

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Millions except per share amounts and percentages)

	Quarter Ended			Year Ended	
	Dec. 31, 2011	Oct. 1, 2011	Dec. 25, 2010	Dec. 31, 2011	Dec. 25, 2010
Net revenue	\$ 1,691	\$ 1,690	\$ 1,649	\$ 6,568	\$ 6,494
Cost of sales	918	934	906	3,628	3,533
Gross margin	773	756	743	2,940	2,961
Gross margin %	46%	45%	45%	45%	46%
Research and development	358	361	352	1,453	1,405
Marketing, general and administrative	243	249	250	992	934
Legal settlement	-	-	(283)	-	(283)
Amortization of acquired intangible assets	3	8	11	29	61
Restructuring charges (reversals), net	98	-	-	98	(4)
Operating income	71	138	413	368	848
Interest income	2	3	2	10	11
Interest expense	(43)	(42)	(39)	(180)	(199)
Other income (expense), net	(207)	(7)	14	(199)	311
Income before equity income (loss) and dilution gain in investee and income taxes	(177)	92	390	(1)	971
Provision (benefit) for income taxes	(4)	(5)	42	(4)	38
Equity income (loss) and dilution gain in investee, net	-	-	27	492	(462)
Income (loss) from continuing operations	\$ (173)	\$ 97	\$ 375	\$ 495	\$ 471
Loss from discontinued operations, net of tax	(4)	-	-	(4)	-
Net income (loss)	\$ (177)	\$ 97	\$ 375	\$ 491	\$ 471
Net income (loss) per share					
Basic					
Continuing operations	\$ (0.24)	\$ 0.13	\$ 0.52	\$ 0.68	\$ 0.66
Discontinued operations	(0.01)	-	-	(0.01)	-
Basic net income (loss) per share	\$ (0.24)	\$ 0.13	\$ 0.52	\$ 0.68	\$ 0.66
Diluted					
Continuing operations	\$ (0.24)	\$ 0.13	\$ 0.50	\$ 0.67	\$ 0.64
Discontinued operations	(0.01)	-	-	(0.01)	-
Diluted net income (loss) per share	\$ (0.24)	\$ 0.13	\$ 0.50	\$ 0.66	\$ 0.64
Shares used in per share calculation					
Basic	732	729	717	727	711
Diluted	732	741	758	742	733

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED BALANCE SHEETS
(Millions)

	Dec. 31, 2011	Oct. 1, 2011	Dec. 25, 2010
Assets			
Current assets:			
Cash, cash equivalents and marketable securities	\$ 1,765	\$ 1,807	\$ 1,789
Accounts receivable, net	919	908	968
Inventories, net	476	540	632
Prepaid expenses and other current assets	69	157	205
Total current assets	3,229	3,412	3,594
Long-term marketable securities	149	50	-
Property, plant and equipment, net	726	697	700
Investment in GLOBALFOUNDRIES	278	486	-
Goodwill	323	323	323
Other assets	249	268	347
Total Assets	\$ 4,954	\$ 5,236	\$ 4,964
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 363	\$ 467	\$ 376
Accounts payable to GLOBALFOUNDRIES	177	151	205
Accrued liabilities	550	590	698
Deferred income on shipments to distributors	123	131	143
Other short-term obligations	-	-	229
Current portion of long-term debt and capital lease obligations	489	489	4
Other current liabilities	72	27	19
Total current liabilities	1,774	1,855	1,674
Long-term debt and capital lease obligations, less current portion	1,527	1,571	2,188
Other long-term liabilities	63	66	89
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Additional paid-in capital	6,672	6,652	6,575
Treasury stock, at cost	(107)	(107)	(102)
Accumulated deficit	(4,977)	(4,800)	(5,468)
Accumulated other comprehensive income (loss)	(5)	(8)	1
Total stockholders' equity	1,590	1,744	1,013
Total Liabilities and Stockholders' Equity	\$ 4,954	\$ 5,236	\$ 4,964

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Quarter Ended Dec. 31, 2011	Year Ended Dec. 31 2011
Cash flows from operating activities:		
Net income (loss)	\$ (177)	\$ 491
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net (gain) loss of investee	-	(492)
Impairment charge of GF investment	209	209
Depreciation and amortization	70	317
Compensation recognized under employee stock plans	21	90
Non-cash interest expense	5	21
Net gain on sale of marketable securities	(1)	(4)
Other	(5)	2
Changes in operating assets and liabilities:		
Accounts receivable	(10)	(347)
Inventories	65	157
Prepaid expenses and other current assets	73	115
Other assets	2	(1)
Accounts payable to GLOBALFOUNDRIES	26	(28)
Accounts payable, accrued liabilities and other	(91)	(148)
Net cash provided by operating activities	\$ 187	\$ 382
Cash flows from investing activities:		
Purchases of property, plant and equipment	(87)	(250)
Proceeds from sale of property, plant, and equipment	-	16
Purchases of available-for-sale securities	(125)	(1,586)
Proceeds from sale and maturity of available-for-sale securities	311	1,726
Other	(2)	(19)
Net cash provided by (used in) investing activities	\$ 97	\$ (113)
Cash flows from financing activities:		
Proceeds from borrowings, net of issuance cost	-	170
Net proceeds from foreign grants	10	20
Proceeds from issuance of AMD common stock	1	18
Repayments of debt and capital lease obligations	(51)	(209)
Other	-	(5)
Net cash used in financing activities	\$ (40)	\$ (6)
Net increase in cash and cash equivalents	244	263
Cash and cash equivalents at beginning of period	\$ 625	\$ 606
Cash and cash equivalents at end of period	\$ 869	\$ 869

ADVANCED MICRO DEVICES, INC.
 SELECTED CORPORATE DATA
 (Millions except headcount)

<u>Segment and Category Information</u>	Quarter Ended			Year Ended	
	Dec. 31, 2011	Oct. 2, 2011	Dec. 25, 2010	Dec. 31, 2011	Dec. 25, 2010
Computing Solutions (1)					
Net revenue	\$ 1,309	\$ 1,286	\$ 1,219	\$ 5,002	\$ 4,817
Operating income	\$ 165	\$ 149	\$ 91	\$ 556	\$ 529
Graphics (2)					
Net revenue	382	403	424	1,565	1,663
Operating income	27	12	68	51	149
All Other (3)					
Net revenue	-	1	6	1	14
Operating income (loss)	(121)	(23)	254	(239)	170
Total					
Net revenue	\$ 1,691	\$ 1,690	\$ 1,649	\$ 6,568	\$ 6,494
Operating income	\$ 71	\$ 138	\$ 413	\$ 368	\$ 848
<u>Other Data</u>					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 67	\$ 71	\$ 78	\$ 288	\$ 322
Capital additions	\$ 87	\$ 58	\$ 38	\$ 250	\$ 148
Adjusted EBITDA (4)	\$ 260	\$ 239	\$ 241	\$ 902	\$ 1,031
Cash, cash equivalents and marketable securities (5)	\$ 1,914	\$ 1,857	\$ 1,789	\$ 1,914	\$ 1,789
Adjusted free cash flow (6)	\$ 100	\$ 131	\$ 11	\$ 528	\$ 355
Total assets	\$ 4,954	\$ 5,236	\$ 4,964	\$ 4,954	\$ 4,964
Long-term debt and capital lease obligations, including current portion	\$ 2,016	\$ 2,060	\$ 2,192	\$ 2,016	\$ 2,192
Headcount	11,093	12,019	11,068	11,093	11,068

See footnotes on the next page

- (1) Computing Solutions segment includes microprocessors, chipsets and embedded processors.
- (2) Graphics segment includes graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations and servers and also includes revenue received in connection with the development and sale of game console systems that incorporate the Company's graphics technology.
- (3) All Other category includes certain operating expenses and credits that are not allocated to the operating segments. Also included in this category are amortization of acquired intangible assets and restructuring charges. It also includes the results of the Handheld business unit because the operating results of this business unit were not material.
- (4) **AMD reconciliation of GAAP operating income to Adjusted EBITDA***

	Quarter Ended			Year Ended	
	Dec. 31, 2011	Oct. 1, 2011	Dec. 25, 2010	Dec. 31, 2011	Dec. 25, 2010
GAAP operating income	\$ 71	\$ 138	\$ 413	\$ 368	\$ 848
Payments to GLOBALFOUNDRIES	-	-	-	24	-
Legal settlement	-	-	(283)	5	(283)
Depreciation and amortization	67	71	78	288	322
Employee stock-based compensation expense	21	22	22	90	87
Amortization of acquired intangible assets	3	8	11	29	61
Restructuring charges (reversals), net	98	-	-	98	(4)
Adjusted EBITDA	\$ 260	\$ 239	\$ 241	\$ 902	\$ 1,031

- (5) Cash, cash equivalents and marketable securities also include the long-term portion of marketable securities.

- (6) **Non-GAAP adjusted free cash flow reconciliation****

	Quarter Ended			Year Ended	
	Dec. 31, 2011	Oct. 1, 2011	Dec. 25, 2010	Dec. 31, 2011	Dec. 25, 2010
GAAP net cash provided by (used in) operating activities	\$ 187	\$ 189	\$ (213)	\$ 382	\$ (412)
Non-GAAP adjustment	-	-	262	396	915
Non-GAAP net cash provided by operating activities	187	189	49	778	503
Purchases of property, plant and equipment	(87)	(58)	(38)	(250)	(148)
Non-GAAP adjusted free cash flow	\$ 100	\$ 131	\$ 11	\$ 528	\$ 355

* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income for depreciation and amortization, employee stock-based compensation expense and amortization of acquired intangible assets. In addition, for the fourth quarter of 2011 and fiscal 2011, the Company included an adjustment for restructuring charges and reversals, net; for the fourth quarter of 2010 and fiscal 2010, the Company also included an adjustment related to its legal settlement with Samsung; and for fiscal 2011, the Company included an adjustment related to a payment to GF. The Company calculates and communicates Adjusted EBITDA in the financial schedules because the Company's management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of operating income (loss) or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.

** Starting in the first quarter of 2010, the Company also presents non-GAAP adjusted free cash flow in the earnings release as a supplemental measure of its performance. In 2008 and 2009, the Company and certain of its subsidiaries (collectively, the "AMD Parties") entered into supplier agreements with IBM Credit LLC and certain of its subsidiaries (collectively, the "IBM Parties"). Pursuant to these supplier agreements, the AMD Parties sold to the IBM Parties invoices of selected distributor customers. Because the Company does not recognize revenue until its distributors sell its products to their customers, under GAAP, the Company classified funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, these funds were classified as cash flows from financing activities. When a distributor paid the applicable IBM Party, the Company reduced the distributor's accounts receivable and the corresponding debt resulting in a noncash accounting entry. Because the Company did not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment was never reflected in the Company's cash flows from operating activities. Non-GAAP adjusted free cash flow for the Company was determined by adding the distributors' payments to the IBM Parties to GAAP net cash provided by (used in) operating activities. This amount was then further adjusted by subtracting capital expenditures. Generally, under GAAP, the reduction in accounts receivable is assumed to be a source of operating cash flows. Therefore, the Company believes that treating the payments from its distributor customers to the IBM Parties as if the Company actually received the cash from the distributor and then used that cash to pay down the debt is more reflective of the economic substance of the transaction. On February 11, 2011, the Company terminated its supplier agreements with IBM Parties. As a result, during the third quarter of 2011, there were no outstanding invoices related to the financing arrangement with the IBM Parties, and the Company did not make any adjustments for distributor payments to the IBM Parties to its GAAP net cash provided by (used in) operating activities when calculating non-GAAP adjusted free cash flow. The Company calculates and communicates non-GAAP adjusted free cash flow in the financial schedules because the Company's management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of non-GAAP adjusted free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view non-GAAP adjusted free cash flow as an alternative to GAAP liquidity measures of cash flows from operating or financing activities. The Company has provided reconciliations within the press release and financial schedules of these non-GAAP financial measures to the most directly comparable GAAP financial measures.