AMD First Quarter 2013 Earnings Results Summary

APRIL 18, 2013

CAUTIONARY STATEMENT

This document contains forward-looking statements concerning AMD, our financial outlook for the second quarter of 2013 and fiscal 2013, including revenue, gross margin, operating expenses, cash balances, inventory, capital expenditures and taxes; our ability to achieve positive free cash flow by the second half of 2013; optimal cash balance; minimum target cash balance; our ability to achieve operating profitability by the second half of 2013; our ability to build leadership IP; our ability to transition 40-50% of our business to high growth adjacent markets; our ability to achieve target operational savings in 2013 and target operating expenses by the third quarter of 2013, 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 “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “estimates,” “anticipates,” “projects,” “would,” and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this document are based on current beliefs, assumptions and expectations, speak only as of the date of this document 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 may negatively impact the company's current plans; the company may be unable to develop, launch and ramp new products and technologies in the volumes that are required by the market and at mature yields on a timely basis; that its third party wafer foundry suppliers will be unable to transition the company’s products to advanced manufacturing process technologies in a timely and effective way or to manufacture the company’s products on a timely basis in sufficient quantities and using competitive technologies; the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products; the company’s requirements for wafers are less than the fixed number of wafers that it agreed to purchase from GF or GF encounters problems that significantly reduce the number of functional die the company receives from each wafer; that we are unable to successfully implement our long-term business strategy; that customers stop buying the company's products or materially reduce their operations or demand for the company’s products; that the company may be unable to maintain the level of investment in research and development that is required to remain competitive; that there may 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 require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; that global business and economic conditions will not continue to improve or will worsen; that demand for computers will be lower than currently expected; and the effect of political or economic instability, domestically or internationally, on the company’s sales or supply chain. 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 Annual Report on Form 10-K for the year ended December 29, 2012.

THREE STEPS TO TRANSFORMATION

AMD

RESET & RESTRUCTURE
Q3 2012 – Q1 2013

- $450M OPEX by Q3 2013
- Reduce headcount by ~14%
- Manage cash and inventory

ACCELERATE & EXECUTE
PLAN 2013

- Execute 2013 roadmap
- Deliver 2013 financial commitments
- Return to operating profitability by 2H 2013
- Achieve positive free cash flow by 2H 2013

TRANSFORM AMD TO WIN

- Build leadership IP
  - Low power; x86; ARM; Graphics
- Transition 40-50% of our business to high growth adjacent markets
  - New client; Embedded/Semi-custom; Graphics; Dense server

STEP ONE: RESET & RESTRUCTURE
Q1 2013 FINANCIAL RESULTS

AMD

	Q3 2012	Q4 2012	Q1 2013	Q-to-Q Fav / (Unfav)
Revenue	$1,269 M	$1,155 M	**$1,088 M**	$(67) M
Non-GAAP Gross Margin(1) (2)	31%	39%	**41%**	2%
Non-GAAP Operating Expenses(1)	$516 M	$506 M	**$491 M**	$15 M
Non-GAAP Operating Loss(1) (2)	$(124) M	$(55) M	**$(46) M**	$9 M
Cash, Cash Equivalents and Marketable Securities (incl. Long-Term)	$1,480 M	$1,183 M	**$1,183 M**	Flat
Inventories, net	$744 M	$562 M	**$613 M**	$(51) M
Long-term Debt and Capital Lease (incl. Short-Term)(3)	$2,040 M	$2,042 M	**$2,044 M**	$(2) M

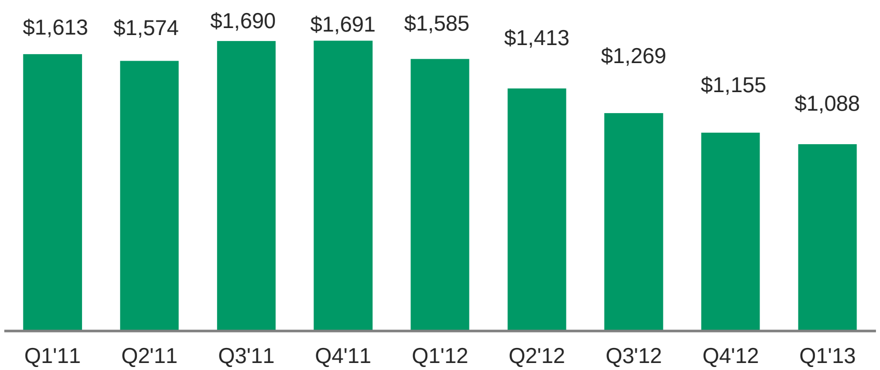
1. See Appendices for GAAP to Non-GAAP gross margin, operating expenses and operating loss reconciliations.
2. Q3 2012 Non-GAAP gross margin and operating loss include $100 million inventory write-down, which negatively impacted gross margin by approximately 8 percentage points and $100 million operating loss. Q1 2013 41% gross margin includes $20 million benefit form the sale of inventory that had been previously reserved, which positively affected gross margin by approximately 2 percentage points.
3. See Appendices for Long-term Debt and Capital Lease reconciliation.

Q1 2013 SEGMENT AND CATEGORY FINANCIAL RESULTS

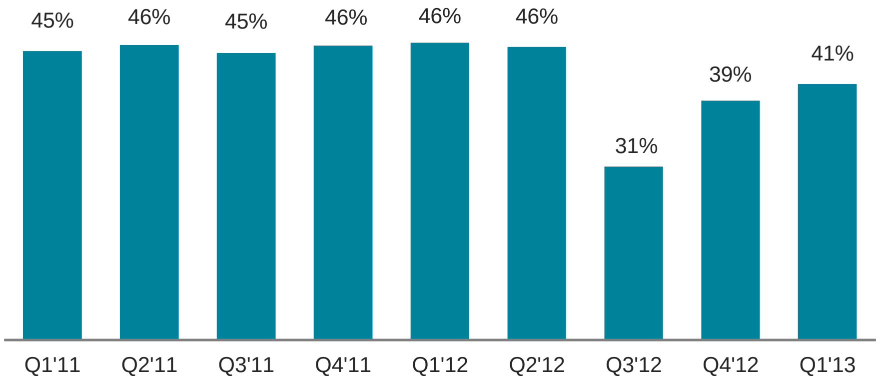
	Q1 2012	Q4 2012	**Q1 2013**
Computing Solutions			
Net Revenue	$1,203 M	$829 M	**$751 M**
Operating Income (Loss)	$124 M	$(323) M	**$(39) M**
Graphics			
Net Revenue	$382 M	$326 M	**$337 M**
Operating Income	$34 M	$22 M	**$16 M**
All Other			
Net Revenue	-	-	**-**
Operating Loss	$(738) M	$(121) M	**$(75) M**
TOTAL			
Net Revenue	$1,585 M	$1,155 M	**$1,088 M**
Operating Loss	$(580) M	$(422) M	**$(98) M**

AMD'S FINANCIAL FOCUS

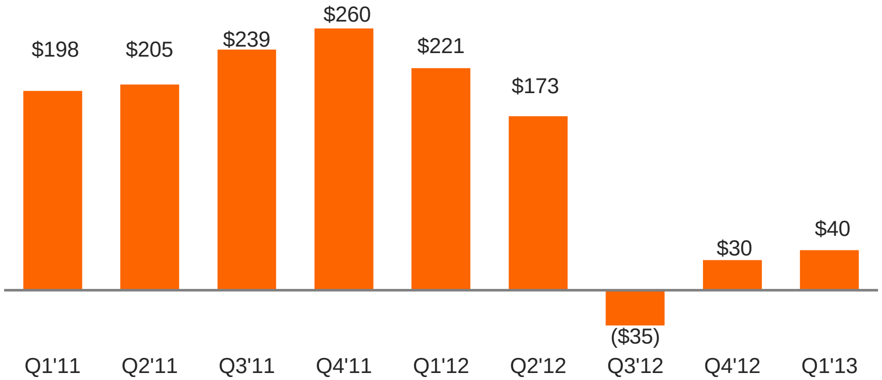
REVENUE



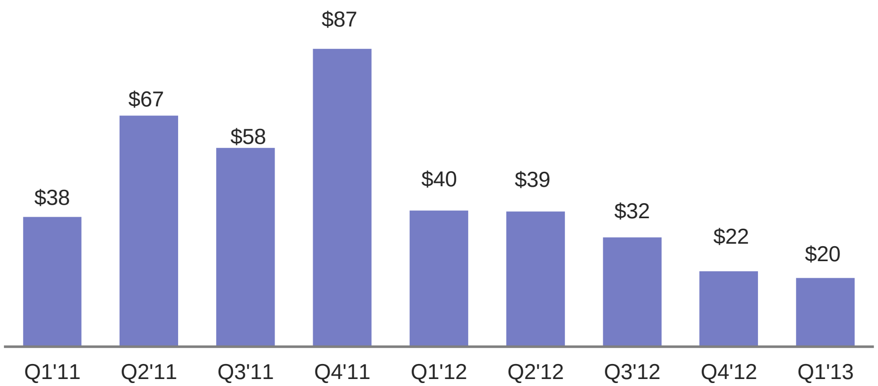
NON GAAP GROSS MARGIN (1) (2)



NON GAAP ADJUSTED EBITDA (1)



CAPITAL EXPENDITURES



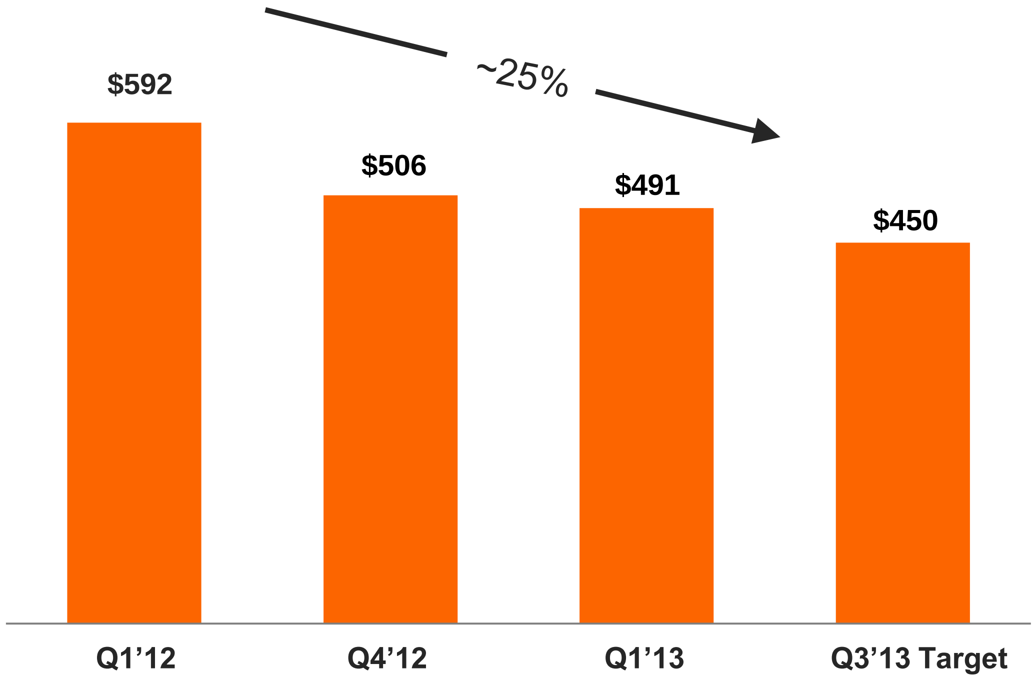
All numbers in millions USD, reported non-GAAP numbers.

1. See Appendices for GAAP to Non-GAAP gross margin and adjusted EBITDA reconciliations.
2. Q3 2012 31% gross margin includes $100 million inventory write-down, which negatively impacted gross margin by approximately 8 percentage points. Q1 2013 41% gross margin includes $20 million benefit form the sale of inventory that had been previously reserved, which positively affected gross margin by approximately 2 percentage points.

RESTRUCTURING TO RIGHT SIZE OPEX CONSISTENT WITH STRATEGY

AMD

NON GAAP OPEX[1]: TODAY AND TARGETED ($ IN MILLIONS)



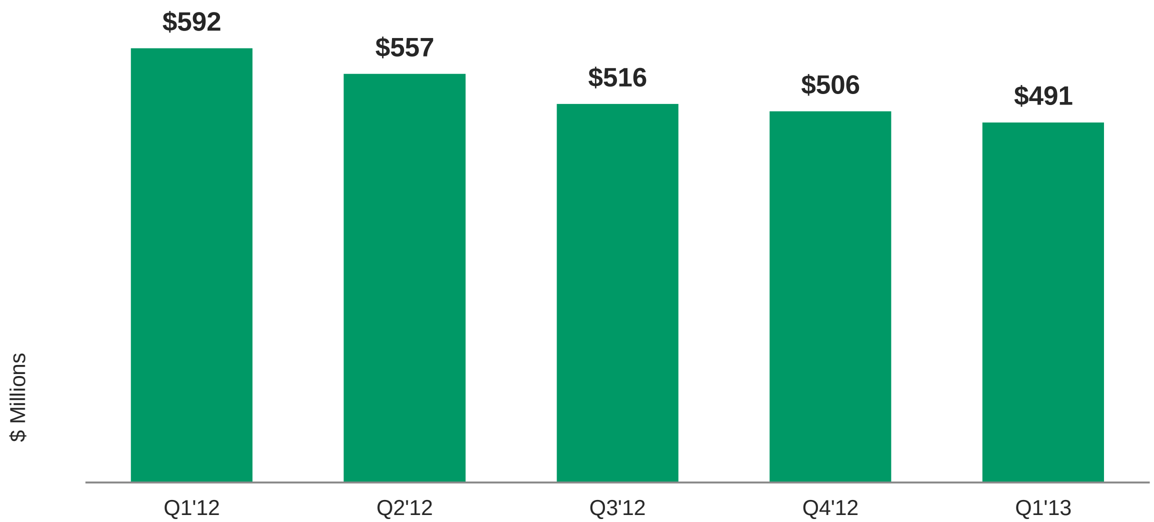
KEY RESTRUCTURING ACTIONS

- ~14% reduction of headcount substantially completed by Q1 2013
- Site consolidations
- Reusable IP blocks
- Organizational restructuring
- Volume design win focus for better backend economies of scale

EXPECTED TO CREATE A MORE EFFICIENT COST STRUCTURE AND RESULT IN OPERATIONAL SAVINGS OF ~$190M IN 2013

1. See Appendices for GAAP to Non-GAAP OPEX reconciliation.

NON-GAAP OPERATING EXPENSES[(1)]

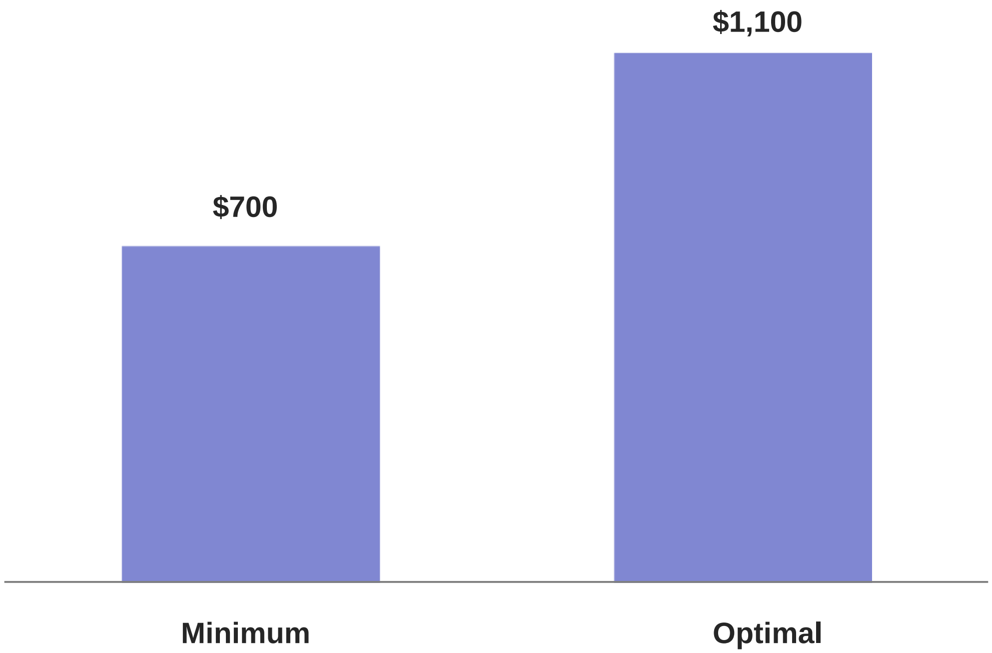


NON-GAAP OPERATING EXPENSES WERE $491 MILLION IN Q1 2013, IN LINE WITH GUIDANCE PRIMARILY DUE TO TIGHT SPENDING CONTROLS IN THE QUARTER

1. See Appendices for GAAP to Non-GAAP operating expenses reconciliation.

TARGET OPTIMAL AND MINIMUM CASH

CASH(1): MINIMUM AND OPTIMAL BALANCE ($ IN MILLIONS)



CONSIDERATIONS

Q1 2013 cash was $1.2B, which was above our optimal cash balance of $1.1B

- Cash was flat from Q4 2012
- Made GF payment totaling $175M in Q1 2013
- Sale and lease-back cash proceeds $164M, net of fees

Minimum target cash balance is $700M

- Comfortable operating at this level given our current business and operating model but goal is to be in optimal zone

~95% of cash held domestically

1. Cash balance includes: cash, cash equivalents and marketable securities (including long term marketable securities)

Q1 2013 FINANCIAL RESULTS VERSUS GUIDANCE

	Q1 2012	Q4 2012	Guidance for Q1 2013	Q1 2013 Actuals
Revenue	$1,585 M	$1,155 M	Down 9% +/- 3% from Q4 2012	**$1,088 M**
Non-GAAP Gross Margin[(1) (2)]	46%	39%	Flat from Q4 2012	**41%**
Non-GAAP Operating Expenses[(1)]	$592 M	$506 M	~$495 M	**$491 M**
Cash, Cash Equivalents and Marketable Securities (incl. Long-Term)	$1,713 M	$1,183 M	Maintain in the optimal zone of ~$1.1 B and well above $700 M target minimum	**$1,183 M**
Inventories, net	$585 M	$562 M	To increase from Q4 2012	**$613 M**

1. See Appendices for GAAP to Non-GAAP gross margin and operating expenses reconciliations.
2. Q1 2013 41% gross margin includes $20 million benefit form the sale of inventory that had been previously reserved, which positively affected gross margin by approximately 2 percentage points.

Q2 2013 FINANCIAL GUIDANCE

	Q4 2012	Q1 2013	Q2 2013 GUIDANCE	COMMENTARY
Revenue	$1,155 M	$1,088 M	Up 2% +/- 3% from Q1 2013	-
Non-GAAP Gross Margin(1) (2)	39%	41%	~ 39%	-
Non-GAAP Operating Expenses(1)	$506 M	$491 M	$480 M	-
Cash, Cash Equivalents and Marketable Securities (incl. Long-Term)	$1,183 M	$1,183 M	Maintain in the optimal zone of ~$1.1 B and well above target minimum of $700M	-
Inventories, net	$562 M	$613 M	To increase from Q1 2013 levels	In preparation for new product introductions

1. See Appendices for GAAP to Non-GAAP gross margin and operating expenses reconciliations.
2. Q1 2013 41% gross margin includes $20 million benefit form the sale of inventory that had been previously reserved, which positively affected gross margin by approximately 2 percentage points.

STEP TWO: ACCELERATE AND EXECUTE 2013 FINANCIAL GOALS

OPEX	Operating expenses to be $450M by Q3 2013
CAPEX	~$150 million
CASH BALANCE	Maintain cash balances(1) in the optimal zone of $1.1 billion for the year and well above the target minimum of $700 million
FREE CASH FLOW	Positive by 2H 2013
PROFITABILITY	Return to operating profitability by 2H 2013

1. Cash balance includes: cash, cash equivalents and marketable securities (including long term marketable securities)

AMD'S FINANCIAL FOCUS

RE-SET AND REFOCUS CORPORATION

FOCUS ON LIQUIDITY

EXECUTE NEW OPERATING MODEL TO ACHIEVE PROFITABLE GROWTH

TARGET GROWTH MARKETS BEYOND PCs WITH DIFFERENTIATED IP

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FOOTNOTES

Non-GAAP Measures:

To supplement the Company's financial results presented on a U.S. GAAP ("GAAP") basis, this commentary contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP earnings (loss) per share, adjusted EBITDA, and non-GAAP free cash flow. These non-GAAP financial measures reflect certain adjustments, and the Company has presented a reconciliation of GAAP to non-GAAP financial measures in the appendices below.

The Company presented "Adjusted EBITDA" in the commentary 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, the Company also included certain adjustments presented in the appendices for the applicable periods. The Company calculates and communicates Adjusted EBITDA 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.

The Company also presented non-GAAP free cash flow in this commentary as a supplemental measure of its performance. Non-GAAP free cash flow for the Company was determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates non-GAAP free cash flow because the Company's management believes it is of importance to investors to understand the nature of this cash flow. The Company's calculation of non-GAAP 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 free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities. The Company has provided reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

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.

Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions except percentages)	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
GAAP Gross Margin	**$ 445**	**$ 178**	**$ 392**	**$ 638**	**$ 27**	**$ 773**	**$ 756**	**$ 720**	**$ 691**
GAAP Gross Margin %	**41%**	**15%**	**31%**	**45%**	**2%**	**46%**	**45%**	**46%**	**43%**
Lower of cost or market charge related to GF take-or-pay obligation	-	(273)	-	-	-	-	-	-	-
Limited waiver of exclusivity from GF	-	-	-	-	(703)	-	-	-	-
Payment to GF	-	-	-	-	-	-	-	-	(24)
Legal settlement	-	-		(5)	-	-	-	-	(5)
Non-GAAP Gross Margin	**$ 445**	**$ 451**	**$ 392**	**$ 643**	**$ 730**	**$ 773**	**$ 756**	**$ 720**	**$ 720**
Non-GAAP Gross Margin %	**41%**	**39%**	**31%**	**46%**	**46%**	**46%**	**45%**	**46%**	**45%**

Reconciliation of GAAP to Non-GAAP Operating Expenses*

(Millions)	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12
GAAP operating expenses	**$ 543**	**$ 600**	**$ 523**	**$ 561**	**$ 607**
Amortization of acquired intangible assets	5	4	4	4	1
Restructuring and other special charges, net	47	90	3	-	8
SeaMicro acquisition costs	-	-	-	-	6
Non-GAAP operating expenses	**$ 491**	**$ 506**	**$ 516**	**$ 557**	**$ 592**

**Non-GAAP Operating Expenses were first disclosed in Q112*

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

(Millions)	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
GAAP operating income (loss)	**$ (98)**	**$ (422)**	**$ (131)**	**$ 77**	**$ (580)**	**$ 71**	**$ 138**	**$ 105**	**$ 54**
Lower of cost or market charge related to GF take-or-pay obligation	-	(273)	-	-	-	-	-	-	-
Limited waiver of exclusivity from GF	-	-	-	-	(703)	-	-	-	-
Payment to GF	-	-	-		-	-	-	-	(24)
Legal settlement	-	-	-	(5)	-	-	-	-	(5)
Amortization of acquired intangible assets	(5)	(4)	(4)	(4)	(1)	(3)	(8)	(9)	(9)
Restructuring and other special charges, net	(47)	(90)	(3)	-	(8)	(98)	-	-	-
SeaMicro acquisition costs		-	-	-	(6)	-	-	-	-
Non-GAAP operating income (loss)	**$ (46)**	**$ (55)**	**$ (124)**	**$ 86**	**$ 138**	**$ 172**	**$ 146**	**$ 114**	**$ 92**

Reconciliation of GAAP Net Income to Non-GAAP Net Income

(Millions except per share amounts)	Q1-13		Q4-12		Q3-12	
GAAP net income (loss) / Earnings (loss) per share	**$ (146)**	**$ (0.19)**	**$ (473)**	**$ (0.63)**	**$ (157)**	**$ (0.21)**
Lower of cost or market charge related to GF take-or-pay obligation	-	-	(273)	(0.37)	-	-
Amortization of acquired intangible assets	(5)	(0.01)	(4)	(0.01)	(4)	(0.01)
Restructuring and other special charges, net	(47)	(0.06)	(90)	(0.12)	(3)	-
Impairment charge on certain marketable securities	-	-	(4)	-	-	-
Non-GAAP net income (loss) / Earnings (loss) per share	**$ (94)**	**$ (0.13)**	**$ (102)**	**$ (0.14)**	**$ (150)**	**$ (0.20)**

Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA

(Millions)	Q1-13	Q4-12	Q3-12	Q2-12	Q1-12	Q4-11	Q3-11	Q2-11	Q1-11
GAAP operating income (loss)	**$ (98)**	**$ (422)**	**$ (131)**	**$ 77**	**$ (580)**	**$ 71**	**$ 138**	**$ 105**	**$ 54**
Lower of cost or market charge related to GF take-or-pay obligation	-	273	-	-	-	-	-	-	-
Limited waiver of exclusivity from GF	-	-	-	-	703	-	-	-	-
Payments to GF	-	-	-	-	-	-	-	-	24
Legal settlement	-	-	-	5	-	-	-	-	5
Depreciation and amortization	62	62	62	61	62	67	71	71	79
Employee stock-based compensation expense	24	23	27	26	21	21	22	20	27
Amortization of acquired intangible assets	5	4	4	4	1	3	8	9	9
Restructuring and other special charges, net	47	90	3	-	8	98	-	-	-
SeaMicro acquisition costs	-	-	-	-	6		-	-	-
Adjusted EBITDA	**$ 40**	**$ 30**	**$ (35)**	**$ 173**	**$ 221**	**$ 260**	**$ 239**	**$ 205**	**$ 198**

Debt and Capital Lease

	Q1-13			Q4-12			Q3-12		
(Millions)	Gross	Discount	Net	Gross	Discount	Net	Gross	Discount	Net
6.00% Convertible Debt due 2015	580	(22)	558	580	(24)	556	580	(27)	553
8.125% Senior Debt due 2017	500	(35)	465	500	(36)	464	500	(37)	463
7.75% Senior Debt due 2020	500		500	500		500	500		500
7.50% Senior Debt due 2022	500		500	500		500	500		500
Total Debt	**2,080**	**(57)**	**2,023**	**2,080**	**(60)**	**2,020**	**2,080**	**(64)**	**2,016**
Capital Lease Obligations, including short-term portion	21		21	22		22	24		24
Long Term Debt and Capital Lease	**2,101**	**(57)**	**2,044**	**2,102**	**(60)**	**2,042**	**2,104**	**(64)**	**2,040**

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