

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

	Quarter Ended		
	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
Net revenue	\$ 1,397	\$ 1,589	\$ 1,088
Cost of sales	910	1,036	643
Gross margin	487	553	445
Gross margin %	35%	35%	41%
Research and development	279	293	312
Marketing, general and administrative	156	169	179
Amortization of acquired intangible assets	3	4	5
Restructuring and other special charges, net	-	-	47
Legal settlements, net	-	(48)	-
Operating income (loss)	49	135	(98)
Interest income	1	1	1
Interest expense	(47)	(44)	(44)
Other expense, net	(21)	(2)	(3)
Income (loss) before income taxes	(18)	90	(144)
Provision for income taxes	2	1	2
Net income (loss)	\$ (20)	\$ 89	\$ (146)
Net income (loss) per share			
Basic	\$ (0.03)	\$ 0.12	\$ (0.19)
Diluted	\$ (0.03)	\$ 0.12	\$ (0.19)
Shares used in per share calculation			
Basic	761	759	749
Diluted	761	766	749

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

	Quarter Ended		
	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
Total comprehensive income (loss)	\$ (21)	\$ 89	\$ (147)

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

	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 554	\$ 869	\$ 441
Marketable securities	348	228	562
Accounts receivable, net	840	832	645
Inventories, net	869	884	613
Prepaid expenses and other current assets	79	71	77
Total current assets	2,690	2,884	2,338
Long-term marketable securities	80	90	180
Property, plant and equipment, net	337	346	411
Acquisition related intangible assets, net	75	78	92
Goodwill	553	553	553
Other assets	373	386	223
Total Assets	\$ 4,108	\$ 4,337	\$ 3,797
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	\$ 60	\$ 60	\$ 5
Accounts payable	483	519	301
Payable to GLOBALFOUNDRIES	213	364	379
Accrued and other current liabilities	482	530	504
Deferred income on shipments to distributors	146	145	132
Total current liabilities	1,384	1,618	1,321
Long-term debt	2,078	1,998	2,039
Other long-term liabilities	135	177	22
Stockholders' equity:			
Capital stock:			
Common stock, par value	8	7	7
Additional paid-in capital	6,883	6,894	6,827
Treasury stock, at cost	(114)	(112)	(109)
Accumulated deficit	(6,263)	(6,243)	(6,306)
Accumulated other comprehensive loss	(3)	(2)	(4)
Total stockholders' equity	511	544	415
Total Liabilities and Stockholders' Equity	\$ 4,108	\$ 4,337	\$ 3,797

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

	Quarter Ended	
	March 29, 2014	
Cash flows from operating activities:		
Net loss	\$	(20)
Adjustments to reconcile net loss to net cash used in operating		
Depreciation and amortization		53
Employee stock-based compensation expense		23
Non-cash interest expense		6
Loss on debt redemption		15
Other		(4)
Changes in operating assets and liabilities:		
Accounts receivable		(8)
Inventories		14
Prepaid expenses and other assets		(8)
Payable to GLOBALFOUNDRIES		(151)
Accounts payable, accrued liabilities and other		(124)
Net cash used in operating activities	\$	(204)
Cash flows from investing activities:		
Purchases of property, plant and equipment		(21)
Purchases of available-for-sale securities		(310)
Proceeds from sale and maturity of available-for-sale securities		200
Net cash used in investing activities	\$	(131)
Cash flows from financing activities:		
Proceeds from issuance of common stock		1
Proceeds from borrowings, net		589
Repayments of long-term debt and capital lease obligations		(569)
Other		(1)
Net cash provided by financing activities	\$	20
Net decrease in cash and cash equivalents		(315)
Cash and cash equivalents at beginning of period	\$	869
Cash and cash equivalents at end of period	\$	554

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

Segment and Category Information	Quarter Ended		
	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
Computing Solutions (1)			
Net revenue	\$ 663	\$ 722	\$ 751
Operating loss	\$ (3)	\$ (7)	\$ (39)
Graphics and Visual Solutions (2)			
Net revenue	734	865	337
Operating income	91	121	16
All Other (3)			
Net revenue	-	2	-
Operating income (loss)	(39)	21	(75)
Total			
Net revenue	\$ 1,397	\$ 1,589	\$ 1,088
Operating income (loss)	\$ 49	\$ 135	\$ (98)
Other Data			
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 50	\$ 50	\$ 62
Capital additions	\$ 21	\$ 21	\$ 20
Adjusted EBITDA (4)	\$ 139	\$ 165	\$ 40
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 982	\$ 1,187	\$ 1,183
Non-GAAP free cash flow (5)	\$ (225)	\$ 0	\$ (175)
Total assets	\$ 4,108	\$ 4,337	\$ 3,797
Total debt	\$ 2,138	\$ 2,058	\$ 2,044
Headcount	10,397	10,671	9,844

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 System-on-Chip (SOC) products, development services 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 and employee stock-based compensation expense. In addition, the Company also included the following adjustments for the indicated periods: for the first quarter of 2014, the Company included workforce rebalancing severance charges; for the fourth quarter of 2013, the Company included net legal settlements; and for the first quarter of 2013, the Company included net restructuring and other special charges. The Company also reports the results of former businesses in the All Other category because the operating results were not material.
- (4) **Reconciliation of GAAP operating income (loss) to Adjusted EBITDA***

	Quarter Ended		
	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
GAAP operating income (loss)	\$ 49	\$ 135	\$ (98)
Workforce rebalancing severance charges	14	-	-
Legal settlements, net	-	(48)	-
Depreciation and amortization	50	50	62
Employee stock-based compensation expense	23	24	24
Amortization of acquired intangible assets	3	4	5
Restructuring and other special charges, net	-	-	47
Adjusted EBITDA	<u>\$ 139</u>	<u>\$ 165</u>	<u>\$ 40</u>

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

	Quarter Ended		
	March 29, 2014	Dec 28, 2013	Mar. 30, 2013
GAAP net cash provided by (used in) operating activities	\$ (204)	\$ 21	\$ (155)
Purchases of property, plant and equipment	(21)	(21)	(20)
Non-GAAP free cash flow	<u>\$ (225)</u>	<u>\$ 0</u>	<u>\$ (175)</u>

* 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 indicated periods: for the first quarter of 2014, the Company included an adjustment for workforce rebalancing severance charges; for the fourth quarter of 2013, the Company included an adjustment for net legal settlements; and for the first quarter of 2013, the Company included net restructuring and other special charges. 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.