

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

	Quarter Ended			Year Ended	
	Dec 28, 2013	Sept 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
Net revenue	\$ 1,589	\$ 1,461	\$ 1,155	\$ 5,299	\$ 5,422
Cost of sales	1,036	940	977	3,321	4,187
Gross margin	553	521	178	1,978	1,235
Gross margin %	35%	36%	15%	37%	23%
Research and development	293	288	313	1,201	1,354
Marketing, general and administrative	169	155	193	674	823
Amortization of acquired intangible assets	4	5	4	18	14
Restructuring and other special charges (gains), net	-	(22)	90	30	100
Legal settlements, net	(48)	-	-	(48)	-
Operating income (loss)	135	95	(422)	103	(1,056)
Interest income	1	1	2	5	8
Interest expense	(44)	(47)	(45)	(177)	(175)
Other income (expense), net	(2)	2	(4)	(5)	6
Income (loss) before income taxes	90	51	(469)	(74)	(1,217)
Provision (benefit) for income taxes	1	3	4	9	(34)
Net income (loss)	\$ 89	\$ 48	\$ (473)	\$ (83)	\$ (1,183)
Net income (loss) per share					
Basic	\$ 0.12	\$ 0.06	\$ (0.63)	\$ (0.11)	\$ (1.60)
Diluted	\$ 0.12	\$ 0.06	\$ (0.63)	\$ (0.11)	\$ (1.60)
Shares used in per share calculation					
Basic	759	757	747	754	741
Diluted	766	764	747	754	741

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

	Quarter Ended			Year Ended	
	Dec 28, 2013	Sept 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
Total comprehensive income (loss)	\$ 89	\$ 52	\$ (475)	\$ (82)	\$ (1,181)

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

	Dec. 28, 2013	Sept. 28, 2013	Dec. 29, 2012
Assets			
Current assets:			
Cash and cash equivalents	\$ 869	\$ 543	\$ 549
Marketable securities	228	517	453
Accounts receivable, net	832	873	630
Inventories, net	884	922	562
Prepaid expenses and other current assets	71	84	71
Total current assets	2,884	2,939	2,265
Long-term marketable securities	90	121	181
Property, plant and equipment, net	346	358	658
Acquisition related intangible assets, net	78	82	96
Goodwill	553	553	553
Other assets	386	264	247
Total Assets	\$ 4,337	\$ 4,317	\$ 4,000
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	\$ 60	\$ 5	\$ 5
Accounts payable	519	574	278
Payable to GLOBALFOUNDRIES	364	495	454
Accrued and other current liabilities	530	549	552
Deferred income on shipments to distributors	145	139	108
Total current liabilities	1,618	1,762	1,397
Long-term debt	1,998	2,044	2,037
Other long-term liabilities	177	77	28
Stockholders' equity:			
Capital stock:			
Common stock, par value	7	7	7
Additional paid-in capital	6,894	6,872	6,803
Treasury stock, at cost	(112)	(111)	(109)
Accumulated deficit	(6,243)	(6,332)	(6,160)
Accumulated other comprehensive loss	(2)	(2)	(3)
Total stockholders' equity	544	434	538
Total Liabilities and Stockholders' Equity	\$ 4,337	\$ 4,317	\$ 4,000

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

	Quarter Ended	Year Ended
	Dec. 28, 2013	Dec. 28, 2013
Cash flows from operating activities:		
Net income (loss)	\$ 89	\$ (83)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	54	236
Net loss on disposal of property, plant and equipment	1	31
Employee stock-based compensation expense	24	91
Non-cash interest expense	7	25
Other	(1)	-
Changes in operating assets and liabilities:		
Accounts receivable	42	(200)
Inventories	38	(322)
Prepaid expenses and other current assets	7	(11)
Other assets	(143)	(210)
Payable to GLOBALFOUNDRIES	(130)	(89)
Accounts payable, accrued liabilities and other	33	384
Net cash provided by (used in) operating activities	\$ 21	\$ (148)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(21)	(84)
Proceeds from sale of property, plant and equipment	-	238
Purchases of available-for-sale securities	(58)	(1,043)
Proceeds from sale and maturity of available-for-sale securities	375	1,344
Net cash provided by investing activities	\$ 296	\$ 455
Cash flows from financing activities:		
Net proceeds from foreign grants and allowances	5	11
Proceeds from issuance of common stock	1	4
Proceeds from borrowings of secured revolving line of credit, net	55	55
Repayments of long-term debt and capital lease obligations	(51)	(55)
Other	(1)	(2)
Net cash provided by financing activities	\$ 9	\$ 13
Net increase in cash and cash equivalents	326	320
Cash and cash equivalents at beginning of period	\$ 543	\$ 549
Cash and cash equivalents at end of period	\$ 869	\$ 869

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

Segment and Category Information	Quarter Ended			Year Ended	
	Dec 28, 2013	Sep. 28, 2013	Dec. 29, 2012	Dec 28, 2013	Dec. 29, 2012
Computing Solutions (1)					
Net revenue	\$ 722	\$ 790	\$ 829	\$ 3,104	\$ 4,005
Operating income (loss)	\$ (7)	\$ 22	\$ (323)	\$ (22)	\$ (231)
Graphics and Visual Solutions (2)					
Net revenue	865	671	326	2,193	1,417
Operating income	121	79	22	216	105
All Other (3)					
Net revenue	2	-	-	2	-
Operating income (loss)	21	(6)	(121)	(91)	(930)
Total					
Net revenue	\$ 1,589	\$ 1,461	\$ 1,155	\$ 5,299	\$ 5,422
Operating income (loss)	\$ 135	\$ 95	\$ (422)	\$ 103	\$ (1,056)
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 50	\$ 52	\$ 62	\$ 219	\$ 247
Capital additions	\$ 21	\$ 15	\$ 22	\$ 84	\$ 133
Adjusted EBITDA (4)	\$ 165	\$ 153	\$ 30	\$ 412	\$ 389
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 1,187	\$ 1,181	\$ 1,183	\$ 1,187	\$ 1,183
Non-GAAP free cash flow (5)	\$ 0	\$ 6	\$ (308)	\$ (232)	\$ (471)
Total assets	\$ 4,337	\$ 4,317	\$ 4,000	\$ 4,337	\$ 4,000
Total debt	\$ 2,058	\$ 2,049	\$ 2,042	\$ 2,058	\$ 2,042
Headcount	10,671	10,330	10,340	10,671	10,340

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 (gains). In addition, the Company also included the following for the indicated periods: for the fourth quarter of 2013 and for 2013, the Company included net legal settlements; for 2012, the Company included a charge related to the limited waiver of exclusivity from GLOBALFOUNDRIES (GF). The Company also reported 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			Year Ended	
	Dec. 28, 2013	Sep. 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
GAAP operating income (loss)	\$ 135	\$ 95	\$ (422)	\$ 103	(1,056)
Lower of cost or market charge related to GF take-or-pay obligation	-	-	273	-	273
Limited waiver of exclusivity from GF	-	-	-	-	703
Legal settlements, net	(48)	-	-	(48)	5
Depreciation and amortization	50	52	62	219	247
Employee stock-based compensation expense	24	23	23	91	97
Amortization of acquired intangible assets	4	5	4	17	14
Restructuring and other special charges (gains), net	-	(22)	90	30	100
SeaMicro acquisition costs	-	-	-	-	6
Adjusted EBITDA	\$ 165	\$ 153	\$ 30	\$ 412	\$ 389

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

	Quarter Ended			Year Ended	
	Dec. 28, 2013	Sep. 28, 2013	Dec. 29, 2012	Dec. 28, 2013	Dec. 29, 2012
GAAP net cash provided by (used in) operating activities	\$ 21	\$ 21	\$ (286)	\$ (148)	\$ (338)
Purchases of property, plant and equipment	(21)	(15)	(22)	(84)	(133)
Non-GAAP free cash flow	\$ 0	\$ 6	\$ (308)	\$ (232)	\$ (471)

* 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 fourth quarter of 2013, the Company included adjustments for net legal settlements; for the third quarter of 2013, the Company included adjustments for net restructuring and other special charges (gains); for 2013, the Company included adjustments for net legal settlements and net restructuring and other special charges (gains); for the fourth quarter of 2012, the Company included adjustments for the lower of cost or market charge (LCM Charge) related to GF take-or-pay obligation and net restructuring and other special charges (gains); for 2012, the Company included adjustments for the LCM Charge, a charge related to the limited waiver of exclusivity from GF, net legal settlements, net restructuring and other special charges (gains) and SeaMicro, Inc acquisition costs. 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.