

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

	Quarter Ended		
	Mar. 31, 2012	Dec. 31, 2011	Apr. 2, 2011
Net revenue	\$ 1,585	\$ 1,691	\$ 1,613
Cost of sales	1,558	918	922
Gross margin	27	773	691
Gross margin %	2%	46%	43%
Research and development	368	358	367
Marketing, general and administrative	230	243	261
Amortization of acquired intangible assets	1	3	9
Restructuring charges, net	8	98	-
Operating income (loss)	(580)	71	54
Interest income	2	2	3
Interest expense	(43)	(43)	(48)
Other income (expense), net	(1)	(207)	11
Income before dilution gain in investee and income taxes	(622)	(177)	20
Provision (benefit) for income taxes	(32)	(4)	2
Dilution gain in investee, net	-	-	492
Income (loss) from continuing operations	(590)	(173)	510
Loss from discontinued operations, net of tax	-	(4)	-
Net income (loss)	\$ (590)	\$ (177)	\$ 510
Net income (loss) per share			
Basic			
Continuing operations	\$ (0.80)	\$ (0.24)	\$ 0.71
Discontinued operations	-	(0.01)	-
Basic net income (loss) per share	\$ (0.80)	\$ (0.24)	\$ 0.71
Diluted			
Continuing operations	\$ (0.80)	\$ (0.24)	\$ 0.68
Discontinued operations	-	(0.01)	-
Diluted net income (loss) per share	\$ (0.80)	\$ (0.24)	\$ 0.68
Shares used in per share calculation			
Basic	734	732	720
Diluted	734	732	764

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Millions)

	Quarter Ended		
	Mar. 31, 2012	Dec. 31, 2011	Apr. 2, 2011
Total comprehensive income (loss)	\$ (593)	\$ (173)	\$ 511

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

	Mar. 31, 2012	Dec. 31, 2011
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 1,544	\$ 1,765
Accounts receivable, net	962	919
Inventories, net	585	476
Prepaid expenses and other current assets	104	69
Total current assets	3,195	3,229
Long-term marketable securities	169	149
Property, plant and equipment, net	715	726
Investment in GLOBALFOUNDRIES	-	278
Acquisition related intangible assets, net	109	8
Goodwill	553	323
Other assets	247	241
Total Assets	\$ 4,988	\$ 4,954
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 527	\$ 363
Payable to GLOBALFOUNDRIES	560	177
Accrued liabilities	556	550
Deferred income on shipments to distributors	137	123
Current portion of long-term debt and capital lease obligations	490	489
Other current liabilities	77	72
Total current liabilities	2,347	1,774
Long-term debt and capital lease obligations, less current portion	1,529	1,527
Other long-term liabilities	60	63
Stockholders' equity:		
Capital stock:		
Common stock, par value	7	7
Additional paid-in capital	6,722	6,672
Treasury stock, at cost	(107)	(107)
Accumulated deficit	(5,567)	(4,977)
Accumulated other comprehensive loss	(3)	(5)
Total stockholders' equity	1,052	1,590
Total Liabilities and Stockholders' Equity	\$ 4,988	\$ 4,954

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

	Quarter Ended
	Mar. 31, 2012
Cash flows from operating activities:	
Net loss	\$ (590)
Adjustments to reconcile net income to net cash provided by operating activities:	
Non-cash portion of the limited waiver of exclusivity from GLOBALFOUNDRIES	278
Depreciation and amortization	63
Benefit for deferred income taxes	(36)
Compensation recognized under employee stock plans	21
Non-cash interest expense	6
Other	(3)
Changes in operating assets and liabilities:	
Accounts receivable	(40)
Inventories	(106)
Prepaid expenses and other current assets	(41)
Other assets	(16)
Payable to GLOBALFOUNDRIES	384
Accounts payable, accrued liabilities and other	187
Net cash provided by operating activities	\$ 107
Cash flows from investing activities:	
Acquisition of SeaMicro, Inc., net of cash acquired	(281)
Purchases of property, plant and equipment	(40)
Proceeds from sale of property, plant, and equipment	1
Purchases of available-for-sale securities	(95)
Proceeds from sale and maturity of available-for-sale securities	620
Other	(5)
Net cash provided by investing activities	\$ 200
Cash flows from financing activities:	
Net proceeds from foreign grants	9
Proceeds from issuance of AMD common stock	9
Repayments of debt and capital lease obligations	(1)
Net cash provided by financing activities	\$ 17
Net increase in cash and cash equivalents	324
Cash and cash equivalents at beginning of period	\$ 869
Cash and cash equivalents at end of period	\$ 1,193

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

<u>Segment and Category Information</u>	Quarter Ended		
	Mar. 31, 2012	Dec. 31, 2011	Apr. 2, 2011
Computing Solutions (1)			
Net revenue	\$ 1,203	\$ 1,309	\$ 1,200
Operating income	\$ 124	\$ 165	\$ 100
Graphics (2)			
Net revenue	382	382	413
Operating income	34	27	19
All Other (3)			
Net revenue	-	-	-
Operating income (loss)	(738)	(121)	(65)
Total			
Net revenue	\$ 1,585	\$ 1,691	\$ 1,613
Operating income	\$ (580)	\$ 71	\$ 54
<u>Other Data</u>			
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 62	\$ 67	\$ 79
Capital additions	\$ 40	\$ 87	\$ 38
Adjusted EBITDA (4)	\$ 215	\$ 260	\$ 198
Cash, cash equivalents and marketable securities (5)	\$ 1,713	\$ 1,914	\$ 1,745
Adjusted free cash flow (6)	\$ 67	\$ 100	\$ 154
Total assets	\$ 4,988	\$ 4,954	\$ 5,209
Long-term debt and capital lease obligations, including current portion	\$ 2,019	\$ 2,016	\$ 2,196
Headcount	11,265	11,093	11,256

See footnotes on the next page

- (1) Computing Solutions segment includes microprocessors, as standalone devices or as incorporated as an Accelerated Processing Unit, chipsets, embedded processors, embedded GPUs and data center server solutions.
- (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, restructuring charges and limited waiver of exclusivity from GLOBALFOUNDRIES.

(4) **AMD reconciliation of GAAP operating income (loss) to Adjusted EBITDA***

	Quarter Ended		
	Mar. 31, 2012	Dec. 31, 2011	Apr. 2, 2011
GAAP operating income (loss)	\$ (580)	\$ 71	\$ 54
Limited waiver of exclusivity from GLOBALFOUNDRIES	703	-	-
Payments to GLOBALFOUNDRIES	-	-	24
Legal settlement	-	-	5
Depreciation and amortization	62	67	79
Employee stock-based compensation expense	21	21	27
Amortization of acquired intangible assets	1	3	9
Restructuring charges, net	8	98	-
Adjusted EBITDA	<u>\$ 215</u>	<u>\$ 260</u>	<u>\$ 198</u>

- (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		
	Mar. 31, 2012	Dec. 31, 2011	Apr. 2, 2011
GAAP net cash provided by (used in) operating activities	\$ 107	\$ 187	\$ (168)
Non-GAAP adjustment	-	-	360
Non-GAAP net cash provided by operating activities	107	187	192
Purchases of property, plant and equipment	(40)	(87)	(38)
Non-GAAP adjusted free cash flow	<u>\$ 67</u>	<u>\$ 100</u>	<u>\$ 154</u>

* 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 first quarter of 2012 the Company included an adjustment for the limited waiver of exclusivity from GLOBALFOUNDRIES and net restructuring charges; for the fourth quarter of 2011, the Company also included an adjustment for net restructuring charges; and for the first quarter of 2011, the Company also included an adjustment related to a payment to GF and a legal settlement with a third party. 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.

** 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 resulted 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 not 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, as of the end of the second quarter of 2011, there were no outstanding invoices relating to the financing arrangement with the IBM Parties, and starting from the third quarter of 2011, the Company no longer makes quarterly adjustments for distributors' 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.