

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

| | Quarter Ended | | | Nine Months Ended | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|
| | Sept. 25, 2010 | June 26, 2010 | Sept. 26, 2009 | Sept. 25, 2010 | Sept. 26, 2009 |
| Net revenue | \$ 1,618 | \$ 1,653 | \$ 1,396 | \$ 4,845 | \$ 3,757 |
| Cost of sales | 879 | 915 | 811 | 2,627 | 2,220 |
| Gross margin | 739 | 738 | 585 | 2,218 | 1,537 |
| Gross margin % | 46% | 45% | 42% | 46% | 41% |
| Research and development | 359 | 371 | 420 | 1,053 | 1,289 |
| Marketing, general and administrative | 236 | 229 | 221 | 684 | 755 |
| Amortization of acquired intangible assets | 16 | 17 | 17 | 50 | 52 |
| Restructuring charges (reversal) | - | (4) | 4 | (4) | 65 |
| Operating income (loss) | 128 | 125 | (77) | 435 | (624) |
| Interest income | 3 | 3 | 4 | 9 | 13 |
| Interest expense | (56) | (55) | (114) | (160) | (319) |
| Other income (expense), net | (6) | (1) | 47 | 297 | 147 |
| Income (loss) before equity in net income (loss) of investee and income taxes | 69 | 72 | (140) | 581 | (783) |
| Provision (benefit) for income taxes | 1 | (5) | (5) | (4) | 101 |
| Equity in net income (loss) of investee | (186) | (120) | - | (489) | - |
| Net income (loss) | \$ (118) | \$ (43) | \$ (135) | \$ 96 | \$ (884) |
| Net (income) loss attributable to noncontrolling interest | - | - | 29 | - | 60 |
| Class B preferred accretion | - | - | (22) | - | (50) |
| Net income (loss) attributable to AMD common stockholders | \$ (118) | \$ (43) | \$ (128) | \$ 96 | \$ (874) |
| Net income (loss) attributable to AMD common stockholders per common share | | | | | |
| Basic | \$ (0.17) | \$ (0.06) | \$ (0.18) | \$ 0.13 | \$ (1.32) |
| Diluted | \$ (0.17) | \$ (0.06) | \$ (0.18) | \$ 0.13 | \$ (1.32) |
| Shares used in per share calculation | | | | | |
| Basic | 713 | 709 | 694 | 710 | 662 |
| Diluted | 713 | 709 | 694 | 732 | 662 |

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

| | Quarter Ended | | | | | | Nine Months Ended | | | | | | | | |
|---|--------------------|---------------------------------------|----------------|--------------------|---------------------------------------|--------------|--------------------|---------------------------------------|-----------------|--------------------|---------------------------------------|--------------|--------------------|---------------------------------------|-----------------|
| | Sept. 25, 2010 | | June 26, 2010 | | Sept. 26, 2009 | | Sept. 25, 2010 | | Sept. 26, 2009 | | | | | | |
| | AMD ⁽²⁾ | GF related adjustments ⁽³⁾ | AMD Non-GAAP | AMD ⁽²⁾ | GF related adjustments ⁽³⁾ | AMD Non-GAAP | AMD ⁽²⁾ | GF related adjustments ⁽³⁾ | AMD Non-GAAP | AMD ⁽²⁾ | GF related adjustments ⁽³⁾ | AMD Non-GAAP | AMD ⁽²⁾ | GF related adjustments ⁽³⁾ | AMD Non-GAAP |
| Net revenue | \$ 1,618 | \$ - | 1,618 | \$ 1,653 | \$ - | 1,653 | \$ 1,396 | \$ - | 1,396 | \$ 4,845 | \$ - | 4,845 | \$ 3,757 | \$ - | 3,757 |
| Cost of sales | 879 | - | 879 | 915 | - | 915 | 811 | (49) | 860 | 2,627 | (69) | 2,696 | 2,220 | (103) | 2,323 |
| Gross margin | 739 | - | 739 | 738 | - | 738 | 585 | 49 | 536 | 2,218 | 69 | 2,149 | 1,537 | 103 | 1,434 |
| Gross margin % | 46% | | 46% | 45% | | 45% | 42% | | 38% | 46% | | 44% | 41% | | 38% |
| Research and development | 359 | - | 359 | 371 | - | 371 | 420 | 135 | 285 | 1,053 | - | 1,053 | 1,289 | 393 | 896 |
| Marketing, general and administrative | 236 | - | 236 | 229 | - | 229 | 221 | 26 | 195 | 684 | - | 684 | 755 | 86 | 669 |
| Amortization of acquired intangible assets | 16 | - | 16 | 17 | - | 17 | 17 | - | 17 | 50 | - | 50 | 52 | - | 52 |
| Restructuring charges (reversal) | - | - | - | (4) | - | (4) | 4 | - | 4 | (4) | - | (4) | 65 | - | 65 |
| Operating income (loss) | 128 | - | 128 | 125 | - | 125 | (77) | (112) | 35 | 435 | 69 | 366 | (624) | (376) | (248) |
| Interest income | 3 | - | 3 | 3 | - | 3 | 4 | 1 | 3 | 9 | - | 9 | 13 | 1 | 12 |
| Interest expense | (56) | - | (56) | (55) | - | (55) | (114) | (44) | (70) | (160) | - | (160) | (319) | (104) | (215) |
| Other income (expense), net | (6) | - | (6) | (1) | - | (1) | 47 | (17) | 64 | 297 | 325 | (28) | 147 | (61) | 208 |
| Income (loss) before equity in net income (loss) of investee and income taxes | 69 | - | 69 | 72 | - | 72 | (140) | (172) | 32 | 581 | 394 | 187 | (783) | (540) | (243) |
| Provision (benefit) for income taxes | 1 | - | 1 | (5) | - | (5) | (5) | 19 | (24) | (4) | - | (4) | 101 | 145 | (44) |
| Equity in net income (loss) of investee | (186) | (186) | - | (120) | (120) | - | - | - | - | (489) | (489) | - | - | - | - |
| Net income (loss) | \$ (118) | \$ (186) | 68 | \$ (43) | \$ (120) | 77 | \$ (135) | \$ (191) | 56 | \$ 96 | \$ (95) | 191 | \$ (884) | \$ (685) | \$ (199) |
| Net Income (loss) attributable to non-controlling interest | - | - | - | - | - | - | 29 | - | - | - | - | - | 60 | - | - |
| Class B preferred accretion | - | - | - | - | - | - | (22) | - | - | - | - | - | (50) | - | - |
| Net income (loss) attributable to AMD common stockholders | \$ (118) | \$ 68 | \$ (43) | \$ 77 | \$ (128) | \$ 56 | \$ 96 | \$ 191 | \$ (874) | \$ (199) | | | | | |
| Non-GAAP diluted earnings per share ⁽⁴⁾ | | \$ 0.09 | \$ 0.11 | \$ 0.08 | \$ 0.26 | \$ (0.30) | | | | | | | | | |

(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 third and second fiscal quarters of 2010 and the nine months ended September 25, 2010, and Foundry segment and Intersegment Eliminations in the third fiscal quarter of 2009 and nine months ended September 26, 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 third and second fiscal quarters of 2010, the Company excluded Equity in net income (loss) of investee. For the nine months ended September 25, 2010, the Company also excluded 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 third fiscal quarter of 2009 and the nine months ended September 26, 2009, the Company excluded the Foundry segment and Intersegment Eliminations consisting of revenues, cost of sales, and profit on inventory between the Computing Solutions and the Foundry segments.

(4) The outstanding diluted share amount for the non-GAAP diluted earnings per share calculation for the third fiscal quarter of 2010, the second fiscal quarter of 2010, and the nine month period ended September 25, 2010 are 731 million shares, 733 million shares, and 732 million shares, respectively. These share amounts exclude the 24 million shares issuable upon conversion of the Company's 5.75% convertible notes because the inclusion of these shares would be anti-dilutive.

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

| | Sept. 25, 2010 | June 26, 2010 | Dec. 26, 2009* |
|--|-------------------|------------------|-------------------|
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents and marketable securities | \$ 1,726 | \$ 1,896 | \$ 2,676 |
| Accounts receivable, net | 765 | 725 | 745 |
| Inventories, net | 622 | 581 | 567 |
| Deferred income taxes | - | - | 9 |
| Prepaid expenses and other current assets | 99 | 111 | 278 |
| Total current assets | 3,212 | 3,313 | 4,275 |
| Property, plant and equipment, net | 723 | 755 | 3,809 |
| Investment in GLOBALFOUNDRIES | - | 148 | - |
| Acquisition related intangible assets, net | 48 | 64 | 98 |
| Goodwill | 323 | 323 | 323 |
| Other assets | 289 | 352 | 573 |
| Total Assets | \$ 4,595 | \$ 4,955 | \$ 9,078 |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 464 | \$ 409 | \$ 647 |
| Accounts payable to GLOBALFOUNDRIES | 216 | 213 | - |
| Accrued liabilities | 601 | 663 | 795 |
| Deferred income on shipments to distributors | 151 | 148 | 138 |
| Other short-term obligations | 209 | 159 | 171 |
| Current portion of long-term debt and capital lease obligations | 3 | 3 | 308 |
| Other current liabilities | 21 | 35 | 151 |
| Total current liabilities | 1,665 | 1,630 | 2,210 |
| Deferred income taxes | - | 1 | 197 |
| Long-term debt and capital lease obligations, less current portion | 2,185 | 2,418 | 4,252 |
| Other long-term liabilities | 102 | 154 | 695 |
| Noncontrolling interest | - | - | 1,076 |
| Accumulated loss in excess of investment in GLOBALFOUNDRIES | 29 | - | - |
| Stockholders' equity: | | | |
| Capital stock: | | | |
| Common stock, par value | 7 | 7 | 7 |
| Capital in excess of par value | 6,540 | 6,562 | 6,524 |
| Treasury stock, at cost | (102) | (99) | (98) |
| Retained earnings (deficit) | (5,843) | (5,725) | (5,939) |
| Accumulated other comprehensive income | 12 | 7 | 154 |
| Total stockholders' equity | 614 | 752 | 648 |
| Total Liabilities and Stockholders' Equity | \$ 4,595 | \$ 4,955 | \$ 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)

| | Quarter Ended | Nine Months Ended |
|--|-------------------|-------------------|
| | Sept. 25, 2010 | Sept. 25, 2010 |
| Cash flows from operating activities: | | |
| Net income (loss) | \$ (118) | \$ 96 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating | | |
| Equity in net income (loss) of investee | 186 | 489 |
| Gain on deconsolidation of GLOBALFOUNDRIES | - | (325) |
| Depreciation and amortization | 95 | 294 |
| Compensation recognized under employee stock plans | 22 | 65 |
| Non-cash interest expense | 8 | 25 |
| Loss on debt redemption | 24 | 24 |
| Provision (benefit) for deferred income taxes | 9 | (2) |
| Amortization of foreign grant | (5) | (9) |
| Net (gain) on sale of marketable securities | - | (8) |
| Other | - | (2) |
| Changes in operating assets and liabilities (excludes the effects of deconsolidation): | | |
| Accounts receivable | (285) | (673) |
| Inventories | (41) | (134) |
| Prepaid expenses and other current assets | (5) | 14 |
| Other assets | (1) | 13 |
| Accounts payable to GLOBALFOUNDRIES | 3 | 66 |
| Income taxes payable | (2) | 3 |
| Accounts payable, accrued liabilities and other | (14) | (135) |
| Net cash provided by (used in) operating activities | (124) | (199) |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (31) | (110) |
| Purchases of available-for-sale securities | (647) | (1,315) |
| 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 | 315 | 1,224 |
| Proceeds from sale of trading securities | 36 | 61 |
| Other | 6 | 23 |
| Net cash provided by (used in) investing activities | (321) | (1,020) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings, net of issuance cost | 800 | 1,223 |
| Net proceeds from foreign grants | - | 11 |
| Proceeds from issuance of AMD common stock | 2 | 9 |
| Repayments of debt and capital lease obligations | (818) | (1,058) |
| Other | (3) | (3) |
| Net cash provided by (used in) financing activities | (19) | 182 |
| Net increase (decrease) in cash and cash equivalents | (464) | (1,037) |
| Cash and cash equivalents at beginning of period | 1,084 | 1,657 |
| Cash and cash equivalents at end of period | \$ 620 | \$ 620 |

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

| <u>Segment and Category Information</u> | Quarter Ended | | | Nine Months Ended | |
|---|-------------------|------------------|-------------------|-------------------|-------------------|
| | Sept. 25, 2010 | June 26, 2010 | Sept. 26, 2009 | Sept. 25, 2010 | Sept. 26, 2009 |
| Computing Solutions (1) | | | | | |
| Net revenue | \$ 1,226 | \$ 1,212 | \$ 1,082 | \$ 3,598 | \$ 2,950 |
| Operating income (loss) | 164 | 128 | 82 | 438 | (19) |
| Graphics (2) | | | | | |
| Net revenue | 390 | 440 | 293 | 1,239 | 746 |
| Operating income (loss) | 1 | 33 | 2 | 81 | (15) |
| All Other (3) | | | | | |
| Net revenue | 2 | 1 | 21 | 8 | 61 |
| Operating income (loss) | (37) | (36) | (49) | (84) | (214) |
| Subtotal (excludes Foundry segment and Intersegment Eliminations) | | | | | |
| Net revenue | 1,618 | 1,653 | 1,396 | 4,845 | 3,757 |
| Operating income (loss) | 128 | 125 | 35 | 435 | (248) |
| Foundry (4) | | | | | |
| Net revenue | - | - | 256 | - | 792 |
| Operating income (loss) | - | - | (101) | - | (334) |
| Intersegment Eliminations (5) | | | | | |
| Net revenue | - | - | (256) | - | (792) |
| Operating income (loss) | - | - | (11) | - | (42) |
| Total AMD | | | | | |
| Net revenue | \$ 1,618 | \$ 1,653 | \$ 1,396 | \$ 4,845 | \$ 3,757 |
| Operating income (loss) | \$ 128 | \$ 125 | \$ (77) | \$ 435 | \$ (624) |
| Other Data | | | | | |
| Depreciation and amortization (excluding amortization of acquired intangible assets) | \$ 79 | \$ 83 | \$ 265 | \$ 244 | \$ 792 |
| Capital additions | \$ 31 | \$ 31 | \$ 97 | \$ 110 | \$ 293 |
| Headcount (excludes Foundry segment) | 11,021 | 10,649 | 10,412 | 11,021 | 10,412 |
| AMD non-GAAP comparison* | | | | | |
| Depreciation and amortization (excluding amortization of acquired intangible assets) | \$ 79 | \$ 83 | \$ 96 | \$ 244 | \$ 303 |
| Capital additions | \$ 31 | \$ 31 | \$ 19 | \$ 110 | \$ 51 |
| Adjusted EBITDA (6) | \$ 245 | \$ 244 | \$ 169 | \$ 790 | \$ 245 |
| Cash, cash equivalents and marketable securities (7) | \$ 1,726 | \$ 1,896 | \$ 1,536 | \$ 1,726 | \$ 1,536 |
| Adjusted free cash flow (8) | \$ 91 | \$ 76 | N/A | \$ 344 | N/A |
| Total assets (7) | \$ 4,595 | \$ 4,955 | \$ 4,376 | \$ 4,595 | \$ 4,376 |
| Long-term debt and capital lease obligations(7) | \$ 2,188 | \$ 2,421 | \$ 3,541 | \$ 2,188 | \$ 3,541 |

* 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 and related revenue 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 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, amortization of acquired intangible assets, restructuring charges (reversals) 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 fiscal quarter and nine months ended September 26, 2009, Intersegment Eliminations of revenue was \$256 million and \$792 million, respectively. For the fiscal quarter and nine months ended September 26, 2009, Intersegment Eliminations of cost of sales and profits on inventory was \$245 million and \$750 million, respectively.

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

| | Quarter Ended | | | Nine Months Ended | |
|--|---------------|---------------|---------------|-------------------|---------------|
| | Q310 | Q210 | Q309 | Q310 | Q309 |
| GAAP operating income (loss) | \$ 128 | \$ 125 | \$ (77) | \$ 435 | \$ (624) |
| Foundry segment and Intersegment Eliminations operating loss | - | - | 112 | - | 376 |
| Depreciation and amortization | 79 | 83 | 96 | 244 | 303 |
| Employee stock-based compensation expense | 22 | 23 | 17 | 65 | 52 |
| Amortization of acquired intangible assets | 16 | 17 | 17 | 50 | 52 |
| Restructuring charges (reversals) | - | (4) | 4 | (4) | 65 |
| GF formation costs | - | - | - | - | 21 |
| Adjusted EBITDA | \$ 245 | \$ 244 | \$ 169 | \$ 790 | \$ 245 |

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

| | Quarter Ended | | |
|---|--|-----------------|--|
| | Q309 | | |
| | Cash, cash equivalents and marketable securities | Total Assets | Long-term debt and capital lease obligations** |
| AMD GAAP | \$ 2,511 | \$ 8,747 | \$ 5,570 |
| Foundry segment and Intersegment Eliminations | (975) | (4,371) | (2,029) |
| AMD Non-GAAP | \$ 1,536 | \$ 4,376 | \$ 3,541 |

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

| | Quarter Ended | |
|--|---------------|--------------|
| | Q310 | Q210 |
| GAAP net cash provided by (used in) operating activities | \$ (124) | \$ (98) |
| Non-GAAP adjustment | 246 | 205 |
| Non-GAAP net cash provided by (used in) operating activities | 122 | 107 |
| Purchases of property, plant and equipment | (31) | (31) |
| Non-GAAP adjusted free Cash Flow | \$ 91 | \$ 76 |

*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 second quarter of 2010 and the nine months ended September 25, 2010, the Company further included an adjustment for certain restructuring reversals. For the third quarter and nine months ended September 26, 2009, the Company further included adjustments for the Foundry segment and Intersegment Eliminations operating loss and restructuring charges, and for the nine months ended September 26, 2009, the Company further included an adjustment for 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 (used in) operating activities by adding the distributors' payments to the IBM Parties to GAAP net cash provided by (used in) 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.