

NEWS RELEASE

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AMD Reports Second Quarter Results

Q2 2012 Results

- AMD revenue \$1.41 billion, 11 percent sequential decrease and a 10 percent decrease year-over-year
- Net income \$37 million, earnings per share \$0.05, operating income \$77 million
- Non-GAAP⁽¹⁾ net income \$46 million, earnings per share \$0.06, operating income \$86 million
- Gross margin 45 percent, non-GAAP gross margin 46 percent

SUNNYVALE, Calif. – July. 19, 2012 – [AMD](#) (NYSE:AMD) today announced revenue for the second quarter of 2012 of \$1.41 billion, net income of \$37 million, or \$0.05 per share, and operating income of \$77 million. The company reported non-GAAP net income of \$46 million, or \$0.06 per share, and non-GAAP operating income of \$86 million.

“Overall weakness in the global economy, softer consumer spending and lower channel demand for our desktop processors in China and Europe made the closing weeks of the quarter challenging,” said Rory Read, AMD president and CEO. “We are taking definitive steps to improve our performance and correct the issues within our control as we expect headwinds will continue in the third quarter as the industry sets a new baseline. We remain optimistic about our core businesses as well as future opportunities with our competitively differentiated next-generation Accelerated Processor Units (APUs). Our recently launched Trinity APU continues to gain traction with customers. We are committed to driving profitable growth.”

GAAP Financial Results

	Q2-12	Q1-12	Q2-11
Revenue	\$1.41B	\$1.59B	\$1.57B
Operating income (loss)	\$77M	\$(580)M	\$105M
Net income (loss) / Earnings (loss) per share	\$37M/\$0.05	\$(590)M/\$(0.80)	\$61M/\$0.08

Non-GAAP Financial Results¹

	Q2-12	Q1-12	Q2-11
Revenue	\$1.41B	\$1.59B	\$1.57B
Operating income	\$86M	\$138M	\$114M
Net income / Earnings per share	\$46M/\$0.06	\$92M/\$0.12	\$70M/\$0.09

Quarterly Summary

- Gross margin was 45 percent.
 - Non-GAAP gross margin was 46 percent, flat sequentially.
- Cash, cash equivalents and marketable securities balance, including long-term marketable securities, were \$1.76 billion at the end of the quarter.
- Computing Solutions segment revenue decreased 13 percent sequentially and year-over-year. The sequential decrease was driven primarily by lower desktop channel sales in China and Europe as well as a weaker consumer buying environment impacting sales to Original Equipment Manufacturers (OEMs).
 - Operating income was \$82 million, compared with \$124 million in Q112 and \$142 million in Q211.
 - Microprocessor ASP decreased sequentially and year-over-year.
 - AMD expanded its notebook offerings with a top-to-bottom refresh of its mobile APUs. Systems powered by the new APUs are available from leading global computer manufacturers including [HP](#), [Lenovo](#), [Samsung](#), [Toshiba](#), ASUS and Acer.
 - The [second generation AMD A-Series APU](#) for notebooks, formerly codenamed “Trinity,” enables up to 12 hours of battery life⁽²⁾ and twice the performance-per-watt⁽³⁾ over the previous generation A-Series and won a 2012 Best Choice Award at Computex.
 - The [2012 AMD E-Series APU](#), formerly codenamed “Brazos 2.0,” is designed for essential notebooks and enables up to 11 hours of battery life⁽⁴⁾ and best-in-class entertainment and media experiences.
 - HP and Samsung were the first to bring ultrathin notebooks to mainstream price points based on the 17-watt second generation A-Series APUs. Several more AMD APU-based ultrathin designs are expected to launch in the second half of 2012, aligned with the Microsoft Windows[®] 8 introduction.
 - AMD held the second annual [AMD Fusion Developer Summit](#) (AFDS), announcing several strategic partnerships designed to accelerate software innovation.
 - AMD joined forces with industry-leaders ARM, Imagination Technologies, MediaTek and Texas Instruments to [form the HSA Foundation](#), a non-profit consortium established to define and promote an open standards-based approach to heterogeneous computing.
 - AMD announced a [strategic technology partnership](#) with ARM to help drive the further adoption of an open, end-to-end security ecosystem based on the world’s most broadly-adopted mobile security ecosystem. AMD plans to integrate ARM TrustZone[®] technology into future products.
 - In addition to powering 24 of the world’s top 100 supercomputers on the most recent Top500 Supercomputers list, [AMD was awarded \\$12.6 million](#) for processor and memory research as part of the U.S. Department of Energy’s Extreme-Scale Computing Research and Development Program.

- Graphics segment revenue was down sequentially and remained flat year-over-year. GPU revenue was down 5 percent in a seasonally down quarter, due to lower unit shipments in the channel.
 - Operating income was \$31 million, compared with \$34 million in Q112 and operating loss of \$7 million in Q211.
 - GPU ASP was flat sequentially and up year-over-year.
 - AMD continued to expand its industry-leading graphics solutions:
 - Recapturing the graphics performance leadership position with the launch of the AMD Radeon™ HD 7970 GHz Edition. The [AMD Radeon™ HD 7970 GHz Edition](#) uses AMD's innovative Graphics Core Next (GCN) architecture to deliver strong performance and image quality^{5,6}, providing world-class gameplay at the highest resolutions in the most demanding games;
 - Launching the [AMD FirePro™ W600](#), the first professional graphics solution to feature the GCN architecture and the industry's first graphics card to support six displays with independent audio streams;
 - Bringing to market a full line of mobile discrete graphics based on the company's acclaimed [GCN](#) architecture, which includes the AMD Radeon™ HD 7900M, HD 7800M, and HD 7700M Series GPUs.⁷ New to the [AMD Radeon HD 7000M Series](#) is AMD Enduro™ technology⁸, which automatically switches between integrated graphics and the AMD Radeon™ discrete GPU depending on system or application requirements – helping to maximize battery life without having to compromise performance. Based on the latest 28nm process technology, and fully equipped with DirectX® 11.1 support, the AMD Radeon HD 7000M Series of GPUs represent the most feature-rich mobile graphics chips since the company introduced its mobile product line.⁹

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 1 percent, plus or minus 3 percent, sequentially for the third quarter of 2012.

For additional detail regarding AMD's results and outlook please see the CFO commentary posted at 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 Net Income (Loss) to Non-GAAP Net Income¹

(Millions except per share amounts)	Q2-12		Q1-12		Q2-11	
GAAP net income (loss) / Earnings (loss) per share	\$ 37	\$ 0.05	\$ (590)	\$ (0.80)	\$ 61	\$ 0.08
Limited waiver of exclusivity from GLOBALFOUNDRIES	-	-	(703)	(0.94)	-	-
Amortization of acquired intangible assets	(4)	(0.01)	(1)	-	(9)	(0.01)
Legal settlement	(5)	(0.01)	-	-	-	-
Restructuring charges, net	-	-	(8)	(0.01)	-	-
SeaMicro acquisition costs	-	-	(6)	(0.01)	-	-
Tax benefit related to SeaMicro acquisition	-	-	36	0.05	-	-
Non-GAAP net income / Earnings per share	\$ 46	\$ 0.06	\$ 92	\$ 0.12	\$ 70	\$ 0.09

Reconciliation of GAAP Operating Income (Loss) to Non-GAAP Operating Income¹

(Millions)	Q2-12	Q1-12	Q2-11
GAAP operating income (loss)	\$ 77	\$ (580)	\$ 105
Limited waiver of exclusivity from GLOBALFOUNDRIES	-	(703)	-
Amortization of acquired intangible assets	(4)	(1)	(9)
Legal settlement	(5)	-	-
Restructuring charges, net	-	(8)	-
SeaMicro acquisition costs	-	(6)	-
Non-GAAP operating income	\$ 86	\$ 138	\$ 114

Reconciliation of GAAP to Non-GAAP Operating Expenses¹

(Millions)	Q2-12	Q1-12	Q2-11
GAAP operating expenses	\$ 561	\$ 607	\$ 615
Amortization of acquired intangible assets	4	1	9
Restructuring charges, net	-	8	-
SeaMicro acquisition costs	-	6	-
Non-GAAP operating expenses	\$ 557	\$ 592	\$ 606

Reconciliation of GAAP to Non-GAAP Gross Margin¹

(Millions except percentages)	Q2-12	Q1-12	Q2-11
GAAP Gross Margin	\$ 638	\$ 27	\$ 720
GAAP Gross Margin %	45%	2%	46%
Limited waiver of exclusivity from GLOBALFOUNDRIES	-	(703)	-
Legal settlement	(5)	-	-
Non-GAAP Gross Margin	\$ 643	\$ 730	\$ 720
Non-GAAP Gross Margin %	46%	46%	46%

Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA¹

(Millions except percentages)	Q2-12	Q1-12	Q2-11
GAAP operating income (loss)	\$ 77	\$ (580)	\$ 105
Limited waiver of exclusivity from GLOBALFOUNDRIES	-	703	-
Legal settlement	5	-	-
Depreciation and amortization	61	62	71
Employee stock-based compensation expense	26	21	20
Amortization of acquired intangible assets	4	1	9
Restructuring charges, net	-	8	-
Acquisition related costs	-	6	-
Adjusted EBITDA	\$ 173	\$ 221	\$ 205

Non-GAAP adjusted free cash flow reconciliation¹

(Millions except percentages)

	Q2-12	Q1-12	Q2-11
GAAP net cash provided by operating activities	\$ 81	\$ 107	\$ 174
Non-GAAP adjustment	-	-	36
Non-GAAP net cash provided by operating activities	81	107	210
Purchases of property, plant and equipment	(39)	(40)	(67)
Non-GAAP adjusted free cash flow	\$ 42	\$ 67	\$ 143

About AMD

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its groundbreaking AMD 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 document contains forward-looking statements concerning AMD, its third quarter of 2012 revenue, demand for its products, its future growth and ability to deliver sustained success, the timing of future products that incorporate the company's products and the features of new products and economic conditions in the third quarter, 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 "believes," "expects," "may," "will," "should," "seeks," "intends," "pro forma," "estimates," "anticipates," "plans," "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 may negatively impact the company's plans; the company may be unable to develop, launch and ramp new products and technologies in the volumes that are required by the market at mature yields on a timely basis; that the company's third party foundry suppliers will be unable to transition its products to advanced manufacturing process technologies in a timely and effective way or 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; the company's requirements for wafers are less than the fixed number of wafers that it agreed to purchase from GLOBALFOUNDRIES (GF) in 2012 or GF encounters problems that significantly reduce the number of functional die the company receives from each wafer; that customers stop buying the company's products or materially reduce their operations or demand for the company's products; that the company may be unable to maintain the level of investment in research and development that is required to remain competitive; that there may be unexpected variations in the market growth and demand for its products and technologies in light of the product mix that the company may have available at any particular time or a decline in demand; that the company will require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; that global business and economic conditions will not improve or will worsen; that demand for computers will be lower than currently expected; and the effect of political or economic instability, domestically or internationally, on the company's sales or supply chain. 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 31, 2012.

-30-

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¹ In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures including non-GAAP net income, non-GAAP operating income, non-GAAP operating expenses, 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.

² Up to 12 hours of battery life for Trinity: Based on testing and calculations by AMD Performance Labs, the 2012 AMD A-Series platform enables 740 min./12:20 hours of Windows Idle while the 2011 AMD A-Series platform enables 663 min./11:03 hours of Windows Idle. Battery life calculations based on a 6 cell Li-Ion 62.16Whr battery pack at 98% utilization. AMD defines "all-day" battery life as 8+ hours of battery life in Windows Idle.

³ Twice the performance-per-watt: Testing performed by AMD Performance Labs. The score for the 2012 AMD A6-4455M (ULV-17w) on the "Pumori" reference design for PC Mark Vantage Overall benchmark was 4300 while the 2011 AMD A6-3400M (35w) on the "Torpedo" reference design scores 4545. The 3DMark Vantage Performance score for the same configurations was 2012 AMD A6-4455M (ULV) 2355 and the 2011 AMD A6-3400M scored 2292.

⁴ Based on testing performed by AMD Performance Labs. All battery life calculations are based on a 62.5 Whr battery pack at 98% utilization. System power testing shows a calculated battery life for the AMD E2-1800 in a Windows[®] idle state to reach 670 minutes.

⁵ In tests by AMD as of May 22, 2012 on single-GPU graphics cards, the AMD Radeon™ HD 7970 GHz Edition showed higher average performance than the NVIDIA GeForce GTX 680 in the following games/apps: Formula 1 2010, Civilization V, StarCraft II, Just Cause 2, Unigine Heaven, Left 4 Dead 2, Enemy Territory: Quake Wars, The Elder Scrolls V: Skyrim, DiRT 3, The Chronicles of Riddick: Assault on Dark Athena, Crysis Warhead, Metro 2033 (4xAA), and Hard Reset (MLAA). All applications were evaluated at 2560x1600 with 8xAA and 16xAF unless otherwise noted. System configuration: Intel[®] Core™ i7-3960X (3.33GHz), MSI X79A-GD65, 16GB DDR3-1600 and Windows[®] 7 x64. AMD Radeon™ HD 7970 GHz Edition evaluated with AMD Catalyst™ 8.973. NVIDIA[®] GeForce[®] GTX 680 evaluated with NVIDIA[®] ForceWare™ 301.10 WHQL.

⁶ The GCN Architecture and its associated features (PCI Express[®] 3.0, AMD ZeroCore Power technology, DDM Audio, and 28nm production) are exclusive to the AMD Radeon™ HD 7900, HD 7800 and HD 7700 Series.

⁷ The GCN Architecture and its associated features (AMD Enduro™, AMD ZeroCore Power technology, DDM Audio, and 28nm production) are exclusive to the AMD Radeon™ HD 7700M, HD 7800M and HD 7900M Series Graphics.

⁸ AMD Enduro™ technology requires either an AMD “A” series or “E” series APU or an Intel processor, plus an AMD Radeon™ HD 7000M series discrete graphics configuration and is available on Windows® 7 Professional, Windows® 7 Ultimate, Windows® 7 Home Premium, and/or Windows® 7 Home Basic OS. Linux OS supports manual switching which requires restart of X-Server to switch between graphics solutions. Not all AMD Radeon™ HD 7000M series GPU features and capabilities may be supported on all AMD Enduro™ technology-enabled components or systems — always check with your component or system manufacturer for specific mode capabilities and supported technologies.

⁹ AMD Power Management technologies (e.g. AMD ZeroCore Power technology, AMD Enduro technology and AMD PowerPlay™ technology) are a family of technologies, offered by certain AMD Radeon™ products, which are designed to intelligently reduce or eliminate GPU power consumption in response to certain GPU load conditions. Not all products feature all technologies – check with your component or system manufacturer for specific model capabilities.