

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

	Quarter Ended			Nine Months Ended	
	Sep. 28, 2013	Jun. 29, 2013	Sep. 29, 2012	Sep. 28, 2013	Sep. 29, 2012
Net revenue	\$ 1,461	\$ 1,161	\$ 1,269	\$ 3,710	\$ 4,267
Cost of sales	940	702	877	2,285	3,210
Gross margin	521	459	392	1,425	1,057
Gross margin %	36%	40%	31%	38%	25%
Research and development	288	308	328	908	1,041
Marketing, general and administrative	155	171	188	505	630
Amortization of acquired intangible assets	5	4	4	14	9
Restructuring and other special charges (gains), net	(22)	5	3	30	11
Operating income (loss)	95	(29)	(131)	(32)	(634)
Interest income	1	2	2	4	6
Interest expense	(47)	(42)	(44)	(133)	(130)
Other income (expense), net	2	(2)	16	(3)	10
Income (loss) before income taxes	51	(71)	(157)	(164)	(748)
Provision (benefit) for income taxes	3	3	-	8	(38)
Net income (loss)	\$ 48	\$ (74)	\$ (157)	\$ (172)	\$ (710)
Net income (loss) per share					
Basic	\$ 0.06	\$ (0.10)	\$ (0.21)	\$ (0.23)	\$ (0.96)
Diluted	\$ 0.06	\$ (0.10)	\$ (0.21)	\$ (0.23)	\$ (0.96)
Shares used in per share calculation					
Basic	757	752	745	753	739
Diluted	764	752	745	753	739

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Millions)

	Quarter Ended			Nine Months Ended	
	Sep. 28, 2013	Jun. 29, 2013	Sep. 29, 2012	Sep. 28, 2013	Sep. 29, 2012
Total comprehensive income (loss)	\$ 52	\$ (76)	\$ (154)	\$ (171)	\$ (706)

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

	Sep. 28, 2013	Jun. 29, 2013	Dec. 29, 2012
Assets			
Current assets:			
Cash, cash equivalents and marketable securities	\$ 1,060	\$ 968	\$ 1,002
Accounts receivable, net	873	670	630
Inventories, net	922	711	562
Prepaid expenses and other current assets	84	109	71
Total current assets	2,939	2,458	2,265
Long-term marketable securities	121	149	181
Property, plant and equipment, net	358	402	658
Acquisition related intangible assets, net	82	87	96
Goodwill	553	553	553
Other assets	264	248	247
Total Assets	\$ 4,317	\$ 3,897	\$ 4,000
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 574	\$ 402	\$ 278
Payable to GLOBALFOUNDRIES	495	414	454
Accrued liabilities	528	475	489
Deferred income on shipments to distributors	139	129	108
Current portion of long-term debt and capital lease obligations	5	5	5
Other current liabilities	21	26	63
Total current liabilities	1,762	1,451	1,397
Long-term debt and capital lease obligations, less current portion	2,044	2,042	2,037
Other long-term liabilities	77	45	28
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Additional paid-in capital	6,872	6,848	6,803
Treasury stock, at cost	(111)	(110)	(109)
Accumulated deficit	(6,332)	(6,380)	(6,160)
Accumulated other comprehensive loss	(2)	(6)	(3)
Total stockholders' equity	434	359	538
Total Liabilities and Stockholders' Equity	\$ 4,317	\$ 3,897	\$ 4,000

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

	Quarter Ended	Nine Months Ended
	Sep. 28, 2013	Sep. 28, 2013
Cash flows from operating activities:		
Net income (loss)	\$ 48	\$ (172)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	57	182
Net (gain) loss on disposal of property, plant and equipment	(17)	30
Benefit for deferred income taxes	(1)	-
Employee stock-based compensation expense	23	67
Non-cash interest expense	6	18
Other	-	1
Changes in operating assets and liabilities:		
Accounts receivable	(203)	(242)
Inventories	(211)	(360)
Prepaid expenses and other current assets	24	(18)
Other assets	(34)	(67)
Payable to GLOBALFOUNDRIES	81	41
Accounts payable, accrued liabilities and other	248	351
Net cash provided by (used in) operating activities	\$ 21	\$ (169)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(15)	(63)
Proceeds from sale of property, plant and equipment	57	238
Purchases of available-for-sale securities	(232)	(985)
Proceeds from sale and maturity of available-for-sale securities	376	969
Net cash provided by investing activities	\$ 186	\$ 159
Cash flows from financing activities:		
Net proceeds from foreign grants and allowances	4	6
Proceeds from issuance of common stock	1	3
Repayments of debt and capital lease obligations	(2)	(4)
Other	(1)	(1)
Net cash provided by financing activities	\$ 2	\$ 4
Net increase (decrease) in cash and cash equivalents	209	(6)
Cash and cash equivalents at beginning of period	\$ 334	\$ 549
Cash and cash equivalents at end of period	\$ 543	\$ 543

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

Segment and Category Information	Quarter Ended			Nine Months Ended	
	Sep. 28, 2013	Jun. 29, 2013	Sep. 29, 2012	Sep. 28, 2013	Sep. 29, 2012
Computing Solutions (1)					
Net revenue	\$ 790	\$ 841	\$ 927	\$ 2,382	\$ 3,176
Operating income (loss)	\$ 22	\$ 2	\$ (114)	\$ (15)	\$ 92
Graphics and Visual Solutions (2)					
Net revenue	671	320	342	1,328	1,091
Operating income	79	-	18	95	83
All Other (3)					
Operating loss	(6)	(31)	(35)	(112)	(809)
Total					
Net revenue	\$ 1,461	\$ 1,161	\$ 1,269	\$ 3,710	\$ 4,267
Operating income (loss)	\$ 95	\$ (29)	\$ (131)	\$ (32)	\$ (634)
Other Data					
Depreciation and amortization, excluding amortization	\$ 52	\$ 54	\$ 62	\$ 168	\$ 185
Capital additions	\$ 15	\$ 28	\$ 32	\$ 63	\$ 111
Adjusted EBITDA (4)	\$ 153	\$ 54	\$ (35)	\$ 247	\$ 359
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 1,181	\$ 1,117	\$ 1,480	\$ 1,181	\$ 1,480
Non-GAAP free cash flow (5)	\$ 6	\$ (63)	\$ (272)	\$ (232)	\$ (163)
Total assets	\$ 4,317	\$ 3,897	\$ 4,612	\$ 4,317	\$ 4,612
Long-term debt and capital lease obligations, including current portion	\$ 2,049	\$ 2,047	\$ 2,040	\$ 2,049	\$ 2,040
Headcount	10,330	9,928	11,813	10,330	11,813

See footnotes on the next page

- (1) Computing Solutions segment includes x86 microprocessors, as standalone devices or as incorporated as an accelerated processing unit (APU), chipsets, embedded processors and dense servers.
- (2) Graphics and Visual Solutions segment includes graphics processing units (GPU), including professional graphics, semi-custom products and technology for game consoles.
- (3) All Other category includes certain expenses and credits that are not allocated to any of the operating segments. Also included in this category are amortization of acquired intangible assets, employee stock-based compensation expense, net restructuring and other special charges and a charge related to the limited waiver of exclusivity from GLOBALFOUNDRIES ("GF").

(4) **Reconciliation of GAAP operating income (loss) to Adjusted EBITDA***

	Quarter Ended			Nine Months Ended	
	Sep. 28, 2013	Jun. 29, 2013	Sep. 29, 2012	Sep. 28, 2013	Sep. 29, 2012
GAAP operating income (loss)	\$ 95	\$ (29)	\$ (131)	\$ (32)	(634)
Depreciation and amortization	52	54	62	168	185
Employee stock-based compensation expense	23	20	27	67	74
Amortization of acquired intangible assets	5	4	4	14	9
Restructuring and other special charges (gains), net	(22)	5	3	30	11
Adjusted EBITDA	\$ 153	\$ 54	\$ (35)	\$ 247	\$ 359

(5) **Non-GAAP free cash flow reconciliation****

	Quarter Ended			Nine Months Ended	
	Sep. 28, 2013	Jun. 29, 2013	Sep. 29, 2012	Sep. 28, 2013	Sep. 29, 2012
GAAP net cash provided by (used in) operating activities	\$ 21	\$ (35)	\$ (240)	\$ (169)	\$ (52)
Purchases of property, plant and equipment	(15)	(28)	(32)	(63)	(111)
Non-GAAP free cash flow	\$ 6	\$ (63)	\$ (272)	\$ (232)	\$ (163)

* The Company presents Adjusted EBITDA 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 the following adjustments for the applicable period: for all periods presented, the Company also included an adjustment for net restructuring and other special charges (gains); and for nine months ended September 29, 2012, the Company also included adjustments for the limited waiver of exclusivity from GLOBALFOUNDRIES, legal settlement with a third party and costs related to the acquisition of SeaMicro, Inc. 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.

** The Company also presents non-GAAP free cash flow in the earnings release as a supplemental measure of its performance. Non-GAAP free cash flow is 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 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 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 within the press release and financial schedules of these non-GAAP financial measures to the most directly comparable GAAP financial measures.