

# NEWS RELEASE

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## AMD Reports First Quarter Results

- AMD revenue \$1.61 billion, 2 percent sequential decrease and 2 percent increase year-over-year
- Net income \$510 million, earnings per share \$0.68, operating income \$54 million
- Non-GAAP<sup>1,2</sup> net income \$56 million, earnings per share \$0.08, operating income \$92 million
- Gross margin 43 percent, non-GAAP gross margin 45 percent

**SUNNYVALE, Calif. – Apr. 21, 2011 –** [AMD](#) (NYSE:AMD) today announced revenue for the first quarter of 2011 of \$1.61 billion, net income of \$510 million, or \$0.68 per share, and operating income of \$54 million. The company reported non-GAAP net income of \$56 million, or \$0.08 per share, and non-GAAP operating income of \$92 million.

“First quarter operating results were highlighted by strong demand for our first generation of AMD Fusion Accelerated Processing Units (APUs),” said Thomas Seifert, CFO and interim CEO. “APU unit shipments greatly exceeded our expectations, and we are excited to build on that momentum now that we are shipping our ‘Llano’ APU.”

### GAAP Financial Results

|                                 | Q1-11         | Q4-10         | Q1-10         |
|---------------------------------|---------------|---------------|---------------|
| Revenue                         | \$1.61B       | \$1.65B       | \$1.57B       |
| Operating income                | \$54M         | \$413M        | \$182M        |
| Net income / Earnings per share | \$510M/\$0.68 | \$375M/\$0.50 | \$257M/\$0.35 |

### Non-GAAP Financial Results<sup>1</sup>

|                                 | Q1-11        | Q4-10         | Q1-10        |
|---------------------------------|--------------|---------------|--------------|
| Revenue                         | \$1.61B      | \$1.65B       | \$1.57B      |
| Operating income                | \$92M        | \$141M        | \$130M       |
| Net income / Earnings per share | \$56M/\$0.08 | \$106M/\$0.14 | \$63M/\$0.09 |

## Quarterly Summary

- Gross margin was 43 percent.
  - Non-GAAP gross margin was 45 percent, flat sequentially.
- Cash, cash equivalents and marketable securities balance at the end of the quarter was \$1.75 billion.
- Computing Solutions segment revenue decreased 2 percent sequentially and increased 3 percent year-over-year. The sequential decrease was driven primarily by lower average selling price (ASP) partially offset by higher desktop microprocessor sales. The year-over-year increase was primarily driven by strong microprocessor unit sales in the channel.
  - Operating income was \$100 million, compared with \$91 million in Q410 and \$146 million in Q110.
  - Microprocessor ASP decreased sequentially and year-over-year.
  - AMD commenced revenue shipments of AMD's first Fusion APU for mainstream notebooks (codenamed "Llano") that combines discrete-class graphics capabilities, personal supercomputing performance and AMD AllDay™ power.
  - Acer, Asus, Dell, Fujitsu, HP, Lenovo, MSI, Sony and Toshiba shipped sleek new thin-and-light notebooks based on AMD's low-power APUs capable of delivering high definition visual experiences and extended battery life.
  - More than 50 applications from software companies including Adobe, ArcSoft, Corel, CyberLink and Microsoft take advantage of the [incredible compute power found in AMD's APUs and GPUs](#) to dramatically improve application performance and power efficiency.
  - AMD launched the world's first APU specifically designed for embedded systems with a record number of embedded partners for the company. [Fujitsu, Kontron, Quixant and Congatec](#) announced APU-based solutions for graphics-intensive markets like digital signage, Internet-ready set top boxes, casino gaming machines and point-of-sale kiosks. Acer, Cray, Dell, HP, SGI and other server manufacturers launched new or updated systems based on five newly introduced [AMD Opteron™ 6100 series processors](#).
  - In the high performance computing market (HPC), AMD Opteron-based solutions continue to gain traction based on their greater scalability. New customer wins include [Lockheed Martin's cluster for the US Department of Defense](#) and the [University of Sao Paulo's](#) cluster to enable advanced scientific astronomical research.
  - AMD expanded its enthusiast desktop offerings with the introduction of its fastest four-core processor, the AMD Phenom™ II X4 975 Black Edition.
- Graphics segment revenue decreased 3 percent sequentially and was flat year-over-year. The sequential decrease was driven primarily by a seasonal decline in royalties received in connection with the sale of game console systems.
  - Operating income was \$19 million, compared with \$68 million in Q410 and \$47 million in Q110.
  - GPU ASP decreased sequentially and year-over-year.
  - AMD maintained its graphics performance leadership position with the launch of the world's fastest graphics card, the [AMD Radeon™ HD 6990](#).
  - Apple refreshed its Macbook Pro line-up with the new AMD Radeon HD 6490M and HD 6750M graphics chips. AMD now provides discrete graphics solutions across Apple's iMac and Macbook Pro product lines.
  - Strong industry adoption of AMD's mobile graphics continued, as HP and Dell launched new designs powered by the new [AMD Radeon™ HD6000M](#) family of graphics processors.

## Current Outlook

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

AMD expects revenue to be flat to slightly down sequentially for the second quarter of 2011.

For additional detail regarding AMD's results and outlook please see the CFO commentary posted at [quarterlyearnings.amd.com](http://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 first quarter 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 to Non-GAAP Net Income <sup>1,3</sup>

| (Millions except per share amounts)                                | Q1-11         |                | Q4-10         |                | Q1-10         |                |
|--|---------------|----------------|---------------|----------------|---------------|----------------|
| <b>GAAP net income / Earnings per share</b>                        | <b>\$ 510</b> | <b>\$ 0.68</b> | <b>\$ 375</b> | <b>\$ 0.50</b> | <b>\$ 257</b> | <b>\$ 0.35</b> |
| Gross margin benefit due to deconsolidation of GLOBALFOUNDRIES     | -             | -              | -             | -              | 69            | 0.09           |
| Gain on the fair value assessment of investment in GLOBALFOUNDRIES | -             | -              | -             | -              | 325           | 0.45           |
| Equity income (loss) and dilution gain in investee, net            | 492           | 0.66           | 27            | 0.05           | (183)         | (0.25)         |
| Payment to GLOBALFOUNDRIES   | (24)          | (0.03)         | -             | -              | -             | -              |
| <b>Non-GAAP net income excluding GLOBALFOUNDRIES related items</b> | <b>42</b>     | <b>0.06</b>    | <b>348</b>    | <b>0.47</b>    | <b>46</b>     | <b>0.06</b>    |
| Amortization of acquired intangible assets                         | (9)           | (0.01)         | (11)          | (0.01)         | (17)          | (0.02)         |
| Legal settlements  | (5)           | (0.01)         | 283           | 0.39           | -             | -              |
| Income tax related to legal settlements                            | -             | -              | (47)          | (0.06)         | -             | -              |
| Gain on investment sale  | -             | -              | 17            | 0.02           | -             | -              |
| <b>Non-GAAP net income / Earnings per share</b>                    | <b>\$ 56</b>  | <b>\$ 0.08</b> | <b>\$ 106</b> | <b>\$ 0.14</b> | <b>\$ 63</b>  | <b>\$ 0.09</b> |

## Reconciliation of GAAP to Non-GAAP Operating Income <sup>1,3</sup>

| (Millions)   | Q1-11        | Q4-10         | Q1-10         |
|--|--------------|---------------|---------------|
| <b>GAAP operating income</b>                                   | <b>\$ 54</b> | <b>\$ 413</b> | <b>\$ 182</b> |
| Payment to GLOBALFOUNDRIES                                     | (24)         | -             | -             |
| Gross margin benefit due to deconsolidation of GLOBALFOUNDRIES | -            | -             | 69            |
| Amortization of acquired intangible assets                     | (9)          | (11)          | (17)          |
| Legal settlements  | (5)          | 283           | -             |
| <b>Non-GAAP operating income</b>                               | <b>\$ 92</b> | <b>\$ 141</b> | <b>\$ 130</b> |

## Reconciliation of GAAP to Non-GAAP Gross Margin <sup>1,3</sup>

| (Millions except percentages)                                  | Q1-11         | Q4-10         | Q1-10         |
|--|---------------|---------------|---------------|
| <b>GAAP Gross Margin</b>                                       | <b>\$ 691</b> | <b>\$ 743</b> | <b>\$ 741</b> |
| <b>GAAP Gross Margin %</b>                                     | <b>43%</b>    | <b>45%</b>    | <b>47%</b>    |
| Gross margin benefit due to deconsolidation of GLOBALFOUNDRIES | -             | -             | 69            |
| Legal settlements  | (5)           | -             | -             |
| Payment to GLOBALFOUNDRIES                                     | (24)          | -             | -             |
| <b>Non-GAAP Gross Margin</b>                                   | <b>\$ 720</b> | <b>\$ 743</b> | <b>\$ 672</b> |
| <b>Non-GAAP Gross Margin %</b>                                 | <b>45%</b>    | <b>45%</b>    | <b>43%</b>    |

## About AMD

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its groundbreaking AMD Fusion Accelerated Processing Units (APUs) that power a wide range of computing devices. AMD's server computing products are focused on driving industry-leading cloud computing and virtualization environments. AMD's superior graphics technologies are found in a variety of solutions ranging from game consoles, PCs to supercomputers. For more information, visit <http://www.amd.com>.

## Cautionary Statement

This release contains forward-looking statements concerning AMD, its second quarter 2011 revenue 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; GLOBALFOUNDRIES will be unable to manufacture the company's products on a timely basis in sufficient quantities and using competitive technologies; 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; the recent earthquake and tsunami in Japan may have significant impacts on the company's supply chain or its customers; 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 demand; 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; and the company will be unable to maintain the level of investment in research and development that is required to remain competitive. 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 Annual Report on Form 10-K for the year ended December 25, 2010.

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<sup>1</sup> In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures, including for non-GAAP net income excluding GLOBALFOUNDRIES related items, non-GAAP net income, non-GAAP operating income, 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.

<sup>2</sup>For the year 2010, the Company accounted for its investment in GLOBALFOUNDRIES under the equity method of accounting. Starting in the first quarter of 2011, the Company started accounting for its investment in GLOBALFOUNDRIES under the cost method of accounting.

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