

NEWS RELEASE

Media Contact
Drew Prairie
512-602-4425
drew.prairie@amd.com

Investor Contact
Ruth Cotter
408-749-3887
ruth.cotter@amd.com

AMD Reports Fourth Quarter and Annual Results

Fourth Quarter 2010 Results

- AMD revenue \$1.65 billion, 2 percent sequential increase and flat year-over-year
- Net income \$375 million, EPS \$0.50, operating income \$413 million
- Non-GAAP^(1,2) net income \$106 million, EPS \$0.14, operating income \$141 million
- Gross margin 45 percent

2010 Annual Results

- AMD revenue \$6.49 billion, an increase of 20 percent year-over-year
- Net income \$471 million, EPS \$0.64, operating income \$848 million
- Non-GAAP^(1,2) net income \$360 million, EPS \$0.49, operating income \$553 million
- GAAP annual gross margin 46 percent, non-GAAP annual gross margin 45 percent

SUNNYVALE, Calif. – Jan. 20, 2011 – [AMD](#) (NYSE:AMD) today announced revenue for the fourth quarter of 2010 of \$1.65 billion, net income of \$375 million, or \$0.50 per share, and operating income of \$413 million. The company reported non-GAAP net income of \$106 million, or \$0.14 per share, and non-GAAP operating income of \$141 million. The non-GAAP net income and non-GAAP operating income primarily excluded a net of tax gain of \$236 million, and a pre-tax gain of \$283 million, respectively, that the company recognized related to a patent license and legal settlement.

For the year ended December 25, 2010, AMD reported revenue of \$6.49 billion, net income of \$471 million, or \$0.64 per share, and operating income of \$848 million. Full year non-GAAP net income was \$360 million, or \$0.49 per share, and operating income was \$553 million.

“AMD enters 2011 with significant momentum, amplified by the successful launch of our first Fusion APUs,” said Thomas Seifert, CFO and Interim CEO. “I am confident we can drive profitable growth based on the strength of new products we will bring to market. Our customers recognize that Fusion APUs are at the core of delivering the world’s most vivid digital experiences.”

GAAP Financial Results

	Q4-10	Q3-10	Q4-09	2010	2009
Revenue	\$1.65B	\$1.62B	\$1.65B	\$6.49B	\$5.40B
Operating income (loss)	\$413M	\$128M	\$1.29B	\$848M	\$664M
Net income (loss) attributable to AMD common stockholders /earnings (loss) per share	\$375M/\$0.50	\$(118M)/\$(0.17)	\$1.18B/\$1.52	\$471M/\$0.64	\$304M/\$0.45

Non-GAAP Financial Results^{1,3}

	Q4-10	Q3-10	Q4-09	2010	2009
Revenue	\$1.65B	\$1.62B	\$1.65B	\$6.49B	\$5.40B
Operating income (loss)	\$141M	\$144M	\$169M	\$553M	\$(112)M
Net income (loss) / Earnings (loss) per share	\$106M/\$0.14	\$108M/\$0.15	\$80M/\$0.11	\$360M/\$0.49	\$(351)M/\$(0.52)

Quarterly Summary

- Gross margin was 45 percent, down one percentage point sequentially primarily due to lower microprocessor average selling price (ASP).
- Cash, cash equivalents and marketable securities balance at the end of the quarter was \$1.79 billion.
- Computing Solutions segment revenue was flat both sequentially and year-over-year.
 - Operating income was \$91 million, compared with \$164 million in Q3-10 and \$161 million in Q4-09.
 - Microprocessor ASP decreased sequentially and was flat year-over-year. The sequential decrease was due to lower notebook and server ASPs.
 - AMD kicked off the next era of vivid computing with the launch of the industry's first Accelerated Processing Units (APUs) aimed at providing better experiences on the types of visual and data-intensive applications that are becoming increasingly popular. Our first AMD Fusion APUs combine a low-power x86 microprocessor with DirectX®11 capable graphics to deliver optimized mobile experiences.
 - Acer, Asus, Dell, HP, Lenovo, MSI, Samsung, Sony and Toshiba plan to deliver affordable thin and light mobile PCs based on the new APUs that offer full 1080P HD experiences and long battery life.
 - Key software partners [announced](#) support for AMD Fusion APUs, including Adobe, ArcSoft, Corel, DivX and Microsoft.
 - Notebooks powered by AMD's new APU received nine prestigious innovation awards, including best innovation and [editors' choice awards](#).
 - AMD [introduced](#) its fastest six- and dual-core processors with the AMD Phenom™ II X6 1100T and the AMD Phenom™ II X2 565 Black Edition processors.
 - AMD continues to be adopted in the world's highest performance computers. [AMD technology](#) powers more top 50 supercomputers than any other processor vendor in the latest Top500 Supercomputing list.

- o Graphics segment revenue increased nine percent sequentially and was flat year-over-year. The sequential increase was driven by increased discrete graphics processor unit ASP and a seasonally strong increase in game console revenue.
 - o Operating income was \$68 million, compared with \$1 million in Q3-10 and \$50 million in Q4-09.
 - o AMD [introduced](#) its second generation of DirectX 11-capable graphics cards to widespread acclaim and market reception, receiving more than 120 awards. The unprecedented game performance, energy efficiency and unrivaled feature set drove 50 awards for the AMD Radeon™ HD 6900 series graphics alone. [Popular Science](#) magazine recognized the ATI Radeon HD 5870 Eyefinity 6 graphics card with the magazine's coveted 'Best of What's New 2010' award.

Current Outlook

AMD's outlook statement is based on current expectations. The following statement is forward looking, and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement" below.

AMD expects first quarter of 2011 revenue to be flat to slightly down sequentially.

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 fourth quarter and annual 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) Attributable to AMD Common stockholders to Non-GAAP Net Income (Loss) ^{1,3}

(Millions except per share amounts)	Q4-10		Q3-10		Q4-09		2010		2009	
GAAP net income (loss) attributable to AMD common stockholders / Earnings (loss) per share	\$ 375	\$ 0.50	\$ (118)	\$ (0.17)	\$ 1,178	\$ 1.52	\$ 471	\$ 0.64	\$ 304	\$ 0.45
Net impact of GF/Foundry segment related items*	27	0.05	(186)	(0.25)	(138)	(0.17)	(68)	(0.09)	(823)	(1.21)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	-	-	-	-	-	-	-	-	114	0.17
Net (income) loss attributable to noncontrolling interest	-	-	-	-	23	0.03	-	-	83	0.12
Class B preferred accretion	-	-	-	-	(22)	(0.03)	-	-	(72)	(0.11)
Non-GAAP net income (loss) excluding GF/Foundry segment related items	348	0.47	68	0.09	1,315	1.69	539	0.73	1,002	1.45
Amortization of acquired intangible assets	(11)	(0.01)	(16)	(0.02)	(18)	(0.02)	(61)	(0.08)	(70)	(0.10)
Legal settlements	283	0.39	-	-	1,267	1.60	283	0.39	1,267	1.87
Income tax related to legal settlement	(47)	(0.06)	-	-	-	-	(47)	(0.06)	-	-
Gain on investment sale	17	0.02	-	-	-	-	24	0.03	-	-
Gain (loss) on debt redemption	-	-	(24)	(0.03)	(11)	(0.01)	(24)	(0.03)	169	0.25
Loss from discontinued operations	-	-	-	-	(3)	-	-	-	(3)	-
Gross margin benefit from sales of inventory written down in Q4-08	-	-	-	-	-	-	-	-	171	0.25
Restructuring (charges) reversals	-	-	-	-	-	-	4	0.01	(65)	(0.10)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	-	-	-	-	-	-	-	-	(21)	(0.03)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	-	-	-	-	-	-	-	-	(114)	(0.17)
Investment net charges	-	-	-	-	-	-	-	-	(9)	(0.01)
Gain on sale of Handheld assets	-	-	-	-	-	-	-	-	28	0.04
Non-GAAP net income (loss) / Earnings (loss) per share	\$ 106	\$ 0.14	\$ 108	\$ 0.15	\$ 80	\$ 0.11	\$ 360	\$ 0.49	\$ (351)	\$ (0.52)

* Q4-10 and Q3-10 consist of equity net income (loss) related to GLOBALFOUNDRIES. 2010 consists of \$69 million gross margin benefit related to the deconsolidation of GLOBALFOUNDRIES in Q1-10, a \$325 million gain on the fair value assessment of our investment in GLOBALFOUNDRIES in Q1-10, and \$462 million equity net income (loss) related to GLOBALFOUNDRIES. Q4-09 and 2009 consists of the Foundry segment and Intersegment Eliminations loss.

Reconciliation of GAAP to Non-GAAP Operating Income (Loss) ^{1,3}

(Millions)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP operating income (loss)	\$ 413	\$ 128	\$ 1,288	\$ 848	\$ 664
Gross margin benefit from sales of inventory written down in Q4-08	-	-	-	-	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	-	-	-	69	-
Amortization of acquired intangible assets	(11)	(16)	(18)	(61)	(70)
Legal settlement	283	-	1,242	283	1,242
Restructuring (charges) reversals	-	-	-	4	(65)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	-	-	-	-	(21)
Operating income (loss) from Foundry segment and Intersegment Eliminations	-	-	(105)	-	(481)
Non-GAAP operating income (loss)	\$ 141	\$ 144	\$ 169	\$ 553	\$ (112)

Reconciliation of GAAP to Non-GAAP Gross Margin ^{1,3}

(Millions, except percentages)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP Gross Margin	\$ 743	\$ 739	\$ 735	\$ 2,961	\$ 2,272
GAAP Gross Margin %	45%	46%	45%	46%	42%
Gross margin benefit from sales of inventory written down in Q4-08	-	-	-	-	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	-	-	-	69	-
Gross margin from Foundry segment and Intersegment Eliminations	-	-	56	-	159
Non-GAAP Gross Margin	\$ 743	\$ 739	\$ 679	\$ 2,892	\$ 1,942
Non-GAAP Gross Margin %	45%	46%	41%	45%	36%

About AMD

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its ground-breaking AMD Fusion Accelerated Processing Units (APUs). AMD's graphics and computing technologies power a variety of devices including PCs, game consoles and the powerful computers that drive the Internet and businesses. For more information, visit <http://www.amd.com>.

Cautionary Statement

This release contains forward-looking statements concerning AMD, its first quarter 2011 revenue and its 2011 goals, including profitable growth and the timing of the launch and ramp of new products and technologies and the features of these products as well as the timing of the launch of our customers' products that are based on our products, and demand for the Company's products, 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 "would," "may," "expects," "believes," "plans," "intends," "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 targeting the company's business will prevent attainment of the company's current plans; the company will be unable to develop, launch and ramp new products and technologies in the volumes and mix required by the market and at mature yields on a timely basis; the company will be unable to transition its products to advanced manufacturing process technologies in a timely and effective way; global business and economic conditions will not continue to improve or will worsen resulting in lower than currently expected revenue in the first quarter of 2011 and beyond; demand for computers and consumer electronics products and, in

turn, demand for the company's products will be lower than currently expected; customers stop buying the company's products or materially reduce their demand for its products; the company will require additional funding and may not be able to raise funds on favorable terms or at all; there will be unexpected variations in market growth and demand for the company's products and technologies in light of the product mix that it may have available at any particular time or a decline in demand; the company will be unable to maintain the level of investment in research and development that is required to remain competitive; manufacturing or other costs may exceed the company's expectations; and the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will under-utilize its commitment with respect to GLOBALFOUNDRIES' microprocessor manufacturing facilities. 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 September 25, 2010.

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¹ In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures, including for non-GAAP net income (loss) excluding GF/Foundry segment related items, non-GAAP net income (loss), non-GAAP operating income (loss), 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.

² Starting in the first quarter of 2010 through December 25, 2010, the Company accounted for its investment in GLOBALFOUNDRIES (GF) under the equity method of accounting.

³ Refer to corresponding tables at the end of this press release for additional AMD data.