

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

	Quarter Ended		
	Mar. 31, 2007 (Unaudited)	Dec. 31, 2006 (Unaudited)	Mar. 26, 2006 (Unaudited)
Net revenue	\$ 1,233	\$ 1,773	\$ 1,332
Cost of sales	886	1,132	553
Gross margin	347	641	779
Gross margin %	28.1%	36.2%	58.5%
Research and development	432	385	264
Marketing, general and administrative	335	296	256
In-process research and development	-	416	-
Amortization of acquired intangible assets and integration charges	84	73	-
Operating income (loss)	(504)	(529)	259
Interest income	16	22	28
Interest expense	(78)	(67)	(23)
Other income (expense), net	2	2	(20)
Income (loss) before minority interest, equity in net loss of Spansion Inc. and other and income taxes	(564)	(572)	244
Minority interest in consolidated subsidiaries	(8)	(8)	(6)
Equity in net loss of Spansion Inc. and other	(16)	(5)	(18)
Income (loss) before income taxes	(588)	(585)	220
Provision (benefit) for income taxes	23	(9)	35
Net income (loss)	\$ (611)	\$ (576)	\$ 185
Net income (loss) per common share			
Basic	\$ (1.11)	\$ (1.08)	\$ 0.40
Diluted	\$ (1.11)	\$ (1.08)	\$ 0.38
Shares used in per share calculation			
Basic	549	531	464
Diluted	549	531	495

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

	Mar. 31, 2007 (Unaudited)	Dec. 31, 2006*
Assets		
Current assets:		
Cash, cash equivalents and marketable securities	\$ 1,167	\$ 1,541
Accounts receivable, net	667	1,140
Inventories	937	814
Prepaid expenses and other current assets	344	443
Deferred income taxes	71	25
Total current assets	3,186	3,963
Property, plant and equipment, net	4,405	3,987
Goodwill	3,187	3,217
Net investment in Spansion Inc.	345	371
Acquisition related intangible assets, net	1,136	1,207
Other assets	453	402
Total Assets	\$ 12,712	\$ 13,147
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	1,362	1,338
Accrued compensation and benefits	160	177
Accrued liabilities	698	716
Deferred income on shipments to distributors	181	169
Current portion of long-term debt and capital lease obligations	182	125
Other current liabilities	328	327
Total current liabilities	2,911	2,852
Deferred income taxes	43	31
Long-term debt and capital lease obligations, less current portion	3,659	3,672
Other long-term liabilities	591	517
Minority interest in consolidated subsidiaries	303	290
Stockholders' equity:		
Capital stock:		
Common stock, par value	5	5
Capital in excess of par value	5,373	5,316
Retained (deficit) earnings	(332)	308
Accumulated other comprehensive income	159	156
Total stockholders' equity	5,205	5,785
Total Liabilities and Stockholders' Equity	\$ 12,712	\$ 13,147

* Derived from the December 31, 2006 Audited Financial Statements of Advanced Micro Devices, Inc.

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

Segment Information (1)	Quarter Ended		
	Mar. 31, 2007	Dec. 31, 2006	Mar. 26, 2006
Computing Solutions (2)			
Net revenue	\$ 918	\$ 1,486	\$ 1,337
Operating income (loss)	\$ (321)	\$ 65	\$ 312
Graphics (3)			
Net revenue	197	166	-
Operating income (loss)	(35)	(27)	-
Consumer Electronics (4)			
Net revenue	118	120	-
Operating income (loss)	(4)	20	-
All Other (5)			
Net revenue	-	1	(5)
Operating income (loss)	(144)	(587)	(53)
Total AMD			
Net revenue	\$ 1,233	\$ 1,773	\$ 1,332
Operating income (loss)	\$ (504)	\$ (529)	\$ 259
Other Data			
Depreciation & amortization (excluding amortization of acquired intangible assets)	\$ 243	\$ 224	\$ 174
Amortization of acquired intangible assets	\$ 71	\$ 47	-
Capital additions	\$ 586	\$ 666	\$ 310
Headcount	16,745	16,464	10,246
Adjusted EBITDA (6)	\$ (196)	\$ 168	\$ 417

- (1) Starting in Q406, the Company no longer allocates employee stock-based compensation and profit sharing expenses to its segments. These expenses are recorded in the All Other category. Prior period information has been restated to conform to current period presentation.
- (2) Starting in Q107, Computing Solutions includes what was formerly the Computations Product Segment, the Embedded Products Segment and former ATI Chipset products. In Q406, former ATI Chipset products were reported as part of the Graphics and Chipsets Segment. Prior period information has been restated to conform to current period presentation.
- (3) Graphics includes 3D graphics, video and multimedia products developed for use in desktop and notebook computers, including home media PCs, professional workstations, and servers. In Q406, Graphics products were reported as part of the Graphics and Chipsets Segment. As noted above, starting in Q107 the Chipset products are reported as part of Computing Solutions. Prior period information has been restated to conform to current period presentation.
- (4) Consumer Electronics includes products and revenue related to mobile phones, PDAs, digital televisions, and other consumer electronics.
- (5) All Other category includes employee stock-based compensation expense, profit sharing expense, certain operating expenses and credits that are not allocated to the operating segments and Personal Internet Communicator (PIC) related activities in Q406 and Q106. Also included in this category are the ATI acquisition-related and integration charges incurred in Q107 and Q406. Details of the ATI acquisition-related and integration charges and employee stock-based compensation expense are shown below.

ATI acquisition-related and integration charges:

	Q107	Q406
Amortization of acquired intangible assets	\$ 71	\$ 47
Integration charges	13	26
Subtotal	84	73
In-process research and development	-	416
Cost of fair value adjustment of acquired inventory	29	62
Total	<u>\$ 113</u>	<u>\$ 551</u>

Employee stock-based compensation expense:

	Q107	Q406	Q106
Cost of sales	\$ 2	\$ 2	\$ 2
Research and development	14	13	4
Marketing, general and administrative	12	12	9
	<u>\$ 28</u>	<u>\$ 27</u>	<u>\$ 15</u>

(6) **Reconciliation of Net income (loss) to Adjusted EBITDA***

	Q107	Q406	Q106
Net income (loss)	\$ (611)	\$ (576)	\$ 185
Depreciation and amortization	243	224	174
In-process research and development	-	416	
Amortization of acquired intangible assets	71	47	
Interest expense	78	67	23
Provision (benefit) for income taxes	23	(10)	35
Adjusted EBITDA	<u>\$ (196)</u>	<u>\$ 168</u>	<u>\$ 417</u>

* The Company defines Adjusted EBITDA as net income (loss) adjusted for depreciation and amortization, in-process research and development, amortization of acquired intangible assets, interest expense and taxes. The Company calculated and communicated Adjusted EBITDA because management believes it is of interest to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the U.S. GAAP operating measure of net income or U.S. GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.