

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

	Three Months Ended			Nine Months Ended	
	Sep. 27, 2014	Jun. 28, 2014	Sep. 28, 2013	Sep. 27, 2014	Sep. 28, 2013
Net revenue	\$ 1,429	\$ 1,441	\$ 1,461	\$ 4,267	\$ 3,710
Cost of sales	935	943	940	2,788	2,285
Gross margin	494	498	521	1,479	1,425
Gross margin %	35%	35%	36%	35%	38%
Research and development	278	277	288	834	908
Marketing, general and administrative	150	154	155	460	505
Amortization of acquired intangible assets	3	4	5	10	14
Restructuring and other special charges (gains), net	-	-	(22)	-	30
Operating income (loss)	63	63	95	175	(32)
Interest income	1	-	1	2	4
Interest expense	(43)	(46)	(47)	(136)	(133)
Other income (expense), net	(2)	(49)	2	(72)	(3)
Income (loss) before income taxes	19	(32)	51	(31)	(164)
Provision for income taxes	2	4	3	8	8
Net income (loss)	\$ 17	\$ (36)	\$ 48	\$ (39)	\$ (172)
Net income (loss) per share					
Basic	\$ 0.02	\$ (0.05)	\$ 0.06	\$ (0.05)	\$ (0.23)
Diluted	\$ 0.02	\$ (0.05)	\$ 0.06	\$ (0.05)	\$ (0.23)
Shares used in per share calculation					
Basic	770	764	757	765	753
Diluted	785	764	764	765	753

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

	Three Months Ended			Nine Months Ended	
	Sep. 27, 2014	Jun. 28, 2014	Sep. 28, 2013	Sep. 27, 2014	Sep. 28, 2013
Total comprehensive income (loss)	\$ 15	\$ (32)	\$ 52	\$ (38)	\$ (171)

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

	Sep. 27, 2014	Jun. 28, 2014	Dec. 28, 2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 640	\$ 503	\$ 869
Marketable securities	298	445	228
Accounts receivable, net	973	872	832
Inventories, net	897	960	884
Prepaid expenses and other current assets	212	152	71
Total current assets	3,020	2,932	2,884
Long-term marketable securities	-	-	90
Property, plant and equipment, net	328	329	346
Acquisition related intangible assets, net	69	72	78
Goodwill	553	553	553
Other assets	355	360	386
Total Assets	\$ 4,325	\$ 4,246	\$ 4,337
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	\$ 102	\$ 101	\$ 60
Accounts payable	498	511	519
Payable to GLOBALFOUNDRIES	317	295	364
Accrued and other current liabilities	555	480	530
Deferred income on shipments to distributors	94	118	145
Total current liabilities	1,566	1,505	1,618
Long-term debt	2,106	2,109	1,998
Other long-term liabilities	118	131	177
Stockholders' equity:			
Capital stock:			
Common stock, par value	8	8	7
Additional paid-in capital	6,928	6,905	6,894
Treasury stock, at cost	(118)	(114)	(112)
Accumulated deficit	(6,282)	(6,299)	(6,243)
Accumulated other comprehensive income (loss)	(1)	1	(2)
Total stockholders' equity	535	501	544
Total Liabilities and Stockholders' Equity	\$ 4,325	\$ 4,246	\$ 4,337

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

	Three Months Ended	Nine Months Ended
	Sep. 27, 2014	Sep. 27, 2014
Cash flows from operating activities:		
Net Income (loss)	\$ 17	\$ (39)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	49	155
Employee stock-based compensation expense	21	65
Non-cash interest expense	2	11
Loss on debt redemptions	-	64
Other	(6)	(9)
Changes in operating assets and liabilities:		
Accounts receivable	(104)	(144)
Inventories	62	(14)
Prepaid expenses and other assets	(71)	(156)
Payable to GLOBALFOUNDRIES	22	(47)
Accounts payable, accrued liabilities and other	26	(100)
Net cash provided by (used in) operating activities	\$ 18	\$ (214)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(29)	(73)
Purchases of available-for-sale securities	(28)	(646)
Proceeds from sale and maturity of available-for-sale securities	176	664
Net cash provided by (used in) investing activities	\$ 119	\$ (55)
Cash flows from financing activities:		
Net proceeds from foreign grants and allowances	\$ 3	\$ 5
Proceeds from issuance of common stock	2	4
Proceeds from borrowings, net	-	1,080
Repayments of long-term debt and capital lease obligations	(1)	(1,043)
Other	(4)	(6)
Net cash provided by financing activities	\$ -	\$ 40
Net increase (decrease) in cash and cash equivalents	137	(229)
Cash and cash equivalents at beginning of period	\$ 503	\$ 869
Cash and cash equivalents at end of period	\$ 640	\$ 640

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

Segment and Category Information	Three Months Ended			Nine Months Ended	
	Sep. 27, 2014	Jun. 28, 2014	Sep. 28, 2013	Sep. 27, 2014	Sep. 28, 2013
Computing and Graphics (1)					
Net revenue	\$ 781	\$ 828	\$ 925	\$ 2,470	\$ 2,832
Operating income (loss)	\$ (17)	\$ (6)	\$ 9	\$ (20)	\$ (86)
Enterprise, Embedded and Semi-Custom (2)					
Net revenue	648	613	536	1,797	878
Operating income	108	97	92	290	166
All Other (3)					
Operating loss	(28)	(28)	(6)	(95)	(112)
Total					
Net revenue	\$ 1,429	\$ 1,441	\$ 1,461	\$ 4,267	\$ 3,710
Operating income (loss)	\$ 63	\$ 63	\$ 95	\$ 175	\$ (32)
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 46	\$ 49	\$ 52	\$ 145	\$ 168
Capital additions	\$ 29	\$ 23	\$ 15	\$ 73	\$ 63
Adjusted EBITDA (4)	\$ 133	\$ 137	\$ 153	\$ 409	\$ 247
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 938	\$ 948	\$ 1,181	\$ 938	\$ 1,181
Non-GAAP free cash flow (5)	\$ (11)	\$ (51)	\$ 6	\$ (287)	\$ (232)
Total assets	\$ 4,325	\$ 4,246	\$ 4,317	\$ 4,325	\$ 4,317
Total debt	\$ 2,208	\$ 2,210	\$ 2,049	\$ 2,208	\$ 2,049
Headcount	10,149	10,300	10,330	10,149	10,330

See footnotes on the next page

- (1) Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete graphics processing units (GPUs) and professional graphics.
- (2) Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, dense servers, semi-custom System-on-Chip (SoC) products, engineering services and royalties.
- (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 nine months ended September 27, 2014, the Company included an adjustment for workforce rebalancing severance charges; and for the third quarter of 2013 and nine months ended September 28, 2013, the Company included an adjustment for net restructuring and other special charges (gains).

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

	Three Months Ended			Nine Months Ended	
	Sep. 27, 2014	Jun. 28, 2014	Sep. 28, 2013	Sep. 27, 2014	Sep. 28, 2013
GAAP operating income (loss)	\$ 63	\$ 63	\$ 95	\$ 175	\$ (32)
Workforce rebalancing severance charges	-	-	-	14	-
Depreciation and amortization	46	49	52	145	168
Employee stock-based compensation expense	21	21	23	65	67
Amortization of acquired intangible assets	3	4	5	10	14
Restructuring and other special charges (gains), net	-	-	(22)	-	30
Adjusted EBITDA	\$ 133	\$ 137	\$ 153	\$ 409	\$ 247

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

	Three Months Ended			Nine Months Ended	
	Sep. 27, 2014	Jun. 28, 2014	Sep. 28, 2013	Sep. 27, 2014	Sep. 28, 2013
GAAP net cash provided by (used in) operating activities	\$ 18	\$ (28)	\$ 21	\$ (214)	\$ (169)
Purchases of property, plant and equipment	(29)	(23)	(15)	(73)	(63)
Non-GAAP free cash flow	\$ (11)	\$ (51)	\$ 6	\$ (287)	\$ (232)

* 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 nine months ended September 27, 2014, the Company included an adjustment for workforce rebalancing severance charges; and for the third quarter of 2013 and nine months ended September 28, 2013, the Company included an adjustment for net restructuring and other special charges (gains). 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.