

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

	Three Months Ended			Six Months Ended	
	June 25, 2016	March 26, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Net revenue	\$ 1,027	\$ 832	\$ 942	\$ 1,859	\$ 1,972
Cost of sales	708	563	710	1,271	1,414
Gross margin	319	269	232	588	558
Gross margin %	31%	32%	25%	32%	28%
Research and development	243	242	235	485	477
Marketing, general and administrative	117	105	134	222	265
Amortization of acquired intangible assets	-	-	-	-	3
Restructuring and other special charges, net	(7)	(3)	-	(10)	87
Licensing gain	(26)	(7)	-	(33)	-
Operating loss	(8)	(68)	(137)	(76)	(274)
Interest expense	(41)	(40)	(40)	(81)	(80)
Other income (expense), net	150	-	(3)	150	(3)
Income (loss) before equity loss and income taxes	101	(108)	(180)	(7)	(357)
Provision for income taxes	29	1	1	30	4
Equity in income (loss) of ATMP JV	(3)	-	-	(3)	-
Net income (loss)	\$ 69	\$ (109)	\$ (181)	\$ (40)	\$ (361)
Net income (loss) per share					
Basic	\$ 0.09	\$ (0.14)	\$ (0.23)	\$ (0.05)	\$ (0.46)
Diluted	\$ 0.08	\$ (0.14)	\$ (0.23)	\$ (0.05)	\$ (0.46)
Shares used in per share calculation					
Basic	794	793	778	794	778
Diluted	821	793	778	794	778

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

	Three Months Ended			Six Months Ended	
	June 25, 2016	March 26, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Total comprehensive income (loss)	\$ 72	\$ (107)	\$ (174)	\$ (35)	\$ (361)

ADVANCED MICRO DEVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS ^{(1) (2)}
(Millions)

	June 25, 2016	March 26, 2016	December 26, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 957	\$ 716	\$ 785
Accounts receivable, net	671	508	533
Inventories, net	743	675	678
Prepayment and other - GLOBALFOUNDRIES	12	26	33
Prepaid expenses	68	49	43
Other current assets	55	252	248
Total current assets	2,506	2,226	2,320
Property, plant and equipment, net	169	176	188
Goodwill	289	278	278
Investment in ATMP JV	62	-	-
Other assets	290	301	298
Total Assets	\$ 3,316	\$ 2,981	\$ 3,084
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Short-term debt	\$ 226	\$ 230	\$ 230
Accounts payable	616	324	279
Payable to GLOBALFOUNDRIES	94	233	245
Payable to ATMP JV	150	-	-
Accrued liabilities	392	347	472
Other current liabilities	61	151	124
Deferred income on shipments to distributors	42	43	53
Total current liabilities	1,581	1,328	1,403
Long-term debt	2,012	2,006	2,007
Other long-term liabilities	136	150	86
Stockholders' equity (deficit):			
Capital stock:			
Common stock, par value	8	8	8
Additional paid-in capital	7,053	7,033	7,017
Treasury stock, at cost	(125)	(123)	(123)
Accumulated deficit	(7,346)	(7,415)	(7,306)
Accumulated other comprehensive loss	(3)	(6)	(8)
Total Stockholders' equity (deficit)	(413)	(503)	(412)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 3,316	\$ 2,981	\$ 3,084

⁽¹⁾ Amounts reflected adoption of FASB ASU 2015-17, *Balance Sheet Classification of Deferred Taxes* beginning in the first quarter of 2016.

⁽²⁾ Amounts reflected adoption of FASB ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs* beginning in the first quarter of 2016.

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

	Three Months Ended	Six Months Ended
	June 25, 2016	June 25, 2016
Cash flows from operating activities:		
Net income (loss)	\$ 69	\$ (40)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on sale of equity interests in ATMP JV	(150)	(150)
Equity in income (loss) of ATMP JV	(1)	(1)
Depreciation and amortization	33	66
Provision for deferred income taxes	11	11
Stock-based compensation expense	18	34
Non-cash interest expense	3	7
Other	(1)	(6)
Changes in operating assets and liabilities:		
Accounts receivable	(164)	(138)
Inventories	(69)	(66)
Prepayment and other - GLOBALFOUNDRIES	14	21
Prepaid expenses and other assets	(139)	(117)
Payable to ATMP JV	150	150
Payable to GLOBALFOUNDRIES	(139)	(151)
Accounts payable, accrued liabilities and other	280	253
Net cash used in operating activities	\$ (85)	\$ (127)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(21)	(47)
Proceeds from sale of equity interests in ATMP JV	351	351
Other	(1)	(1)
Net cash provided by investing activities	\$ 329	\$ 303
Cash flows from financing activities:		
Proceeds from issuance of common stock	2	2
Repayments of borrowings, net	(4)	(4)
Other	(1)	(2)
Net cash used in financing activities	\$ (3)	\$ (4)
Net increase in cash and cash equivalents	241	172
Cash and cash equivalents at beginning of period	\$ 716	\$ 785
Cash and cash equivalents at end of period	\$ 957	\$ 957

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

Segment and Category Information	Three Months Ended			Six Months Ended	
	June 25, 2016	March 26, 2016	June 27, 2015	June 25, 2016	June 27, 2015
Computing and Graphics⁽¹⁾					
Net revenue	\$ 435	\$ 460	\$ 379	\$ 895	\$ 911
Operating loss	\$ (81)	\$ (70)	\$ (147)	\$ (151)	\$ (222)
Enterprise, Embedded and Semi-Custom⁽²⁾					
Net revenue	\$ 592	\$ 372	\$ 563	\$ 964	\$ 1,061
Operating income	\$ 84	\$ 16	\$ 27	\$ 100	\$ 72
All Other⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (11)	\$ (14)	\$ (17)	\$ (25)	\$ (124)
Total					
Net revenue	\$ 1,027	\$ 832	\$ 942	\$ 1,859	\$ 1,972
Operating loss	\$ (8)	\$ (68)	\$ (137)	\$ (76)	\$ (274)
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 33	\$ 33	\$ 45	\$ 66	\$ 88
Capital additions	\$ 21	\$ 26	\$ 17	\$ 47	\$ 39
Adjusted EBITDA ⁽⁴⁾	\$ 36	\$ (22)	\$ (42)	\$ 14	\$ (29)
Cash and cash equivalents	\$ 957	\$ 716	\$ 829	\$ 957	\$ 829
Non-GAAP free cash flow ⁽⁵⁾	\$ (106)	\$ (68)	\$ (74)	\$ (174)	\$ (268)
Total assets	\$ 3,316	\$ 2,981	\$ 3,353	\$ 3,316	\$ 3,353
Total debt	\$ 2,238	\$ 2,236	\$ 2,241	\$ 2,238	\$ 2,241
Headcount	8,099	9,047	9,469	8,099	9,469

See footnotes on the next page

- (1) Computing and Graphics segment primarily includes desktop and notebook processors, chipsets, discrete graphics processing units (GPUs) and professional graphics.
- (2) Enterprise, Embedded and Semi-Custom segment primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services, technology for game consoles and licensing portions of its intellectual property portfolio.
- (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 stock-based compensation expense and restructuring and other special charges, net. In addition, the Company also included amortization of acquired intangible assets for six months ended June 27, 2015.

(4) **Reconciliation of GAAP Operating Loss to Adjusted EBITDA***

	Three Months Ended			Six Months Ended	
	June 25, 2016	March 26, 2016	June 27, 2015	June 25, 2016	June 27, 2015
GAAP operating loss	\$ (8)	\$ (68)	\$ (137)	\$ (76)	\$ (274)
Technology node transition charge	-	-	33	-	33
Restructuring and other special charges, net	(7)	(3)	-	(10)	87
Stock-based compensation	18	16	17	34	34
Amortization of acquired intangible assets	-	-	-	-	3
Depreciation and amortization	33	33	45	66	88
Adjusted EBITDA	\$ 36	\$ (22)	\$ (42)	\$ 14	\$ (29)

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

	Three Months Ended			Six Months Ended	
	June 25, 2016	March 26, 2016	June 27, 2015	June 25, 2016	June 27, 2015
GAAP net cash used in operating activities	\$ (85)	\$ (42)	\$ (57)	\$ (127)	\$ (229)
Purchases of property, plant and equipment	(21)	(26)	(17)	(47)	(39)
Non-GAAP free cash flow	\$ (106)	\$ (68)	\$ (74)	\$ (174)	\$ (268)

* 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, stock-based compensation expense and restructuring and other special charges, net. In addition, the Company excluded a technology node transition charge for the three months and six months ended June 27, 2015 and amortization of acquired intangible assets for the six months ended June 27, 2015. 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 presents non-GAAP free cash flow 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 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.