

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

	Quarter Ended			Year Ended	
	Dec. 27, 2008 (Unaudited)	Sept. 27, 2008 (Unaudited)	Dec. 29, 2007 (Unaudited)	Dec. 27, 2008 (Unaudited)	Dec. 29, 2007* (Unaudited)
Net revenue	\$ 1,162	\$ 1,797	\$ 1,737	\$ 5,808	\$ 5,858
Cost of sales	890	881	968	3,488	3,669
Gross margin	272	916	769	2,320	2,189
Gross margin %	23%	51%	44%	40%	37%
Research and development	465	438	455	1,848	1,771
Marketing, general and administrative	317	315	319	1,304	1,360
Amortization of acquired intangible assets and integration charges	30	30	50	137	236
Impairment of goodwill and acquired intangible assets	684	2	1,132	1,089	1,132
Restructuring charges	50	9	-	90	-
Gain on sale of 200 millimeter equipment	-	-	-	(193)	-
<b>Operating income (loss)</b>	<b>(1,274)</b>	<b>122</b>	<b>(1,187)</b>	<b>(1,955)</b>	<b>(2,310)</b>
Interest income	7	7	19	39	73
Interest expense	(89)	(87)	(95)	(366)	(367)
Other income (expense), net	37	(4)	1	22	(7)
Income (loss) from continuing operations before minority interest, equity in net loss of Spansion Inc. and other and income taxes	(1,319)	38	(1,262)	(2,260)	(2,611)
Minority interest in consolidated subsidiaries	(6)	(7)	(9)	(33)	(35)
Equity in net loss of Spansion Inc. and other	(20)	(9)	(69)	(53)	(155)
Income (loss) from continuing operations before income taxes	(1,345)	22	(1,340)	(2,346)	(2,801)
Provision (benefit) for income taxes	69	(1)	(42)	68	27
Income (loss) from continuing operations	\$ (1,414)	\$ 23	\$ (1,298)	\$ (2,414)	\$ (2,828)
Income (loss) from discontinued operations, net of tax	(10)	(150)	(474)	(684)	(551)
<b>Net income (loss)</b>	<b>\$ (1,424)</b>	<b>\$ (127)</b>	<b>\$ (1,772)</b>	<b>\$ (3,098)</b>	<b>\$ (3,379)</b>
<b>Net income (loss) per common share</b>					
Basic and diluted					
Continuing operations	\$ (2.32)	\$ 0.04	\$ (2.24)	\$ (3.98)	\$ (5.07)
Discontinued operations	\$ (0.02)	\$ (0.25)	\$ (0.82)	\$ (1.12)	\$ (0.99)
Basic and diluted net income (loss) per common share	\$ (2.34)	\$ (0.21)	\$ (3.06)	\$ (5.10)	\$ (6.06)
Shares used in per share calculation					
Basic and diluted	609	608	579	607	558

\* 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.**  
**CONSOLIDATED BALANCE SHEETS**  
(Millions)

	Dec. 27, 2008 (Unaudited)	Dec. 29, 2007*
<b>Assets</b>		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 1,096	\$ 1,889
Accounts receivable, net	320	640
Inventories	656	810
Prepaid expenses and other current assets	279	401
Deferred income taxes	28	64
Assets of discontinued operations	-	759
<b>Total current assets</b>	<b>2,379</b>	<b>4,563</b>
Property, plant and equipment, net	4,296	4,716
Goodwill	323	1,286
Acquisition related intangible assets, net	168	465
Other assets	509	520
<b>Total Assets</b>	<b>\$ 7,675</b>	<b>\$ 11,550</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
Current liabilities:		
Accounts payable	\$ 631	\$ 1,009
Accrued compensation and benefits	162	186
Accrued liabilities	785	821
Deferred income on shipments to distributors	50	101
Current portion of long-term debt and capital lease obligations	286	238
Other short-term obligations	86	-
Other current liabilities	226	270
<b>Total current liabilities</b>	<b>2,226</b>	<b>2,625</b>
Deferred income taxes	91	6
Long-term debt and capital lease obligations, less current portion	4,702	5,031
Other long-term liabilities	569	633
Minority interest in consolidated subsidiaries	169	265
Stockholders' equity (deficit):		
Capital stock:		
Common stock, par value	6	6
Capital in excess of par value	6,002	5,921
Retained earnings (deficit)	(6,198)	(3,100)
Accumulated other comprehensive income	108	163
<b>Total stockholders' equity (deficit)</b>	<b>(82)</b>	<b>2,990</b>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>\$ 7,675</b>	<b>\$ 11,550</b>

\* 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			Year Ended	
	Dec. 27, 2008	Sept. 27, 2008	Dec. 29, 2007	Dec. 27, 2008	Dec. 29, 2007
Computing Solutions (2)					
Net revenue	\$ 873	\$ 1,391	\$ 1,402	\$ 4,559	\$ 4,702
Operating income (loss)	\$ (431)	\$ 143	\$ 10	\$ (461)	\$ (712)
Graphics (3)					
Net revenue	270	385	295	1,165	992
Operating income (loss)	(10)	47	15	12	(39)
All Other (4)					
Net revenue	19	21	40	84	164
Operating income (loss)	(833)	(68)	(1,212)	(1,506)	(1,559)
<b>Total from Continuing Operations</b>					
Net revenue	<b>\$ 1,162</b>	<b>\$ 1,797</b>	<b>\$ 1,737</b>	<b>\$ 5,808</b>	<b>\$ 5,858</b>
Operating income (loss)	<b>\$ (1,274)</b>	<b>\$ 122</b>	<b>\$ (1,187)</b>	<b>\$ (1,955)</b>	<b>\$ (2,310)</b>
<b>Revenue Reconciliation</b>					
Revenue from continuing operations	\$ 1,162	\$ 1,797	\$ 1,737	\$ 5,808	\$ 5,858
Revenue from discontinued operations	8	23	33	73	155
Total revenue	\$ 1,170	\$ 1,820	\$ 1,770	\$ 5,881	\$ 6,013
<b>Components of Discontinued Operations</b>					
Operating income (loss)	\$ (10)	\$ (15)	\$ 2	\$ (74)	\$ (75)
Impairment of goodwill and acquired intangible assets	-	(135)	(476)	(609)	(476)
Restructuring charges	-	-	-	(1)	-
Total loss from discontinued operations	\$ (10)	\$ (150)	\$ (474)	\$ (684)	\$ (551)
<b>Other Data</b>					
Depreciation & amortization (excluding amortization of acquired intangible assets)	\$ 271	\$ 266	\$ 272	\$ 1,068	\$ 1,030
Capital additions	\$ 112	\$ 83	\$ 264	\$ 621	\$ 1,683
Adjusted EBITDA (5)	\$ (271)	\$ 406	\$ 206	\$ 313	\$ (64)
<b>Headcount</b>	14,652	15,460	16,420	14,652	16,420

(1) Comparative amounts adjusted for discontinued operations except for headcount data.

(2) Computing Solutions segment includes microprocessors, chipsets and embedded processors. For the year ended December 27, 2008, the operating loss includes a \$193M gain on the sale of 200 nm equipment. For the quarter ended Sept. 27, 2008 and year ended December 27, 2008, net 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 charges for the impairment of goodwill and acquired intangible assets, amortization of acquired intangible assets and integration, restructuring, severance; The Foundry Company formation costs; and the cost of fair value adjustment of acquired inventory. Details of these significant items are shown below. Starting in the quarter ended December 27, 2008, the All Other category includes the results of our Handheld business. Prior periods have been recast to conform to current period presentation.

**Significant items in All Other**

	Quarter Ended			Year Ended	
	Q408	Q308	Q407	FY08	FY07
Impairment of goodwill and acquired intangible assets	\$ 684	\$ 2	\$ 1,132	\$ 1,089	\$ 1,132
Amortization of acquired intangible assets and integration charges	30	30	50	137	236
Restructuring charges	50	9	-	90	-
The Foundry Company formation costs	23	-	-	23	-
Cost of fair value adjustment of acquired inventory	-	-	-	-	25
Severance charges	-	-	-	-	18
	<u>\$ 787</u>	<u>\$ 41</u>	<u>\$ 1,182</u>	<u>\$ 1,339</u>	<u>\$ 1,411</u>

**Employee stock-based compensation expense:**

	Quarter Ended			Year Ended	
	Q408	Q308	Q407	FY08	FY07
Cost of sales	\$ 2	\$ 2	\$ 5	\$ 10	\$ 11
Research and development	10	10	11	44	50
Marketing, general and administrative	8	7	10	23	48
	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 26</u>	<u>\$ 77</u>	<u>\$ 109</u>

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

	Quarter Ended			Year Ended	
	Q408	Q308	Q407	FY08	FY07
Income (loss) from continuing operations	\$ (1,414)	\$ 23	\$ (1,298)	\$ (2,414)	\$ (2,828)
Impairment of goodwill and acquired intangible assets	684	2	1,132	1,089	1,132
Depreciation and amortization	271	266	272	1,068	1,030
Amortization of acquired intangible assets	30	29	47	136	208
Interest expense	89	87	95	366	367
Provision (benefit) for income taxes	69	(1)	(42)	68	27
Adjusted EBITDA	<u>\$ (271)</u>	<u>\$ 406</u>	<u>\$ 206</u>	<u>\$ 313</u>	<u>\$ (64)</u>

\* The Company defines Adjusted EBITDA as income (loss) from continuing operations adjusted for impairment of goodwill and acquired intangible assets, 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 (loss) 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.