

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

| | Quarter Ended | | | Nine Months Ended | |
|---|----------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Sept. 27, 2008 (Unaudited) | June 28, 2008 (Unaudited) | Sept. 29, 2007 (Unaudited) | Sept. 27, 2008 (Unaudited) | Sept. 29, 2007 (Unaudited) |
| Net revenue | \$ 1,776 | \$ 1,349 | \$ 1,558 | \$ 4,581 | \$ 3,997 |
| Cost of sales | 871 | 653 | 923 | 2,376 | 2,608 |
| Gross margin | 905 | 696 | 635 | 2,205 | 1,389 |
| Gross margin % | 51% | 52% | 41% | 48% | 35% |
| Research and development | 422 | 442 | 431 | 1,319 | 1,261 |
| Marketing, general and administrative | 313 | 337 | 346 | 984 | 1,029 |
| Amortization of acquired intangible assets and integration charges | 30 | 30 | 39 | 89 | 127 |
| Restructuring charges | 9 | 30 | - | 39 | - |
| Operating income (loss) | 131 | (143) | (181) | (226) | (1,028) |
| Interest income | 7 | 10 | 19 | 32 | 54 |
| Interest expense | (87) | (95) | (95) | (277) | (272) |
| Other income (expense), net | (4) | (10) | (1) | (15) | (8) |
| Income (loss) from continuing operations before minority interest, equity in net loss of Spansion Inc. and other and income taxes | 47 | (238) | (258) | (486) | (1,254) |
| Minority interest in consolidated subsidiaries | (7) | (7) | (9) | (27) | (26) |
| Equity in net loss of Spansion Inc. and other | - | (24) | (57) | (24) | (86) |
| Income (loss) from continuing operations before income taxes | 40 | (269) | (324) | (537) | (1,366) |
| Provision (benefit) for income taxes | (1) | - | 20 | (1) | 59 |
| Income (loss) from continuing operations | \$ 41 | \$ (269) | \$ (344) | \$ (536) | \$ (1,425) |
| Income (loss) from discontinued operations, net of tax | (108) | (920) | (52) | (1,078) | (182) |
| Net income (loss) | \$ (67) | \$ (1,189) | \$ (396) | \$ (1,614) | \$ (1,607) |
| Net income (loss) per common share | | | | | |
| Basic and diluted | | | | | |
| Continuing operations | \$ 0.07 | \$ (0.44) | \$ (0.62) | \$ (0.88) | \$ (2.59) |
| Discontinued operations | \$ (0.18) | \$ (1.52) | \$ (0.09) | \$ (1.78) | \$ (0.33) |
| Basic and diluted net income (loss) per common share | \$ (0.11) | \$ (1.96) | \$ (0.71) | \$ (2.66) | \$ (2.92) |
| Shares used in per share calculation | | | | | |
| Basic and diluted | 608 | 607 | 554 | 607 | 551 |

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

| | Sept. 27, 2008 (Unaudited) | Dec. 29, 2007* |
|--|----------------------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash, cash equivalents and marketable securities | \$ 1,341 | \$ 1,889 |
| Accounts receivable, net | 620 | 603 |
| Inventories | 844 | 802 |
| Prepaid expenses and other current assets | 240 | 396 |
| Deferred income taxes | 20 | 64 |
| Assets of discontinued operations | 283 | 1,304 |
| Total current assets | 3,348 | 5,058 |
| Property, plant and equipment, net | 4,440 | 4,711 |
| Goodwill | 945 | 950 |
| Acquisition related intangible assets, net | 224 | 311 |
| Other assets | 535 | 520 |
| Total Assets | \$ 9,492 | \$ 11,550 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 737 | \$ 992 |
| Accrued compensation and benefits | 143 | 183 |
| Accrued liabilities | 850 | 815 |
| Deferred income on shipments to distributors | 65 | 101 |
| Current portion of long-term debt and capital lease obligations | 266 | 238 |
| Other short-term obligations | 94 | - |
| Other current liabilities | 226 | 270 |
| Liabilities of discontinued operations | 11 | 26 |
| Total current liabilities | 2,392 | 2,625 |
| Deferred income taxes | 4 | 6 |
| Long-term debt and capital lease obligations, less current portion | 4,874 | 5,031 |
| Other long-term liabilities | 657 | 633 |
| Minority interest in consolidated subsidiaries | 175 | 265 |
| Stockholders' equity: | | |
| Capital stock: | | |
| Common stock, par value | 6 | 6 |
| Capital in excess of par value | 5,981 | 5,921 |
| Retained earnings (deficit) | (4,714) | (3,100) |
| Accumulated other comprehensive income | 117 | 163 |
| Total stockholders' equity | 1,390 | 2,990 |
| Total Liabilities and Stockholders' Equity | \$ 9,492 | \$ 11,550 |

* Amounts for the year ended December 29, 2007 were derived from the December 29, 2007 audited financial statements, adjusted for discontinued operations.

ADVANCED MICRO DEVICES, INC.
SELECTED CORPORATE DATA (1)
(Unaudited)
(Millions except headcount and percentages)

| Segment Information from Continuing Operations | Quarter Ended | | | Nine Months Ended | |
|---|----------------|---------------|----------------|-------------------|----------------|
| | Sept. 27, 2008 | June 28, 2008 | Sept. 29, 2007 | Sept. 27, 2008 | Sept. 29, 2007 |
| Computing Solutions (2) | | | | | |
| Net revenue | \$ 1,391 | \$ 1,101 | \$ 1,283 | \$ 3,687 | \$ 3,299 |
| Operating income (loss) | \$ 143 | \$ (9) | \$ (122) | \$ (29) | \$ (722) |
| Graphics (3) | | | | | |
| Net revenue | 385 | 248 | 275 | 894 | 698 |
| Operating income (loss) | 47 | (38) | 11 | 22 | (55) |
| All Other (4) | | | | | |
| Net revenue | - | - | - | - | - |
| Operating income (loss) | (59) | (96) | (70) | (219) | (251) |
| Total from Continuing Operations | | | | | |
| Net revenue | \$ 1,776 | \$ 1,349 | \$ 1,558 | \$ 4,581 | \$ 3,997 |
| Operating income (loss) | \$ 131 | \$ (143) | \$ (181) | \$ (226) | \$ (1,028) |
| Revenue Reconciliation | | | | | |
| Revenue from continuing operations | \$ 1,776 | \$ 1,349 | \$ 1,558 | \$ 4,581 | \$ 3,997 |
| Revenue from discontinued operations | 44 | 37 | 74 | 130 | 246 |
| Total revenue | \$ 1,820 | \$ 1,386 | \$ 1,632 | \$ 4,711 | \$ 4,243 |
| Components of Discontinued Operations | | | | | |
| Operating loss | \$ (24) | \$ (42) | \$ (52) | \$ (116) | \$ (182) |
| Impairment of goodwill and acquired intangible assets | (84) | (876) | - | (960) | - |
| Restructuring charges | - | (2) | - | (2) | - |
| Total loss from discontinued operations | \$ (108) | \$ (920) | \$ (52) | \$ (1,078) | \$ (182) |
| Other Data | | | | | |
| Depreciation & amortization (excluding amortization of acquired intangible assets) | \$ 266 | \$ 263 | \$ 261 | \$ 794 | \$ 755 |
| Capital additions | \$ 83 | \$ 104 | \$ 417 | \$ 509 | \$ 1,417 |
| Adjusted EBITDA (5) | \$ 422 | \$ 119 | \$ 66 | \$ 622 | \$ (237) |
| Headcount | 15,460 | 15,653 | 16,498 | 15,460 | 16,498 |

- (1) Comparative amounts adjusted for discontinued operations except for headcount data.
(2) Computing Solutions segment includes microprocessors, chipsets and embedded processors. For the quarter ended June 28, 2008 and nine months ended September 27, 2008, the operating loss includes a \$193M gain on the sale of 200 mm equipment. For the quarter and nine months ended Sept. 27, 2008, revenue includes \$191M in technology license revenue.
(3) Graphics segment includes graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations and servers. Starting in the quarter ended June 28, 2008 this segment also includes royalties received in connection with the sale of game console systems that incorporate the Company's graphics technology. Prior periods have been recast to conform to current period presentation.
(4) All Other category includes employee stock-based compensation expense and certain operating expenses and credits that are not allocated to the operating segments. Also included in this category are the restructuring, severance and ATI acquisition-related charges. Details of the restructuring, severance and ATI acquisition-related charges and employee stock-based compensation expense are shown below.

Restructuring, severance, and ATI acquisition-related charges:

| | Quarter Ended | | | Nine Months Ended | |
|--|---------------|-------|-------|-------------------|--------|
| | Q308 | Q208 | Q307 | Q308 | Q307 |
| Restructuring charges | \$ 9 | \$ 30 | \$ - | \$ 39 | \$ - |
| Severance charges | - | - | 2 | - | 18 |
| Subtotal | \$ 9 | \$ 30 | \$ 2 | \$ 39 | \$ 18 |
| Amortization of acquired intangible assets | 29 | 30 | 34 | 88 | 102 |
| Integration charges | 1 | - | 5 | 1 | 25 |
| Total amortization of acquired intangibles and integration charges | \$ 30 | \$ 30 | \$ 39 | \$ 89 | \$ 127 |
| Cost of fair value adjustment of acquired inventory | - | - | - | - | 18 |
| ATI acquisition-related charges | \$ 30 | \$ 30 | \$ 39 | \$ 89 | \$ 145 |
| Restructuring, severance, and ATI acquisition-related charges | \$ 39 | \$ 60 | \$ 41 | \$ 128 | \$ 163 |

Employee stock-based compensation expense:

| | Quarter Ended | | | Nine Months Ended | |
|---------------------------------------|---------------|-------|-------|-------------------|-------|
| | Q308 | Q208 | Q307 | Q308 | Q307 |
| Cost of sales | \$ 2 | \$ 3 | \$ 2 | \$ 8 | \$ 7 |
| Research and development | 9 | 8 | 12 | 32 | 38 |
| Marketing, general and administrative | 7 | 6 | 11 | 15 | 36 |
| | \$ 18 | \$ 17 | \$ 25 | \$ 55 | \$ 81 |

(5) **Reconciliation of income (loss) from continuing operations to Adjusted EBITDA***

| | Quarter Ended | | | Nine Months Ended | |
|--|---------------|----------|----------|-------------------|------------|
| | Q308 | Q208 | Q307 | Q308 | Q307 |
| Income (loss) from continuing operations | \$ 41 | \$ (269) | \$ (344) | \$ (536) | \$ (1,425) |
| Depreciation and amortization | 266 | 263 | 261 | 794 | 755 |
| Amortization of acquired intangible assets | 29 | 30 | 34 | 88 | 102 |
| Interest expense | 87 | 95 | 95 | 277 | 272 |
| Provision (benefit) for income taxes | (1) | - | 20 | (1) | 59 |
| Adjusted EBITDA | \$ 422 | \$ 119 | \$ 66 | \$ 622 | \$ (237) |

* The Company defines Adjusted EBITDA as income (loss) from continuing operations adjusted for depreciation and amortization, amortization of acquired intangible assets, interest expense and taxes. The Company calculates and communicates Adjusted EBITDA because management believes it is of interest to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. 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 U.S. GAAP operating measure of net income or U.S. 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.