

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

	Quarter Ended			Year Ended	
	Dec. 29, 2012	Sep. 29, 2012	Dec. 31, 2011	Dec. 29, 2012	Dec. 31, 2011
Net revenue	\$ 1,155	\$ 1,269	\$ 1,691	\$ 5,422	\$ 6,568
Cost of sales	977	877	918	4,187	3,628
Gross margin	178	392	773	1,235	2,940
Gross margin %	15%	31%	46%	23%	45%
Research and development	313	328	358	1,354	1,453
Marketing, general and administrative	193	188	243	823	992
Amortization of acquired intangible assets	4	4	3	14	29
Restructuring charges, net	90	3	98	100	98
Operating income (loss)	(422)	(131)	71	(1,056)	368
Interest income	2	2	2	8	10
Interest expense	(45)	(44)	(43)	(175)	(180)
Other income (expense), net	(4)	16	(207)	6	(199)
Loss before dilution gain in investee and income taxes	(469)	(157)	(177)	(1,217)	(1)
Provision (benefit) for income taxes	4	-	(4)	(34)	(4)
Dilution gain in investee, net	-	-	-	-	492
Income (loss) from continuing operations	(473)	(157)	(173)	(1,183)	495
Loss from discontinued operations, net of tax	-	-	(4)	-	(4)
Net income (loss)	\$ (473)	\$ (157)	\$ (177)	\$ (1,183)	\$ 491
Net income (loss) per share					
Basic					
Continuing operations	\$ (0.63)	\$ (0.21)	\$ (0.24)	\$ (1.60)	\$ 0.68
Discontinued operations	-	-	(0.01)	-	(0.01)
Basic net income (loss) per share	\$ (0.63)	\$ (0.21)	\$ (0.24)	\$ (1.60)	\$ 0.68
Diluted					
Continuing operations	\$ (0.63)	\$ (0.21)	\$ (0.24)	\$ (1.60)	\$ 0.67
Discontinued operations	-	-	(0.01)	-	(0.01)
Diluted net income (loss) per share	\$ (0.63)	\$ (0.21)	\$ (0.24)	\$ (1.60)	\$ 0.66
Shares used in per share calculation					
Basic	747	745	732	741	727
Diluted	747	745	732	741	742

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

	Quarter Ended			Year Ended	
	Dec. 29, 2012	Sep. 29, 2012	Dec. 31, 2011	Dec. 29, 2012	Dec. 31, 2011
Total comprehensive income (loss)	\$ (475)	\$ (154)	\$ (172)	\$ (1,181)	\$ 486

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

	Dec. 29, 2012	Sep. 29, 2012	Dec. 31, 2011
Assets			
Current assets:			
Cash, cash equivalents and marketable securities	\$ 1,002	\$ 1,300	\$ 1,765
Accounts receivable, net	630	683	919
Inventories, net	562	744	476
Prepaid expenses and other current assets	71	88	69
Total current assets	2,265	2,815	3,229
Long-term marketable securities	181	180	149
Property, plant and equipment, net	658	685	726
Investment in GLOBALFOUNDRIES	-	-	278
Acquisition related intangible assets, net	96	100	8
Goodwill	553	553	323
Other assets	247	279	241
Total Assets	\$ 4,000	\$ 4,612	\$ 4,954
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 278	\$ 412	\$ 363
Payable to GLOBALFOUNDRIES	454	448	177
Accrued liabilities	489	534	550
Deferred income on shipments to distributors	108	110	123
Current portion of long-term debt and capital lease obligations	5	5	489
Other current liabilities	63	46	72
Total current liabilities	1,397	1,555	1,774
Long-term debt and capital lease obligations, less current portion	2,037	2,035	1,527
Other long-term liabilities	28	33	63
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Additional paid-in capital	6,803	6,780	6,672
Treasury stock, at cost	(109)	(109)	(107)
Accumulated deficit	(6,160)	(5,687)	(4,977)
Accumulated other comprehensive loss	(3)	(2)	(5)
Total stockholders' equity	538	989	1,590
Total Liabilities and Stockholders' Equity	\$ 4,000	\$ 4,612	\$ 4,954

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

	Quarter Ended	Year Ended
	Dec. 29, 2012	Dec. 29, 2012
Cash flows from operating activities:		
Net loss	\$ (473)	\$ (1,183)
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	260
Benefit for deferred income taxes	1	(40)
Compensation recognized under employee stock plans	23	97
Non-cash interest expense	6	23
Impairment charge on certain marketable securities	4	4
Other	4	3
Changes in operating assets and liabilities:		
Accounts receivable	53	290
Inventories	183	(83)
Prepaid expenses and other current assets	10	(20)
Other assets	1	(12)
Payable to GLOBALFOUNDRIES	6	277
Accounts payable, accrued liabilities and other	(170)	(232)
Net cash used in operating activities	\$ (286)	\$ (338)
Cash flows from investing activities:		
Acquisition of SeaMicro, Inc., net of cash acquired	-	(281)
Purchases of property, plant and equipment	(22)	(133)
Purchases of available-for-sale securities	(195)	(944)
Proceeds from sale and maturity of available-for-sale securities	257	1,348
Other	14	(9)
Net cash provided by (used in) investing activities	\$ 54	\$ (19)
Cash flows from financing activities:		
Net proceeds from debt issuance	-	491
Net proceeds from foreign grants	5	23
Proceeds from issuance of AMD common stock	2	14
Repayments of debt and capital lease obligations	(1)	(489)
Other	(1)	(2)
Net cash provided by financing activities	\$ 5	\$ 37
Net decrease in cash and cash equivalents	(227)	(320)
Cash and cash equivalents at beginning of period	\$ 776	\$ 869
Cash and cash equivalents at end of period	\$ 549	\$ 549

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

<u>Segment and Category Information</u>	Quarter Ended			Year Ended	
	Dec. 29, 2012	Sep. 29, 2012	Dec. 31, 2011	Dec. 29, 2012	Dec. 31, 2011
Computing Solutions (1)					
Net revenue	\$ 829	\$ 927	\$ 1,309	\$ 4,005	\$ 5,002
Operating income (loss)	\$ (323)	\$ (114)	\$ 165	\$ (231)	\$ 556
Graphics (2)					
Net revenue	326	342	382	1,417	1,565
Operating income	22	18	27	105	51
All Other (3)					
Net revenue	-	-	-	-	1
Operating loss	(121)	(35)	(121)	(930)	(239)
Total					
Net revenue	\$ 1,155	\$ 1,269	\$ 1,691	\$ 5,422	\$ 6,568
Operating income (loss)	\$ (422)	\$ (131)	\$ 71	\$ (1,056)	\$ 368
<u>Other Data</u>					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 62	\$ 62	\$ 67	\$ 247	\$ 288
Capital additions	\$ 22	\$ 32	\$ 87	\$ 133	\$ 250
Adjusted EBITDA (4)	\$ 30	\$ (35)	\$ 260	\$ 389	\$ 902
Cash, cash equivalents and marketable securities (5)	\$ 1,183	\$ 1,480	\$ 1,914	\$ 1,183	\$ 1,914
Adjusted free cash flow (6)	\$ (308)	\$ (272)	\$ 100	\$ (471)	\$ 528
Total assets	\$ 4,000	\$ 4,612	\$ 4,954	\$ 4,000	\$ 4,954
Long-term debt and capital lease obligations, including current portion	\$ 2,042	\$ 2,040	\$ 2,016	\$ 2,042	\$ 2,016
Headcount	10,340	11,813	11,093	10,340	11,093

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			Year Ended	
	Dec. 29, 2012	Sep. 29, 2012	Dec. 31, 2011	Dec. 29, 2012	Dec. 31, 2011
GAAP operating income (loss)	\$ (422)	\$ (131)	\$ 71	\$ (1,056)	\$ 368
Lower of cost or market charge related to GF take-or-pay obligation	273	-	-	273	-
Limited waiver of exclusivity from GF	-	-	-	703	-
Payments to GF	-	-	-	-	24
Legal settlement	-	-	-	5	5
Depreciation and amortization	62	62	67	247	288
Employee stock-based compensation expense	23	27	21	97	90
Amortization of acquired intangible assets	4	4	3	14	29
Restructuring charges, net	90	3	98	100	98
SeaMicro acquisition costs	-	-	-	6	-
Adjusted EBITDA	\$ 30	\$ (35)	\$ 260	\$ 389	\$ 902

- (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. 29, 2012	Sep. 29, 2012	Dec. 31, 2011	Dec. 29, 2012	Dec. 31, 2011
GAAP net cash provided by (used in) operating activities	\$ (286)	\$ (240)	\$ 187	\$ (338)	\$ 382
Non-GAAP adjustment	-	-	-	-	396
Non-GAAP net cash provided by (used in) operating activities	(286)	(240)	187	(338)	778
Purchases of property, plant and equipment	(22)	(32)	(87)	(133)	(250)
Non-GAAP adjusted free cash flow	\$ (308)	\$ (272)	\$ 100	\$ (471)	\$ 528

* 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, the Company also included the following adjustments for the applicable period: for the fourth quarter of 2012, the Company also included adjustments for the lower of cost or market charge (LCM Charge) related to GF take-or-pay obligation and net restructuring charges; for the third quarter of 2012 and the fourth quarter of 2011, the Company also included an adjustment for net restructuring charges; for 2012, the Company also included adjustments for the LCM Charge, a charge related to the limited waiver of exclusivity from GF, a legal settlement with a third party, net restructuring charges and costs related to the acquisition of SeaMicro; and for 2011, the Company also included adjustments related to a payment to GF, a legal settlement with a third party and net restructuring charges. 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.