January 17, 2008

# AMD Reports Fourth Quarter and Annual Results

## -- Record microprocessor unit shipments included nearly 400,000 quad-core processors

## -- Fourth quarter non-GAAP operating loss reduced to $9 million(1)

## -- Fourth quarter gross margin improved 3 points sequentially to 44 percent

SUNNYVALE, Calif.--(BUSINESS WIRE)--

AMD (NYSE:AMD) today reported fourth quarter 2007 revenue of $1.770 billion, an 8 percent increase compared to the third quarter of 2007 and flat compared to the fourth quarter of 2006(2). In the fourth quarter of 2007, AMD reported a net loss of $1.772 billion, or $3.06 per share, and an operating loss of $1.678 billion. Fourth quarter net loss included charges of $1.675 billion, or $2.89 per share, of which $1.669 billion were operating charges. The non-cash portion of the fourth quarter charges was $1.606 billion. In the third quarter of 2007, AMD reported revenue of $1.632 billion, a net loss of $396 million, and an operating loss of $226 million. In the fourth quarter of 2006(2), AMD reported revenue of $1.773 billion, a net loss $576 million, and an operating loss of $529 million.

For the year ended December 29, 2007, AMD achieved revenue of $6.013 billion, a 6 percent increase from 2006(2). The fiscal 2007 net loss was $3.379 billion. Included in the 2007 net loss were non-cash charges of $2.007 billion. AMD reported revenue of $5.649 billion and a net loss of $166 million for fiscal 2006(2). Details of the various charges are described in the tables below.

Reconciliation of GAAP Net Loss to Non-GAAP Net Income (Loss)

| (Millions except per share amounts) | Q4-07 | | Q3-07 | | Q4-06(2) | |
|---|---|---|---|---|---|---|
| GAAP net loss/EPS, less: | $(1,772) | $(3.06) | $(396) | $(0.71) | $(576) | $(1.08) |
| ATI impairment of goodwill and acquired intangible assets | (1,608) | (2.78) | - | - | - | - |
| ATI other acquisition-related and severance charges | (61) | (0.11) | (78) | (0.14) | (551) | (1.04) |
| Tax benefit from ATI | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| acquisition-related charges | 63 | 0.11 | - | - | - | - |
| Spansion investment impairment | (69) | (0.12) | (42) | (0.08) | - | - |
| Debt-related net charges | - | - | - | - | - | - |
| Total net charges | (1,675) | (2.89) | (120) | (0.22) | (551) | (1.04) |
| Non-GAAP net income (loss)(1) | $ (97) | | $(276) | | $ (25) | |

| (Millions except per share amounts) | 2007 | | 2006(2) | |
|---|---|---|---|---|
| GAAP net loss/EPS, less: | $(3,379) | $(6.06) | $(166) | $(0.34) |
| ATI impairment of goodwill and acquired intangible assets | (1,608) | (2.88) | - | - |
| ATI other acquisition-related and severance charges | (346) | (0.62) | (557) | (1.13) |
| Tax benefit from ATI acquisition-related charges | 63 | 0.11 | - | - |
| Spansion investment impairment | (111) | (0.20) | - | - |
| Debt-related net charges | (5) | (0.01) | (10) | (0.02) |
| Total net charges | (2,007) | (3.60) | (567) | (1.15) |
| Non-GAAP net income (loss)(1) | $(1,372) | | $ 401 | |

Reconciliation of GAAP Operating Loss to Non-GAAP Operating Income (Loss)

| (Millions) | Q4-07 | Q3-07 | Q4-06(2) | 2007 | 2006(2) |
|---|---|---|---|---|---|
| GAAP operating loss, less: | $ (1,678) | $ (226) | $ (529) | $ (2,865) | $ (47) |
| ATI Impairment of goodwill and acquired intangible assets | (1,608) | - | - | (1,608) | - |
| ATI other acquisition-related and severance charges | (61) | (78) | (551) | (346) | (557) |
| Total ATI acquisition-related and severance charges | (1,669) | (78) | (551) | (1,954) | (557) |
| Non-GAAP operating | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| income (loss)(1) | $ (9) | $ (148) | $ 22 | $ (911) | $ 510 |

"We were close to break-even operationally for the quarter, reducing our fourth quarter non-GAAP operating loss to $9 million(1). We improved gross margin by three points sequentially, driven by increased shipments of new products, higher average selling prices and cost containment actions," said Robert J. Rivet, AMD's Chief Financial Officer. "We shipped a record number of microprocessor units in the quarter, including nearly four hundred thousand quad-core processors."

Fourth quarter 2007 gross margin was 44 percent, compared to 41 percent in the third quarter of 2007 and 36 percent in the fourth quarter of 2006(2).

Computing Solutions

Fourth quarter Computing Solutions segment revenue was $1.402 billion, a 9 percent sequential increase. Server, mobile and desktop processor revenue each increased quarter-over-quarter, driving an 11 percent sequential increase in microprocessor revenue. Record desktop and mobile processor unit shipments drove a 7 percent sequential increase in overall microprocessor unit shipments, resulting in record microprocessor unit shipments. Server processor unit shipments increased 22 percent sequentially, driven by a significant increase in quad-core AMD Opteron(TM) processor shipments.

Graphics

Graphics segment revenue was $259 million, a three percent sequential increase. The growth was due to demand for AMD's new ATI Radeon HD(TM) 3800 series and continued adoption of the ATI Radeon HD 2000 series of graphics processors.

Consumer Electronics

Fourth quarter Consumer Electronics segment revenue was $109 million, a 12 percent increase compared with $97 million in the third quarter of 2007. The increase was driven largely by increased game console royalties and sales of products for the handheld market.

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.

In the seasonally down first quarter, AMD expects revenue to decrease in line with seasonality.

Additional Quarterly Highlights

- The Quad-Core AMD Opteron processor was named Chip of the Year by CRN. The publication called the processor a "game changer" because of its blend of "blazing" speed and energy efficiency.

- AMD launched its new desktop platform, "Spider," empowering enthusiasts with the ultimate computing experience. Spider combines AMD Phenom(TM) quad-core processors, ATI Radeon HD 3800 series graphics processors and the AMD 7-Series chipset.

```
--  Since their introduction, ATI Radeon HD 3800 series cards have
    won more than 25 editorial awards worldwide, including
    HardOCP.com's prestigious Gold Award in the US, Clubic.com's
    'Tres Bon' award in France, and Hexus.net's 'Good Value
    Gaming' award in the UK.

--  Toshiba launched its first AMD-based business notebooks, the
    Satellite Pro A210 Series, and expanded its AMD-based consumer
    notebook offerings.

--  AMD received net investment proceeds of $608 million from a
    wholly-owned subsidiary of Mubadala Development Company, a
    strategic investment and development company headquartered in
    Abu Dhabi, the capital of the United Arab Emirates (UAE).

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 fourth quarter financial results. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its web site at www.amd.com. The webcast will be available for 10 days after the conference call.

About AMD

Advanced Micro Devices (NYSE:AMD) is a leading global provider of innovative processing solutions in the computing, graphics and consumer electronics markets. AMD is dedicated to driving open innovation, choice and industry growth by delivering superior customer-centric solutions that empower consumers and businesses worldwide. For more information, visit www.amd.com.

Cautionary Statement

This release contains a forward-looking statement concerning revenue for the first quarter of 2008 which is 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 require additional funding and may not be able to raise funds on favorable terms or at all; the company's cost containment efforts will not be effective; customers stop buying the company's products or materially reduce their operations or demand for its products; 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's competitors, customers and suppliers may take actions that will negate the anticipated benefits of the company's acquisition of ATI; demand for computers and consumer electronics products and, in turn, demand for the company's products will be lower than currently expected; global business and economic conditions will worsen, resulting in lower than currently expected revenue in the first quarter of 2008 and beyond; 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 transition to advanced manufacturing process technologies in a timely and effective way, consistent with planned capital expenditures; the company will be unable to maintain the level of investment in research and development and capacity that is required to remain competitive; and the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will under-utilize its 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 29, 2007.

AMD, the AMD Arrow logo, AMD Opteron, AMD Phenom and combinations thereof, and ATI, the ATI logo, and Radeon are trademarks of Advanced Micro Devices, Inc. Other names are for informational purposes only and used to identify companies and products and may be trademarks of their respective owners.

(1) In this press release, in addition to GAAP financial results, AMD has provided non-GAAP financial measures for operating income (loss) and net income (loss) to reflect its financial results without charges for the ATI impairment of goodwill and acquired intangible assets, ATI other acquisition-related charges, and severance charges for operating income (loss) and in addition, without the tax benefit from ATI acquisition-related charges, investment impairment charges and debt-related net charges for net income (loss). Management believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results.

(2) As a result of the acquisition of ATI, 2006 financial results only include the results of the former ATI operations from October 25 through December 31, 2006. Therefore, financial results for the fourth quarter 2007 and fiscal 2007 do not correlate directly to those for the fourth quarter 2006 and fiscal 2006, respectively.

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

| | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Dec. 29, 2007 (Unaudited) | Sept. 29, 2007 (Unaudited) | Dec. 31, 2006 (Unaudited) | Dec. 29, 2007 (Unaudited) | Dec. 31, 2006(a) |
| Net revenue | $ 1,770 | $ 1,632 | $ 1,773 | $ 6,013 | $ 5,649 |
| Cost of sales | 985 | 963 | 1,132 | 3,751 | 2,856 |
| Gross margin | 785 | 669 | 641 | 2,262 | 2,793 |
| Gross margin % | 44% | 41% | 36% | 38% | 49% |
| Research and development | 473 | 467 | 385 | 1,847 | 1,205 |
| Marketing, general and adminis- | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| trative | 321 | 352 | 296 | 1,373 | 1,140 |
| In-process research and development | - | - | 416 | - | 416 |
| Amortization of acquired intangible assets and integration charges | 61 | 76 | 73 | 299 | 79 |
| Impairment of goodwill and acquired intangible assets | 1,608 | - | - | 1,608 | - |
| Operating income (loss) | (1,678) | (226) | (529) | (2,865) | (47) |
| Interest income | 19 | 19 | 22 | 73 | 116 |
| Interest expense | (95) | (95) | (67) | (367) | (126) |
| Other income (expense), net | 1 | (1) | 2 | (7) | (13) |
| Income (loss) before minority interest, equity in net loss of Spansion Inc. and other and income taxes | (1,753) | (303) | (572) | (3,166) | (70) |
| Minority interest in consolidated subsidiaries | (9) | (9) | (8) | (35) | (28) |
| Equity in net loss of Spansion Inc. and other | (69) | (57) | (5) | (155) | (45) |
| Income (loss) before income taxes | (1,831) | (369) | (585) | (3,356) | (143) |

| | | | | | |
|---|---|---|---|---|---|
| Provision (benefit) for income taxes | (59) | 27 | (9) | 23 | 23 |
| Net income (loss) | $ (1,772) | $ (396) | $ (576) | $ (3,379) | $ (166) |
| Net income (loss) per common share | | | | | |
| Basic | $ (3.06) | $ (0.71) | $ (1.08) | $ (6.06) | $ (0.34) |
| Diluted | $ (3.06) | $ (0.71) | $ (1.08) | $ (6.06) | $ (0.34) |
| Shares used in per share calculation | | | | | |
| Basic | 579 | 554 | 531 | 558 | 492 |
| Diluted | 579 | 554 | 531 | 558 | 492 |

(a) Amounts for the year ended December 31, 2006 were derived from the December 31, 2006 audited financial statements.

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

| | Dec. 29, 2007 (Unaudited) | Sept. 29, 2007 (Unaudited) | Dec. 31, 2006(b) |
|---|---|---|---|
| Assets | | | |
| Current assets: | | | |
| Cash, cash equivalents and marketable securities | $ 1,889 | $ 1,528 | $ 1,541 |
| Accounts receivable, net | 640 | 682 | 1,140 |
| Inventories | 821 | 839 | 814 |
| Prepaid expenses and other current assets | 402 | 432 | 443 |
| Deferred income taxes | 64 | 62 | 25 |
| Total current assets | 3,816 | 3,543 | 3,963 |
| Property, plant and equipment, net | 4,720 | 4,725 | 3,987 |
| Goodwill | 1,907 | 3,165 | 3,217 |
| Investment in Spansion Inc. | - | - | 371 |
| Acquisition related intangible | | | |

| | | | |
|---|---|---|---|
| assets, net | 587 | 994 | 1,207 |
| Other assets | 520 | 507 | 402 |
| Total Assets | $ 11,550 | $ 12,934 | $ 13,147 |
| Liabilities and Stockholders' Equity | | | |
| Current liabilities: | | | |
| Accounts payable | $ 1,009 | $ 1,064 | $ 1,338 |
| Accrued compensation and benefits | 186 | 198 | 177 |
| Accrued liabilities | 821 | 858 | 769 |
| Deferred income on shipments to distributors | 101 | 106 | 169 |
| Current portion of long-term debt and capital lease obligations | 238 | 218 | 125 |
| Other current liabilities | 270 | 283 | 327 |
| Total current liabilities | 2,625 | 2,727 | 2,905 |
| Deferred income taxes | 6 | 32 | 31 |
| Long-term debt and capital lease obligations, less current portion | 5,031 | 5,117 | 3,672 |
| Other long-term liabilities | 633 | 650 | 517 |
| Minority interest in consolidated subsidiaries | 265 | 283 | 237 |
| Stockholders' equity: | | | |
| Capital stock: | | | |
| Common stock, par value | 6 | 6 | 5 |
| Capital in excess of par value | 5,921 | 5,280 | 5,316 |
| Retained earnings (deficit) | (3,100) | (1,328) | 308 |
| Accumulated other comprehensive income | 163 | 167 | 156 |
| Total stockholders' equity | 2,990 | 4,125 | 5,785 |
| Total Liabilities and Stockholders' Equity | $ 11,550 | $ 12,934 | $ 13,147 |

(b) Amounts for the year ended December 31, 2006 were derived from the December 31, 2006 audited financial statements.

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

| Segment Information | Quarter Ended Dec. 29, 2007 | Sept. 29, 2007 | Dec. 31, 2006 | Year Ended Dec. 29, 2007 | Dec. 31, 2006 |
|---|---|---|---|---|---|
| Computing Solutions (1) | | | | | |
| Net revenue | $ 1,402 | $ 1,283 | $ 1,486 | $ 4,702 | $ 5,367 |
| Operating income (loss) | $ 21 | $ (112) | $ 65 | $ (670) | $ 680 |
| Graphics (2) | | | | | |
| Net revenue | 259 | 252 | 166 | 903 | 166 |
| Operating income (loss) | (12) | (3) | (27) | (100) | (27) |
| Consumer Electronics (3) | | | | | |
| Net revenue | 109 | 97 | 120 | 408 | 120 |
| Operating income (loss) | 12 | (3) | 20 | (17) | 20 |
| All Other (4) | | | | | |
| Net revenue | - | - | 1 | - | (4) |
| Operating income (loss) | (1,699) | (108) | (587) | (2,078) | (720) |
| Total AMD | | | | | |
| Net revenue | $ 1,770 | $ 1,632 | $ 1,773 | $ 6,013 | $ 5,649 |
| Operating income (loss) | $(1,678) | $ (226) | $ (529) | $(2,865) | $ (47) |
| Other Data | | | | | |
| Depreciation & amortization (excluding amortization of acquired intangible assets) | $ 273 | $ 263 | $ 224 | $ 1,034 | $ 791 |
| Capital additions | $ 267 | $ 419 | $ 666 | $ 1,686 | $ 1,856 |
| Headcount | 16,420 | 16,498 | 16,464 | 16,420 | 16,464 |
| Adjusted EBITDA (5) | $ 203 | $ 60 | $ 169 | $ (76) | $ 1,237 |

(1) Computing Solutions segment includes what was formerly the Computation Products segment and the Embedded Products segment as well as revenue from sales of ATI chipsets.

(2) Graphics segment includes graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations and servers.

(3) Consumer Electronics segment includes products for and revenue related to mobile phones and PDAs, digital televisions and other consumer electronics and royalties received in connection with the sale of game console systems that incorporate the Company's technology.

(4) All Other category includes employee stock-based compensation expense, profit sharing expense, certain operating expenses and credits that are not allocated to the operating segments, and Personal Internet Communicator (PIC) related activities in 2006. Also included in this category are the ATI acquisition-related and severance charges. Details of the ATI acquisition-related and severance charges and employee stock-based compensation expense are shown below.

ATI acquisition-related and severance charges:

| | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Q407 | Q307 | Q406 | FY07 | FY06 |
| Amortization of acquired intangible assets | $ 58 | $ 71 | $ 47 | $ 271 | $ 47 |
| Integration charges | 3 | 5 | 26 | 28 | 32 |
| Subtotal | $ 61 | $ 76 | $ 73 | $ 299 | $ 79 |
| Impairment of goodwill and acquired intangible assets | 1,608 | - | - | 1,608 | - |
| In-process research and development | - | - | 416 | - | 416 |
| Cost of fair value adjustment of acquired inventory | - | - | 62 | 29 | 62 |
| ATI acquisition-related charges | $1,669 | $ 76 | $ 551 | $ 1,936 | $ 557 |
| Severance | - | 2 | - | 18 | - |
| Total ATI acquisition-related and severance charges | $1,669 | $ 78 | $ 551 | $ 1,954 | $ 557 |

Employee stock-based compensation expense:

| | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Q407 | Q307 | Q406 | FY07 | FY06 |
| Cost of sales | $ 3 | $ 2 | $ 2 | $ 9 | $ 8 |

| | | | | | |
|---|---|---|---|---|---|
| Research and development | 12 | 14 | 13 | 54 | 30 |
| Marketing, general and administrative | 11 | 11 | 12 | 49 | 39 |
| | $ 26 | $ 27 | $ 27 | $ 112 | $ 77 |

(5) Reconciliation of Net income (loss) to Adjusted EBITDA(c)

| | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|
| | Q407 | Q307 | Q406 | FY07 | FY06 |
| Net income (loss) | $(1,772) | $(396) | $(576) | $(3,379) | $ (166) |
| Depreciation and amortization | 273 | 263 | 224 | 1,034 | 791 |
| In-process research and development | - | - | 416 | - | 416 |
| Amortization of acquired intangible assets | 58 | 71 | 47 | 271 | 47 |
| Impairment of goodwill and acquired intangible assets | 1,608 | - | - | 1,608 | - |
| Interest expense | 95 | 95 | 67 | 367 | 126 |
| Provision (benefit) for income taxes | (59) | 27 | (9) | 23 | 23 |
| Adjusted EBITDA | $ 203 | $ 60 | $ 169 | $ (76) | $1,237 |

(c) The Company defines Adjusted EBITDA as net income (loss) adjusted for depreciation and amortization, in-process research and development, amortization of acquired intangible assets, impairment of goodwill and acquired intangible assets, interest expense and taxes. The Company calculated and communicated 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.

Source: Advanced Micro Devices, Inc.