

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

	Three Months Ended		
	March 28, 2015	December 27, 2014	March 29, 2014
Net revenue	\$ 1,030	\$ 1,239	\$ 1,397
Cost of sales	704	879	910
Gross margin	326	360	487
Gross margin %	32%	29%	35%
Research and development	242	238	279
Marketing, general and administrative	131	144	156
Amortization of acquired intangible assets	3	4	3
Restructuring and other special charges, net	87	71	-
Goodwill impairment charge	-	233	-
Operating income (loss)	(137)	(330)	49
Interest income	-	1	1
Interest expense	(40)	(41)	(47)
Other income (expense), net	-	3	(21)
Loss before income taxes	(177)	(367)	(18)
Provision (benefit) for income taxes	3	(3)	2
Net loss	\$ (180)	\$ (364)	\$ (20)
Net loss per share			
Basic	\$ (0.23)	\$ (0.47)	\$ (0.03)
Diluted	\$ (0.23)	\$ (0.47)	\$ (0.03)
Shares used in per share calculation			
Basic	777	776	761
Diluted	777	776	761

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

	Three Months Ended		
	March 28, 2015	December 27, 2014	March 29, 2014
Total comprehensive loss	\$ (187)	\$ (368)	\$ (21)

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

	March 28, 2015	December 27, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 677	\$ 805
Marketable securities	229	235
Accounts receivable, net	771	818
Inventories, net	688	685
Prepayments to GLOBALFOUNDRIES	44	113
Prepaid expenses and other current assets	88	80
Total current assets	2,497	2,736
Property, plant and equipment, net	297	302
Acquisition related intangible assets, net	-	65
Goodwill	320	320
Other assets	314	344
Total Assets	\$ 3,428	\$ 3,767
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 235	\$ 177
Accounts payable	381	415
Payable to GLOBALFOUNDRIES	121	218
Accrued and other current liabilities	494	558
Deferred income on shipments to distributors	61	72
Total current liabilities	1,292	1,440
Long-term debt	2,033	2,035
Other long-term liabilities	86	105
Stockholders' equity:		
Capital stock:		
Common stock, par value	8	8
Additional paid-in capital	6,967	6,949
Treasury stock, at cost	(120)	(119)
Accumulated deficit	(6,826)	(6,646)
Accumulated other comprehensive loss	(12)	(5)
Total Stockholders' equity	17	187
Total Liabilities and Stockholders' Equity	\$ 3,428	\$ 3,767

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

	Three Months Ended	
	March 28, 2015	
Cash flows from operating activities:		
Net Loss	\$	(180)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		46
Stock-based compensation expense		17
Non-cash interest expense		3
Restructuring and other special charges, net		71
Other		(1)
Changes in operating assets and liabilities:		
Accounts receivable		46
Inventories		(6)
Prepayments to GLOBALFOUNDRIES		68
Prepaid expenses and other assets		(16)
Accounts payable, accrued liabilities and other		(124)
Payable to GLOBALFOUNDRIES		(97)
Net cash used in operating activities	\$	(173)
Cash flows from investing activities:		
Purchases of available-for-sale securities		(223)
Purchases of property, plant and equipment		(22)
Proceeds from the sales and maturities of available-for-sale securities		230
Net cash used in investing activities	\$	(15)
Cash flows from financing activities:		
Net proceeds from grants and allowances		4
Proceeds from borrowings, net		58
Repayments of long-term debt and capital lease obligations		(1)
Other		(1)
Net cash provided by financing activities	\$	60
Net decrease in cash and cash equivalents		(128)
Cash and cash equivalents at beginning of period	\$	805
Cash and cash equivalents at end of period	\$	677

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

Segment and Category Information	Three Months Ended		
	March 28, 2015	December 27, 2014	March 29, 2014
Computing and Graphics ⁽¹⁾			
Net revenue	\$ 532	\$ 662	\$ 861
Operating income (loss)	\$ (75)	\$ (56)	\$ 3
Enterprise, Embedded and Semi-Custom ⁽²⁾			
Net revenue	498	577	536
Operating income	45	109	85
All Other ⁽³⁾			
Net revenue	-	-	-
Operating loss	(107)	(383)	(39)
Total			
Net revenue	\$ 1,030	\$ 1,239	\$ 1,397
Operating income (loss)	\$ (137)	\$ (330)	\$ 49
Other Data			
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 43	\$ 44	\$ 50
Capital additions	\$ 22	\$ 22	\$ 21
Adjusted EBITDA ⁽⁴⁾	\$ 13	\$ 96	\$ 139
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 906	\$ 1,040	\$ 982
Non-GAAP free cash flow ⁽⁵⁾	\$ (195)	\$ 94	\$ (225)
Total assets	\$ 3,428	\$ 3,767	\$ 4,108
Total debt	\$ 2,268	\$ 2,212	\$ 2,138
Headcount	9,583	9,687	10,397

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 stock-based compensation expense. In addition, the Company also included the following adjustments for the indicated periods: for first quarter of 2015, the Company included net restructuring and other special charges; for the fourth quarter of 2014, the Company included an adjustment for a goodwill impairment, net restructuring and other special charges and a lower of cost or market inventory adjustment; and for the first quarter of 2014, the Company included workforce rebalancing severance charges.

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

	Three Months Ended		
	March 28, 2015	December 27, 2014	March 29, 2014
GAAP operating income (loss)	\$ (137)	\$ (330)	\$ 49
Goodwill impairment	-	233	-
Restructuring and other special charges, net	87	71	-
Lower of cost or market inventory adjustment	-	58	-
Stock-based compensation expense	17	16	23
Amortization of acquired intangible assets	3	4	3
Depreciation and amortization	43	44	50
Workforce rebalancing severance charges	-	-	14
Adjusted EBITDA	\$ 13	\$ 96	\$ 139

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

	Three Months Ended		
	March 28, 2015	December 27, 2014	March 29, 2014
GAAP net cash provided by (used in) operating activities	\$ (173)	\$ 116	\$ (204)
Purchases of property, plant and equipment	(22)	(22)	(21)
Non-GAAP free cash flow	\$ (195)	\$ 94	\$ (225)

* 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 amortization of acquired intangible assets. In addition, the Company also included the following adjustments for the indicated periods: for the first quarter of 2015, the Company included net restructuring and other special charges; for the 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 the first quarter of 2014, the Company included an adjustment for workforce rebalancing severance 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 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.