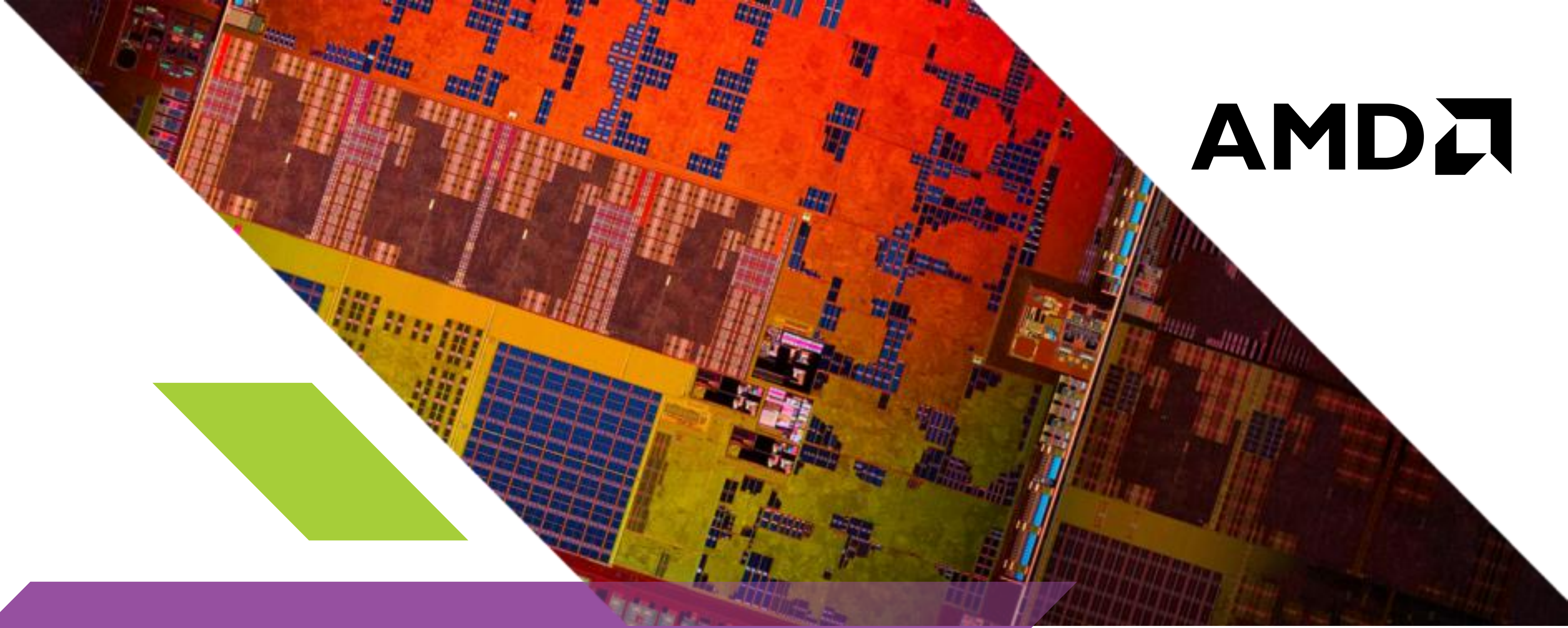


# AMD THIRD QUARTER 2013 EARNINGS RESULTS SUMMARY

OCTOBER 17, 2013

# CAUTIONARY STATEMENT

This document contains forward-looking statements concerning Advanced Micro Devices, Inc. ("AMD" or the "Company"); our financial outlook for the fourth quarter of 2013 and fiscal 2013, including revenue, non-GAAP gross margin, non-GAAP operating expenses, cash balances, inventory, capital expenditures and profitability; our ability to achieve positive free cash flow and operating profitability in the fourth quarter of 2013; our target optimal cash balance and minimum target cash balance; our ability to build leadership IP; our ability to transition approximately 50% of our revenue to high growth adjacent markets; our ability to diversify our product portfolio; and our ability to achieve target operating expenses in the fourth 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 Corp.'s pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities may negatively impact the Company's plans, that the Company will require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; 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 develop, launch and ramp new products and technologies in the volumes that are required by the market at mature yields on a timely basis; that the Company's third party 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 process technologies; that the Company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will not fully utilize its projected manufacturing capacity needs at GLOBALFOUNDRIES (GF) microprocessor manufacturing facilities; that the Company's requirements for wafers will be 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 it receives from each wafer; that the Company is unable to successfully implement its long-term business strategy; that the Company inaccurately estimates the quantity or type of products that its customers will want in the future or will ultimately end up purchasing, resulting in excess or obsolete inventory; that the Company is unable to manage the risks related to the use of its third-party distributors and add-in-board (AIB) partners or offer the appropriate incentives to focus them on the sale of 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; that global business and economic conditions, including PC market conditions, will not 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 Quarterly Report on Form 10-Q for the quarter ended June 29, 2013.

# Q3 2013: RETURN TO PROFITABILITY

AMD

| | Q1 2013 | Q2 2013 | Q3 2013 | Q-to-Q Fav / (Unfav) |
|---|---|---|---|---|
| Revenue | $1,088 M | $1,161 M | **$1,461 M** | 26% |
| Gross Margin(1) | 41% | 40% | **36%** | (4%) |
| Non-GAAP Operating Expenses(2) | $491 M | $479 M | **$443 M** | $36 M |
| Non-GAAP Operating Income (Loss)(2) | $(46) M | $(20) M | **$78 M** | $98 M |
| Non-GAAP Net Income (Loss)(2) | $(94) M | $(65) M | **$31 M** | $96 M |
| Cash, Cash Equivalents and Marketable Securities (incl. Long-Term) | $1,183 M | $ 1,117 M | **$ 1,181 M** | $ 64 M |
| Inventories, net | $613 M | $ 711 M | **$ 922 M** | $ (211) M |
| Long-term Debt and Capital Lease (incl. Current Portion)(3) | $2,044 M | $ 2,047 M | **$2,049 M** | $ (2) M |

1. Q1 2013 41% gross margin includes $20 million benefit from the sale of inventory that had been reserved in Q3 2012, which positively affected gross margin by approximately 2 percentage points, Q2 2013 40% gross margin includes $11 million benefit, which positively affected gross margin by approximately 1 percentage point and Q3 2013 36% gross margin includes $19 million benefit, which positively affected gross margin by approximately 1 percentage point.
2. See Appendices for GAAP to Non-GAAP operating expenses , operating income (loss) and net income (loss) reconciliations.
3. See Appendices for Long-term Debt and Capital Lease reconciliation.

# Q3 2013 SEGMENT AND CATEGORY FINANCIAL RESULTS

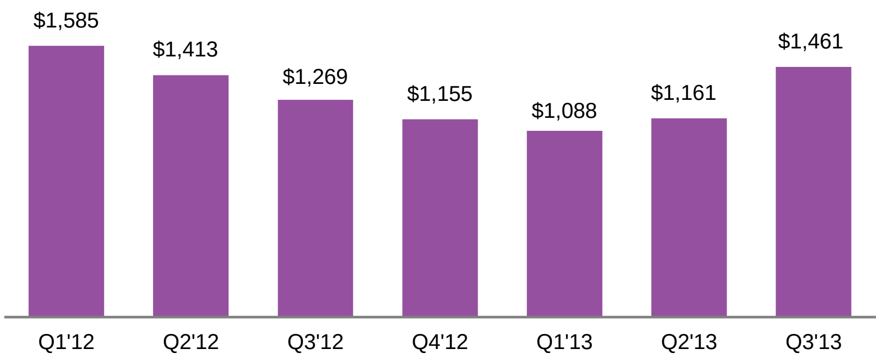
AMD

| | Q3 2012 | Q2 2013 | **Q3 2013** | **Q-to-Q** **Fav / (Unfav)** |
|---|---|---|---|---|
| Computing Solutions | | | | |
| Net Revenue | $927 M | $ 841 M | **$ 790M** | **(6%)** |
| Operating Income (Loss) | $(114) M | $ 2 M | **$ 22 M** | |
| Graphics and Visual Solutions | | | | |
| Net Revenue | $342 M | $ 320 M | **$ 671 M** | **110%** |
| Operating Income | $ 18 M | - | **$79 M** | |
| All Other | | | | |
| Operating Loss | $(35) M | $ (31) M | **$ (6) M** | |
| **TOTAL** | | | | |
| Net Revenue | $1,269 M | $1,161 M | **$1,461 M** | **26%** |
| Operating Income (Loss) | $ (131) M | $ (29) M | **$ 95 M** | |

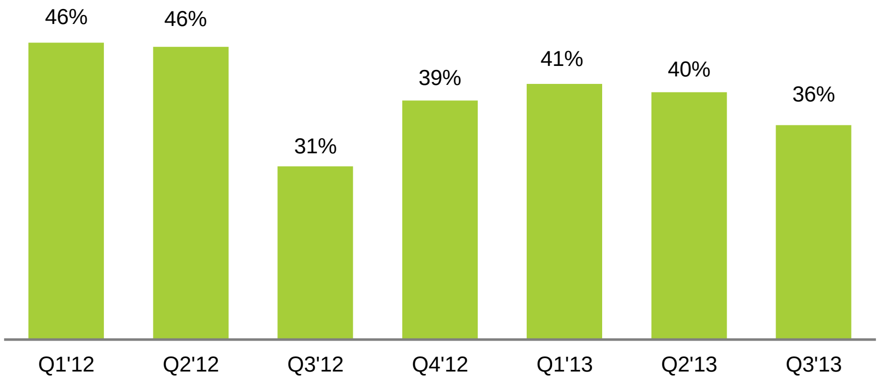
# EXECUTING ON FINANCIAL COMMITMENTS

AMD

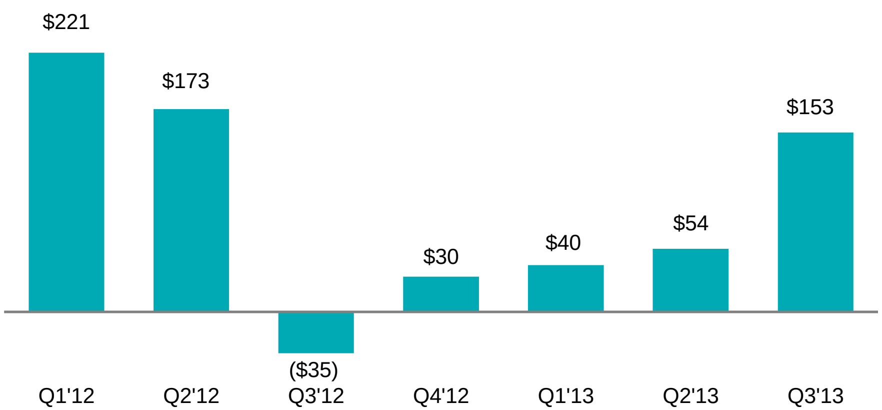
## REVENUE



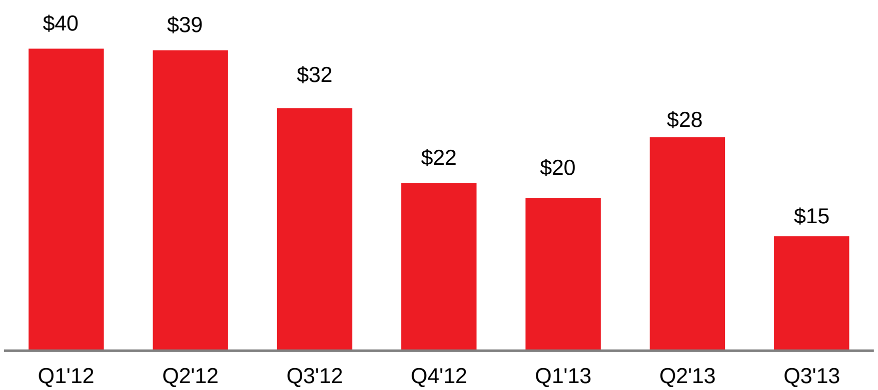

## NON GAAP GROSS MARGIN (1) (2)




## NON GAAP ADJUSTED EBITDA (1)




## CAPITAL EXPENDITURES

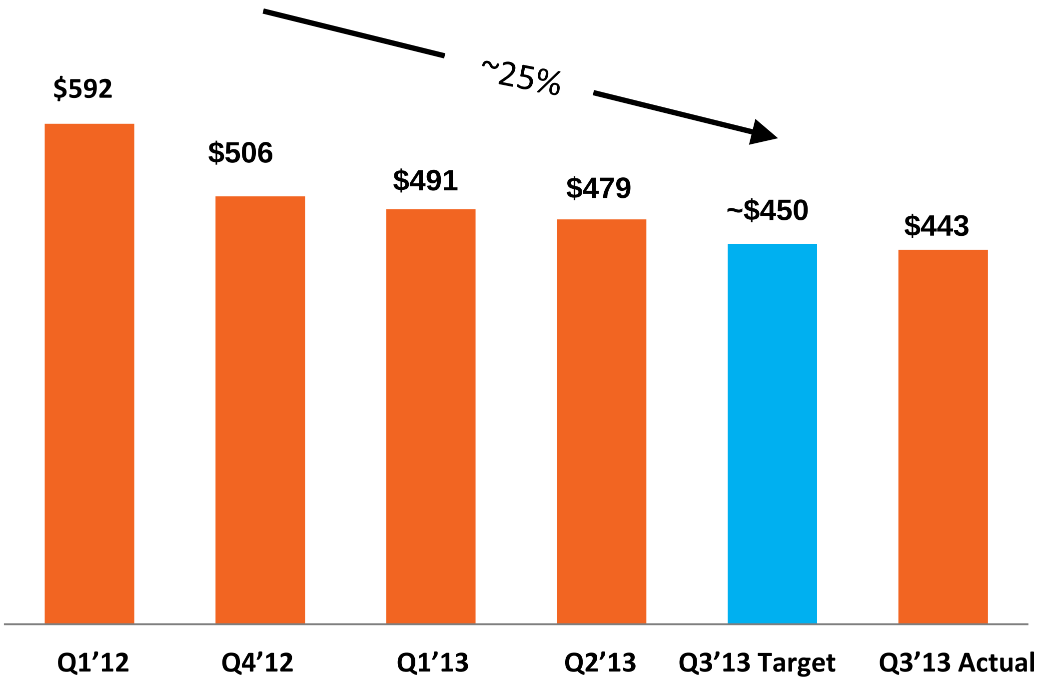



All numbers in millions USD, reported non-GAAP numbers.

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 from the sale of inventory that had been reserved in Q3 2012, which positively affected gross margin by approximately 2 percentage points, Q2 2013 40% gross margin includes $11 million benefit which positively affected gross margin by approximately 1 percentage point and Q3 2013 36% gross margin includes $19 million benefit which positively affected gross margin by approximately 1 percentage point.

# RESTRUCTURING TO RIGHT SIZE OPEX

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




| | Q1’12 | Q2’12 | Q3’12 | Q4’12 | Q1’13 | Q2’13 | Q3’13 |
|---|---|---|---|---|---|---|---|
| E/R %[2] | 37% | 39% | 41% | 44% | 45% | 41% | 30% |

1. See Appendices for GAAP to Non-GAAP OPEX reconciliation.
2. Expense to revenue ratio

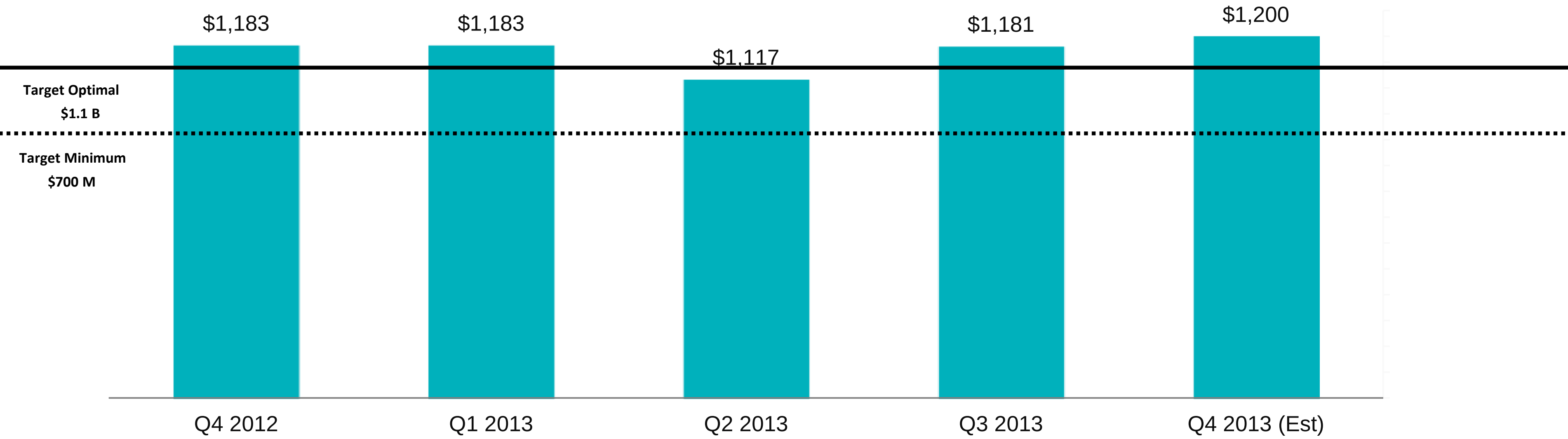
## KEY RESTRUCTURING ACTIONS

- ~14% reduction of headcount completed
- Site consolidations
- Reusable IP blocks
- Organizational restructuring
- Volume design win focus for better backend economies of scale
- Reduced expense to revenue ratio by ~10% from Q2’13 to Q3’13

# TARGET OPTIMAL AND MINIMUM CASH

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

### EXPECTED TO BE ~$1.2B EXITING 2013




- ~90% of cash held domestically
- In Q3 2013, real estate transactions generated cash proceeds of $56 million

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

# Q4 2013 FINANCIAL GUIDANCE

| | Q2 2013 | Q3 2013 | Q4 2013 GUIDANCE |
|---|---|---|---|
| Revenue | $ 1,161 M | $ 1,461 M | **Up 5% +/- 3% from Q3 2013** |
| Non-GAAP Gross Margin(1) | 40% | 36% | **~35%** |
| Non-GAAP Operating Expenses(2) | $ 479 M | $ 443 M | **~$450 M** |
| Cash, Cash Equivalents and Marketable Securities (incl. Long-Term) | $ 1,117 M | $ 1,181 M | **~$1.2B** |
| Inventories, net | $ 711 M | $ 922 M | **Flat from Q3 2013** |

1. Q2 2013 40% gross margin includes $11 million benefit from the sale of inventory that had been reserved in Q3 2012, which positively affected gross margin by approximately 1 percentage point and Q3 2013 36% gross margin includes $19 million benefit, which positively impacted gross margin by approximately 1 percentage point.
2. See Appendices for GAAP to Non-GAAP operating expenses reconciliations.

# 3 STEPS TO TURNAROUND AND TRANSFORM

AMD

## 1 RESET & RESTRUCTURE 2H'12 – Q3'13

- Hit $450M OPEX in Q3 2013
- Manage cash and working capital
- Improve inventory mix
- Communicate our plan and strategy
- Stabilize the business

**COMPLETED**

## 2 ACCELERATE & EXECUTE 2013 PLAN

- Execute powerful 2013 roadmap
  - Client APUs
  - Next generation graphics
  - Embedded/Semi-custom
  - Accelerate dense server
- Return to profitability in Q3 2013
- Achieve positive free cash flow in 2H 2013
- Our tailored, semi-custom design and integration capabilities — fueled by ambidextrous core and graphics IP leadership

**WE ARE HERE**

## 3 TRANSFORM **AMD** TO WIN 2014 - 2016

- Build leadership IP
  - Low power
  - Next generation x86 and ARM cores
  - Graphics
- Tailored, semi-custom design & integration capabilities
- Continue to diversify our portfolio
  - Move ~50% of our revenue to high growth "attack" markets
  - Ultra low-power client
  - Embedded
  - Professional graphics
  - Semi-custom
  - Dense cloud servers

**PURPOSE DRIVEN**

# STEP TWO: EXECUTE 2013 PLAN

| | |
|---|---|
| **OPEX** | Reduced by 25% since Q1'12; expect to remain at $450 million per quarter level |
| **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** | Generated positive FCF in Q3’13, expect to remain positive in Q4’13 |
| **PROFITABILITY** | Achieved profitability at the net income level in Q3’13 and expect to continue to be profitable in Q4’13 |
| **PRODUCT DIVERSIFICATION** | ~30% of Q3’13 revenue driven by Semi-custom and Embedded businesses |

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

# AMD'S FINANCIAL FOCUS

AMD

| RE-SET AND REFOCUS CORPORATION | FOCUS ON LIQUIDITY | TARGET GROWTH MARKETS BEYOND PCS WITH DIFFERENTIATED IP | EXECUTE NEW OPERATING MODEL TO ACHIEVE PROFITABLE GROWTH |
|---|---|---|---|
| $450M OPEX target achieved | $1.1B optimal cash balance<br>Well above target minimum $700M | Transitioning ~50% of revenue to high growth adjacent markets | Delivered profitability and positive free cash flow in Q3'13 |

# FOOTNOTES

**Non-GAAP Measures:**

To supplement the financial results of Advanced Micro Devices, Inc. (“AMD” or the “Company”) presented on a U.S. GAAP (“GAAP”) basis, this document 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 this document 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 document 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.

# INVESTOR RELATIONS CONTACTS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# APPENDICES

AMD

## Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA

| (Millions) | Q3-13 | Q2-13 | Q1-13 | Q4-12 | Q3-12 | Q2-12 | Q1-12 |
|---|---|---|---|---|---|---|---|
| **GAAP operating income (loss)** | **95** | **(29)** | **(98)** | **(422)** | **(131)** | **77** | **(580)** |
| Lower of cost or market charge related to GF take-or-pay obligation | - | - | - | 273 | - | - | - |
| Limited waiver of exclusivity from GF | - | - | - | - | - | - | 703 |
| Legal settlement | - | - | - | - | - | 5 | - |
| Depreciation and amortization | 52 | 54 | 62 | 62 | 62 | 61 | 62 |
| Employee stock-based compensation expense | 23 | 20 | 24 | 23 | 27 | 26 | 21 |
| Amortization of acquired intangible assets | 5 | 4 | 5 | 4 | 4 | 4 | 1 |
| Restructuring and other special changes (gains), net | (22) | 5 | 47 | 90 | 3 | - | 8 |
| SeaMicro acquisition costs | - | - | - | - | - | - | 6 |
| **Adjusted EBITDA** | **153** | **54** | **40** | **30** | **(35)** | **173** | **221** |

## Reconciliation of GAAP to Non-GAAP Gross Margin

| (Millions except percentages) | Q3-13 | Q2-13 | Q1-13 | Q4-12 | Q3-12 | Q2-12 | Q1-12 |
|---|---|---|---|---|---|---|---|
| **GAAP Gross Margin** | **$ 521** | **$ 459** | **$ 445** | **$ 178** | **$ 392** | **$ 638** | **$ 27** |
| **GAAP Gross Margin %** | **36%** | **40%** | **41%** | **15%** | **31%** | **45%** | **2%** |
| Lower of cost or market charge related to GF take-or-pay obligation | - | - | - | 273 | - | - | - |
| Limited waiver of exclusivity from GF | - | - | - | - | - | - | 703 |
| Legal settlement | - | - | - | - | | 5 | - |
| **Non-GAAP Gross Margin** | **$ 521** | **$ 459** | **$ 445** | **$ 451** | **$ 392** | **$ 643** | **$ 730** |
| **Non-GAAP Gross Margin %** | **36%** | **40%** | **41%** | **39%** | **31%** | **46%** | **46%** |

## Reconciliation of GAAP to Non-GAAP Operating Expenses

| (Millions) | Q3-13 | Q2-13 | Q1-13 | Q4-12 | Q3-12 | Q2-12 | Q1-12 |
|---|---|---|---|---|---|---|---|
| **GAAP operating expenses** | **$ 426** | **$ 488** | **$ 543** | **$ 600** | **$ 523** | **$ 561** | **$ 607** |
| Amortization of acquired intangible assets | 5 | 4 | 5 | 4 | 4 | 4 | 1 |
| Restructuring and other special changes (gains), net | (22) | 5 | 47 | 90 | 3 | - | 8 |
| SeaMicro acquisition costs | - | - | - | - | - | - | 6 |
| **Non-GAAP operating expenses** | **$ 443** | **$ 479** | **$ 491** | **$ 506** | **$ 516** | **$ 557** | **$ 592** |

# APPENDICES

## Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income (loss)

| (Millions except per share amounts) | Q3-13 | | Q2-13 | | Q1-13 | |
|---|---|---|---|---|---|---|
| **GAAP net income (loss) / Earnings (loss) per share** | **$ 48** | **$ 0.06** | **$ (74)** | **$ (0.10)** | **$ (146)** | **$ (0.19)** |
| Lower of cost or market charge related to GF take-or-pay obligation | - | - | - | - | - | - |
| Amortization of acquired intangible assets | 5 | 0.01 | 4 | 0.01 | 5 | 0.01 |
| Restructuring and other special changes (gains), net | (22) | (0.03) | 5 | 0.01 | 47 | 0.06 |
| **Non-GAAP net income (loss) / Earnings (loss) per share** | **$ 31** | **0.05** | **$ (65)** | **$ (0.09)** | **$ (94)** | **$ (0.13)** |

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

| (Millions) | Q3-13 | Q2-13 | Q1-13 |
|---|---|---|---|
| **GAAP operating income (loss)** | **$ 95** | **$ (29)** | **$ (98)** |
| Lower of cost or market charge related to GF take-or-pay obligation | - | - | - |
| Limited waiver of exclusivity from GF | - | - | - |
| Legal settlement | - | - | - |
| Amortization of acquired intangible assets | 5 | 4 | 5 |
| Restructuring and other special changes (gains), net | (22) | 5 | 47 |
| SeaMicro acquisition costs | - | - | - |
| **Non-GAAP operating income (loss)** | **$ 78** | **$ (20)** | **$ (46)** |

## Debt and Capital Lease

| | Q3-13 | | | Q2-13 | | | Q1-13 | | |
|---|---|---|---|---|---|---|---|---|---|
| (Millions) | **Gross** | **Discount** | **Net** | **Gross** | **Discount** | **Net** | **Gross** | **Discount** | **Net** |
| 6.00% Convertible Debt due 2015 | 580 | (17) | 563 | 580 | (20) | 560 | 580 | (22) | 558 |
| 8.125% Senior Debt due 2017 | 500 | (32) | 468 | 500 | (33) | 467 | 500 | (35) | 465 |
| 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** | **(49)** | **2,031** | **2,080** | **(53)** | **2,027** | **2,080** | **(57)** | **2,023** |
| Capital Lease Obligations, including short-term portion | 18 | - | 18 | 20 | - | 20 | 21 | - | 21 |
| **Long Term Debt and Capital Lease** | **2,098** | **(49)** | **2,049** | **2,100** | **(53)** | **2,047** | **2,101** | **(57)** | **2,044** |

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