
**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

July 21, 2009
Date of Report (Date of earliest event reported)

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

Delaware
(State of Incorporation)

001-07882
(Commission File Number)

94-1692300
(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))
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Item 2.02 Results of Operations and Financial Condition.**Item 7.01 Regulation FD Disclosure.**

The information in this Report, including Exhibit 99.1 attached hereto, is furnished pursuant to Item 2.02 and Item 7.01 of this Form 8-K. Consequently, it is not 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 this Form 8-K.

On July 21, 2009, Advanced Micro Devices, Inc. (the “Company”) announced its financial position and results of operations as of and for its fiscal quarter ended June 27, 2009 in a press release that is attached hereto as Exhibit 99.1. To supplement the Company’s financial results presented on a U.S. GAAP basis, the Company’s earnings release contains non-GAAP financial measures of non-GAAP net income (loss) attributable to AMD common stockholders, non-GAAP operating income (loss), non-GAAP gross margin and adjusted EBITDA. The Company believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results.

On March 2, 2009, the Company, Advanced Technology Investment Company LLC and West Coast Hitech G.P., Ltd. entered into a manufacturing joint venture pursuant to which GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“GF”), was created to manufacture semiconductor products and provide certain foundry services to the Company. Although GF is not a majority owned subsidiary of the Company, the Company is required to consolidate the operations of GF for financial reporting purposes. The Company has provided non-GAAP financial measures for Advanced Micro Devices, Inc. on a stand-alone basis (referred to below as “AMD Product Company”) by excluding from the Company’s consolidated operating results the Company’s Foundry segment and intersegment eliminations consisting of revenues, cost of sales, and profits on inventory between AMD Product Company and the Foundry segment. The Company is providing non-GAAP financial measures for AMD Product Company because the Company believes it is important for investors to have visibility into the Company’s financial results excluding the Foundry segment and to better understand the Company’s financial results absent the requirement to consolidate the financial results of GF.

To derive non-GAAP net income (loss) attributable to AMD common stockholders for the Company for the second fiscal quarter of 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, certain restructuring charges, and the gain recognized by the Company from the repurchase of debt. To derive non-GAAP net income (loss) for AMD Product Company for the second fiscal quarter of 2009, the Company further excluded the net loss from the Foundry segment and the intersegment eliminations referenced above, the impact of net (income) loss attributable to noncontrolling interest and the Class B preferred accretion. To derive non-GAAP net loss attributable to AMD common stockholders for the Company for the first fiscal quarter of 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, certain restructuring charges, GF formation costs incurred by AMD Product

Company, investment net charges, the gain recognized by the Company from the repurchase of debt, the gain on sale of certain Handheld assets and the tax provision related to GF. To derive non-GAAP net income (loss) for AMD Product Company for the first fiscal quarter of 2009, the Company further excluded the net loss from the Foundry segment and the intersegment eliminations referenced above, added back the tax provision related to GF and excluded the impact of net (income) loss attributable to noncontrolling interest and the Class B preferred accretion. To derive the Company's non-GAAP net income (loss) attributable to AMD common stockholders for the Company for the second fiscal quarter of 2008, the Company excluded loss from discontinued operations, the amortization of acquired intangible assets, impairment of goodwill and acquired intangible assets related to the Company's acquisition of ATI Technologies, Inc. ("ATI"), certain restructuring charges, the gain on sale of 200 millimeter equipment and investment net charges.

To derive non-GAAP operating income (loss) for the Company for the second fiscal quarter of 2009, the Company excluded the gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008, amortization of acquired intangible assets and certain restructuring charges. To derive non-GAAP operating income (loss) for AMD Product Company for the second fiscal quarter of 2009, the Company also excluded the loss from the Company's Foundry segment and the intersegment eliminations referenced above. To derive non-GAAP operating income (loss) for the Company for the first fiscal quarter of 2009, the Company excluded the gross margin benefit from the sale of inventory written-down in the fourth fiscal quarter of 2008, amortization of acquired intangible assets, certain restructuring charges and GF formation costs incurred by AMD Product Company. To derive non-GAAP operating income (loss) for AMD Product Company for the first fiscal quarter of 2009, the Company also excluded the loss from the Company's Foundry segment and the intersegment eliminations referenced above. To derive non-GAAP operating income (loss) for the Company for the second fiscal quarter of 2008, the Company excluded the amortization of acquired intangible assets, the impairment of goodwill and acquired intangible assets related to the ATI acquisition, certain restructuring charges and the gain on sale of 200 millimeter equipment.

To derive non-GAAP gross margin for the Company for the second fiscal quarter of 2009, the Company excluded the gross margin benefit from the sale of inventory written down in the fourth fiscal quarter of 2008. To derive non-GAAP gross margin for AMD Product Company for the second fiscal quarter of 2009, the Company also excluded the gross margin from the Company's Foundry segment and the intersegment eliminations referenced above. To derive non-GAAP gross margin for the Company for the first fiscal quarter of 2009, the Company excluded the gross margin benefit from the sale of inventory written down in the fourth fiscal quarter of 2008. To derive non-GAAP gross margin for AMD Product Company for the first fiscal quarter of 2009, the Company also excluded the gross margin from the Company's Foundry segment and the intersegment eliminations referenced above.

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

Gross margin benefit from the sales 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 fiscal and

second fiscal quarters of 2009, the Company sold a portion of this inventory. The Company believes that the exclusion of this activity enables investors to better evaluate its 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 primarily consisted of the amortization expense of acquired intangible assets. The Company believes that the exclusion of the amortization of acquired intangible assets enables investors to better evaluate its current operating performance compared with prior periods.

Restructuring charges: The restructuring charges primarily relate to the restructuring plans implemented by the Company during the second and fourth fiscal quarters of 2008 to reduce its breakeven point. The restructuring charges for the restructuring plan implemented during the second fiscal quarter of 2008 represent primarily severance and costs related to the continuation of certain employee benefits and the costs related to the termination of a contract. For the second quarter of fiscal 2008, these restructuring charges totaled \$31 million. The restructuring charges for the restructuring plan implemented during the fourth fiscal quarter of 2008 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. For the second fiscal quarter of 2009, these restructuring charges totaled \$1 million, and for the first fiscal quarter of 2009, these restructuring charges totaled \$60 million. The Company excluded the effect of this item from GAAP net income (loss) attributable to AMD common stockholders and GAAP operating income (loss) as it is not indicative of ongoing performance.

Investment net charges: The Company incurred material investment-related net impairment charges in the first fiscal quarter of 2009 and in the second fiscal quarter of 2008. The charge in the first fiscal quarter of 2009 primarily represents a charge related to the Company's ownership interest in the Advanced Maskhouse Technology Center GmbH joint venture. The charge in the second fiscal quarter of 2008 primarily represents a \$24 million charge related to the Company's investment in Spansion Inc. and a \$12 million charge related to the Company's auction rate securities. The Company excluded the effect of this item from its GAAP net income (loss) attributable to AMD common stockholders as it is not indicative of ongoing operating performance.

Gain on debt buyback: During the second fiscal quarter of 2009, the Company repurchased \$15 million of its 5.75% Convertible Senior Notes due 2012 resulting in a gain on the debt buyback of \$6 million. During the first fiscal quarter of 2009, the Company repurchased \$158 million of its 6.00% Convertible Senior Notes due 2015 resulting in a gain on the debt buyback of \$108 million. The Company excluded this gain from GAAP net income (loss) attributable to AMD common stockholders for the first and second fiscal quarters of 2009, as it is not indicative of ongoing operating performance.

Foundry Segment and related eliminations: The Company's Foundry segment includes 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 since March 2, 2009. Eliminations consist of intersegment eliminations of revenues, cost of sales, and profits on inventory between AMD Product Company and the Foundry segment. The Company excluded this item from GAAP net income (loss) attributable to AMD common stockholders, GAAP operating income (loss) and GAAP gross margin for AMD Product Company because the Company believes it is important for investors to have visibility into the Company's financial results excluding the Foundry segment and intersegment eliminations and to better understand the Company's financial results absent the requirement to consolidate the financial results of GF.

Net (income) loss attributable to noncontrolling interest and Class B preferred accretion: These two items relate to GF, whose operating results are included in the Company's Foundry segment. 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 GAAP net income (loss) attributable to AMD common stockholders for AMD Product Company because the Company believes it is important for investors to have visibility into the Company's financial results excluding the Foundry segment.

AMD Product Company GF formation costs: AMD Product Company incurred certain costs to form the GF manufacturing joint venture, which were excluded from GAAP net income (loss) attributable to AMD common stockholders and GAAP operating income (loss) for the first fiscal quarter of 2009, as these costs are not indicative of ongoing operating performance.

Gain on sale of 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) attributable to AMD common stockholders for the first fiscal quarter of 2009 as it is not indicative of ongoing operating performance.

Incremental tax provision related to formation of GF: During the first fiscal quarter of 2009, the Company recorded a tax provision related to 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) attributable to AMD common stockholders because it is not indicative of ongoing operating performance.

Discontinued Operations: As part of the Company's strategy of evaluating the viability of its non-core business, in the second fiscal quarter of 2008, the Company determined that its Handheld and DTV business units were not directly aligned with its computing and graphics

opportunities. Therefore, the Company decided to divest these business units and classify them as discontinued operations in the financial statements presented. During the fourth fiscal quarter of 2008, the Company determined that the discontinued operation classification criteria for the Handheld business unit were no longer met. Accordingly, the results of the Handheld business unit were reclassified from discontinued operations to continuing operations, and prior periods were recast to conform to current period presentation. In the fourth fiscal quarter of 2008, AMD completed the sale of its DTV business unit to Broadcom Corporation for \$141.5 million in cash. In the first fiscal quarter of 2009, AMD completed the sale of certain technology assets, intellectual property and resources of its Handheld business unit to Qualcomm for \$65 million in cash. The loss from discontinued operations in fiscal second quarter of 2008 represented only the estimated loss from its DTV business unit. The Company excluded this item from the Company's GAAP net income (loss) attributable to AMD common stockholders because it is not indicative of ongoing operating performance.

Impairment of goodwill and acquired intangible assets related to the Company's acquisition of ATI: As a result of the Company's decision in the second fiscal quarter of 2008 to divest its Handheld and DTV business units, the Company performed an interim goodwill impairment analysis and the analysis of impairment on acquired intangible assets associated with these business units. The Company concluded that a portion of their carrying values were impaired. The impairment charges associated with the DTV business units were recorded in the loss from discontinued operations and this item represented only the impairment charges associated with the Handheld business unit. The Company believes these charges are not indicative of ongoing performance and consequently excluded the effect of these charges from GAAP net income (loss) attributable to AMD common stockholders and GAAP operating income (loss) for the second fiscal quarter of 2008.

Gain on sale of 200 millimeter equipment: In the second fiscal quarter of 2008, the Company recognized a gain of \$193 million in connection with sales of certain 200mm wafer fabrication tools. The Company excluded the effect of this item from GAAP net income (loss) attributable to AMD common stockholders and GAAP operating income (loss) for the second fiscal quarter of 2008 as it is not indicative of ongoing operating performance.

In addition, the Company presented "Adjusted EBITDA" in the financial schedules to the earnings release. In the financial schedules, Adjusted EBITDA for the Company was determined by adjusting net income (loss) attributable to AMD common stockholders for impairment of goodwill and acquired intangible assets, depreciation and amortization, amortization of acquired intangible assets, interest expense, taxes and discontinued operations. Adjusted EBITDA for AMD Product Company was determined by also adjusting for the Foundry segment and intersegment eliminations net loss, net income (loss) attributable to noncontrolling interest and Class B preferred accretion.

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 U.S. GAAP financial measures.

The Company calculated and communicated 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.

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 loss or U.S. GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.

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 U.S. GAAP. These non-GAAP measures should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with U.S. GAAP.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated July 21, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 21, 2009

ADVANCED MICRO DEVICES, INC.

By: /s/ Faina Medzonsky

Name: Faina Medzonsky

Title: Assistant Secretary

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated July 21, 2009.

AMD News Release

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AMD Reports Second Quarter Results

SUNNYVALE, Calif. — July 21, 2009 — AMD¹ (NYSE:AMD) today reported second quarter 2009 results.

AMD reported revenue for the second quarter of 2009 of \$1.184 billion. Second quarter 2009 revenue was flat compared to the first quarter of 2009 and decreased 13 percent compared to the second quarter of 2008.

“The AMD Product Company successfully executed its product and technology roadmaps in the first half of the year, including introducing the Six-Core AMD Opteron™ processor months ahead of schedule. While we increased cash, exceeded our revenue plan and reduced operating expenses in the second quarter, gross margin was disappointing,” said Dirk Meyer, AMD president and CEO. “New platform, microprocessor and graphics introductions planned for the second half of 2009 position us well to improve margins and meet our financial goals for the year.”

In the second quarter of 2009, AMD reported a net loss attributable to AMD common stockholders of \$330 million or \$0.49 per share, which includes the net favorable impact of \$86 million, or \$0.13 per share, primarily from the sale of inventory written-down in the fourth fiscal quarter of 2008 as described in the table below². AMD’s operating loss was \$249 million.

In the first quarter of 2009, AMD had revenue of \$1.177 billion, a net loss attributable to AMD common stockholders of \$416 million and an operating loss of

\$298 million. In the second quarter of 2008, AMD had revenue from continuing operations of \$1.362 billion, a net loss attributable to AMD common stockholders of \$1.195 billion and an operating loss of \$569 million.

In the second quarter of 2009, AMD Product Company reported a non-GAAP net loss of \$244 million and a non-GAAP operating loss of \$205 million. In the first quarter of 2009, AMD Product Company reported a non-GAAP net loss of \$189 million and a non-GAAP operating loss of \$123 million³.

Second quarter 2009 AMD gross margin was 37 percent, including a positive impact of 8 percentage points due to a \$98 million benefit from the sale of inventory written down in the fourth quarter of 2008. First quarter 2009 AMD gross margin was 43 percent, including a positive impact of 5 percentage points due to a \$64 million benefit from the sale of inventory written down in the fourth quarter of 2008. Second quarter 2009 AMD Product Company non-GAAP gross margin was 27 percent compared to 35 percent in the prior quarter.

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.

Considering current macroeconomic conditions, limited visibility and historical seasonal patterns, AMD expects its Product Company revenue to be up slightly for the third quarter of 2009.

Additional Highlights

- Leading enterprise computing providers, including Dell, HP, IBM and Sun Microsystems announced new servers based on the Six-Core AMD Opteron processor, which is a drop-in replacement for the Quad-Core AMD Opteron processor and delivers up to 34 percent more performance-per-watt in the exact same platform.
- AMD introduced the first 40nm desktop graphics processor, the first 1 GHz graphics processor and held the first public preview of working silicon and drivers supporting Microsoft's upcoming DirectX® 11 technology featured in Windows 7.
- Customer adoption of AMD's graphics products for the professional market continued, with Dell, HP and Lenovo offering workstations featuring ATI FirePro™ professional graphics accelerators.

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- HP, Acer, BenQ, and Medion announced solutions powered by the AMD Neo™ and ATI Radeon™ family of low-power technologies, including delivering the industry's first affordable, full-featured HD computing experiences to the increasingly popular ultrathin notebook and all-in-one desktop markets.
- AMD refreshed its Dragon platform technology for desktop PCs, including the introduction of the AMD Phenom™ II X4 955 Black Edition processor, the company's fastest quad-core processor. The stability of AMD Phenom II processors on Dragon technology provides an ideal platform for overclocking, resulting in the industry's first known CPU to break the 7GHz barrier.
- Adobe, ArcSoft and Cyberlink began offering optimized versions of their video editing and processing applications that use ATI Stream technology to intelligently combine the computing power of AMD's CPUs and GPUs to greatly accelerate the time-intensive activity of video encoding.
- AMD's vision to bring a leading-edge semiconductor manufacturing facility and thousands of jobs to upstate New York is being fulfilled as GLOBALFOUNDRIES prepares to break ground on the construction of the Fab 2 project in New York. Fab 2 is expected to be the world's most technologically-advanced semiconductor manufacturing facility, expanding AMD's access to world-class manufacturing expertise.

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 second 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.

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Reconciliation of GAAP Net Income (Loss) Attributable to AMD Common Stockholders to AMD Product Company Non-GAAP Net Income (Loss) ^{1,2,3,4}

(Millions except per share amounts)	Q2-09		Q1-09		Q2-08	
GAAP net income (loss) attributable to AMD common stockholders / EPS	\$(330)	\$(0.49)	\$(416)	\$(0.66)	\$(1,195)	\$(1.97)
Loss from discontinued operations	—	—	—	—	(494)	(0.81)
Income (loss) attributable to AMD stockholders from continuing operations	\$(330)	\$(0.49)	\$(416)	\$(0.66)	\$(701)	\$(1.16)
Gross margin benefit from sales of inventory written down in Q4-08	98	0.15	64	0.10	—	—
Amortization of acquired intangibles	(17)	(0.03)	(18)	(0.03)	(37)	(0.06)
ATI impairment of goodwill and acquired intangible assets	—	—	—	—	(403)	(0.66)
Restructuring charges	(1)	—	(60)	(0.10)	(31)	(0.05)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	—	(21)	(0.03)	—	—
Gain on sale of 200 millimeter equipment	—	—	—	—	193	0.32
Investment net charges	—	—	(9)	(0.01)	(36)	(0.06)
Gain on debt buyback	6	0.01	108	0.17	—	—
Gain on sale of Handheld assets	—	—	28	0.04	—	—
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	(114)	(0.18)	—	—
Net favorable (unfavorable) impact subtotal	\$ 86	\$ 0.13	\$ (22)	\$(0.04)	\$ (314)	\$(0.52)
Non-GAAP net income (loss) attributable to AMD common stockholders	\$(416)	—	\$(394)	—	\$(387)	—
Net income (loss) from Foundry segment and intersegment eliminations	(177)	(0.27)	(317)	(0.51)	—	—
Incremental tax provision related to the formation of GLOBALFOUNDRIES	—	—	114	0.18	—	—
Net (income) loss attributable to noncontrolling interest	25	0.04	6	0.01	—	—
Class B preferred accretion	(20)	(0.03)	(8)	(0.01)	—	—
AMD Product Company non-GAAP net income (loss)	\$(244)	—	\$(189)	—	—	—

Reconciliation of GAAP to AMD Product Company Non-GAAP Operating Income (Loss) ^{1,2,3,4}

(Millions)	Q2-09	Q1-09	Q2-08
GAAP operating income (loss)	\$(249)	\$(298)	\$(569)
Gross margin benefit from sales of inventory written down in Q4-08	98	64	—
Amortization of acquired intangibles	(17)	(18)	(37)
ATI impairment of goodwill and acquired intangible assets	—	—	(403)
Restructuring charges	(1)	(60)	(31)
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	(21)	—
Gain on sale of 200 millimeter equipment	—	—	193
Non-GAAP operating income (loss)	\$(329)	\$(263)	\$(291)
Operating income (loss) from Foundry segment and intersegment eliminations	(124)	(140)	—
AMD Product Company non-GAAP operating income (loss)	\$(205)	\$(123)	—

Reconciliation of GAAP to AMD Product Company Non-GAAP Gross Margin ^{1,2,3,4}

(Millions, except percentages)	Q2-09	Q1-09	Q2-08
GAAP Gross Margin	\$441	\$511	\$511
GAAP Gross Margin %	37%	43%	38%
Gross margin benefit from sales of inventory written down in Q4-08	98	64	—
Non-GAAP Gross Margin	\$343	\$447	\$511
Non-GAAP Gross Margin %	29%	38%	38%
Gross margin from Foundry segment and intersegment eliminations	20	34	—
AMD Product Company non-GAAP Gross Margin	\$323	\$413	—
AMD Product Company non-GAAP Gross Margin %	27%	35%	—

Select Segment Information⁴

(Millions, except percentages)	Q2-09	vs Q1-09	vs Q2-08
Computing Solutions			
Revenue	\$910	-3%	-17%
Microprocessor Units		flat	down
Microprocessor Average Selling Prices (ASP)		down	down
Graphics			
Revenue	\$251	13%	1%
Graphic Processor Units		up	up
Graphic Processor Average Selling Prices (ASP)		down	down

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About AMD

Advanced Micro Devices (NYSE: AMD) is an innovative technology company dedicated to collaborating with customers and technology partners to ignite the next generation of computing and graphics solutions at work, home and play. For more information, visit <http://www.amd.com>

Cautionary Statement

This release contains forward-looking statements concerning AMD Product Company, its third quarter 2009 revenue, its gross margins and financials for 2009, the planned availability of its future products and technologies and assumptions regarding the future economic environment, 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; global business and economic conditions will continue in their current state or worsen resulting in lower than currently expected revenue in the third quarter of 2009 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; 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; 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 its products to advanced manufacturing process technologies in a timely and effective way; 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 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 March 28, 2009.

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AMD, the AMD Arrow logo, AMD Opteron and AMD Neo 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 owner.

¹ For financial reporting purposes, AMD consolidates the operating results of GLOBALFOUNDRIES Inc. in its results as of March 2, 2009 and created the Foundry segment as of the start of the fiscal year. References to “AMD” in this announcement include these consolidated operating results which are reported for GAAP purposes. “AMD Product Company” refers to AMD, excluding the operating results of the Foundry segment and Intersegment eliminations. Foundry segment includes 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 GLOBALFOUNDRIES from March 2, 2009 through June 27, 2009. Intersegment eliminations consist of revenues, cost of sales and profits on inventory between AMD Product Company and the Foundry segment.

² In this press release, in addition to GAAP financial results, the Company has provided non-GAAP financial measures for AMD net income (loss) attributable to AMD common stockholders, operating income (loss) and gross margin. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this press release. Management believes this non-GAAP presentation makes it easier for investors to compare current and historical period operating results by, among other things, excluding items that are not indicative of ongoing operating performance.

³ The Company is providing non-GAAP financial measures for AMD Product Company such as a statement of operations and selected balance sheet items as reflected in this press release. In addition, for AMD Product Company, the Company is providing non-GAAP financial measures such as net income (loss), operating income (loss) and gross margin which exclude certain adjustments as reflected in the tables above. AMD is providing these financial measures because it believes it is important for investors to have visibility into AMD’s financial results excluding the Foundry segment, intersegment eliminations and certain adjustments as reflected in the tables in this press release and to better understand the Company’s financial results absent the requirement to consolidate the financial results of GLOBALFOUNDRIES.

⁴ Refer to corresponding tables at the end of this press release for additional AMD and AMD Product Company data.

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

	Quarter Ended			Six Months Ended	
	June 27, 2009 (Unaudited)	March 28, 2009 (Unaudited)	June 28, 2008 ⁽¹⁾ (Unaudited)	June 27, 2009 (Unaudited)	June 28, 2008 ⁽¹⁾ (Unaudited)
Net revenue	\$ 1,184	\$ 1,177	\$ 1,362	\$ 2,361	\$ 2,849
Cost of sales	743	666	851	1,409	1,717
Gross margin	441	511	511	952	1,132
Gross margin %	37%	43%	38%	40%	40%
Research and development	425	444	467	869	945
Marketing, general and administrative	247	287	335	534	672
Amortization of acquired intangible assets	17	18	37	35	77
Impairment of goodwill and acquired intangible assets	—	—	403	—	403
Restructuring charges	1	60	31	61	31
Gain on sale of 200 millimeter equipment	—	—	(193)	—	(193)
Operating income (loss)	(249)	(298)	(569)	(547)	(803)
Interest income	6	3	10	9	25
Interest expense	(108)	(97)	(101)	(205)	(202)
Other income (expense), net	6	94	(34)	100	(35)
Income (loss) before income taxes	(345)	(298)	(694)	(643)	(1,015)
Provision (benefit) for income taxes	(10)	116	—	106	—
Income (loss) from continuing operations	(335)	(414)	(694)	(749)	(1,015)
Income (loss) from discontinued operations, net of tax	—	—	(494)	—	(524)
Net income (loss)	\$ (335)	\$ (414)	\$ (1,188)	\$ (749)	\$ (1,539)
Net (income) loss attributable to noncontrolling interest	25	6	(7)	31	(20)
Class B preferred accretion	(20)	(8)	—	(28)	—
Net Income (loss) attributable to AMD common stockholders	\$ (330)	\$ (416)	\$ (1,195)	\$ (746)	\$ (1,559)
Net income (loss) attributable to AMD common stockholders per common share					
Basic and diluted					
Continuing operations	\$ (0.49)	\$ (0.66)	\$ (1.16)	\$ (1.15)	\$ (1.71)
Discontinued operations	—	—	(0.81)	—	(0.86)
Basic and diluted net income (loss) attributable to AMD common stockholders per common share	\$ (0.49)	\$ (0.66)	\$ (1.97)	\$ (1.15)	\$ (2.57)
Shares used in per share calculation					
Basic and diluted	667	626	607	647	606

(1) Includes retrospective adoption of FASB Staff Position Accounting Principles Board No. 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1) and FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51 (SFAS 160)* in the first quarter of 2009.

ADVANCED MICRO DEVICES, INC.

AMD NON-GAAP AND RECONCILIATIONS TO CONSOLIDATED STATEMENTS OF OPERATIONS⁽²⁾

(Millions except per share amounts and percentages)

	Quarter Ended						Six Months Ended		
	June 27, 2009			March 28, 2009			June 27, 2009		
	AMD Product Company ⁽³⁾	Foundry segment and intersegment eliminations ⁽⁴⁾	AMD	AMD Product Company ⁽³⁾	Foundry segment and intersegment eliminations ⁽⁴⁾	AMD	AMD Product Company ⁽³⁾	Foundry segment and intersegment eliminations ⁽⁴⁾	AMD
Net revenue	\$ 1,184	\$ —	\$1,184	\$ 1,177	\$ —	\$1,177	\$ 2,361	\$ —	\$2,361
Cost of sales	763	(20)	743	700	(34)	666	1,463	(54)	1,409
Gross margin	421	20	441	477	34	511	898	54	952
Gross margin %	36%		37%	41%		43%	38%		40%
Research and development	306	119	425	305	139	444	611	258	869
Marketing, general and administrative	222	25	247	252	35	287	474	60	534
Amortization of acquired intangible assets	17	—	17	18	—	18	35	—	35
Restructuring charges	1	—	1	60	—	60	61	—	61
Operating income (loss)	(125)	(124)	(249)	(158)	(140)	(298)	(283)	(264)	(547)
Interest income	3	3	6	6	(3)	3	9	—	9
Interest expense	(71)	(37)	(108)	(74)	(23)	(97)	(145)	(60)	(205)
Other income (expense), net	16	(10)	6	128	(34)	94	144	(44)	100
Income (loss) before income taxes	(177)	(168)	(345)	(98)	(200)	(298)	(275)	(368)	(643)
Provision (benefit) for income taxes	(19)	9	(10)	(1)	117	116	(20)	126	106
Net income (loss)	\$ (158)	\$ (177)	\$ (335)	\$ (97)	\$ (317)	\$ (414)	\$ (255)	\$ (494)	\$ (749)
Net (income) loss attributable to noncontrolling interest			25			6			31
Class B preferred accretion			(20)			(8)			(28)
Net income (loss) attributable to AMD common stockholders			\$ (330)			\$ (416)			\$ (746)

(2) The Company believes this non-GAAP presentation makes it easier for investors to understand what AMD financial results would be if it were not required to consolidate the operations of GLOBALFOUNDRIES.

(3) Consists of the results of the Computing Solutions and Graphics segments and the All other category.

(4) See footnotes 3 and 5 in Selected Corporate Data

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

	June 27, 2009 (Unaudited)	Dec. 27, 2008 ⁽⁵⁾
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 2,514	\$ 1,096
Accounts receivable, net	366	320
Inventories	493	656
Prepaid expenses and other current assets	302	279
Deferred income taxes	38	28
Total current assets	3,713	2,379
Property, plant and equipment, net	4,042	4,296
Goodwill	323	323
Acquisition related intangible assets, net	133	168
Other assets	472	506
Total Assets	\$ 8,683	\$ 7,672
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$ 571	\$ 631
Accrued compensation and benefits	162	162
Accrued liabilities	642	785
Deferred income on shipments to distributors	87	50
Current portion of long-term debt and capital lease obligations	289	286
Other short-term obligations	89	86
Other current liabilities	182	226
Total current liabilities	2,022	2,226
Deferred income taxes	221	91
Long-term debt and capital lease obligations, less current portion	5,243	4,490
Other long-term liabilities	577	569
Noncontrolling interest	1,085	169
Stockholders' equity (deficit):		
Capital stock:		
Common stock, par value	7	6
Capital in excess of par value	6,398	6,264
Retained earnings (deficit)	(6,997)	(6,251)
Accumulated other comprehensive income	127	108
Total stockholders' equity (deficit)	(465)	127
Total Liabilities and Stockholders' Equity (Deficit)	\$ 8,683	\$ 7,672

(5) Amounts for the year ended December 27, 2008 were derived from the December 27, 2008 audited financial statements, including retrospective adoption of FSP APB 14-1 and SFAS 160 implemented in the first quarter of 2009.

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

<u>Segment and Category Information from Continuing Operations</u>	Quarter Ended			Six Months Ended	
	June 27, 2009	March 28, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Computing Solutions (1)					
Net revenue	\$ 910	\$ 938	\$ 1,101	\$ 1,848	\$ 2,295
Operating income (loss)	\$ (72)	\$ (35)	\$ (9)	\$ (107)	\$ (173)
Graphics (2)					
Net revenue	251	222	248	473	510
Operating income (loss)	(12)	1	(38)	(11)	(25)
Foundry (3)					
Net revenue	253	283		536	
Operating income (loss)	(101)	(132)		(233)	
All Other (4)					
Net revenue	23	17	13	40	44
Operating income (loss)	(41)	(124)	(522)	(165)	(605)
Intersegment eliminations (5)					
Net revenue	(253)	(283)		(536)	
Operating income (loss)	(23)	(8)		(31)	
Total from Continuing Operations					
Net revenue	\$ 1,184	\$ 1,177	\$ 1,362	\$ 2,361	\$ 2,849
Operating income (loss)	\$ (249)	\$ (298)	\$ (569)	\$ (547)	\$ (803)
Revenue Reconciliation					
Revenue from continuing operations	\$ 1,184	\$ 1,177	\$ 1,362	\$ 2,361	\$ 2,849
Revenue from discontinued operations	—	—	24	—	42
Total revenue	\$ 1,184	\$ 1,177	\$ 1,386	\$ 2,361	\$ 2,891
Other Data					
AMD Product Company (excludes Foundry segment and intersegment eliminations)					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 103	\$ 105		\$ 208	
Capital additions	\$ 15	\$ 17		\$ 32	
Adjusted EBITDA (6)	\$ 14	\$ 99		\$ 113	
Cash, cash equivalents and marketable securities (7)	\$ 1,637	\$ 1,599		\$ 1,637	
Total assets (7)	\$ 4,405	\$ 4,536		\$ 4,405	
Long-term debt (7)	\$ 3,703	\$ 3,711		\$ 3,703	
Headcount	10,366	10,511		10,366	
AMD					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 265	\$ 262	\$ 265	\$ 527	\$ 531
Capital additions	\$ 112	\$ 84	\$ 104	\$ 196	\$ 426
Adjusted EBITDA (6)	\$ 50	\$ 77	\$ 105	\$ 127	\$ 178
Headcount	13,281	13,408	15,653	13,281	15,653

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) Foundry segment includes 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 GLOBALFOUNDRIES from March 2, 2009 onward. Prior periods have not been recast.
- (4) 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 are charges for the impairment of goodwill and acquired intangible assets for prior periods, amortization of acquired intangible assets, restructuring and AMD Product Company formation costs associated with GLOBALFOUNDRIES. Details of these significant items are shown below. The All Other category also includes the results of our Handheld business unit.

Employee stock-based compensation expense, ATI acquisition-related charges, restructuring charges and AMD Product Company formation costs associated with GLOBALFOUNDRIES:

	Quarter Ended			Six Months Ended	
	Q209	Q109	Q208	Q209	Q208
Employee stock-based compensation expense	\$ 18	\$ 17	\$ 18	\$ 35	\$ 38
Impairment of goodwill and acquired intangible assets	—	—	403	—	403
Amortization of acquired intangible assets	17	18	37	35	77
Restructuring charges	1	60	31	61	31
AMD Product Company formation costs associated with GLOBALFOUNDRIES	—	21	—	21	—
	<u>\$ 36</u>	<u>\$ 116</u>	<u>\$ 489</u>	<u>\$ 152</u>	<u>\$ 549</u>

- (5) Represents intersegment eliminations in revenue and in cost of sales and profits on inventory between AMD Product Company and the Foundry segment. For the quarters ended June 27, 2009, March 28, 2009 and six months ended June 27, 2009, intersegment eliminations of revenue was \$253 million, \$283 million and \$536 million, respectively. For the quarters ended June 27, 2009, March 28, 2009 and six months ended June 27, 2009, intersegment eliminations of cost of sales and profits on inventory was \$230 million, \$275 million and \$505 million, respectively.
- (6) **AMD reconciliation of net income (loss) attributable to AMD common stockholders to AMD Product Company (excluding Foundry segment and intersegment eliminations) Adjusted EBITDA***

	Quarter Ended		Six Months Ended
	Q209	Q109	Q209
Net income (loss) attributable to AMD common stockholders	\$(330)	\$(416)	\$ (746)
Net income (loss) attributable to noncontrolling interest	(25)	(6)	(31)
Class B preferred accretion	20	8	28
Foundry segment and intersegment eliminations net loss	177	317	494
AMD Product Company net income (loss)	\$(158)	\$ (97)	\$ (255)
Depreciation and amortization	103	105	208
Amortization of acquired intangible assets	17	18	35
Interest expense	71	74	145
Provision (benefit) for income taxes	(19)	(1)	(20)
Adjusted EBITDA	<u>\$ 14</u>	<u>\$ 99</u>	<u>\$ 113</u>

AMD reconciliation of net income (loss) attributable to AMD common stockholders to Adjusted EBITDA*

	Quarter Ended			Six Months Ended	
	Q209	Q109	Q208	Q209	Q208
Net income (loss) attributable to AMD common stockholders	\$(330)	\$(416)	\$(1,195)	\$(746)	\$(1,559)
Impairment of goodwill and acquired intangible assets	—	—	403	—	403
Depreciation and amortization	265	262	265	527	531
Amortization of acquired intangible assets	17	18	37	35	77
Interest expense	108	97	101	205	202
Provision (benefit) for income taxes	(10)	116	—	106	—
Income (loss) from discontinued operations, net of tax	—	—	494	—	524
Adjusted EBITDA	<u>\$ 50</u>	<u>\$ 77</u>	<u>\$ 105</u>	<u>\$ 127</u>	<u>\$ 178</u>

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

	Q209			Q109		
	Cash, cash equivalents and marketable securities	Total Assets	Long-term debt**	Cash, cash equivalents and marketable securities	Total Assets	Long-term debt**
AMD Product Company	\$ 1,637	\$ 4,405	\$ 3,703	\$ 1,599	\$ 4,536	\$ 3,711
Foundry segment and intersegment eliminations	877	4,278	1,829	1,120	4,516	1,852
AMD	<u>\$ 2,514</u>	<u>\$ 8,683</u>	<u>\$ 5,532</u>	<u>\$ 2,719</u>	<u>\$ 9,052</u>	<u>\$ 5,563</u>

* The Company defines Adjusted EBITDA as net income (loss) attributable to AMD common stockholders adjusted for impairment of goodwill and acquired intangible assets, depreciation and amortization, amortization of acquired intangible assets, interest expense, taxes and discontinued operations. AMD Product Company's adjusted EBITDA is also adjusted for the Foundry segment and intersegment eliminations net income (loss), net income (loss) attributable to noncontrolling interest and class B preferred accretion. The Company calculates and communicates Adjusted EBITDA because management believes it is of interest to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the U.S. GAAP operating measure of net income or U.S. GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.

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