UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

January 20, 2011
Date of Report (Date of earliest event reported)

ADVANCED MICRO DEVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-07882	94-1692300
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

One AMD Place
P.O. Box 3453
Sunnyvale, California 94088-3453
(Address of principal executive offices) (Zip Code)

(408) 749-4000
(Registrant's telephone number, including area code)

N/A
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

The information in this report furnished pursuant to Items 2.02 and 7.01, including Exhibit 99.1 and 99.2 attached hereto, shall not be deemed "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended, if such subsequent filing specifically references the information furnished pursuant to Items 2.02 and 7.01 of this report.

On January 20, 2011, Advanced Micro Devices, Inc. (the "Company") announced its financial position and results of operations as of and for its fiscal quarter ended December 25, 2010 and for the fiscal year then ended in a press release that is attached hereto as Exhibit 99.1. Attached hereto as Exhibit 99.2 is financial information and commentary by Thomas J. Seifert, Senior Vice President, Chief Financial Officer and Interim Chief Executive Officer of the Company regarding the Company's fiscal quarter ended December 25, 2010 and the fiscal year then ended.

Beginning in the first fiscal quarter of 2010, the Company deconsolidated GLOBALFOUNDRIES Inc. ("GF") results of operations and through December 25, 2010 accounted for its investment in GF under the equity method of accounting. To supplement the Company's financial results presented on a U.S. GAAP ("GAAP") basis, the Company's earnings release contains non-GAAP financial measures, including non-GAAP net income (loss) excluding GF/Foundry segment related items, non-GAAP net income (loss), non-GAAP operating income (loss), non-GAAP income (loss) per share, non-GAAP gross margin, Adjusted EBITDA, and non-GAAP adjusted free cash flow. The Company believes that this non-GAAP presentation makes it easier for investors to compare current and historical period operating results and that 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.

For the fourth fiscal quarter and the year ended December 26, 2009, the Company has provided non-GAAP statement of operations financial measures for Advanced Micro Devices, Inc. on a stand-alone basis (historically referred to as "AMD Product Company") by excluding from the Company's consolidated results of operations certain GF/Foundry segment related items, which for the fourth fiscal quarter of 2009 and the year ended December 26, 2009, consisted of Foundry segment and Intersegment Eliminations consisting of net revenue, cost of sales, and profits on inventory between AMD Product Company and the Foundry segment. The Company has also provided certain balance sheet line items that exclude the Foundry segment. The Company is providing these non-GAAP financial measures because the Company believes that this non-GAAP presentation makes it easier for investors to compare current and historical period operating results and that 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.

To derive non-GAAP net income (loss) excluding GF/Foundry segment related items for the Company for the fourth fiscal quarter of 2010, the Company excluded the equity in net income (loss) of investee. To derive non-GAAP net income (loss) for the fourth fiscal quarter of 2010, the Company further excluded the amortization of acquired intangible assets, gain from legal settlement, income tax related to legal settlement and gain on investment sale.

To derive non-GAAP net income (loss) excluding GF/Foundry segment related items for the Company for the third fiscal quarter of 2010, the Company excluded the equity in net income (loss) of investee. To derive non-GAAP net income (loss) for the third fiscal quarter of 2010, the Company further excluded the amortization of acquired intangible assets and the loss on debt redemption.

To derive non-GAAP net income (loss) excluding GF/Foundry segment related items for the Company for the fourth fiscal quarter of 2009, the Company excluded the net loss from the Foundry segment and Intersegment Eliminations, the impact of net (income) loss attributable to noncontrolling interest and the Class B preferred accretion. To derive non-GAAP net income (loss) for the fourth fiscal quarter of 2009, the Company further excluded the amortization of acquired intangible assets, gains from legal settlements, the loss on debt redemption and the loss from discontinued operations.

To derive non-GAAP net income (loss) excluding GF/Foundry segment related items for the Company for fiscal 2010, the Company excluded the gross margin benefits due to the deconsolidation of GF, the deconsolidation gain based on the fair value assessment of its investment in GF and the equity in net income (loss) of investee. To derive non-GAAP net income (loss) for fiscal 2010, the Company further excluded the amortization of acquired intangible assets, gain from legal settlement, income tax related to legal settlement, gain on investment sale, loss on debt redemption and certain restructuring reversals.

To derive non-GAAP net income (loss) excluding GF/Foundry segment related items for the Company for fiscal 2009, the Company excluded the net loss from the Foundry segment and the Intersegment Eliminations, the effect of an incremental tax provision related to the formation of GF, the impact of net (income) loss attributable to noncontrolling interest and the Class B preferred accretion. To derive non-GAAP net income (loss) for fiscal 2009, the Company further excluded, the amortization of acquired intangible assets, gains from legal settlements, the net gain (loss) on debt redemption, the loss from discontinued operations, the gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008, certain restructuring charges, AMD Product Company formation costs associated with GF, the effect of an incremental tax provision related to the formation of GF, investment net charges and the gain from the Company's sale of certain Handheld assets.

To derive non-GAAP operating income (loss) for the Company for the third and fourth fiscal quarters of 2010, the Company excluded the amortization of acquired intangible assets. For the fourth fiscal quarter of 2010, the Company further excluded the gain from legal settlement.

To derive non-GAAP operating income (loss) for the Company for the fourth fiscal quarter of 2009, the Company excluded the amortization of acquired intangible assets, gains from legal settlements, and the operating loss from Foundry segment and Intersegment Eliminations.

To derive non-GAAP operating income (loss) for the Company for fiscal 2010, the Company excluded the gross margin benefits due the deconsolidation of GF, amortization of acquired intangible assets, gain from legal settlement and certain restructuring reversals.

To derive non-GAAP operating income (loss) for the Company for fiscal 2009, the Company excluded the gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008, the amortization of acquired intangible assets, the gain from the Intel legal settlement, certain restructuring charges, AMD Product Company formation costs associated with GF and the operating loss from the Foundry segment and the Intersegment Eliminations.

To derive non-GAAP gross margin for the Company for the fourth fiscal quarter of 2009, the Company excluded the gross margin from the Foundry segment and Intersegment Eliminations.

To derive non-GAAP gross margin for the Company for fiscal 2010, the Company excluded the gross margin benefits due to the deconsolidation of GF.

To derive non-GAAP gross margin for the Company for fiscal 2009, the Company excluded the gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008 and the gross margin from the Foundry segment and the Intersegment Eliminations.

Specifically, these non-GAAP financial measures reflect adjustments based on the following:

Gross margin benefits due to the deconsolidation of GF: The deconsolidation of GF's results of operations from the Company's results of operations resulted in incremental gross margin benefit in the first fiscal quarter of 2010 when compared to AMD Product Company in prior periods. This was partially attributable to the elimination of the mark-up charged by GF from the value of inventory as of the beginning of the first fiscal quarter of 2010. In addition, in the first fiscal quarter of 2010, the Company updated its inventory standard costs process with respect to inventory purchased from GF. The Company excluded this item from the Company's non-GAAP net income (loss) excluding GF/Foundry segment related items, GAAP net income (loss), GAAP operating income (loss) and GAAP gross margin for fiscal 2010 because it is not indicative of ongoing operating performance and because the Company believes exclusion of this item enables investors to better evaluate the Company's current operating performance compared with prior periods. The impact of this item for the third and fourth fiscal quarters of 2010 was not material.

Deconsolidation gain on the fair value assessment of investment in GF: Effective as of December 27, 2009, the Company deconsolidated the results of operations of GF and through December 25, 2010 accounted for its investment in GF under the equity method of accounting. Under the accounting guidelines pertaining to deconsolidation, the Company's opening investment in GF was required to be recorded at fair value as of the date of deconsolidation. The difference between this initial fair value of the investment in GF and the net carrying book value was recognized as a gain or loss in earnings. During the first fiscal quarter of 2010, the Company completed a valuation analysis to determine the initial fair value of its investment in GF. Based on this analysis, in the first fiscal quarter of 2010, the Company recognized a non-cash, one-time gain related to the deconsolidation of approximately $325 million. The Company excluded this gain from the Company's non-GAAP net income (loss) excluding GF/Foundry segment related items and GAAP net income (loss) for fiscal 2010 because it is not indicative of ongoing operating performance.

Equity in net income (loss) of investee: In the first fiscal quarter of 2010, in conjunction with the deconsolidation of the results of operations of GF, the Company began accounting for its investment in GF under the equity method of accounting. The equity in net income (loss) of investee primarily consists of the Company's proportionate share of GF's losses for the period based on the Company's ownership percentage of GF's Class A Preferred stock, the Company's portion of the non-cash accretion on GF's Class B Preferred stock, the elimination of intercompany profit, reflecting the mark-up on inventory that remains on the Company's balance sheet at the end of the period, the amortization of basis differences identified from the purchase price allocation process based on the fair value of GF upon deconsolidation, and, to the extent applicable, the gain or loss on dilution of the Company's ownership interest as a result of capital infusions into GF by ATIC. The Company excluded this item from the Company's non-GAAP net income (loss) excluding GF/Foundry segment related items and GAAP net income (loss) in the third and fourth fiscal quarters of 2010 and for fiscal 2010, because the Company believes it is important for investors to have visibility into the Company's financial results excluding the financial results of GF.

Foundry segment and Intersegment Eliminations: The Company's former Foundry segment included the operating results attributable to the front end wafer manufacturing operations and related activities, which included the operating results of GF from March 2, 2009 through December 26, 2009. Intersegment Eliminations consisted of eliminations of revenues, cost of sales, and profits on inventory between the AMD Product Company and the Foundry segment. The Company excluded the Foundry segment and Intersegment Eliminations from the Company's non-GAAP net income (loss) excluding GF/Foundry segment related items, GAAP net income (loss), GAAP operating income (loss) and GAAP gross margin for the fourth fiscal quarter of 2009 and fiscal 2009, because the Company believes that the exclusion of this activity enables investors to better evaluate the Company's current operating performance compared with prior periods.

Net (income) loss attributable to noncontrolling interest and Class B preferred accretion: These two items relate to GF, the operating results of which were included in the Company's Foundry segment from March 2, 2009 through December 26, 2009. The net (income) loss attributable to noncontrolling interest represents the allocation of the operating results to the noncontrolling partner of GF, whereas the Class B preferred accretion represents the guaranteed rate of return that the noncontrolling partner earns on its ownership of GF Class B preferred stock. The Company excluded these items from the Company's non-GAAP net income (loss) excluding GF/Foundry segment related items and GAAP net income (loss) for the fourth fiscal quarter and fiscal 2009 because the Company believes that the exclusion of these items enables investors to better evaluate the Company's current operating performance compared with prior periods.

Amortization of acquired intangible assets: The Company incurred significant expenses in connection with the ATI acquisition, which it would not have otherwise incurred and which the Company believes are not indicative of ongoing performance. These expenses included the amortization expense of acquired intangible assets. The Company excluded this item from the Company's GAAP net income (loss) and GAAP operating income (loss) for all periods presented in order to enable investors to better evaluate its current operating performance compared with prior periods and because these expenses are not indicative of ongoing operating performance.

Gain from legal settlements: On December 22, 2010, the Company entered into a settlement agreement with a third party. Pursuant to the settlement agreement, the Company will receive an aggregate of $283 million, less applicable withholding taxes.The Company recorded a gain of $283 million in connection with this agreement for the fourth fiscal quarter of 2010 and fiscal 2010. On November 11, 2009, the Company entered into a settlement agreement with Intel Corp. Pursuant to the settlement agreement, Intel paid the Company $1.25 billion in December 2009 and the Company recorded a $1.242 billion gain, net of certain expenses, in connection with this agreement for the fourth fiscal quarter of 2009 and fiscal 2009. Also in the fourth fiscal quarter of 2009, the Company recorded a $25 million gain from a class action legal settlement with DRAM manufacturers related to DRAM pricing. The Company excluded these gains from the Company's GAAP net income (loss), and the gains related to the legal settlement in the fourth fiscal quarter of 2010 and the Intel settlement from the Company's GAAP operating income (loss) because they are not indicative of ongoing operating performance.

Income tax related to legal settlement: On December 22, 2010, the Company entered into a settlement agreement with a third party. Pursuant to the settlement agreement, the Company will receive an aggregate of $283 million, less applicable withholding taxes. The Company recorded a $47 million tax provision related to this legal settlement. The Company excluded this item from the Company's GAAP net income (loss) for the fourth fiscal quarter of 2010 and fiscal 2010 because it is not indicative of ongoing operating performance.

Restructuring charges and reversals: Restructuring charges are attributable to a restructuring plan implemented by the Company during fourth fiscal quarter of 2008 to reduce its breakeven point. These charges represent primarily severance and costs related to the continuation of certain employee benefits, contract or program termination costs, asset impairments and exit costs for facility site consolidations and closures. Restructuring reversals represent the amount that the Company no longer expects to pay for its estimated restructuring accrual based on its assessment of the latest available facts and circumstances. The Company excluded the effect of the restructuring reversals from the Company's GAAP net income (loss) and GAAP operating income (loss) for fiscal 2010, and the effect of restructuring charges from the Company's GAAP net income (loss) and GAAP operating income (loss) for fiscal 2009 because they are not indicative of ongoing performance.

Investment gain: In the fourth fiscal quarter of 2010, the Company recognized gain from the sale of certain of its marketable securities and an earn-out gain from an earlier sale of one of its investments. The Company excluded the effect of this item from its GAAP net income (loss) for the fourth fiscal quarter of 2010. In the second fiscal quarter of 2010, the Company sold a portion of its marketable securities and recognized a gain on the sale. The Company excluded the effect of the gains in the second and fourth fiscal quarters of 2010 from its GAAP net income (loss) for fiscal 2010 because it is not indicative of ongoing operating performance.

Gain (loss) on debt redemption: This represents the net gain or loss that the Company recognized during the applicable period from its partial repurchase of certain outstanding indebtedness. During the third fiscal quarter of 2010, the Company repurchased an aggregate of $800 million face value of its 6.00% Convertible Senior Notes due 2015 resulting in a loss of $24 million. During fiscal 2010, the Company repurchased an aggregate of $1,016 million face value of its 6.00% Convertible Senior Notes due 2015 resulting in a loss of $24 million. During the fourth fiscal quarter of 2009, the Company repurchased $390 million face value of its 7.75% Senior Notes due 2012 and also repurchased $1 billion of its 5.75% Convertible Senior Notes due 2012 resulting in a net loss of $11 million. During fiscal 2009, the Company redeemed an aggregate of $1,749 million face value of debt, resulting in an aggregate gain on debt redemption of $169 million. The Company excluded these items from the Company's GAAP net income (loss) for all periods presented because they are not indicative of ongoing operating performance.

Loss from discontinued operations: As part of the Company's strategy of evaluating the viability of its non-core business, the Company determined that its DTV business unit was not directly aligned with its computing and graphics opportunities. Therefore, the Company decided to divest this business unit and classify it as discontinued operations in the financial statements presented. In the fourth fiscal quarter and fiscal 2009, the Company excluded a charge, primarily related to severance, from the Company's GAAP net income (loss) because it is not indicative of ongoing operating performance.

Gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008: In the fourth fiscal quarter of 2008, the Company recorded an incremental write-down of inventory of $227 million due to a weak economic outlook. In the first, second and third fiscal quarters of 2009, the Company sold a significant portion of this inventory. The Company excluded this activity from the Company's GAAP net income (loss), GAAP operating income (loss) and GAAP gross margin for fiscal 2009 because the Company believes that the exclusion of this activity enables investors to better evaluate the Company's current operating performance compared with prior periods.

AMD Product Company formation costs associated with GF: The Company incurred certain costs to execute its asset smart strategy to form GF. The Company excluded the effect of these costs from GAAP net income (loss) and GAAP operating income (loss) for fiscal 2009 because these costs are not indicative of ongoing operating performance.

Incremental tax provision related to formation of GF: During the first fiscal quarter of 2009, the Company recorded an incremental tax provision related to the formation of GF from the write-off of deferred tax assets resulting from the formation of GF. The Company excluded this item from the Company's GAAP net income (loss) for fiscal 2009 because it is not indicative of ongoing operating performance.

Investment Net Charges: For fiscal 2009**,** the Company incurred certain investment-related impairments and gains. The Company excluded the effect of these items from its GAAP net income (loss) because it is not indicative of ongoing performance

Gain on sale of certain Handheld assets: In the first fiscal quarter of 2009, the Company completed the sale of certain technology assets, intellectual property and resources of its Handheld business unit to Qualcomm for $65 million in cash. The Company excluded this gain from GAAP net income (loss) for fiscal 2009 because it is not indicative of ongoing operating performance.

In addition, the Company presented "Adjusted EBITDA" in the earnings release as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, employee stock-based compensation expense and amortization of acquired intangible assets. In addition, for the fourth fiscal quarter of 2010, the Company included an adjustment related to the legal settlement; for the fourth fiscal quarter of 2009, the Company included an adjustment related to its legal settlement with Intel and for Foundry segment and Intersegment Eliminations operating loss; for fiscal 2010, the Company included adjustments related to its legal settlement during the fourth fiscal quarter of 2010 and for certain restructuring reversals; and for fiscal 2009, the Company included adjustments related to its legal settlement with Intel, Foundry segment and Intersegment Eliminations operating loss, certain restructuring charges and GF formation costs.

The Company calculates and communicates Adjusted EBITDA in the financial schedules because the Company's management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance.

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 GAAP operating measure of operating income (loss) or 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.

Starting in the first quarter of 2010, the Company also presents non-GAAP adjusted free cash flow in the earnings release as a supplemental measure of its performance. In 2008 and 2009, the Company and certain of its subsidiaries (collectively, the "AMD Parties") entered into supplier agreements with IBM Credit LLC and certain of its subsidiaries (collectively, the "IBM Parties"). Pursuant to these supplier agreements, the AMD Parties sell to the IBM Parties invoices of selected distributor customers. Because the Company does not recognize revenue until its distributors sell its products to their customers, under U.S. GAAP, the Company classifies funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, these funds are classified as cash flows from financing activities. When a distributor pays the applicable IBM Party, the Company reduces the distributor's accounts receivable and the corresponding debt resulting in a non-cash accounting entry. Because the Company does not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment is never reflected in the Company's cash flows from operating activities.

Non-GAAP adjusted free cash flow for the Company was determined by adding the distributors' payments to the IBM Parties to GAAP net cash provided by operating activities. This amount is then further adjusted by subtracting capital expenditures. Generally, under U.S. GAAP, the reduction in accounts receivable is assumed to be a source of operating cash flows. Therefore, the Company believes that treating the payments from its distributor customers to the IBM Parties as if the Company actually received the cash from the distributor and then used that cash to pay down the debt is more reflective of the economic substance of the transaction.

The Company calculates and communicates non-GAAP adjusted free cash flow in the financial schedules because the Company's management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of non-GAAP adjusted free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view non-GAAP adjusted Free Cash Flow as an alternative to GAAP liquidity measures of cash flows from operating or financing activities. In January 2011, the Company notified the IBM Parties that it intends to terminate these supplier agreements. The effective date of the termination will be in February 2011, and the Company expects to transition away from making the adjustment for the distributors' payments to the IBM Parties to its GAAP net cash provided by operating activities. As a result, as of the third quarter of 2011, free cash flow will be calculated traditionally in accordance with industry standard.

Pursuant to the requirements of Regulation G, the Company has provided reconciliations within the press release and financial schedules of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

Management does not intend the presentation of these non-GAAP measures to be considered in isolation or as a substitute for results prepared in accordance with GAAP. These non-GAAP measures should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press release dated January 20, 2011.
99.2	Financial Information and Commentary on Fourth Quarter and Annual Fiscal Year 2011 Results

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 20, 2011	ADVANCED MICRO DEVICES, INC.
	By: /S/ FAINA MEDZONSKY
	Name: **Faina Medzonsky**
	Title: **Assistant Secretary**

INDEX TO EXHIBITS

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Exhibit 99.1

NEWS RELEASE

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AMD Reports Fourth Quarter and Annual Results

Fourth Quarter 2010 Results

- AMD revenue $1.65 billion, 2 percent sequential increase and flat year-over-year
- Net income $375 million, EPS $0.50, operating income $413 million
- Non-GAAP(1,2) net income $106 million, EPS $0.14, operating income $141 million
- Gross margin 45 percent

2010 Annual Results

- AMD revenue $6.49 billion, an increase of 20 percent year-over-year
- Net income $471 million, EPS $0.64, operating income $848 million
- Non-GAAP(1,2) net income $360 million, EPS $0.49, operating income $553 million
- GAAP annual gross margin 46 percent, non-GAAP annual gross margin 45 percent

SUNNYVALE, Calif. – Jan. 20, 2011 – AMD (NYSE:AMD) today announced revenue for the fourth quarter of 2010 of $1.65 billion, net income of $375 million, or $0.50 per share, and operating income of $413 million. The company reported non-GAAP net income of $106 million, or $0.14 per share, and non-GAAP operating income of $141 million. The non-GAAP net income and non-GAAP operating income primarily excluded a net of tax gain of $236 million, and a pre-tax gain of $283 million, respectively, that the company recognized related to a patent license and legal settlement.

For the year ended December 25, 2010, AMD reported revenue of $6.49 billion, net income of $471 million, or $0.64 per share, and operating income of $848 million. Full year non-GAAP net income was $360 million, or $0.49 per share, and operating income was $553 million.

“AMD enters 2011 with significant momentum, amplified by the successful launch of our first Fusion APUs,” said Thomas Seifert, CFO and Interim CEO. “I am confident we can drive profitable growth based on the strength of new products we will bring to market. Our customers recognize that Fusion APUs are at the core of delivering the world’s most vivid digital experiences.”

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GAAP Financial Results

	Q4-10	Q3-10	Q4-09	2010	2009
Revenue	$ 1.65B	$ 1.62B	$ 1.65B	$ 6.49B	$ 5.40B
Operating income (loss)	$ 413M	$ 128M	$ 1.29B	$ 848M	$ 664M
Net income (loss) attributable to AMD common stockholders /earnings (loss) per share	$375M/$0.50	$(118)M/$(0.17)	$1.18B/$1.52	$471M/$0.64	$304M/$0.45

Non-GAAP Financial Results[1,3]

	Q4-10	Q3-10	Q4-09	2010	2009
Revenue	$ 1.65B	$ 1.62B	$ 1.65B	$ 6.49B	$ 5.40B
Operating income (loss)	$ 141M	$ 144M	$ 169M	$ 553M	$ (112)M
Net income (loss) / Earnings (loss) per share	$106M/$0.14	$108M/$0.15	$80M/$0.11	$360M/$0.49	$(351)M/$(0.52)

Quarterly Summary

- Gross margin was 45 percent, down one percentage point sequentially primarily due to lower microprocessor average selling price (ASP).
- Cash, cash equivalents and marketable securities balance at the end of the quarter was $1.79 billion.
- Computing Solutions segment revenue was flat both sequentially and year-over-year.
  - Operating income was $91 million, compared with $164 million in Q3-10 and $161 million in Q4-09.
  - Microprocessor ASP decreased sequentially and was flat year-over-year. The sequential decrease was due to lower notebook and server ASPs.
    - AMD kicked off the next era of vivid computing with the launch of the industry's first Accelerated Processing Units (APUs) aimed at providing better experiences on the types of visual and data-intensive applications that are becoming increasingly popular. Our first AMD Fusion APUs combine a low-power x86 microprocessor with DirectX®11 capable graphics to deliver optimized mobile experiences.
    - Acer, Asus, Dell, HP, Lenovo, MSI, Samsung, Sony and Toshiba plan to deliver affordable thin and light mobile PCs based on the new APUs that offer full 1080P HD experiences and long battery life.
    - Key software partners announced support for AMD Fusion APUs, including Adobe, ArcSoft, Corel, DivX and Microsoft.
    - Notebooks powered by AMD's new APU received nine prestigious innovation awards, including best innovation and editors' choice awards.
    - AMD introduced its fastest six- and dual-core processors with the AMD Phenom™ II X6 1100T and the AMD Phenom™ II X2 565 Black Edition processors.
    - AMD continues to be adopted in the world's highest performance computers. AMD technology powers more top 50 supercomputers than any other processor vendor in the latest Top500 Supercomputing list.

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- Graphics segment revenue increased nine percent sequentially and was flat year-over-year. The sequential increase was driven by increased discrete graphics processor unit ASP and a seasonally strong increase in game console revenue.
  - Operating income was $68 million, compared with $1 million in Q3-10 and $50 million in Q4-09.
  - AMD introduced its second generation of DirectX 11-capable graphics cards to widespread acclaim and market reception, receiving more than 120 awards. The unprecedented game performance, energy efficiency and unrivaled feature set drove 50 awards for the AMD Radeon™ HD 6900 series graphics alone. Popular Science magazine recognized the ATI Radeon HD 5870 Eyefinity 6 graphics card with the magazine's coveted 'Best of What's New 2010' award.

Current Outlook

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

AMD expects first quarter of 2011 revenue to be flat to slightly down sequentially.

For additional detail regarding AMD's results and outlook please see the CFO commentary posted at 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 fourth quarter and annual 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.

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Reconciliation of GAAP Net Income (Loss) Attributable to AMD Common stockholders to Non-GAAP Net Income (Loss) [1,3]

(Millions except per share amounts)	Q4-10		Q3-10		Q4-09		2010		2009	
GAAP net income (loss) attributable to AMD common stockholders / Earnings (loss) per share	**$375**	**$ 0.50**	**$(118)**	**$(0.17)**	**$1,178**	**$ 1.52**	**$471**	**$ 0.64**	**$ 304**	**$ 0.45**
Net impact of GF/Foundry segment related items*	27	0.05	(186)	(0.25)	(138)	(0.17)	(68)	(0.09)	(823)	(1.21)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	114	0.17
Net (income) loss attributable to noncontrolling interest	—	—	—	—	23	0.03	—	—	83	0.12
Class B preferred accretion	—	—	—	—	(22)	(0.03)	—	—	(72)	(0.11)
Non-GAAP net income (loss) excluding GF/Foundry segment related items	**348**	**0.47**	**68**	**0.09**	**1,315**	**1.69**	**539**	**0.73**	**1,002**	**1.45**
Amortization of acquired intangible assets	(11)	(0.01)	(16)	(0.02)	(18)	(0.02)	(61)	(0.08)	(70)	(0.10)
Legal settlements	283	0.39	—	—	1,267	1.60	283	0.39	1,267	1.87
Income tax related to legal settlement	(47)	(0.06)	—	—	—	—	(47)	(0.06)	—	—
Gain on investment sale	17	0.02	—	—	—	—	24	0.03	—	—
Gain (loss) on debt redemption	—	—	(24)	(0.03)	(11)	(0.01)	(24)	(0.03)	169	0.25
Loss from discontinued operations	—	—	—	—	(3)	—	—	—	(3)	—
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	—	—	—	—	171	0.25
Restructuring (charges) reversals	—	—	—	—	—	—	4	0.01	(65)	(0.10)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	(21)	(0.03)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	(114)	(0.17)
Investment net charges	—	—	—	—	—	—	—	—	(9)	(0.01)
Gain on sale of Handheld assets	—	—	—	—	—	—	—	—	28	0.04
Non-GAAP net income (loss) / Earnings (loss) per share	**$106**	**$ 0.14**	**$ 108**	**$ 0.15**	**$ 80**	**$ 0.11**	**$360**	**$ 0.49**	**$ (351)**	**$(0.52)**

* Q4-10 and Q3-10 consist of equity net income (loss) related to GLOBALFOUNDRIES. 2010 consists of $69 million gross margin benefit related to the deconsolidation of GLOBALFOUNDRIES in Q1-10, a $325 million gain on the fair value assessment of our investment in GLOBALFOUNDRIES in Q1-10, and $462 million equity net income (loss) related to GLOBALFOUNDRIES. Q4-09 and 2009 consists of the Foundry segment and Intersegment Eliminations loss.

Reconciliation of GAAP to Non-GAAP Operating Income (Loss) [1,3]

(Millions)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP operating income (loss)	**$ 413**	**$ 128**	**$ 1,288**	**$ 848**	**$ 664**
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	—	—	—	69	—
Amortization of acquired intangible assets	(11)	(16)	(18)	(61)	(70)
Legal settlement	283	—	1,242	283	1,242
Restructuring (charges) reversals	—	—	—	4	(65)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	—	—	—	(21)
Operating income (loss) from Foundry segment and Intersegment Eliminations	—	—	(105)	—	(481)
Non-GAAP operating income (loss)	**$ 141**	**$ 144**	**$ 169**	**$ 553**	**$ (112)**

Reconciliation of GAAP to Non-GAAP Gross Margin [1,3]

(Millions, except percentages)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP Gross Margin	**$743**	**$739**	**$735**	**$2,961**	**$2,272**
GAAP Gross Margin %	**45%**	**46%**	**45%**	**46%**	**42%**
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	—	—	—	69	—
Gross margin from Foundry segment and Intersegment Eliminations	—	—	56	—	159
Non-GAAP Gross Margin	**$743**	**$739**	**$679**	**$2,892**	**$1,942**
Non-GAAP Gross Margin %	**45%**	**46%**	**41%**	**45%**	**36%**

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About AMD

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its ground-breaking AMD Fusion Accelerated Processing Units (APUs). AMD's graphics and computing technologies power a variety of devices including PCs, game consoles and the powerful computers that drive the Internet and businesses. For more information, visit http://www.amd.com.

Cautionary Statement

This release contains forward-looking statements concerning AMD, its first quarter 2011 revenue and its 2011 goals, including profitable growth and the timing of the launch and ramp of new products and technologies and the features of these products as well as the timing of the launch of our customers' products that are based on our products, 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; 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 revenue in the first quarter of 2011 and beyond; 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; the company will be unable to maintain the level of investment in research and development that is required to remain competitive; manufacturing or other costs may exceed the company's expectations; and 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. 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 25, 2010.

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[1] In this press release, in addition to GAAP financial results, the Company has provided non- GAAP financial measures, including for non-GAAP net income (loss) excluding GF/Foundry segment related items, non-GAAP net income (loss), non-GAAP operating income (loss), 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.

[2] Starting in the first quarter of 2010 through December 25, 2010, the Company accounted for its investment in GLOBALFOUNDRIES (GF) under the equity method of accounting.

[3] Refer to corresponding tables at the end of this press release for additional AMD data.

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

	Quarter Ended			Year Ended	
	Dec. 25, 2010	Sept. 25, 2010	Dec. 26, 2009	Dec. 25, 2010	Dec. 26, 2009
Net revenue	$1,649	$1,618	$ 1,646	$6,494	$ 5,403
Cost of sales	906	879	911	3,533	3,131
Gross margin	743	739	735	2,961	2,272
Gross margin %	45%	46%	45%	46%	42%
Research and development	352	359	432	1,405	1,721
Marketing, general and administrative	250	236	239	934	994
Legal settlement	(283)	—	(1,242)	(283)	(1,242)
Amortization of acquired intangible assets	11	16	18	61	70
Restructuring charges (reversal)	—	—	—	(4)	65
Operating income	413	128	1,288	848	664
Interest income	2	3	3	11	16
Interest expense	(39)	(56)	(119)	(199)	(438)
Other income (expense), net	14	(6)	19	311	166
Income (loss) before equity in net income (loss) of investee and income taxes	390	69	1,191	971	408
Provision for income taxes	42	1	11	38	112
Equity in net income (loss) of investee	27	(186)	—	(462)	—
Income (loss) from continuing operations	375	(118)	1,180	471	296
Loss from discontinued operations, net of tax	—	—	(3)	—	(3)
Net income (loss)	$ 375	$ (118)	$ 1,177	$ 471	$ 293
Net (income) loss attributable to noncontrolling interest	—	—	23	—	83
Class B preferred accretion	—	—	(22)	—	(72)
Net income (loss) attributable to AMD common stockholders	$ 375	$ (118)	$ 1,178	$ 471	$ 304
Net income (loss) attributable to AMD common stockholders per common share					
Basic					
Continuing operations	$ 0.52	$ (0.17)	$ 1.68	$ 0.66	$ 0.46
Discontinued operations	—	—	(0.00)	—	(0.00)
Basic net income (loss) attributable to AMD common stockholders per common share	$ 0.52	$ (0.17)	$ 1.68	$ 0.66	$ 0.46
Diluted					
Continuing operations	$ 0.50	$ (0.17)	$ 1.52	$ 0.64	$ 0.45
Discontinued operations	—	—	(0.00)	—	(0.00)
Diluted net income (loss) attributable to AMD common stockholders per common share	$ 0.50	$ (0.17)	$ 1.52	$ 0.64	$ 0.45
Shares used in per share calculation					
Basic	717	713	705	711	673
Diluted	758	713	791	733	678

ADVANCED MICRO DEVICES, INC.
AMD NON-GAAP AND RECONCILIATIONS TO CONSOLIDATED STATEMENTS OF OPERATIONS (1)
(Millions except per share amounts and percentages)

	Quarter Ended									Year Ended					
	Dec. 25, 2010			Sept. 25, 2010			Dec. 26, 2009			Dec. 25, 2010			Dec. 26, 2009		
	AMD(2)	GF related adjustments(3)	AMD Non-GAAP	AMD(2)	GF related adjustments(3)	AMD Non-GAAP	AMD(2)	Foundry segment and Intersegment Eliminations (3)	AMD Non-GAAP	AMD(2)	GF related adjustments(3)	AMD Non-GAAP	AMD(2)	Foundry segment and Intersegment Eliminations (3)	AMD Non-GAAP
Net revenue	$ 1,649	$ —	$1,649	$ 1,618	$ —	$1,618	$ 1,646	$ —	$ 1,646	$ 6,494	$ —	$6,494	$ 5,403	$ —	$ 5,403
Cost of sales	906	—	906	879	—	879	911	(56)	967	3,533	(69)	3,602	3,131	(159)	3,290
Gross margin	743	—	743	739	—	739	735	56	679	2,961	69	2,892	2,272	159	2,113
Gross margin %	45%		45%	46%		46%	45%		41%	46%		46%	42%		39%
Research and development	352	—	352	359	—	359	432	131	301	1,405	—	1,405	1,721	524	1,197
Marketing, general and administrative	250	—	250	236	—	236	239	30	209	934	—	934	994	116	878
Legal settlement	(283)	—	(283)	—	—	—	(1,242)		(1,242)	(283)	—	(283)	(1,242)	—	(1,242)
Amortization of acquired intangible assets	11	—	11	16	—	16	18		18	61	—	61	70	—	70
Restructuring charges (reversal)	—	—	—	—	—	—	—		—	(4)	—	(4)	65	—	65
Operating income (loss)	413	—	413	128	—	128	1,288	(105)	1,393	848	69	779	664	(481)	1,145
Interest income	2	—	2	3	—	3	3		3	11	—	11	16	1	15
Interest expense	(39)	—	(39)	(56)	—	(56)	(119)	(48)	(71)	(199)	—	(199)	(438)	(152)	(286)
Other income (expense), net	14	—	14	(6)	—	(6)	19	6	13	311	325	(14)	166	(55)	221
Income (loss) before equity in net income (loss) of investee and income taxes	390	—	390	69	—	69	1,191	(147)	1,338	971	394	577	408	(687)	1,095
Provision (benefit) for income taxes	42	—	42	1	—	1	11	(9)	20	38	—	38	112	136	(24)
Equity in net income (loss) of investee	27	27	—	(186)	(186)	—	—	—	—	(462)	(462)	—	—	—	—
Income (loss) from continuing operations	375	27	348	(118)	(186)	68	1,180	(138)	1,318	471	(68)	539	296	(823)	1,119
Income (loss) from discontinued operations, net of tax	—	—	—	—	—	—	(3)	—	(3)	—	—	—	(3)	—	(3)
Net income (loss)	$ 375	$ 27	$ 348	$ (118)	$ (186)	$ 68	$ 1,177	$ (138)	$ 1,315	$ 471	$ (68)	$ 539	$ 293	$ (823)	$ 1,116
Net Income (loss) attributable to non-controlling interest	—			—			23			—			83		
Class B preferred accretion	—			—			(22)			—			(72)		
Net income (loss) attributable to AMD common stockholders	$ 375		$ 348	$ (118)		$ 68	$ 1,178		$ 1,315	$ 471		$ 539	$ 304		$ 1,116
Non-GAAP diluted earnings per share(4)			$ 0.47			$ 0.09			$ 1.69			$ 0.73			$ 1.60

(1) From March 2, 2009 through December 26, 2009, the Company consolidated the operating results of GLOBALFOUNDRIES Inc. (GF). Starting in the first fiscal quarter of 2010 the Company began to account for its investment in GF under the equity method of accounting. The Company believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results, by excluding our portion GF's results of operations in the fourth and third fiscal quarters of 2010 and the year ended December 25, 2010, and Foundry segment and Intersegment Eliminations in the fourth fiscal quarter of 2009 and the year ended December 26, 2009.

(2) Starting in the first fiscal quarter of 2010, the Company began to account for its investment in GF under the equity method of accounting. From March 2, 2009 through December 26, 2009 the operating results of GF were included in the Foundry segment.

(3) For the fourth and third quarters of 2010, the Company excluded Equity in net income (loss) of investee. For the year ended December 25, 2010, the Company also excluded the gain recognized on the fair value assessment of its investment in GF upon deconsolidation, and the gross margin benefit due to the deconsolidation of GF. For the fourth fiscal quarter of 2009 and the year ended December 26, 2009, the Company excluded the Foundry segment and Intersegment Eliminations consisting of revenues, cost of sales, and profit on inventory between the Computing Solutions and the Foundry segments.

(4) The outstanding diluted share amount for the non-GAAP diluted earnings per share calculation for the fourth fiscal quarter of 2010 is 758 million shares, including the 24 million shares related to the Company's 5.75% convertible notes. The outstanding diluted share amounts for non-GAAP diluted earnings per share calculation for the third fiscal quarter and year ended December 25, 2010 is 731 million shares and 733 million shares, respectively. These share amounts exclude the 24 million shares related to the Company's 5.75% convertible notes because the inclusion of these shares would be anti-dilutive.

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

	Dec. 25, 2010	Sept. 25, 2010	Dec. 26, 2009*
Assets			
Current assets:			
Cash, cash equivalents and marketable securities	$ 1,789	$ 1,726	$ 2,676
Accounts receivable, net	968	765	745
Inventories, net	632	622	567
Deferred income taxes	—	—	9
Prepaid expenses and other current assets	205	99	278
Total current assets	3,594	3,212	4,275
Property, plant and equipment, net	700	723	3,809
Acquisition related intangible assets, net	37	48	98
Goodwill	323	323	323
Other assets	310	289	573
Total Assets	$ 4,964	$ 4,595	$ 9,078
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	$ 376	$ 464	$ 647
Accounts payable to GLOBALFOUNDRIES	205	216	—
Accrued liabilities	698	601	795
Deferred income on shipments to distributors	143	137	121
Other short-term obligations	229	209	171
Current portion of long-term debt and capital lease obligations	4	3	308
Other current liabilities	19	35	168
Total current liabilities	1,674	1,665	2,210
Deferred income taxes	—	—	197
Long-term debt and capital lease obligations, less current portion	2,188	2,185	4,252
Other long-term liabilities	82	102	695
Noncontrolling interest	—	—	1,076
Accumulated loss in excess of investment in GLOBALFOUNDRIES	7	29	—
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Capital in excess of par value	6,575	6,540	6,524
Treasury stock, at cost	(102)	(102)	(98)
Retained earnings (deficit)	(5,468)	(5,843)	(5,939)
Accumulated other comprehensive income	1	12	154
Total stockholders' equity	1,013	614	648
Total Liabilities and Stockholders' Equity	$ 4,964	$ 4,595	$ 9,078

* Includes the account balances of GF which were deconsolidated as of the beginning of the first quarter of 2010.

ADVANCED MICRO DEVICES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Quarter Ended Dec. 25, 2010	Year Ended Dec. 25, 2010
Cash flows from operating activities:		
Net income (loss)	$ 375	$ 471
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Equity in net income (loss) of investee	(27)	462
Gain on deconsolidation of GLOBALFOUNDRIES	—	(325)
Depreciation and amortization	89	383
Compensation recognized under employee stock plans	22	87
Non-cash interest expense	5	30
Loss on debt redemption	—	24
Provision for deferred income taxes	7	5
Amortization of foreign grant	(7)	(16)
Net gain on sale of marketable securities	(9)	(17)
Other	(13)	(15)
Changes in operating assets and liabilities (excludes the effects of deconsolidation):		
Accounts receivable	(465)	(1,138)
Inventories	(10)	(144)
Prepaid expenses and other current assets	(111)	(97)
Other assets	(2)	11
Accounts payable to GLOBALFOUNDRIES	(11)	55
Income taxes payable	(1)	2
Accounts payable, accrued liabilities and other	(55)	(190)
Net cash used in operating activities	(213)	(412)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(38)	(148)
Purchases of available-for-sale securities	(485)	(1,800)
Cash decrease due to deconsolidation of GLOBALFOUNDRIES	—	(904)
Proceeds from sale of property, plant and equipment	—	1
Proceeds from sale and maturity of available-for-sale securities	424	1,640
Proceeds from sale of trading securities	—	69
Other	(4)	19
Net cash used in investing activities	(103)	(1,123)
Cash flows from financing activities:		
Proceeds from borrowings, net of issuance cost	297	1,520
Net proceeds from foreign grants	8	19
Proceeds from issuance of AMD common stock	6	15
Repayments of debt and capital lease obligations	(16)	(1,074)
Other	7	4
Net cash provided by financing activities	302	484
Net decrease in cash and cash equivalents	(14)	(1,051)
Cash and cash equivalents at beginning of period	620	1,657
Cash and cash equivalents at end of period	$ 606	$ 606

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

Segment and Category Information	Quarter Ended Dec. 25, 2010	Quarter Ended Sept. 25, 2010	Quarter Ended Dec. 26, 2009	Year Ended Dec. 25, 2010	Year Ended Dec. 26, 2009
Computing Solutions (1)					
Net revenue	$ 1,219	$ 1,226	$ 1,220	$ 4,817	$ 4,170
Operating income (loss)	91	164	161	529	142
Graphics (2)					
Net revenue	424	390	421	1,663	1,167
Operating income (loss)	68	1	50	149	35
All Other (3)					
Net revenue	6	2	5	14	66
Operating income (loss)	254	(37)	1,182	170	968
Subtotal (excludes Foundry segment and Intersegment Eliminations)					
Net revenue	**1,649**	**1,618**	**1,646**	**6,494**	**5,403**
Operating income (loss)	**413**	**128**	**1,393**	**848**	**1,145**
Foundry (4)					
Net revenue	—	—	309	—	1,101
Operating income (loss)	—	—	(99)	—	(433)
Intersegment Eliminations (5)					
Net revenue	—	—	(309)	—	(1,101)
Operating income (loss)	—	—	(6)	—	(48)
Total AMD					
Net revenue	**$ 1,649**	**$ 1,618**	**$ 1,646**	**$ 6,494**	**$ 5,403**
Operating income (loss)	**$ 413**	**$ 128**	**$ 1,288**	**$ 848**	**$ 664**
<u>Other Data</u>					
Depreciation and amortization (excluding amortization of acquired intangible assets)	$ 78	$ 79	$ 266	$ 322	$ 1,058
Capital additions	$ 38	$ 31	$ 173	$ 148	$ 466
Headcount (excludes Foundry segment)	11,068	11,021	10,352	11,068	10,352
AMD non-GAAP comparison*					
Depreciation and amortization (excluding amortization of acquired intangible assets)	$ 78	$ 79	$ 95	$ 322	$ 398
Capital additions	$ 38	$ 31	$ 37	$ 148	$ 88
Adjusted EBITDA (6)	$ 241	$ 245	$ 282	$ 1,031	$ 527
Cash, cash equivalents and marketable securities (7)	$ 1,789	$ 1,726	$ 1,772	$ 1,789	$ 1,772
Adjusted free cash flow (8)	$ 11	$ 91	N/A	$ 355	N/A
Total assets (7)	$ 4,964	$ 4,595	$ 4,846	$ 4,964	$ 4,846
Long-term debt and capital lease obligations (7)	$ 2,192	$ 2,188	$ 2,607	$ 2,192	$ 2,607

* 2009 periods exclude Foundry segment and Intersegment Eliminations

See footnotes on the next page

(1) Computing Solutions segment includes microprocessors, chipsets and embedded processors.
(2) Graphics segment includes graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations, servers and also includes royalties received in connection with the sale of game console systems that incorporate the Company's graphics technology.
(3) All Other category includes non-Foundry segment employee stock-based compensation expense and certain operating expenses and credits that are not allocated to the operating segments. Also included in this category is a gross margin benefit from the deconsolidation of GF, amortization of acquired intangible assets, restructuring charges and GF formation costs. The All Other category also includes the results of our Handheld business unit.
(4) In 2009, Foundry segment included the operating results attributable to the front end wafer manufacturing operations and related activities as of the beginning of the first quarter of 2009, which includes the operating results of GF from March 2, 2009 to December 26, 2009. Starting with the first quarter of 2010, the Company began to account for its investment in GF under the equity method of accounting.
(5) In 2009, Intersegment Eliminations represented eliminations in revenue and in cost of sales and profits on inventory between the Computing Solutions segment and the Foundry segment. For the fiscal quarter and the year ended December 26, 2009, intersegment eliminations of revenue was $309 million and $1,101 million, respectively. For the fiscal quarter and year ended December 26, 2009, intersegment eliminations of cost of sales and profits on inventory was $303 million and $1,053 million, respectively.

(6) **AMD reconciliation of GAAP operating income (loss) to Adjusted EBITDA***

	Quarter Ended			Year Ended	
	Q410	Q310	Q409	2010	2009
GAAP operating income (loss)	$ 413	$128	$ 1,288	$ 848	$ 664
Foundry segment and Intersegment Eliminations operating loss	—	—	105	—	481
Legal settlement	(283)	—	(1,242)	(283)	(1,242)
Depreciation and amortization	78	79	95	322	398
Employee stock-based compensation expense	22	22	18	87	70
Amortization of acquired intangible assets	11	16	18	61	70
Restructuring charges (reversals)	—	—	—	(4)	65
GF formation costs	—	—	—	—	21
Adjusted EBITDA	$ 241	$245	$ 282	$1,031	$ 527

(7) **Reconciliation of select balance sheet items**

	Quarter Ended Q409		
	Cash, cash equivalents and marketable securities	Total Assets	Long-term debt and capital lease obligations**
AMD GAAP	$ 2,676	$ 9,078	$ 4,560
Foundry segment and Intersegment Eliminations	(904)	(4,232)	(1,953)
AMD Non-GAAP	$ 1,772	$ 4,846	$ 2,607

(8) **Non-GAAP adjusted free cash flow reconciliation*****

	Quarter Ended		Year Ended
	Q410	Q310	2010
GAAP net cash used in operating activities	$(213)	$(124)	$ (412)
Non-GAAP adjustment	262	246	915
Non-GAAP net cash provided by operating activities	49	122	503
Purchases of property, plant and equipment	(38)	(31)	(148)
Non-GAAP adjusted free Cash Flow	$ 11	$ 91	$ 355

* Starting with the quarter ended December 26, 2009, the Company presented "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company was determined by adjusting operating income (loss) for depreciation and amortization, employee stock-based compensation expense and amortization of acquired intangible assets. In addition: for the fourth fiscal quarter of 2010, the Company included an adjustment related to its legal settlement with a third party; for the fourth fiscal quarter of 2009, the Company included an adjustment related to its legal settlement with Intel and for Foundry segment and Intersegment Eliminations operating loss; for fiscal 2010, the Company included adjustments related to its legal settlement with a third party and for certain restructuring reversals; and for fiscal 2009, the Company included adjustments related to its legal settlement with Intel, Foundry segment and Intersegment Eliminations operating loss, certain restructuring charges and GF formation costs. The Company calculates and communicates Adjusted EBITDA in the financial schedules because the Company's management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. 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 GAAP operating measure of operating income (loss) or 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.

** Long-term debt and capital lease obligations also includes the current portion.

*** Starting in the first quarter of 2010, the Company presents non-GAAP adjusted free cash flow as a supplemental measure of its performance. In 2008 and 2009 the Company and certain of its subsidiaries (collectively, the "AMD Parties") entered into supplier agreements with IBM Credit LLC and certain of its subsidiaries, (collectively, the "IBM Parties"). Pursuant to these supplier agreements, the AMD Parties sell to the IBM Parties invoices of selected distributor customers. Because the Company does not recognize revenue until its distributors sell its products to their customers, under U.S. GAAP, the Company classifies funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, these funds are classified as cash flows from financing activities. When a distributor pays the applicable IBM Party, the Company reduces the distributor's accounts receivable and the corresponding debt resulting in a non-cash accounting entry. Because the Company does not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment is never reflected in the Company's cash flows from operating activities. Non-GAAP adjusted free cash flow for the Company was determined by adjusting GAAP net cash provided by (used in) operating activities by adding the distributors' payments to the IBM Parties to GAAP net cash provided by (used in) operating activities. This amount is then further adjusted by subtracting capital expenditures. Generally, under U.S. GAAP, the reduction in accounts receivable is assumed to be a source of operating cash flows. Therefore, the Company believes that treating the payments from its distributor customers to the IBM Parties as if the Company actually received the cash from the distributor and then used that cash to pay down the debt is more reflective of the economic substance of the transaction. The Company calculates and communicates non-GAAP adjusted free cash flow in the financial schedules because the Company's management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of non-GAAP Adjusted free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view non-GAAP Adjusted Free Cash Flow as an alternative to GAAP liquidity measures of cash flows from operating or financing activities.

AMD Reports Fourth Quarter 2010 and Annual 2010 Results – CFO Commentary

January 20, 2011

A reconciliation for all non-GAAP financial measures discussed in this commentary to the most directly comparable GAAP financial measures is included below and in our financial tables that accompany our earnings press release available on quarterlyearnings.amd.com

Fourth Quarter 2010 Results

- AMD revenue $1.65 billion, 2 percent sequential increase and flat year-over-year
- Net income $375 million, EPS $0.50, operating income $413 million
- Non-GAAP net income $106 million, EPS $0.14, operating income $141 million
- Gross margin 45 percent

2010 Annual Results

- AMD revenue $6.49 billion, an increase of 20 percent year-over-year
- Net income $471 million, EPS $0.64, operating income $848 million
- Non-GAAP net income $360 million, EPS $0.49, operating income $553 million
- GAAP annual gross margin 46 percent, non-GAAP annual gross margin 45 percent

Q4 2010 Commentary

Revenue was $1.65 billion, up 2% compared to the third quarter of 2010 and flat compared to the same period a year ago.

The quarter-over-quarter increase was mainly due to:

- growth in the graphics business with the introduction of our second generation DX11-capable GPUs,
- seasonally driven higher game console revenue,
- strong chipset sales as our attach rates achieve historical highs, highlighting the value proposition of AMD's VISION platform solutions.

Gross margin was 45%, down 1 percentage point from the prior quarter mainly due to:

- lower microprocessor ASP,
- higher product costs, including cost associated with the ramp of 32nm processors,
- partially offset by the gross margin-accretive Brazos platform sales.

Operating Expenses *were $*602 million, slightly less than the guided $610 million, and within our target model for 2010, as disclosed at AMD's 2010 Financial Analyst Day.

- **R&D** was $352 million
- **SG&A** was $250 million

Non-GAAP operating income was $141 million, which excludes the impact of a $283 million gain from a legal settlement and amortization of acquired intangible assets.

Non-GAAP Net Income was $106 million, which primarily excludes a net favorable impact of $236 million, related to the legal settlement, net of tax impact, referenced above and the equity income impact of AMD's investment in GLOBALFOUNDRIES (GF).

- AMD recorded $27 million equity income from its GF investment in Q4. This primarily represented our dilution gain resulting from ATIC's capital contribution to GF, offset by our share of GF's net loss.

Non-GAAP diluted EPS was 14 cents in the fourth quarter, calculated using 734 million fully diluted shares. (The shares used in AMD's fourth quarter GAAP EPS calculation is 758 million on a fully diluted basis. The GAAP diluted share count is high due to the inclusion of the 5.75% convertible common shares which were dilutive to fourth quarter EPS.)

Adjusted EBITDA was $241 million, down $4 million from the prior quarter.

Q4 2010 Segment Results – Computing Solutions

Computing Solutions segment revenue was $1.22 billion, flat compared to the third quarter of 2010.

- Sequential growth of microprocessor sales was strongest in emerging markets and South Asia.
- In November 2010, we started shipping the first APU-enabled Brazos platform, for notebook and desktop systems. In total, we shipped 1.3 million platforms in the fourth quarter.

Computing Solutions Operating Income was $91 million, down $73 million due to lower microprocessor ASP.

Q4 2010 Segment Results – Graphics

Graphics segment revenue was $424 million, up 9% compared to the third quarter of 2010 mainly due to:

- Increased graphics processor unit (GPU) ASP,

- Seasonally driven higher game console revenue,
- Double digit growth in unit sales to the AIB channel due to the success of our second generation DX11-enabled GPUs, the AMD Radeon HD6800 series and the HD6900 series.

Graphics segment Operating Income was $68 million, up $67 million from the third quarter of 2010 mainly due to higher game console revenue and higher GPU ASP.

Balance Sheet

Our cash, cash equivalents and marketable securities balance at the end of the quarter was $1.79 billion, up $63 million compared to the end of the third quarter of 2010.

Accounts Receivable at the end of the quarter was $968 million, up $203 million compared to the end of the third quarter of 2010, primarily due to high volume of sales in the last month of the quarter, including the successful launch of our new GPU products.

Inventory was $632 million exiting the quarter.

Long term debt as of the end of the quarter was $2.2 billion.

Non-GAAP Adjusted free cash flow was $11 million, down $80 million from the third quarter of 2010 due to lower non-GAAP net cash provided by operating activities.

- The sequential decrease in non-GAAP net cash provided by operating activities was primarily due to an increase in Accounts Receivable primarily as a result of a high volume of sales in the last month of the quarter, including the successful launch of our new GPU products.
- Starting with the first quarter of 2010, AMD began presenting non-GAAP adjusted free cash flow as a supplemental measure of its performance to adjust for the impact of our receivable funding arrangement with IBM Credit. In January 2011, we notified IBM Credit that we intend to terminate this funding program. The effective date of termination will be in February 2011, and we expect to transition away from making adjustments related to this program to our GAAP net cash provided by operating activities. As a result, we expect that as of the third quarter of 2011, free cash flow will be calculated traditionally in accordance with industry standard.

2010 Commentary

We executed well to our 2010 business model and exceeded many targets:

- We improved the 2010 non-GAAP gross margin by 9 percentage points compared to 2009.
- We generated non-GAAP earnings per share of 49 cents.
- We generated $553 million dollars in non-GAAP operating income and non-GAAP adjusted free cash flow of $355 million.
- We restructured the balance sheet and reduced long-term debt to $2.2 billion.

- We maintained cash, cash equivalents and marketable securities above $1.5 billion for the year, and exited 2010 at $1.8 billion.

2010 was a year of records:

- All-time record for Client microprocessor annual revenue.
- All-time record for GPU annual shipments, breaking into the number 1 spot in discrete graphics unit market share in the third quarter of 2010, according to the most recently published Mercury Research report.
- All-time record for mobile GPU annual unit shipments and revenue.
- All-time record for Professional Graphics Cards for Workstations in unit shipments and revenue and a 5 percentage point gain in unit share from 10% in the third quarter of 2009 to 15% in the third quarter of 2010 based on IDC's most recently published report.

Outlook

The following statements concerning AMD are forward-looking, and actual results could differ materially from current expectations.

Q1 2011:

- AMD expects first quarter revenue to be flat to slightly down sequentially.
- Operating expenses are expected to be approximately $650 million due to an extra week in the quarter and contemplating a separation payment to Dirk Meyer of approximately $12 million.
- Tax is expected to be approximately $4 million.
- Also, on December 27th of 2010 we announced that starting with the first fiscal quarter of 2011, we will begin accounting for our investment in GF under the cost method and will no longer recognize any share of GF' net income (loss) in our statements of operations. The transition to cost-based accounting was triggered by the contribution of Chartered Semiconductor to GF and amendments to certain agreements. In addition, as a result of the contribution of Chartered Semiconductor to GF, we expect to recognize in the first fiscal quarter of 2011 a noncash gain related to the dilution of our equity interest in GF. The exact amount cannot be determined at this time. However once it is determined it will be disclosed in a filing with the SEC.

2011 guidance (as presented at AMD's Financial Analyst Day, November 9, 2010):

- Gross Margin is expected to be in the range of 44-48%.
- R&D is expected to be in the range of 19-22% of sales.
- SG&A is expected to be in the range of 13-16% of sales.
- Capital expenditures are forecasted to be approximately $220 million.

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Non-GAAP Measures:

To supplement the Company's financial results calculated in accordance with United States generally accepted accounting principles (GAAP), this commentary contains non-GAAP financial measures, including for non-GAAP net income (loss) excluding GF/Foundry segment related items, non-GAAP net income (loss), non-GAAP operating income (loss), non-GAAP earnings per share and non-GAAP gross margin and non-GAAP net cash provided by operating activities. These non-GAAP financial measures reflect certain adjustments, and the Company has presented a reconciliation of GAAP to non-GAAP financial measures in the tables below.

The Company also provided Adjusted EBITDA and non-GAAP Adjusted free cash flow as supplemental measures of its performance.

Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, employee stock-based compensation expense and amortization of acquired intangible assets. In addition: for the fourth fiscal quarter of 2010, the Company included an adjustment related to its legal settlement; for the fourth fiscal quarter of 2009, the Company included an adjustment related to its legal settlement with Intel and for Foundry segment and Intersegment Eliminations operating loss; for fiscal 2010, the Company included adjustments related to its legal settlement in the fourth fiscal quarter of 2010 and for certain restructuring reversals; and for fiscal 2009, the Company included adjustments related to its legal settlement with Intel, Foundry segment and Intersegment Eliminations operating loss, certain restructuring charges and GF formation costs. The Company calculates and communicates Adjusted EBITDA in the financial schedules because the Company's management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. 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 GAAP operating measure of operating income (loss) or 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.

Starting in the first quarter of 2010, the Company presents non-GAAP adjusted free cash flow as a supplemental measure of its performance. In 2008 and 2009 the Company and certain of its subsidiaries (collectively, the "AMD Parties") entered into supplier agreements with IBM Credit LLC and certain of its subsidiaries, (collectively, the "IBM Parties"). Pursuant to these supplier agreements, the AMD Parties sell to the IBM Parties invoices of selected distributor customers. Because the Company does not recognize revenue until its distributors sell its products to their customers, under U.S. GAAP, the Company classifies funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, these funds are classified as cash flows from financing activities. When a distributor pays the applicable IBM Party, the Company reduces the distributor's accounts receivable and the corresponding debt resulting in a non-cash accounting entry. Because the Company does not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment is never reflected in the Company's cash flows from operating activities. Non-GAAP adjusted free cash flow for the Company is determined by adjusting GAAP net cash provided by (used in) operating activities by adding the distributors' payments to the IBM Parties to GAAP net cash provided by (used in) operating activities. This amount is then further adjusted by subtracting capital expenditures. Generally, under U.S. GAAP, the reduction in accounts receivable is assumed to be a source of operating cash flows. Therefore, the Company believes that treating the payments from its distributor customers to the IBM Parties as if the Company actually received the cash from the distributor and then used that cash to pay down the debt is more reflective of the economic substance of the transaction. The Company calculates and communicates non-GAAP adjusted free cash flow in the financial schedules because the Company's management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of non-GAAP Adjusted free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view non-GAAP Adjusted Free Cash Flow as an alternative to GAAP liquidity measures of cash flows from operating or financing activities.

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.

Non-GAAP Reconciliation:

Reconciliation of GAAP Net Income (Loss) Attributable to AMD Common stockholders to Non-GAAP Net Income (Loss)

(Millions except per share amounts)	Q4-10		Q3-10		Q4-09		2010		2009	
GAAP net income (loss) attributable to AMD common stockholders / Earnings (loss) per share	**$ 375**	**$ 0.50**	**$ (118)**	**$ (0.17)**	**$ 1,178**	**$ 1.52**	**$ 471**	**$ 0.64**	**$ 304**	**$ 0.45**
Net impact of GF/Foundry segment related items*	27	0.05	(186)	(0.25)	(138)	(0.17)	(68)	(0.09)	(823)	(1.21)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	114	0.17
Net (income) loss attributable to noncontrolling interest	—	—	—	—	23	0.03	—	—	83	0.12
Class B preferred accretion	—	—	—	—	(22)	(0.03)	—	—	(72)	(0.11)
Non-GAAP net income (loss) excluding GF/Foundry segment related items	**348**	**0.47**	**68**	**0.09**	**1,315**	**1.69**	**539**	**0.73**	**1,002**	**1.45**
Amortization of acquired intangible assets	(11)	(0.01)	(16)	(0.02)	(18)	(0.02)	(61)	(0.08)	(70)	(0.10)
Legal settlements	283	0.39	—	—	1,267	1.60	283	0.39	1,267	1.87
Income tax related to legal settlement	(47)	(0.06)	—	—	—	—	(47)	(0.06)	—	—
Gain on investment sale	17	0.02	—	—	—	—	24	0.03	—	—
Gain (loss) on debt redemption	—	—	(24)	(0.03)	(11)	(0.01)	(24)	(0.03)	169	0.25
Loss from discontinued operations	—	—	—	—	(3)	—	—	—	(3)	—
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	—	—	—	—	171	0.25
Restructuring (charges) reversals	—	—	—	—	—	—	4	0.01	(65)	(0.10)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	(21)	(0.03)
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	—	—	—	—	—	—	(114)	(0.17)
Investment net charges	—	—	—	—	—	—	—	—	(9)	(0.01)
Gain on sale of Handheld assets	—	—	—	—	—	—	—	—	28	0.04
Non-GAAP net income (loss) / Earnings (loss) per share	**$ 106**	**$ 0.14**	**$ 108**	**$ 0.15**	**$ 80**	**$ 0.11**	**$ 360**	**$ 0.49**	**$ (351)**	**$ (0.52)**

* Q4-10 and Q3-10 consist of equity net income (loss) related to GLOBALFOUNDRIES. 2010 consists of $69 million gross margin benefit related to the deconsolidation of GLOBALFOUNDRIES in Q1-10, a $325 million gain on the fair value assessment of our investment in GLOBALFOUNDRIES in Q1-10, and $462 million equity net income (loss) related to GLOBALFOUNDRIES. Q4-09 and 2009 consists of the Foundry segment and Intersegment Eliminations loss.

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

(Millions)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP operating income (loss)	**$ 413**	**$ 128**	**$ 1,288**	**$ 848**	**$ 664**
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	—	—	—	69	—
Amortization of acquired intangible assets	(11)	(16)	(18)	(61)	(70)
Legal settlement	283	—	1,242	283	1,242
Restructuring (charges) reversals	—	—	—	4	(65)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	—	—	—	(21)
Operating income (loss) from Foundry segment and Intersegment Eliminations	—	—	(105)	—	(481)
Non-GAAP operating income (loss)	**$ 141**	**$ 144**	**$ 169**	**$ 553**	**$ (112)**

Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions, except percentages)	Q4-10	Q3-10	Q4-09	2010	2009
GAAP Gross Margin	**$743**	**$739**	**$735**	**$2,961**	**$2,272**
GAAP Gross Margin %	**45%**	**46%**	**45%**	**46%**	**42%**
Gross margin benefit from sales of inventory written down in Q4-08	—	—	—	—	171
Gross margin benefit due to the deconsolidation of GLOBALFOUNDRIES	—	—	—	69	—
Gross margin from Foundry segment and Intersegment Eliminations	—	—	56	—	159
Non-GAAP Gross Margin	**$743**	**$739**	**$679**	**$2,892**	**$1,942**
Non-GAAP Gross Margin %	**45%**	**46%**	**41%**	**45%**	**36%**

AMD reconciliation of GAAP operating income (loss) to Adjusted EBITDA

	Q4-10	Q3-10	Q4-09	2010	2009
GAAP operating income (loss)	**$ 413**	**$128**	**$ 1,288**	**$ 848**	**$ 664**
Foundry segment and Intersegment Eliminations operating loss	—	—	105	—	481
Legal settlement	(283)	—	(1,242)	(283)	(1,242)
Depreciation and amortization	78	79	95	322	398
Employee stock-based compensation expense	22	22	18	87	70
Amortization of acquired intangible assets	11	16	18	61	70
Restructuring charges (reversals)	—	—	—	(4)	65
GF formation costs	—	—	—	—	21
Adjusted EBITDA	**$ 241**	**$245**	**$ 282**	**$1,031**	**$ 527**

Non-GAAP adjusted free cash flow reconciliation

	Q4-10	Q3-10	2010
GAAP net cash used in operating activities	**$(213)**	**$(124)**	**$(412)**
Non-GAAP adjustment	262	246	915
Non-GAAP net cash provided by operating activities	**49**	**122**	**503**
Purchases of property, plant and equipment	(38)	(31)	(148)
Non-GAAP adjusted free Cash Flow	**$ 11**	**$ 91**	**$ 355**

Cautionary Statement

This document contains forward-looking statements concerning AMD, our financial outlook for the first quarter of 2011, including our first quarter 2011 revenue, operating expenses and tax, our 2011 financial targets, including gross margin, R&D, SG&A, capital expenditures and profitability on an operating income level and the impact of the termination of our receivable funding arrangement with IBM Credit, 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; 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 financial results in the first quarter of 2011 and beyond; 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; the company will be unable to maintain the level of investment in research and development that is required to remain competitive; manufacturing or other costs may exceed the company’s expectations; and 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. 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 25, 2010.