

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

	Quarter Ended			Nine Months Ended	
	Sep. 29, 2012	Jun. 30, 2012	Oct. 1, 2011	Sep. 29, 2012	Oct. 1, 2011
Net revenue	\$ 1,269	\$ 1,413	\$ 1,690	\$ 4,267	\$ 4,877
Cost of sales	877	775	934	3,210	2,710
Gross margin	392	638	756	1,057	2,167
Gross margin %	31%	45%	45%	25%	44%
Research and development	328	345	361	1,041	1,095
Marketing, general and administrative	188	212	249	630	749
Amortization of acquired intangible assets	4	4	8	9	26
Restructuring charges, net	3	-	-	11	-
Operating income (loss)	(131)	77	138	(634)	297
Interest income	2	2	3	6	8
Interest expense	(44)	(43)	(42)	(130)	(137)
Other income (expense), net	16	(5)	(7)	10	8
Income (loss) before dilution gain in investee and income taxes	(157)	31	92	(748)	176
Benefit for income taxes	-	(6)	(5)	(38)	-
Dilution gain in investee, net	-	-	-	-	492
Net income (loss)	\$ (157)	\$ 37	\$ 97	\$ (710)	\$ 668
Net income (loss) per share					
Basic	\$ (0.21)	\$ 0.05	\$ 0.13	\$ (0.96)	\$ 0.92
Diluted	\$ (0.21)	\$ 0.05	\$ 0.13	\$ (0.96)	\$ 0.90
Shares used in per share calculation					
Basic	745	739	729	739	725
Diluted	745	755	741	739	742

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

	Quarter Ended			Nine Months Ended	
	Sep. 29, 2012	Jun. 30, 2012	Oct. 1, 2011	Sep. 29, 2012	Oct. 1, 2011
Total comprehensive income (loss)	\$ (154)	\$ 41	\$ 89	\$ (706)	\$ 659

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

	Sep. 29, 2012	Jun. 30, 2012	Dec. 31, 2011
<b>Assets</b>			
Current assets:			
Cash, cash equivalents and marketable securities	\$ 1,300	\$ 1,579	\$ 1,765
Accounts receivable, net	683	744	919
Inventories, net	744	833	476
Prepaid expenses and other current assets	88	77	69
<b>Total current assets</b>	<b>2,815</b>	<b>3,233</b>	<b>3,229</b>
Long-term marketable securities	180	180	149
Property, plant and equipment, net	685	707	726
Investment in GLOBALFOUNDRIES	-	-	278
Acquisition related intangible assets, net	100	105	8
Goodwill	553	553	323
Other assets	279	263	241
<b>Total Assets</b>	<b>\$ 4,612</b>	<b>\$ 5,041</b>	<b>\$ 4,954</b>
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Accounts payable	\$ 412	\$ 471	\$ 363
Payable to GLOBALFOUNDRIES	448	661	177
Accrued liabilities	534	548	550
Deferred income on shipments to distributors	110	126	123
Current portion of long-term debt and capital lease obligations	5	489	489
Other current liabilities	46	57	72
<b>Total current liabilities</b>	<b>1,555</b>	<b>2,352</b>	<b>1,774</b>
Long-term debt and capital lease obligations, less current portion	2,035	1,532	1,527
Other long-term liabilities	33	40	63
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Additional paid-in capital	6,780	6,752	6,672
Treasury stock, at cost	(109)	(108)	(107)
Accumulated deficit	(5,687)	(5,530)	(4,977)
Accumulated other comprehensive loss	(2)	(4)	(5)
<b>Total stockholders' equity</b>	<b>989</b>	<b>1,117</b>	<b>1,590</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 4,612</b>	<b>\$ 5,041</b>	<b>\$ 4,954</b>

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

	Quarter Ended	Nine Months Ended
	Sep. 29, 2012	Sep. 29, 2012
<b>Cash flows from operating activities:</b>		
Net loss	\$ (157)	\$ (710)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash portion of the limited waiver of exclusivity from GLOBALFOUNDRIES	-	278
Depreciation and amortization	66	194
Benefit for deferred income taxes	(1)	(41)
Compensation recognized under employee stock plans	27	74
Non-cash interest expense	5	17
Other	-	(1)
Changes in operating assets and liabilities:		
Accounts receivable	60	237
Inventories	89	(266)
Prepaid expenses and other current assets	(14)	(30)
Other assets	5	(13)
Payable to GLOBALFOUNDRIES	(213)	271
Accounts payable, accrued liabilities and other	(107)	(62)
<b>Net cash used in operating activities</b>	<b>\$ (240)</b>	<b>\$ (52)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of SeaMicro, Inc., net of cash acquired	-	(281)
Purchases of property, plant and equipment	(32)	(111)
Purchases of available-for-sale securities	(201)	(749)
Proceeds from sale and maturity of available-for-sale securities	241	1,091
Other	(18)	(23)
<b>Net cash used in investing activities</b>	<b>\$ (10)</b>	<b>\$ (73)</b>
<b>Cash flows from financing activities:</b>		
Net proceeds from debt issuance	491	491
Net proceeds from foreign grants	6	18
Proceeds from issuance of AMD common stock	-	12
Repayments of debt and capital lease obligations	(486)	(488)
Other	-	(1)
<b>Net cash provided by financing activities</b>	<b>\$ 11</b>	<b>\$ 32</b>
Net decrease in cash and cash equivalents	(239)	(93)
<b>Cash and cash equivalents at beginning of period</b>	<b>\$ 1,015</b>	<b>\$ 869</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 776</b>	<b>\$ 776</b>

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

<u>Segment and Category Information</u>	<b>Quarter Ended</b>			<b>Nine Months Ended</b>	
	<b>Sep. 29, 2012</b>	<b>Jun. 30, 2012</b>	<b>Oct. 1, 2011</b>	<b>Sep. 29, 2012</b>	<b>Oct. 1, 2011</b>
Computing Solutions (1)					
Net revenue	\$ 927	\$ 1,046	\$ 1,286	\$ 3,176	\$ 3,693
Operating income (loss)	\$ (114)	\$ 82	\$ 149	\$ 92	\$ 391
Graphics (2)					
Net revenue	342	367	403	1,091	1,183
Operating income	18	31	12	83	24
All Other (3)					
Net revenue	-	-	1	-	1
Operating loss	(35)	(36)	(23)	(809)	(118)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 1,269</b>	<b>\$ 1,413</b>	<b>\$ 1,690</b>	<b>\$ 4,267</b>	<b>\$ 4,877</b>
<b>Operating income (loss)</b>	<b>\$ (131)</b>	<b>\$ 77</b>	<b>\$ 138</b>	<b>\$ (634)</b>	<b>\$ 297</b>
<u>Other Data</u>					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 62	\$ 61	\$ 71	\$ 185	\$ 221
Capital additions	\$ 32	\$ 39	\$ 58	\$ 111	\$ 163
Adjusted EBITDA (4)	\$ (35)	\$ 173	\$ 239	\$ 359	\$ 642
Cash, cash equivalents and marketable securities (5)	\$ 1,480	\$ 1,759	\$ 1,857	\$ 1,480	\$ 1,857
Adjusted free cash flow (6)	\$ (272)	\$ 42	\$ 131	\$ (163)	\$ 428
Total assets	\$ 4,612	\$ 5,041	\$ 5,236	\$ 4,612	\$ 5,236
Long-term debt and capital lease obligations, including current portion	\$ 2,040	\$ 2,021	\$ 2,060	\$ 2,040	\$ 2,060
Headcount	11,813	11,737	12,019	11,813	12,019

See footnotes on the next page

- (1) Computing Solutions segment includes microprocessors, as standalone devices or as incorporated as an Accelerated Processing Unit, chipsets, and embedded
- (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 as well as 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 expenses and credits that are not allocated to any of the operating segments. Also included in this category are amortization of acquired intangible assets, stock-based compensation expense, restructuring charges and a charge related to the limited waiver of exclusivity from GLOBALFOUNDRIES ("GF").

(4) **Reconciliation of GAAP operating income (loss) to Adjusted EBITDA\***

	Quarter Ended			Nine Months Ended	
	Sep. 29, 2012	Jun. 30, 2012	Oct. 1, 2011	Sep. 29, 2012	Oct. 1, 2011
GAAP operating income (loss)	\$ (131)	\$ 77	\$ 138	(634)	\$ 297
Limited waiver of exclusivity from GLOBALFOUNDRIES	-	-	-	703	-
Payments to GLOBALFOUNDRIES	-	-	-	-	24
Legal settlement	-	5	-	5	5
Depreciation and amortization	62	61	71	185	221
Employee stock-based compensation expense	27	26	22	74	69
Amortization of acquired intangible assets	4	4	8	9	26
Restructuring charges, net	3	-	-	11	-
SeaMicro acquisition costs	-	-	-	6	-
Adjusted EBITDA	<u>\$ (35)</u>	<u>\$ 173</u>	<u>\$ 239</u>	<u>\$ 359</u>	<u>\$ 642</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			Nine Months Ended	
	Sep. 29, 2012	Jun. 30, 2012	Oct. 1, 2011	Sep. 29, 2012	Oct. 1, 2011
GAAP net cash provided by (used in) operating activities	\$ (240)	\$ 81	\$ 189	\$ (52)	\$ 195
Non-GAAP adjustment	-	-	-	-	396
Non-GAAP net cash provided by (used in) operating activities	(240)	81	189	(52)	591
Purchases of property, plant and equipment	(32)	(39)	(58)	(111)	(163)
Non-GAAP adjusted free cash flow	<u>\$ (272)</u>	<u>\$ 42</u>	<u>\$ 131</u>	<u>\$ (163)</u>	<u>\$ 428</u>

\* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, employee stock-based compensation expense and amortization of acquired intangible assets. In addition, for the third quarter of 2012 and the nine months ended September 29, 2012, the Company included net restructuring charges; for the nine months ended September 29, 2012, the Company also included an adjustment for the limited waiver of exclusivity from GF, a legal settlement with a third party and costs related to acquisition of SeaMicro, Inc.; for the nine months ended October 1, 2011, the Company included adjustments related to a payment to GF and a legal settlement with a third party. The payment to GF occurred in the first quarter of 2011 when the Company incurred a charge of \$24 million in cost of sales related to a payment to GF in the form of cash and GF Class A Preferred Shares that the Company owned. This payment primarily related to certain manufacturing assets of GF which do not benefit the Company. For the second quarter of 2012, the Company included a charge of approximately \$5 million related to 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.