

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

	Three Months Ended			Six Months Ended	
	June 27, 2015	March 28, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Net revenue	\$ 942	\$ 1,030	\$ 1,441	\$ 1,972	\$ 2,838
Cost of sales	710	704	943	1,414	1,853
Gross margin	232	326	498	558	985
Gross margin %	25%	32%	35%	28%	35%
Research and development	235	242	277	477	556
Marketing, general and administrative	134	131	154	265	310
Amortization of acquired intangible assets	-	3	4	3	7
Restructuring and other special charges, net	-	87	-	87	-
Operating income (loss)	(137)	(137)	63	(274)	112
Interest expense	(40)	(40)	(46)	(80)	(93)
Other expense, net	(3)	-	(49)	(3)	(69)
Loss before income taxes	(180)	(177)	(32)	(357)	(50)
Provision for income taxes	1	3	4	4	6
Net loss	\$ (181)	\$ (180)	\$ (36)	\$ (361)	\$ (56)
Net loss per share					
Basic	\$ (0.23)	\$ (0.23)	\$ (0.05)	\$ (0.46)	\$ (0.07)
Diluted	\$ (0.23)	\$ (0.23)	\$ (0.05)	\$ (0.46)	\$ (0.07)
Shares used in per share calculation					
Basic	778	777	764	778	762
Diluted	778	777	764	778	762

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

	Three Months Ended			Six Months Ended	
	June 27, 2015	March 28, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Total comprehensive loss	\$ (174)	\$ (187)	\$ (32)	\$ (361)	\$ (53)

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

	June 27, 2015	March 28, 2015	December 27, 2014
Assets			
Current assets:			
Cash and cash equivalents	\$ 829	\$ 677	\$ 805
Marketable securities	-	229	235
Accounts receivable, net	687	771	818
Inventories, net	799	688	685
Prepayments to GLOBALFOUNDRIES	19	44	113
Prepaid expenses and other current assets	117	88	80
Total current assets	2,451	2,497	2,736
Property, plant and equipment, net	289	297	302
Acquisition related intangible assets, net	-	-	65
Goodwill	320	320	320
Other assets	321	314	344
Total Assets	\$ 3,381	\$ 3,428	\$ 3,767
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Short-term debt	\$ 235	\$ 235	\$ 177
Accounts payable	454	381	415
Payable to GLOBALFOUNDRIES	197	121	218
Accrued and other current liabilities	462	494	558
Deferred income on shipments to distributors	51	61	72
Total current liabilities	1,399	1,292	1,440
Long-term debt	2,034	2,033	2,035
Other long-term liabilities	89	86	105
Stockholders' equity (deficit):			
Capital stock:			
Common stock, par value	8	8	8
Additional paid-in capital	6,984	6,967	6,949
Treasury stock, at cost	(121)	(120)	(119)
Accumulated deficit	(7,007)	(6,826)	(6,646)
Accumulated other comprehensive loss	(5)	(12)	(5)
Total Stockholders' equity (deficit)	(141)	17	187
Total Liabilities and Stockholders' Equity (Deficit)	\$ 3,381	\$ 3,428	\$ 3,767

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

	Three Months Ended	Six Months Ended
	June 27, 2015	June 27, 2015
Cash flows from operating activities:		
Net Loss	\$ (181)	\$ (361)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	45	91
Stock-based compensation expense	17	34
Non-cash interest expense	3	6
Restructuring and other special charges, net	1	72
Other	2	1
Changes in operating assets and liabilities:		
Accounts receivable	83	129
Inventories	(111)	(117)
Prepayments to GLOBALFOUNDRIES	26	94
Prepaid expenses and other assets	(57)	(73)
Accounts payable, accrued liabilities and other	38	(86)
Payable to GLOBALFOUNDRIES	76	(21)
Net cash used in operating activities	\$ (58)	\$ (231)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(4)	(227)
Purchases of property, plant and equipment	(17)	(39)
Proceeds from maturities of available-for-sale securities	232	462
Net cash provided by investing activities	\$ 211	\$ 196
Cash flows from financing activities:		
Net proceeds from grants and allowances	-	4
Proceeds from issuance of common stock	1	1
Proceeds from borrowings, net	42	100
Repayments of long-term debt and capital lease obligations	(43)	(44)
Other	(1)	(2)
Net cash provided by (used in) financing activities	\$ (1)	\$ 59
Net increase in cash and cash equivalents	152	24
Cash and cash equivalents at beginning of period	\$ 677	\$ 805
Cash and cash equivalents at end of period	\$ 829	\$ 829

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

Segment and Category Information	Three Months Ended			Six Months Ended	
	June 27, 2015	March 28, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 379	\$ 532	\$ 828	\$ 911	\$ 1,689
Operating loss	\$ (147)	\$ (75)	\$ (6)	\$ (222)	\$ (3)
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 563	\$ 498	\$ 613	\$ 1,061	\$ 1,149
Operating income	\$ 27	\$ 45	\$ 97	\$ 72	\$ 182
All Other ⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (17)	\$ (107)	\$ (28)	\$ (124)	\$ (67)
Total					
Net revenue	\$ 942	\$ 1,030	\$ 1,441	\$ 1,972	\$ 2,838
Operating income (loss)	\$ (137)	\$ (137)	\$ 63	\$ (274)	\$ 112
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 45	\$ 43	\$ 49	\$ 88	\$ 99
Capital additions	\$ 17	\$ 22	\$ 23	\$ 39	\$ 44
Adjusted EBITDA ⁽⁴⁾	\$ (42)	\$ 13	\$ 137	\$ (29)	\$ 276
Cash, cash equivalents and marketable securities, including long-term marketable securities	\$ 829	\$ 906	\$ 948	\$ 829	\$ 948
Non-GAAP free cash flow ⁽⁵⁾	\$ (75)	\$ (195)	\$ (51)	\$ (270)	\$ (276)
Total assets	\$ 3,381	\$ 3,428	\$ 4,246	\$ 3,381	\$ 4,246
Total debt	\$ 2,269	\$ 2,268	\$ 2,210	\$ 2,269	\$ 2,210
Headcount	9,469	9,583	10,300	9,469	10,300

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 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 the first quarter of 2015 and six months ended June 27, 2015, the Company included net restructuring and other special charges; and for the six months ended June 28, 2014, the Company included an adjustment for workforce rebalancing severance charges.

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

	Three Months Ended			Six Months Ended	
	June 27, 2015	March 28, 2015	June 28, 2014	June 27, 2015	June 28, 2014
GAAP operating income (loss)	\$ (137)	\$ (137)	\$ 63	\$ (274)	\$ 112
Technology node transition charge	33	-	-	33	-
Restructuring and other special charges, net	-	87	-	87	-
Stock-based compensation expense	17	17	21	34	44
Amortization of acquired intangible assets	-	3	4	3	7
Depreciation and amortization	45	43	49	88	99
Workforce rebalancing severance charges	-	-	-	-	14
Adjusted EBITDA	\$ (42)	\$ 13	\$ 137	\$ (29)	\$ 276

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

	Three Months Ended			Six Months Ended	
	June 27, 2015	March 28, 2015	June 28, 2014	June 27, 2015	June 28, 2014
GAAP net cash used in operating activities	\$ (58)	\$ (173)	\$ (28)	\$ (231)	\$ (232)
Purchases of property, plant and equipment	(17)	(22)	(23)	(39)	(44)
Non-GAAP free cash flow	\$ (75)	\$ (195)	\$ (51)	\$ (270)	\$ (276)

* 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 excluded the following adjustments for the indicated periods: for the second quarter of 2015 and six months ended June 27, 2015, the Company excluded a technology node transition charge and for the first quarter of 2015 and six months ended June 27, 2015, the Company excluded net restructuring and other special charges. 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.