

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.