>\$(0.24)</b>	<b>\$97</b>	<b>\$0.13</b>	<b>\$375</b>	<b>\$0.50</b>	<b>\$491</b>	<b>\$0.66</b>	<b>\$471</b>	<b>\$0.64</b>
Gross margin benefit due to deconsolidation of GLOBALFOUNDRIES	-	-	-	-	-	-	-	-	69	0.09
Deconsolidation gain on the fair value assessment of investment in GLOBALFOUNDRIES	-	-	-	-	-	-	-	-	325	0.44
Equity income (loss) and dilution gain in investee, net	-	-	-	-	27	0.05	492	0.66	(462)	(0.63)
Payment to GLOBALFOUNDRIES	-	-	-	-	-	-	(24)	(0.03)	-	-
Impairment of investment in GLOBALFOUNDRIES	(209)	(0.28)	-	-	-	-	(209)	(0.28)	-	-
<b>Non-GAAP net income excluding GLOBALFOUNDRIES related items</b>	<b>32</b>	<b>0.04</b>	<b>97</b>	<b>0.13</b>	<b>348</b>	<b>0.47</b>	<b>232</b>	<b>0.31</b>	<b>539</b>	<b>0.73</b>
Amortization of acquired intangible assets	(3)	-	(8)	(0.01)	(11)	(0.01)	(29)	(0.04)	(61)	(0.08)
Legal settlement	-	-	-	-	283	0.39	(5)	(0.01)	283	0.39
Income tax related to legal settlement	-	-	-	-	(47)	(0.06)	-	-	(47)	(0.06)
Gain on investment sale	-	-	-	-	17	0.02	-	-	24	0.03
Loss on debt repurchase	(1)	-	(5)	(0.01)	-	-	(6)	(0.01)	(24)	(0.03)
Restructuring (charges) reversals, net	(98)	(0.13)	-	-	-	-	(98)	(0.13)	4	0.01
Loss from discontinued operations*	(4)	(0.01)	-	-	-	-	(4)	(0.01)	-	-
<b>Non-GAAP net income / Earnings per share</b>	<b>\$138</b>	<b>\$0.19</b>	<b>\$110</b>	<b>\$0.15</b>	<b>\$106</b>	<b>\$0.14</b>	<b>\$374</b>	<b>\$0.50</b>	<b>\$360</b>	<b>\$0.49</b>

\* Loss on discontinued operations consists of charges related to the sale of our DTV division to Broadcom which occurred in 2008.

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

(Millions)	Q4-11	Q3-11	Q4-10	2011	2010
<b>GAAP operating income</b>	<b>\$71</b>	<b>\$138</b>	<b>\$413</b>	<b>\$368</b>	<b>\$848</b>
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	-	-	-	-	69
Payment to GLOBALFOUNDRIES	-	-	-	(24)	-
Amortization of acquired intangible assets	(3)	(8)	(11)	(29)	(61)
Legal settlement	-	-	283	(5)	283
Restructuring (charges) reversals, net	(98)	-	-	(98)	4
<b>Non-GAAP operating income</b>	<b>\$172</b>	<b>\$146</b>	<b>\$141</b>	<b>\$524</b>	<b>\$553</b>

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

(Millions except percentages)	Q4-11	Q3-11	Q4-10	2011	2010
<b>GAAP Gross Margin</b>	<b>\$773</b>	<b>\$756</b>	<b>\$743</b>	<b>\$2,940</b>	<b>\$2,961</b>
<b>GAAP Gross Margin %</b>	<b>46%</b>	<b>45%</b>	<b>45%</b>	<b>45%</b>	<b>46%</b>
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	-	-	-	-	69
Payment to GLOBALFOUNDRIES	-	-	-	(24)	-
Legal settlement	-	-	-	(5)	-
<b>Non-GAAP Gross Margin</b>	<b>\$773</b>	<b>\$756</b>	<b>\$743</b>	<b>\$2,969</b>	<b>\$2,892</b>
<b>Non-GAAP Gross Margin %</b>	<b>46%</b>	<b>45%</b>	<b>45%</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 first quarter 2012 revenue, its future growth in key segments and geographies, the momentum of its server business, its ability to deliver sustained success, the timing of future products that incorporate the company's products, and the company's restructuring plan implemented in the fourth quarter of 2011, the anticipated operational savings resulting from the restructuring and the company's plans for reinvesting these savings, 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 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 October 1, 2011.

-30-

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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.

<sup>3</sup> The highest 2P TPC-C performance score ever was achieved by an AMD Opteron™ processor-powered server. Based on results published by the Transaction Processing Performance Council as of November 15, 2011, an AMD Opteron™ processor-based server achieved the highest TPC-C performance score of any 2P server. 1,207,982 tpmC using 2 x AMD Opteron™ processors Model 6282 SE in HP ProLiant DL385 G7 server, 512GB memory, Microsoft® Windows Server® 2008 R2 Enterprise x64 Edition, Microsoft® SQL Server® 2005 Enterprise x64 Edition SP3. [http://www.tpc.org/results/individual\\_results/HP/HP\\_ProLiant\\_DL385G7\\_TPCC\\_111114\\_01\\_es.pdf](http://www.tpc.org/results/individual_results/HP/HP_ProLiant_DL385G7_TPCC_111114_01_es.pdf). For the latest TPC-C results, visit [www.tpc.org](http://www.tpc.org). TPC Benchmark and TPC-C are trademarks of the Transaction Processing Performance Council. SVR-105

<sup>4</sup> As of December 22, 2011, the AMD Radeon™ HD 7970 scores in excess of X2700 in 3DMark® 11, the highest single-GPU graphics card score achieved on a stock platform to date.

<sup>5</sup> The AMD Radeon™ HD 7970 Series GPU offers more than 1.54X times the compute power/mm<sup>2</sup> when compared to the AMD Radeon™ HD 6970 Series GPU: the AMD Radeon™ HD 6970 Series GPU has been calculated at 2.703 TFLOPs of compute power with a measured die size of 389mm<sup>2</sup>, while the AMD Radeon™ HD 7970 Series GPU has been calculated at 3.789 TFLOPs of compute power with a die size of 352mm<sup>2</sup>.