

Advanced Micro Devices, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands except per share amounts)

	Quarter Ended		
	Mar. 26, 2006 (Unaudited)	Dec. 25, 2005 (Unaudited)	Mar. 27, 2005 (Unaudited)
Net sales	\$ 1,332,158	\$ 1,838,276	\$ 1,226,628
Cost of sales (includes stock-based compensation expense under SFAS 123(R) of \$1,789 for Q1 FY'06; \$0 for Q4 FY'05 and \$0 for Q1 FY'05)	553,340	986,148	807,449
Gross margin	778,818	852,128	419,179
Gross margin %	58.5%	46.4%	34.2%
Research and development (includes stock-based compensation expense under SFAS 123(R) of \$4,094 for Q1 FY'06; \$0 for Q4 FY'05 and \$0 for Q1 FY'05)	264,176	329,301	253,122
Marketing, general and administrative (includes stock-based compensation expense under SFAS 123(R) of \$9,162 for Q1 FY'06; \$0 for Q4 FY'05 and \$0 for Q1 FY'05)	256,042	317,111	211,714
Operating income (loss)	258,600	205,716	(45,657)
Interest income	28,162	13,562	6,885
Interest expense	(23,247)	(24,447)	(24,245)
Other income (expense), net	(19,128)	(13,117)	(2,911)
Income (loss) before minority interest, loss on dilution of equity interest in Spansion Inc., equity in net income (loss) of Spansion Inc. and income taxes	244,387	181,714	(65,928)
Minority interest of consolidated subsidiaries	(6,347)	19,166	46,853
Loss on dilution of equity interest in Spansion Inc.	-	(109,681)	-
Equity in net income (loss) of Spansion Inc.	(18,243)	3,105	-
Provision (benefit) for income taxes	35,273	(1,284)	(1,652)
Net income (loss)	\$ 184,524	\$ 95,588	\$ (17,423)
Net income (loss) per common share			
Basic	\$ 0.40	\$ 0.23	\$ (0.04)
Diluted	\$ 0.38	\$ 0.21	\$ (0.04)
Shares used in per share calculation			
Basic	464,080	412,498	393,077
Diluted	495,326	452,323	393,077

Advanced Micro Devices, Inc.
CONSOLIDATED BALANCE SHEETS
(Thousands)

	Mar. 26, 2006 (Unaudited)	Dec. 25, 2005*
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	\$ 2,632,663	\$ 1,794,766
Accounts receivable, net	819,963	805,531
Inventories	337,216	388,631
Prepaid expenses and other current assets	322,031	477,302
Deferred income taxes	104,980	92,606
Total current assets	4,216,853	3,558,836
Property, plant and equipment, net	2,874,887	2,701,000
Net investment in Spansion Inc.	700,329	721,342
Other assets	259,976	306,601
Total Assets	\$ 8,052,045	\$ 7,287,779
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	847,180	855,834
Accrued compensation and benefits	258,791	226,874
Accrued liabilities	384,345	388,998
Restructuring accruals	18,615	18,615
Income taxes payable	33,871	3,326
Deferred income on shipments to distributors	194,940	141,898
Current portion of long-term debt and capital lease obligations	42,408	43,224
Other current liabilities	168,374	143,192
Total current liabilities	1,948,524	1,821,961
Deferred income taxes	104,980	92,606
Long-term debt and capital lease obligations	615,874	1,327,065
Other long-term liabilities	428,074	459,322
Minority interest in consolidated subsidiaries	244,672	234,988
Stockholders' equity:		
Capital stock:		
Common stock, par value	4,832	4,355
Capital in excess of par value	3,869,620	2,710,168
Retained earnings	658,262	473,678
Accumulated other comprehensive income	177,207	163,636
Total stockholders' equity	4,709,921	3,351,837
Total Liabilities and Stockholders' Equity	\$ 8,052,045	\$ 7,287,779

*Derived from the December 25, 2005 audited financial statements of Advanced Micro Devices, Inc.

Advanced Micro Devices, Inc.
SELECTED CORPORATE DATA
(Unaudited)
(Millions except headcount and percentages)

<u>Segment Information (6)</u>	Quarter Ended		
	Mar. 26, 2006	Dec. 25, 2005	Mar. 27, 2005
Computation Products (2)			
Net sales	\$ 1,299	\$ 1,307	\$ 750
Operating income	284	287	82
Embedded Products (3)			
Net sales	38	41	30
Operating loss	(11)	(15)	(14)
All Other (4)			
Net sales	(5)	3	0
Operating loss	(14)	(4)	(4)
Subtotal (excluding Memory Products segment)			
Net sales	1,332	1,351	780
Operating income	259	268	64
Memory Products (5)			
Net sales	-	487	447
Operating loss	-	(62)	(110)
Total AMD			
Net sales	1,332	1,838	1,227
Operating income (loss)	259	206	(46)
<u>Other Data (AMD excluding Memory Products segment)</u>			
Gross margin %	58.5%	57.3%	52.7%
Research and development expenses	\$ 264	\$ 256	\$ 183
Marketing, general and administrative expenses	\$ 256	\$ 250	\$ 163
Depreciation & amortization	\$ 174	\$ 153	\$ 187
Capital additions	\$ 310	\$ 250	\$ 450
Headcount	10,246	9,860	8,615
International sales %	69.5%	70.0%	70.4%
<u>EBITDA (1)</u>	\$ 417	\$ 396	\$ 338

(1) RECONCILIATION OF NET INCOME (LOSS) TO EBITDA*

Net income (loss)	\$ 185	\$ 96	\$ (17)
Depreciation and amortization	174	277	333
Interest expense	23	24	24
Provision (benefit) for income taxes	35	(1)	(2)
EBITDA	\$ 417	\$ 396	\$ 338

* Starting Q106, the Company defines EBITDA as net income (loss) adjusted for interest expense, tax, depreciation and amortization. Prior period information has been restated to conform to current period presentation.

- (2) Computation Products segment includes PC processors and Chipsets.
- (3) Embedded Products segment, formerly known as Personal Connectivity Solution Products, includes Embedded Processors and Products for global commercial and consumer markets.
- (4) The All Other category includes certain operating expenses and credits that are not allocated to the operating segments and, starting Q305, includes Personal Internet Communicator (PIC) products.
- (5) Memory Products segment includes Flash memory products of AMD and Spansion. For Q405, the results of the Memory Products segment are included only through December 20, 2005. From December 21, 2005, the date which Spansion Inc. closed its IPO, through December 25, 2005, in Q405 and for Q106, AMD used the equity method of accounting to reflect its proportionate share of Spansion's net income (loss).
- (6) Starting Q405, the Company has allocated bonus and profit sharing expenses to the segments. Prior period information has been restated to conform to current period presentation.

Advanced Micro Devices, Inc.

RECONCILIATION OF NON GAAP PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS TO GAAP CONSOLIDATED STATEMENT OF OPERATIONS FOR THE QUARTER ENDED DECEMBER 25, 2005 (Note A) COMPARED TO GAAP CONSOLIDATED STATEMENT OF OPERATIONS FOR THE QUARTER ENDED MARCH 26, 2006 (Thousands except per share amounts)

	Quarter Ended					
	Dec. 25, 2005 (Unaudited) (GAAP)	Reconciliation Adjustments	Dec. 25, 2005 (pro-forma non-GAAP) (Note B)	Reconciliation Adjustments	Dec. 25, 2005 (pro-forma non-GAAP) (Note C)	Quarter Ended Mar. 26, 2006 (Unaudited) (GAAP)
Net sales	\$ 1,838,276	\$ -	\$ 1,838,276	\$ (487,200) (2)	\$ 1,351,076	\$ 1,332,158
Cost of sales	986,148	-	986,148	(409,000) (2)	577,148	553,340
Gross margin	852,128		852,128		773,928	778,818
Gross margin %	46.4%		46.4%		57.3%	58.5%
Research and development	329,301	-	329,301	(73,000) (2)	256,301	264,176
Marketing, general and administrative	317,111	-	317,111	(67,600) (2)	249,511	256,042
Operating income	205,716		205,716		268,116	258,600
Interest income	13,562	-	13,562	(664) (3)	12,898	28,162
Interest expense	(24,447)	-	(24,447)	5,185 (3)	(19,262)	(23,247)
Other income (expense), net	(13,117)	-	(13,117)	-	(13,117)	(19,128)
Income before minority interest, loss on dilution of equity interest in Spansion Inc., equity in net income (loss) of Spansion Inc., net impact of Memory Products segment and Spansion IPO and income taxes	181,714	-	181,714	-	248,635	244,387
Minority interest of consolidated subsidiaries	19,166	-	19,166	(24,698) (4)	(5,532)	(6,347)
Loss on dilution of equity interest in Spansion Inc.	(109,681)	109,681 (1)	-	-	-	-
Equity in net income (loss) of Spansion Inc.	3,105	-	3,105	(3,105) (5)	-	(18,243)
Net impact of Memory Products segment and Spansion IPO	-	-	-	(39,109) (7)	(39,109)	-
Provision (benefit) for income taxes	(1,284)	-	(1,284)	9 (6)	(1,275)	35,273
Net income	\$ 95,588		\$ 205,269		\$ 205,269	\$ 184,524
Net income per common share						
Basic	\$ 0.23		\$ 0.50		\$ 0.50	\$ 0.40
Diluted	\$ 0.21		\$ 0.45		\$ 0.45	\$ 0.38
Shares used in per share calculation						
Basic	412,498		412,498		412,498	464,080
Diluted	452,323		473,709		473,709	495,326

Note A: As a result of Spansion Inc.'s initial public offering (IPO) closing on December 21, 2005, AMD's financial results of operations for the quarter ended December 25, 2005, include Spansion's financial results of operations as a consolidated subsidiary only through December 20, 2005. AMD has provided a non-GAAP statement of operations for the fourth quarter of 2005 that excludes Spansion and the Memory Products segment results of operations to allow a comparison to the GAAP statement of operations for the quarter ended March 26, 2006. Management believes this presentation will aid investors by presenting the company's current and historical results in a form that will be more consistent with the presentation of future operating results.

Note B: Non-GAAP pro-forma consolidated statement of operations with adjustment for loss on dilution of equity interest in Spansion Inc. For details see note (1) below.

Note C: Non-GAAP pro-forma consolidated statement of operations with adjustments for loss on dilution of equity interest in Spansion Inc. and the exclusion of the Memory Products segment and Spansion results for the quarter ended December 25, 2005. For details see notes (2) through (7) below.

Notes to the Reconciliation Adjustments:

(1) Excludes the non-cash loss on disposition of the Company's ownership interest in Spansion from 60 percent to 37.9 percent as a result of Spansion's initial public offering.

(2) Excludes the Memory Products segment results and reclassifies them to "Net impact of Memory Products segment and Spansion IPO".

(3) Excludes Spansion's results and reclassifies them to "Net impact of Memory Products segment and Spansion IPO".

(4) Excludes Fujitsu's 40% minority interest share in AMD's earnings relating to Spansion up to December 20, 2005 and reclassifies it to "Net impact of Memory Products segment and Spansion IPO".

(5) Excludes AMD's 37.9% equity income share of Spansion's net income from December 21, 2005 to December 25, 2005 and reclassifies it to "Net impact of Memory Products segment and Spansion IPO".

(6) Excludes Spansion's results and reclassifies them to "Net impact of Memory Products segment and Spansion IPO".

(7) Net impact of all adjustments from (2) to (6) above.