

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

	Quarter Ended		
	Mar. 27, 2010	Dec. 26, 2009	Mar. 28, 2009
Net revenue	\$ 1,574	\$ 1,646	\$ 1,177
Cost of sales	833	911	666
Gross margin	741	735	511
Gross margin %	47%	45%	43%
Research and development	323	432	444
Marketing, general and administrative	219	239	287
Legal settlement	-	(1,242)	-
Amortization of acquired intangible assets	17	18	18
Restructuring charges	-	-	60
Operating income (loss)	182	1,288	(298)
Interest income	3	3	3
Interest expense	(49)	(119)	(97)
Other income (expense), net	304	19	94
Income (loss) before equity in net income (loss) of investee and income taxes	440	1,191	(298)
Provision (benefit) for income taxes	-	11	116
Equity in net income (loss) of investee	(183)	-	-
Income (loss) from continuing operations	257	1,180	(414)
Income (loss) from discontinued operations, net of tax	-	(3)	-
Net income (loss)	\$ 257	\$ 1,177	\$ (414)
Net (income) loss attributable to noncontrolling interest	-	23	6
Class B preferred accretion	-	(22)	(8)
Net income (loss) attributable to AMD common stockholders	\$ 257	\$ 1,178	\$ (416)
Net income (loss) attributable to AMD common stockholders per common share			
Basic			
Continuing operations	\$ 0.36	\$ 1.68	\$ (0.66)
Discontinued operations	-	(0.00)	-
Basic net income (loss) attributable to AMD common stockholders per common share	\$ 0.36	\$ 1.68	\$ (0.66)
Diluted			
Continuing operations	\$ 0.35	\$ 1.52	\$ (0.66)
Discontinued operations	-	(0.00)	-
Diluted net income (loss) attributable to AMD common stockholders per common share	\$ 0.35	\$ 1.52	\$ (0.66)
Shares used in per share calculation			
Basic	707	705	626
Diluted	754	791	626

ADVANCED MICRO DEVICES, INC.
AMD NON-GAAP AND RECONCILIATIONS TO CONSOLIDATED STATEMENTS OF OPERATIONS⁽¹⁾
(Millions except per share amounts and percentages)

	March 27, 2010			Quarter Ended Dec. 26, 2009			Mar. 28, 2009		
	AMD ⁽²⁾	GF related adjustments ⁽³⁾	AMD Non- GAAP	Foundry segment and Intersegment Eliminations ⁽³⁾			Foundry segment and Intersegment Eliminations ⁽³⁾		
				AMD ⁽²⁾	AMD Non- GAAP	AMD Non- GAAP	AMD ⁽²⁾	AMD Non- GAAP	AMD Non- GAAP
Net revenue	\$ 1,574	\$ -	\$ 1,574	\$ 1,646	\$ -	\$ 1,646	\$ 1,177	\$ -	\$ 1,177
Cost of sales	833	(69)	902	911	(56)	967	666	(34)	700
Gross margin	741	69	672	735	56	679	511	34	477
Gross margin %	47%		43%	45%		41%	43%		41%
Research and development	323	-	323	432	131	301	444	139	305
Marketing, general and administrative	219	-	219	239	30	209	287	35	252
Legal settlement	-	-	-	(1,242)	-	(1,242)	-	-	-
Amortization of acquired intangible assets	17	-	17	18	-	18	18	-	18
Restructuring charges	-	-	-	-	-	-	60	-	60
Operating income (loss)	182	69	113	1,288	(105)	1,393	(298)	(140)	(158)
Interest income	3	-	3	3	-	3	3	(3)	6
Interest expense	(49)	-	(49)	(119)	(48)	(71)	(97)	(23)	(74)
Other income (expense), net	304	325	(21)	19	6	13	94	(34)	128
Income (loss) before equity in net income (loss) of investee and income taxes	440	394	46	1,191	(147)	1,338	(298)	(200)	(98)
Provision (benefit) for income taxes	-	-	-	11	(9)	20	116	117	(1)
Equity in net income (loss) of investee	(183)	(183)	-	-	-	-	-	-	-
Income (loss) from continuing operations	257	211	46	1,180	(138)	1,318	(414)	(317)	(97)
Income (loss) from discontinued operations, net of tax	-	-	-	(3)	-	(3)	-	-	-
Net income (loss)	\$ 257	\$ 211	\$ 46	\$ 1,177	\$ (138)	\$ 1,315	\$ (414)	\$ (317)	\$ (97)
Net (income) loss attributable to noncontrolling interest	-	-	-	23	-	-	6	-	-
Class B preferred accretion	-	-	-	(22)	-	-	(8)	-	-
Net income (loss) attributable to AMD common stockholders	\$ 257	\$ -	\$ -	\$ 1,178	\$ -	\$ -	\$ (416)	\$ -	\$ -
Non-GAAP diluted earnings per share ⁽⁴⁾		\$ 0.06			\$ 1.69			\$ (0.15)	

(1) From March 2, 2009 through December 26, 2009, the Company consolidated the operating results of GLOBALFOUNDRIES Inc. (GF). Starting in the first fiscal quarter of 2010 the Company began to account for its investment in GF under the equity method of accounting. The Company believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results, by excluding the results of operations of GF in the first fiscal quarter of 2010 and Foundry segment related items in the first and fourth fiscal quarters of 2009.

(2) Starting in the first fiscal quarter of 2010, the Company began to account for its investment in GF under the equity method of accounting. From March 2, 2009 through December 26, 2009 the operating results of GF were included in the Foundry segment.

(3) For the first fiscal quarter of 2010, the Company excluded Equity in net income (loss) of investee, the gain recognized on the fair value assessment of its investment in GF upon deconsolidation, and the gross margin benefit due to the deconsolidation of GF. For the first and fourth fiscal quarters of 2009, the Company excluded the Foundry segment and Intersegment Eliminations consisting of revenues, cost of sales, and profits on inventory between the Computing Solutions segment and the Foundry segment.

(4) The Company's GAAP diluted earnings per share calculation for the first fiscal quarter ended March 27, 2010 includes a \$7 million interest expense add-back to income and is based on 754 million shares, which includes 24 million shares added to the share count related to its 5.75% convertible notes under the "if converted" method. The outstanding diluted share amount for the non-GAAP diluted earnings per share calculation for the first fiscal quarter of 2010 is 730 million shares, which excludes 24 million shares related to the Company's 5.75% convertible notes because the inclusion of these shares would be anti-dilutive. The GAAP and non-GAAP diluted earnings per share calculation for the quarter ended December 26, 2009 includes a \$21 million interest expense add-back to income and is based on 791 million shares, which includes 68 million shares added to the share count related to the Company's 5.75% convertible notes under the "if converted" method.

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

	Mar. 27, 2010	Dec. 26, 2009*
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 1,932	\$ 2,676
Accounts receivable, net	675	745
Inventories, net	577	567
Deferred income taxes	-	9
Prepaid expenses and other current assets	147	278
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Total current assets	3,331	4,275
Property, plant and equipment, net	789	3,809
Investment in GLOBALFOUNDRIES	270	-
Acquisition related intangible assets, net	81	98
Goodwill	323	323
Other assets	438	573
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Total Assets	\$ 5,232	\$ 9,078
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Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 434	\$ 647
Accounts payable to GLOBALFOUNDRIES	182	-
Accrued liabilities	674	795
Deferred income on shipments to distributors	149	138
Other short-term obligations	154	171
Current portion of long-term debt and capital lease obligations	3	308
Other current liabilities	49	151
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Total current liabilities	1,645	2,210
Deferred income taxes	1	197
Long-term debt and capital lease obligations, less current portion	2,601	4,252
Other long-term liabilities	189	695
Noncontrolling interest	-	1,076
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Stockholders' equity:		
Capital stock:		
Common stock, par value	7	7
Capital in excess of par value	6,548	6,524
Treasury stock, at cost	(99)	(98)
Retained earnings (deficit)	(5,682)	(5,939)
Accumulated other comprehensive income	22	154
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Total stockholders' equity	796	648
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Total Liabilities and Stockholders' Equity	\$ 5,232	\$ 9,078

* Includes the account balances of GF which were deconsolidated as of the beginning of the first quarter of 2010.

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

	Mar. 27, 2010
Cash flows from operating activities:	
Net income (loss)	\$ 257
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Equity in net income (loss) of investee	183
Gain on deconsolidation of GLOBALFOUNDRIES	(325)
Depreciation and amortization	100
Compensation recognized under employee stock plans	20
Non-cash interest expense	8
Other	4
Changes in operating assets and liabilities (excludes the effects of deconsolidation):	
Accounts receivable	(134)
Inventories	(89)
Prepaid expenses and other current assets	(6)
Other assets	13
Accounts payable to GLOBALFOUNDRIES	(31)
Accounts payable, accrued liabilities and other	23
Net cash provided by (used in) operating activities	23
Cash flows from investing activities:	
Purchases of property, plant and equipment	(48)
Purchases of available-for-sale securities	(503)
Net cash impact of change in status of GLOBALFOUNDRIES from consolidated entity to unconsolidated investee	(904)
Proceeds from sale of property, plant and equipment	1
Proceeds from sale and maturity of available-for-sale securities	239
Net cash provided by (used in) investing activities	(1,215)
Cash flows from financing activities:	
Proceeds from borrowings, net of issuance cost	199
Proceeds from issuance of AMD common stock	3
Repayments of debt and capital lease obligations	(25)
Net cash provided by (used in) financing activities	177
Net increase (decrease) in cash and cash equivalents	(1,015)
Cash and cash equivalents at beginning of period	1,657
Cash and cash equivalents at end of period	\$ 642

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

<u>Segment and Category Information</u>	Quarter Ended		
	March 27, 2010	Dec. 26, 2009	March 28, 2009
Computing Solutions (1)			
Net revenue	\$ 1,160	\$ 1,220	\$ 942
Operating income (loss)	\$ 146	\$ 161	\$ (34)
Graphics (2)			
Net revenue	409	421	218
Operating income (loss)	47	50	-
All Other (3)			
Net revenue	5	5	17
Operating income (loss)	(11)	1,182	(124)
Subtotal (excludes Foundry segment and Intersegment Eliminations)			
Net revenue	1,574	1,646	1,177
Operating income (loss)	182	1,393	(158)
Foundry (4)			
Net revenue	-	309	283
Operating income (loss)	-	(99)	(132)
Intersegment Eliminations (5)			
Net revenue	-	(309)	(283)
Operating income (loss)	-	(6)	(8)
Total AMD			
Net revenue	\$ 1,574	\$ 1,646	\$ 1,177
Operating income (loss)	\$ 182	\$ 1,288	\$ (298)
Other Data			
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 83	\$ 266	\$ 262
Capital additions	\$ 48	\$ 173	\$ 84
Headcount (excludes Foundry segment)	10,365	10,352	10,511
AMD non-GAAP comparison*			
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 83	\$ 95	\$ 104
Capital additions	\$ 48	\$ 37	\$ 17
Adjusted EBITDA (6)	\$ 302	\$ 282	\$ 62
Cash, cash equivalents and marketable securities (7)	\$ 1,932	\$ 1,772	\$ 1,599
Adjusted free cash flow (8)	\$ 177	N/A	N/A
Total assets (7)	\$ 5,232	\$ 4,846	\$ 4,536
Long-term debt and capital lease obligations(7)	\$ 2,604	\$ 2,607	\$ 3,711

* 2009 periods exclude Foundry segment and Intersegment Eliminations
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, servers and also includes royalties received in connection with the sale of game console systems that incorporate the Company's graphics technology.
- (3) All Other category includes non-Foundry segment employee stock-based compensation expense and certain operating expenses and credits that are not allocated to the operating segments. Also included in this category is a gross margin benefit from the deconsolidation of GF, gain for a legal settlement, amortization of acquired intangible assets, restructuring charges and GF formation costs. The All Other category also includes the results of our Handheld business unit.
- (4) In 2009, Foundry segment included the operating results attributable to the front end wafer manufacturing operations and related activities as of the beginning of the first quarter of 2009, which includes the operating results of GF from March 2, 2009 to December 26, 2009. Starting with the first quarter of 2010, the Company began to account for its investment in GF under the equity method of accounting.
- (5) In 2009, Intersegment Eliminations represented eliminations in revenue and in cost of sales and profits on inventory between the Computing Solutions segment and the Foundry segment. For the quarters ended December 26, 2009 and March 28, 2009, intersegment eliminations of revenue was \$309 million and \$283 million, respectively. For the quarters ended December 26, 2009 and March 28, 2009, intersegment eliminations of cost of sales and profits on inventory was \$303 million and \$275 million, respectively.

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

	Quarter Ended		
	Q110	Q409	Q109
GAAP operating income (loss)	\$ 182	\$ 1,288	\$ (298)
Foundry segment and Intersegment Eliminations operating loss	-	105	140
Legal settlement	-	(1,242)	-
Depreciation and amortization	83	95	104
Employee stock-based compensation expense	20	18	17
Amortization of acquired intangible assets	17	18	18
Restructuring charges	-	-	60
GF formation costs	-	-	21
Adjusted EBITDA	\$ 302	\$ 282	\$ 62

(7) **Reconciliation of select balance sheet items**

	Q409			Q109		
	Cash, cash equivalents and marketable securities	Total Assets	Long-term debt and capital lease obligations**	Cash, cash equivalents and marketable securities	Total Assets	Long-term debt and capital lease obligations**
AMD GAAP	\$ 2,676	\$ 9,078	\$ 4,560	\$ 2,719	\$ 9,052	\$ 5,563
Foundry segment and Intersegment Eliminations	(904)	(4,232)	(1,953)	(1,120)	(4,516)	(1,852)
AMD Non-GAAP	\$ 1,772	\$ 4,846	\$ 2,607	\$ 1,599	\$ 4,536	\$ 3,711

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

	Q110
GAAP net cash provided by (used in) operating activities	\$ 23
Non-GAAP adjustment	202
Non-GAAP net cash provided by (used in) operating activities	225
Purchases of property, plant and equipment	(48)
Non-GAAP adjusted free Cash Flow	\$ 177

*Starting with the quarter ended December 26, 2009, the Company presented "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company was 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 fourth fiscal quarter of 2009, the Company included a further adjustment for the gain related to the Intel legal settlement; for the first and fourth fiscal quarters of 2009, the Company included adjustments for the Foundry segment and Intersegment Eliminations operating loss and for the first fiscal quarter of 2009, the Company included adjustments for restructuring charges and GF formation costs. 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.

** Long-term debt and capital lease obligations also includes the current portion.

*** Starting in the first quarter of 2010, the Company presents non-GAAP adjusted free cash flow 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 sell 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 U.S. GAAP, the Company classifies funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, these funds are classified as cash flows from financing activities. When a distributor pays the applicable IBM Party, the Company reduces the distributor's accounts receivable and the corresponding debt resulting in a non-cash accounting entry. Because the Company does not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment is never reflected in the Company's cash flows from operating activities. Non-GAAP adjusted free cash flow for the Company was determined by adjusting GAAP net cash provided by operating activities by adding the distributors' payments to the IBM Parties to GAAP net cash provided by operating activities. This amount is then further adjusted by subtracting capital expenditures. Generally, under U.S. 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. 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.