

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

	Three Months Ended			Nine Months Ended	
	September 24, 2016	June 25, 2016	September 26, 2015	September 24, 2016	September 26, 2015
Net revenue	\$ 1,307	\$ 1,027	\$ 1,061	\$ 3,166	\$ 3,033
Cost of sales	1,248	708	822	2,519	2,236
Gross margin	59	319	239	647	797
Gross margin %	5%	31%	23%	20%	26%
Research and development	259	243	241	744	718
Marketing, general and administrative	117	117	108	339	373
Amortization of acquired intangible assets	-	-	-	-	3
Restructuring and other special charges, net	-	(7)	48	(10)	135
Licensing gain	(24)	(26)	-	(57)	-
Operating loss	(293)	(8)	(158)	(369)	(432)
Interest expense	(41)	(41)	(39)	(122)	(119)
Other income (expense), net	(63)	150	-	87	(3)
Income (loss) before equity loss and income taxes	(397)	101	(197)	(404)	(554)
Provision for income taxes	4	29	-	34	4
Equity in income (loss) of ATMP JV	(5)	(3)	-	(8)	-
Net income (loss)	\$ (406)	\$ 69	\$ (197)	\$ (446)	\$ (558)
Net income (loss) per share					
Basic	\$ (0.50)	\$ 0.09	\$ (0.25)	\$ (0.56)	\$ (0.72)
Diluted	\$ (0.50)	\$ 0.08	\$ (0.25)	\$ (0.56)	\$ (0.72)
Shares used in per share calculation					
Basic	815	794	785	801	780
Diluted	815	821	785	801	780

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

	Three Months Ended			Nine Months Ended	
	September 24, 2016	June 25, 2016	September 26, 2015	September 24, 2016	September 26, 2015
Total comprehensive income (loss)	\$ (406)	\$ 72	\$ (207)	\$ (441)	\$ (568)

**ADVANCED MICRO DEVICES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS** <sup>(1) (2)</sup>  
(Millions)

	September 24, 2016	June 25, 2016	December 26, 2015
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,258	\$ 957	\$ 785
Accounts receivable, net	640	671	533
Inventories, net	772	743	678
Prepayment and other - GLOBALFOUNDRIES	13	12	33
Prepaid expenses	63	68	43
Other current assets	78	55	248
<b>Total current assets</b>	<b>2,824</b>	<b>2,506</b>	<b>2,320</b>
Property, plant and equipment, net	161	169	188
Goodwill	289	289	278
Investment in ATMP JV	60	62	-
Other assets	282	290	298
<b>Total Assets</b>	<b>\$ 3,616</b>	<b>\$ 3,316</b>	<b>\$ 3,084</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>			
Current liabilities:			
Short-term debt	\$ -	\$ 226	\$ 230
Accounts payable	582	616	279
Payable to GLOBALFOUNDRIES	284	94	245
Payable to ATMP JV	144	150	-
Accrued liabilities	384	392	472
Other current liabilities	25	61	124
Deferred income on shipments to distributors	54	42	53
<b>Total current liabilities</b>	<b>1,473</b>	<b>1,581</b>	<b>1,403</b>
Long-term debt, net	1,632	2,012	2,007
Other long-term liabilities	126	136	86
Stockholders' equity (deficit):			
Capital stock:			
Common stock, par value	9	8	8
Additional paid-in capital	8,258	7,053	7,017
Treasury stock, at cost	(127)	(125)	(123)
Accumulated deficit	(7,752)	(7,346)	(7,306)
Accumulated other comprehensive loss	(3)	(3)	(8)
<b>Total Stockholders' equity (deficit)</b>	<b>385</b>	<b>(413)</b>	<b>(412)</b>
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>	<b>\$ 3,616</b>	<b>\$ 3,316</b>	<b>\$ 3,084</b>

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

<sup>(2)</sup> 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	Nine Months Ended
	September 24, 2016	September 24, 2016
<b>Cash flows from operating activities:</b>		
Net loss	\$ (406)	\$ (446)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net gain on sale of equity interests in ATMP JV	4	(146)
Equity in loss of ATMP JV	2	1
Depreciation and amortization	33	99
Provision for deferred income taxes	-	11
Stock-based compensation expense	23	57
Non-cash interest expense	4	11
Loss on debt redemption	61	61
Fair value of warrant issued related to sixth amendment to the WSA	240	240
Other	1	(5)
Changes in operating assets and liabilities:		
Accounts receivable	31	(107)
Inventories	(28)	(94)
Prepayment and other - GLOBALFOUNDRIES	(1)	20
Prepaid expenses and other assets	(17)	(134)
Payable to ATMP JV	(6)	144
Payable to GLOBALFOUNDRIES	190	39
Accounts payable, accrued liabilities and other	(102)	151
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 29</b>	<b>\$ (98)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(9)	(56)
Net proceeds from sale of equity interests in ATMP JV	(5)	346
Other	4	3
<b>Net cash provided by (used in) investing activities</b>	<b>\$ (10)</b>	<b>\$ 293</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock, net of issuance costs	668	668
Proceeds from issuance of convertible senior notes, net of issuance costs	681	681
Proceeds from issuance of common stock under stock-based compensation equity plans	10	12
Repayments of borrowings, net	(226)	(230)
Repayments of long-term debt	(848)	(848)
Other	(3)	(5)
<b>Net cash provided by financing activities</b>	<b>\$ 282</b>	<b>\$ 278</b>
Net increase in cash and cash equivalents	301	473
<b>Cash and cash equivalents at beginning of period</b>	<b>\$ 957</b>	<b>\$ 785</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,258</b>	<b>\$ 1,258</b>

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

Segment and Category Information	Three Months Ended			Nine Months Ended	
	September 24, 2016	June 25, 2016	September 26, 2015	September 24, 2016	September 26, 2015
<b>Computing and Graphics<sup>(1)</sup></b>					
Net revenue	\$ 472	\$ 435	\$ 424	\$ 1,367	\$ 1,335
Operating loss	\$ (66)	\$ (81)	\$ (181)	\$ (217)	\$ (403)
<b>Enterprise, Embedded and Semi-Custom<sup>(2)</sup></b>					
Net revenue	\$ 835	\$ 592	\$ 637	\$ 1,799	\$ 1,698
Operating income	\$ 136	\$ 84	\$ 84	\$ 236	\$ 156
<b>All Other<sup>(3)</sup></b>					
Net revenue	-	-	-	-	-
Operating loss	(363)	(11)	(61)	(388)	(185)
<b>Total</b>					
<b>Net revenue</b>	<b>\$ 1,307</b>	<b>\$ 1,027</b>	<b>\$ 1,061</b>	<b>\$ 3,166</b>	<b>\$ 3,033</b>
<b>Operating loss</b>	<b>\$ (293)</b>	<b>\$ (8)</b>	<b>\$ (158)</b>	<b>\$ (369)</b>	<b>\$ (432)</b>
<b>Other Data</b>					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 33	\$ 33	\$ 42	\$ 99	\$ 130
Capital additions	\$ 9	\$ 21	\$ 25	\$ 56	\$ 64
Adjusted EBITDA <sup>(4)</sup>	\$ 103	\$ 36	\$ (55)	\$ 117	\$ (84)
Cash and cash equivalents	\$ 1,258	\$ 957	\$ 755	\$ 1,258	\$ 755
Non-GAAP free cash flow <sup>(5)</sup>	\$ 20	\$ (106)	\$ (81)	\$ (154)	\$ (349)
Total assets	\$ 3,616	\$ 3,316	\$ 3,229	\$ 3,616	\$ 3,229
Total debt	\$ 1,632	\$ 2,238	\$ 2,260	\$ 1,632	\$ 2,260
Headcount	8,306	8,099	9,475	8,306	9,475

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 a charge related to the sixth amendment to the WSA with GF for the three and nine months ended September 24, 2016 and amortization of acquired intangible assets for the nine months ended September 26, 2015.

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

	Three Months Ended			Nine Months Ended	
	September 24, 2016	June 25, 2016	September 26, 2015	September 24, 2016	September 26, 2015
GAAP operating loss	\$ (293)	\$ (8)	\$ (158)	\$ (369)	\$ (432)
Charge related to the sixth amendment to the WSA with GF	340	-	-	340	-
Technology node transition charge	-	-	-	-	33
Restructuring and other special charges, net	-	(7)	48	(10)	135
Stock-based compensation	23	18	13	57	47
Amortization of acquired intangible assets	-	-	-	-	3
Depreciation and amortization	33	33	42	99	130
Adjusted EBITDA	\$ 103	\$ 36	\$ (55)	\$ 117	\$ (84)

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

	Three Months Ended			Nine Months Ended	
	September 24, 2016	June 25, 2016	September 26, 2015	September 24, 2016	September 26, 2015
GAAP net cash provided by (used in) operating activities	\$ 29	\$ (85)	\$ (56)	\$ (98)	\$ (285)
Purchases of property, plant and equipment	(9)	(21)	(25)	(56)	(64)
Non-GAAP free cash flow	\$ 20	\$ (106)	\$ (81)	\$ (154)	\$ (349)

\* 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 charge related to the sixth amendment to the WSA with GF for the three and nine months ended September 24, 2016, a technology node transition charge and amortization of acquired intangible assets for the nine months ended September 26, 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.