

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

	Three Months Ended			Year Ended	
	Dec. 27, 2014	Sep. 27, 2014	Dec 28, 2013	Dec. 27, 2014	Dec 28, 2013
Net revenue	\$ 1,239	\$ 1,429	\$ 1,589	\$ 5,506	\$ 5,299
Cost of sales	879	935	1,036	3,667	3,321
Gross margin	360	494	553	1,839	1,978
Gross margin %	29%	35%	35%	33%	37%
Research and development	238	278	293	1,072	1,201
Marketing, general and administrative	144	150	169	604	674
Amortization of acquired intangible assets	4	3	4	14	18
Restructuring and other special charges, net	71	-	-	71	30
Goodwill impairment charge	233	-	-	233	-
Legal settlements, net	-	-	(48)	-	(48)
Operating income (loss)	(330)	63	135	(155)	103
Interest income	1	1	1	3	5
Interest expense	(41)	(43)	(44)	(177)	(177)
Other income (expense), net	3	(2)	(2)	(69)	(5)
Income (loss) before income taxes	(367)	19	90	(398)	(74)
Provision (benefit) for income taxes	(3)	2	1	5	9
Net income (loss)	\$ (364)	\$ 17	\$ 89	\$ (403)	\$ (83)
Net income (loss) per share					
Basic	\$ (0.47)	\$ 0.02	\$ 0.12	\$ (0.53)	\$ (0.11)
Diluted	\$ (0.47)	\$ 0.02	\$ 0.12	\$ (0.53)	\$ (0.11)
Shares used in per share calculations					
Basic	776	770	759	768	754
Diluted	776	785	766	768	754

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

	Three Months Ended			Year Ended	
	Dec. 27, 2014	Sep. 27, 2014	Dec 28, 2013	Dec. 27, 2014	Dec 28, 2013
Total comprehensive income (loss)	\$ (368)	\$ 15	\$ 89	\$ (406)	\$ (82)

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

	Dec. 27, 2014	Sep. 27, 2014	Dec. 28, 2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 805	\$ 640	\$ 869
Marketable securities	235	298	228
Accounts receivable, net	818	973	832
Inventories, net	685	897	884
Prepaid expenses and other current assets	193	212	71
Total current assets	2,736	3,020	2,884
Long-term marketable securities	-	-	90
Property, plant and equipment, net	302	328	346
Acquisition related intangible assets, net	65	69	78
Goodwill	320	553	553
Other assets	344	355	386
Total Assets	\$ 3,767	\$ 4,325	\$ 4,337
Liabilities and Stockholders' Equity			
Current liabilities:			
Short-term debt	\$ 177	\$ 102	\$ 60
Accounts payable	421	498	519
Payable to GLOBALFOUNDRIES	212	317	364
Accrued and other current liabilities	558	555	530
Deferred income on shipments to distributors	72	94	145
Total current liabilities	1,440	1,566	1,618
Long-term debt	2,035	2,106	1,998
Other long-term liabilities	105	118	177
Stockholders' equity:			
Capital stock:			
Common stock, par value	8	8	7
Additional paid-in capital	6,949	6,928	6,894
Treasury stock, at cost	(119)	(118)	(112)
Accumulated deficit	(6,646)	(6,282)	(6,243)
Accumulated other comprehensive loss	(5)	(1)	(2)
Total stockholders' equity	187	535	544
Total Liabilities and Stockholders' Equity	\$ 3,767	\$ 4,325	\$ 4,337

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

	Three Months Ended	Year Ended
	Dec. 27, 2014	Dec. 27, 2014
Cash flows from operating activities:		
Net Loss	\$ (364)	\$ (403)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	48	203
Employee stock-based compensation expense	16	81
Non-cash interest expense	6	17
Net (gain) loss on debt redemptions	(3)	61
Goodwill impairment charge	233	233
Restructuring and other special charges, net	14	14
Other	(4)	(13)
Changes in operating assets and liabilities:		
Accounts receivable	151	7
Inventories	213	199
Prepaid expenses and other assets	36	(120)
Payable to GLOBALFOUNDRIES	(106)	(153)
Accounts payable, accrued liabilities and other	(124)	(224)
Net cash provided by (used in) operating activities	\$ 116	\$ (98)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(22)	(95)
Purchases of available-for-sale securities	(144)	(790)
Proceeds from the sales and maturities of available-for-sale securities	209	873
Net cash provided by (used in) investing activities	\$ 43	\$ (12)
Cash flows from financing activities:		
Net proceeds from grants and allowances	\$ 3	\$ 8
Proceeds from issuance of common stock	-	4
Proceeds from borrowings, net	75	1,155
Repayments of long-term debt and capital lease obligations	(72)	(1,115)
Other	-	(6)
Net cash provided by financing activities	\$ 6	\$ 46
Net increase (decrease) in cash and cash equivalents	165	(64)
Cash and cash equivalents at beginning of period	\$ 640	\$ 869
Cash and cash equivalents at end of period	\$ 805	\$ 805

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

Segment and Category Information	Three Months Ended			Year Ended	
	Dec. 27, 2014	Sep. 27, 2014	Dec 28, 2013	Dec. 27, 2014	Dec 28, 2013
Computing and Graphics (1)					
Net revenue	\$ 662	\$ 781	\$ 888	\$ 3,132	\$ 3,720
Operating loss	\$ (56)	\$ (17)	\$ (15)	\$ (76)	\$ (101)
Enterprise, Embedded and Semi-Custom (2)					
Net revenue	577	648	699	2,374	1,577
Operating income	109	108	129	399	295
All Other (3)					
Net revenue	-	-	2	-	2
Operating income (loss)	(383)	(28)	21	(478)	(91)
Total					
Net revenue	\$ 1,239	\$ 1,429	\$ 1,589	\$ 5,506	\$ 5,299
Operating income (loss)	\$ (330)	\$ 63	\$ 135	\$ (155)	\$ 103
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 44	\$ 46	\$ 50	\$ 189	\$ 218
Capital additions	\$ 22	\$ 29	\$ 21	\$ 95	\$ 84
Adjusted EBITDA (4)	\$ 96	\$ 133	\$ 165	\$ 505	\$ 412
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 1,040	\$ 938	\$ 1,187	\$ 1,040	\$ 1,187
Non-GAAP free cash flow (5)	\$ 94	\$ (11)	\$ 0	\$ (193)	\$ (232)
Total assets	\$ 3,767	\$ 4,325	\$ 4,337	\$ 3,767	\$ 4,337
Total debt	\$ 2,212	\$ 2,208	\$ 2,058	\$ 2,212	\$ 2,058
Headcount	9,687	10,149	10,671	9,687	10,671

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, dense servers, 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 for the indicated periods: for fourth quarter of 2014, the Company included a goodwill impairment, net restructuring and other special charges and a lower of cost or market inventory adjustment; for 2014, the Company included a goodwill impairment, net restructuring and other special charges, a lower of cost or market inventory adjustment, loss on debt repurchase and workforce rebalancing severance charges; for the fourth quarter of 2013, the Company included net legal settlements; and for 2013, the Company included net restructuring and other special charges and net legal settlements.

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

	Three Months Ended			Year Ended	
	Dec. 27,	Sep. 27,	Dec 28,	Dec. 27,	Dec 28,
	2014	2014	2013	2014	2013
GAAP operating income (loss)	\$ (330)	\$ 63	\$ 135	\$ (155)	\$ 103
Goodwill Impairment	233	-	-	233	-
Restructuring and other special charges, net	71	-	-	71	30
Lower of cost or market inventory adjustment	58	-	-	58	-
Employee stock-based compensation expense	16	21	24	81	91
Amortization of acquired intangible assets	4	3	4	14	18
Depreciation and amortization	44	46	50	189	218
Workforce rebalancing severance charges	-	-	-	14	-
Legal settlements, net	-	-	(48)	-	(48)
Adjusted EBITDA	\$ 96	\$ 133	\$ 165	\$ 505	\$ 412

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

	Three Months Ended			Year Ended	
	Dec. 27,	Sep. 27,	Dec 28,	Dec. 27,	Dec 28,
	2014	2014	2013	2014	2013
GAAP net cash provided by (used in) operating activities	\$ 116	\$ 18	\$ 21	\$ (98)	\$ (148)
Purchases of property, plant and equipment	(22)	(29)	(21)	(95)	(84)
Non-GAAP free cash flow	\$ 94	\$ (11)	\$ 0	\$ (193)	\$ (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 fourth quarter of 2014, the Company included an adjustment for goodwill impairment, net restructuring and other special charges and lower of cost or market inventory adjustment; for 2014, the Company included an adjustment for goodwill impairment, net restructuring and other special charges, lower of cost or market inventory adjustment and workforce rebalancing severance charges; for the fourth quarter of 2013, the Company included an adjustment for net legal settlements; and for 2013, the Company included adjustments for net restructuring and other special charges and net legal settlements. 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 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.