

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

	Three Months Ended			Six Months Ended	
	Jun. 28, 2014	Mar. 29, 2014	Jun. 29, 2013	Jun. 28, 2014	Jun. 29, 2013
Net revenue	\$ 1,441	\$ 1,397	\$ 1,161	\$ 2,838	\$ 2,249
Cost of sales	\$ 943	910	702	\$ 1,853	1,345
Gross margin	\$ 498	487	459	985	904
Gross margin %	35%	35%	40%	35%	40%
Research and development	\$ 277	279	308	556	620
Marketing, general and administrative	\$ 154	156	171	310	350
Amortization of acquired intangible assets	\$ 4	3	4	7	9
Restructuring and other special charges, net	\$ -	-	5	-	52
Operating income (loss)	\$ 63	49	(29)	112	(127)
Interest income	\$ -	1	2	1	3
Interest expense	\$ (46)	(47)	(42)	(93)	(86)
Other expense, net	\$ (49)	(21)	(2)	(70)	(5)
Loss before income taxes	\$ (32)	(18)	(71)	(50)	(215)
Provision for income taxes	\$ 4	2	3	6	5
Net loss	\$ (36)	\$ (20)	\$ (74)	\$ (56)	\$ (220)
Net loss per share					
Basic	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.07)	\$ (0.29)
Diluted	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.07)	\$ (0.29)
Shares used in per share calculation					
Basic	764	761	752	762	751
Diluted	764	761	752	762	751

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

	Three Months Ended			Six Months Ended	
	Jun. 28, 2014	Mar. 29, 2014	Jun. 29, 2013	Jun. 28, 2014	Jun. 29, 2013
Total comprehensive loss	\$ (32)	\$ (21)	\$ (76)	\$ (53)	\$ (223)

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

	Jun. 28, 2014	Mar. 29, 2014	Dec. 28, 2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 503	\$ 554	\$ 869
Marketable securities	445	348	228
Accounts receivable, net	872	840	832
Inventories, net	960	869	884
Prepaid expenses and other current assets	152	79	71
Total current assets	2,932	2,690	2,884
Long-term marketable securities	-	80	90
Property, plant and equipment, net	329	337	346
Acquisition related intangible assets, net	72	75	78
Goodwill	553	553	553
Other assets	360	373	386
Total Assets	\$ 4,246	\$ 4,108	\$ 4,337
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	\$ 101	\$ 60	\$ 60
Accounts payable	511	483	519
Payable to GLOBALFOUNDRIES	295	213	364
Accrued and other current liabilities	480	482	530
Deferred income on shipments to distributors	118	146	145
Total current liabilities	1,505	1,384	1,618
Long-term debt	2,109	2,078	1,998
Other long-term liabilities	131	135	177
Stockholders' equity:			
Capital stock:			
Common stock, par value	8	8	7
Additional paid-in capital	6,905	6,883	6,894
Treasury stock, at cost	(114)	(114)	(112)
Accumulated deficit	(6,299)	(6,263)	(6,243)
Accumulated other comprehensive income (loss)	1	(3)	(2)
Total stockholders' equity	501	511	544
Total Liabilities and Stockholders' Equity	\$ 4,246	\$ 4,108	\$ 4,337

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

	Three Months Ended	Six Months Ended
	Jun. 28, 2014	Jun. 28, 2014
Cash flows from operating activities:		
Net loss	\$ (36)	\$ (56)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	53	106
Employee stock-based compensation expense	21	44
Non-cash interest expense	3	9
Loss on debt redemptions	49	64
Other	(1)	(4)
Changes in operating assets and liabilities:		
Accounts receivable	(32)	(40)
Inventories	(90)	(76)
Prepaid expenses and other assets	(75)	(84)
Payable to GLOBALFOUNDRIES	82	(69)
Accounts payable, accrued liabilities and other	(2)	(126)
Net cash used in operating activities	\$ (28)	\$ (232)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(23)	(44)
Purchases of available-for-sale securities	(308)	(618)
securities	288	488
Net cash used in investing activities	\$ (43)	\$ (174)
Cash flows from financing activities:		
Net proceeds from foreign grants and allowances	\$ 2	\$ 2
Proceeds from issuance of common stock	1	2
Proceeds from borrowings, net	491	1,080
Repayments of long-term debt and capital lease obligations	(473)	(1,042)
Other	(1)	(2)
Net cash provided by financing activities	\$ 20	\$ 40
Net decrease in cash and cash equivalents	(51)	(366)
Cash and cash equivalents at beginning of period	\$ 554	\$ 869
Cash and cash equivalents at end of period	\$ 503	\$ 503

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

Segment and Category Information	Three Months Ended			Six Months Ended	
	Jun. 28, 2014	Mar. 29, 2014	Jun. 29, 2013	Jun. 28, 2014	Jun. 29, 2013
Computing Solutions (1)					
Net revenue	\$ 669	\$ 663	\$ 841	\$ 1,332	\$ 1,592
Operating income (loss)	\$ 9	\$ (3)	\$ 2	\$ 6	\$ (37)
Graphics and Visual Solutions (2)					
Net revenue	772	734	320	1,506	657
Operating income	82	91	-	173	16
All Other (3)					
Operating loss	(28)	(39)	(31)	(67)	(106)
Total					
Net revenue	\$ 1,441	\$ 1,397	\$ 1,161	\$ 2,838	\$ 2,249
Operating income (loss)	\$ 63	\$ 49	\$ (29)	\$ 112	\$ (127)
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 49	\$ 50	\$ 54	\$ 99	\$ 116
Capital additions	\$ 23	\$ 21	\$ 28	\$ 44	\$ 48
Adjusted EBITDA (4)	\$ 137	\$ 139	\$ 54	\$ 276	\$ 94
Cash, cash equivalents and marketable securities	\$ 948	\$ 982	\$ 1,117	\$ 948	\$ 1,117
Non-GAAP free cash flow (5)	\$ (51)	\$ (225)	\$ (63)	\$ (276)	\$ (238)
Total assets	\$ 4,246	\$ 4,108	\$ 3,897	\$ 4,246	\$ 3,897
Total debt	\$ 2,210	\$ 2,138	\$ 2,047	\$ 2,210	\$ 2,047
Headcount	10,300	10,397	9,928	10,300	9,928

See footnotes on the next page

- (1) Computing Solutions segment primarily 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 primarily 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 primarily 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 an adjustment for workforce rebalancing severance charges and for the second quarter of 2013 and six months ending June 29, 2013, the Company included an adjustment for 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***

	Three Months Ended			Six Months Ended	
	Jun. 28, 2014	Mar. 29, 2014	Jun. 29, 2013	Jun. 28, 2014	Jun. 29, 2013
GAAP operating income (loss)	\$ 63	\$ 49	\$ (29)	\$ 112	\$ (127)
Workforce rebalancing severance charges	-	14	-	14	-
Depreciation and amortization	49	50	54	99	116
Employee stock-based compensation expense	21	23	20	44	44
Amortization of acquired intangible assets	4	3	4	7	9
Restructuring and other special charges, net	-	-	5	-	52
Adjusted EBITDA	\$ 137	\$ 139	\$ 54	\$ 276	\$ 94

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

	Three Months Ended			Six Months Ended	
	Jun. 28, 2014	Mar. 29, 2014	Jun. 29, 2013	Jun. 28, 2014	Jun. 29, 2013
GAAP net cash used in operating activities	\$ (28)	\$ (204)	\$ (35)	\$ (232)	\$ (190)
Purchases of property, plant and equipment	(23)	(21)	(28)	(44)	(48)
Non-GAAP free cash flow	\$ (51)	\$ (225)	\$ (63)	\$ (276)	\$ (238)

* 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 and for second quarter of 2013 and six months ending June 29, 2013, the Company included an adjustment for net restructuring and other special charges. The Company calculates and communicates Adjusted EBITDA in the earnings press release 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 press release as a supplemental measure of its performance. Non-GAAP free cash flow is determined by adjusting GAAP net cash used in operating activities for capital expenditures. The Company calculates and communicates non-GAAP free cash flow in the financial earnings press release 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 earnings press release of these non-GAAP financial measures to the most directly comparable GAAP financial measures.