

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

	Three Months Ended			Year Ended	
	December 31, 2016	September 24, 2016	December 26, 2015	December 31, 2016	December 26, 2015
Net revenue	\$ 1,106	\$ 1,307	\$ 958	\$ 4,272	\$ 3,991
Cost of sales	755	1,248	675	3,274	2,911
Gross margin	351	59	283	998	1,080
Gross margin %	32%	5%	#####	23%	27%
Research and development	264	259	229	1,008	947
Marketing, general and administrative	121	117	109	460	482
Amortization of acquired intangible assets	-	-	-	-	3
Restructuring and other special charges, net	-	-	(6)	(10)	129
Licensing gain	(31)	(24)	-	(88)	-
Operating loss	(3)	(293)	(49)	(372)	(481)
Interest expense	(34)	(41)	(41)	(156)	(160)
Other income (expense), net	(7)	(63)	(2)	80	(5)
Loss before income taxes	(44)	(397)	(92)	(448)	(646)
Provision for income taxes	5	4	10	39	14
Equity in income (loss) of ATMP JV	(2)	(5)	-	(10)	-
Net loss	\$ (51)	\$ (406)	\$ (102)	\$ (497)	\$ (660)
Net loss per share					
Basic	\$ (0.06)	\$ (0.50)	\$ (0.13)	\$ (0.60)	\$ (0.84)
Diluted	\$ (0.06)	\$ (0.50)	\$ (0.13)	\$ (0.60)	\$ (0.84)
Shares used in per share calculation					
Basic	931	815	791	835	783
Diluted	931	815	791	835	783

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

	Three Months Ended			Year Ended	
	December 31, 2016	September 24, 2016	December 26, 2015	December 31, 2016	December 26, 2015
Total comprehensive loss	\$ (53)	\$ (406)	\$ (95)	\$ (494)	\$ (663)

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

	December 31, 2016	September 24, 2016	December 26, 2015
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,264	\$ 1,258	\$ 785
Accounts receivable, net	311	640	533
Inventories, net	751	772	678
Prepayment and other - GLOBALFOUNDRIES	32	13	33
Prepaid expenses	63	63	43
Other current assets	109	78	248
Total current assets	2,530	2,824	2,320
Property, plant and equipment, net	164	161	188
Goodwill	289	289	278
Investment in ATMP JV	59	60	-
Other assets	279	282	298
Total Assets	\$ 3,321	\$ 3,616	\$ 3,084
Liabilities and Stockholders' Equity (Deficit)			
Current liabilities:			
Short-term debt	\$ -	\$ -	\$ 230
Accounts payable	440	582	279
Payable to GLOBALFOUNDRIES	255	284	245
Payable to ATMP JV	128	144	-
Accrued liabilities	391	384	472
Other current liabilities	69	25	124
Deferred income on shipments to distributors	63	54	53
Total current liabilities	1,346	1,473	1,403
Long-term debt, net	1,435	1,632	2,007
Other long-term liabilities	124	126	86
Stockholders' equity (deficit):			
Capital stock:			
Common stock, par value	9	9	8
Additional paid-in capital	8,334	8,258	7,017
Treasury stock, at cost	(119)	(127)	(123)
Accumulated deficit	(7,803)	(7,752)	(7,306)
Accumulated other comprehensive loss	(5)	(3)	(8)
Total Stockholders' equity (deficit)	416	385	(412)
Total Liabilities and Stockholders' Equity (Deficit)	\$ 3,321	\$ 3,616	\$ 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	Year Ended
	December 31, 2016	December 31, 2016
Cash flows from operating activities:		
Net loss	\$ (51)	\$ (497)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net gain on sale of equity interests in ATMP JV	-	(146)
Equity in loss of ATMP JV	1	2
Depreciation and amortization	34	133
Provision for deferred income taxes	-	11
Stock-based compensation expense	29	86
Non-cash interest expense	10	21
Loss on debt redemption	7	68
Fair value of warrant issued related to sixth amendment to the WSA	-	240
Other	(3)	(8)
Changes in operating assets and liabilities:		
Accounts receivable	329	222
Inventories	21	(73)
Prepayment and other - GLOBALFOUNDRIES	(19)	1
Prepaid expenses and other assets	(32)	(166)
Payable to ATMP JV	(16)	128
Payable to GLOBALFOUNDRIES	(29)	10
Accounts payable, accrued liabilities and other	(93)	58
Net cash provided by operating activities	\$ 188	\$ 90
Cash flows from investing activities:		
Purchases of property, plant and equipment	(21)	(77)
Net proceeds from sale of equity interests in ATMP JV	(4)	342
Other	(1)	2
Net cash provided by (used in) investing activities	\$ (26)	\$ 267
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	(1)	667
Proceeds from issuance of convertible senior notes, net of issuance costs	101	782
Proceeds from issuance of common stock under stock-based compensation equity	8	20
Repayments of long-term debt	(265)	(1,113)
Repayments of borrowings, net	-	(230)
Other	1	(4)
Net cash provided by (used in) financing activities	\$ (156)	\$ 122
Net increase in cash and cash equivalents	6	479
Cash and cash equivalents at beginning of period	\$ 1,258	\$ 785
Cash and cash equivalents at end of period	\$ 1,264	\$ 1,264

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

Segment and Category Information	Three Months Ended			Year Ended	
	December 31, 2016	September 24, 2016	December 26, 2015	December 31, 2016	December 26, 2015
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 600	\$ 472	\$ 470	\$ 1,967	\$ 1,805
Operating loss	\$ (21)	\$ (66)	\$ (99)	\$ (238)	\$ (502)
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 506	\$ 835	\$ 488	\$ 2,305	\$ 2,186
Operating income	\$ 47	\$ 136	\$ 59	\$ 283	\$ 215
All Other ⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (29)	\$ (363)	\$ (9)	\$ (417)	\$ (194)
Total					
Net revenue	\$ 1,106	\$ 1,307	\$ 958	\$ 4,272	\$ 3,991
Operating loss	\$ (3)	\$ (293)	\$ (49)	\$ (372)	\$ (481)
Other Data					
Depreciation and amortization, excluding amortization of acquired intangible assets	\$ 34	\$ 33	\$ 34	\$ 133	\$ 164
Capital additions	\$ 21	\$ 9	\$ 32	\$ 77	\$ 96
Adjusted EBITDA ⁽⁴⁾	\$ 60	\$ 103	\$ (5)	\$ 177	\$ (89)
Cash and cash equivalents	\$ 1,264	\$ 1,258	\$ 785	\$ 1,264	\$ 785
Non-GAAP free cash flow ⁽⁵⁾	\$ 167	\$ 20	\$ 27	\$ 13	\$ (322)
Total assets	\$ 3,321	\$ 3,616	\$ 3,084	\$ 3,321	\$ 3,084
Total debt	\$ 1,435	\$ 1,632	\$ 2,237	\$ 1,435	\$ 2,237

See footnotes on the next page

- (1) Computing and Graphics segment primarily includes desktop and notebook processors and 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 and technology for game consoles. We also license portions of our 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 is stock-based compensation expense. In addition, the Company also included charges related to: restructuring and other special charges, net for 2016, the fourth quarter of 2015 and 2015, the sixth amendment to the WSA with GF for the third quarter of 2016 and 2016 and amortization of acquired intangible assets for 2015.

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

	Three Months Ended			Year Ended	
	December 31, 2016	September 24, 2016	December 26, 2015	December 31, 2016	December 26, 2015
GAAP operating loss	\$ (3)	\$ (293)	\$ (49)	\$ (372)	\$ (481)
Charge related to the sixth amendment to the WSA with GF	-	340	-	340	-
Restructuring and other special charges, net	-	-	(6)	(10)	129
Technology node transition charge	-	-	-	-	33
Stock-based compensation expense	29	23	16	86	63
Amortization of acquired intangible assets	-	-	-	-	3
Depreciation and amortization	34	33	34	133	164
Adjusted EBITDA	\$ 60	\$ 103	\$ (5)	\$ 177	\$ (89)

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

	Three Months Ended			Year Ended	
	December 31, 2016	September 24, 2016	December 26, 2015	December 31, 2016	December 26, 2015
GAAP net cash provided by (used in) operating activities	\$ 188	\$ 29	\$ 59	\$ 90	\$ (226)
Purchases of property, plant and equipment	(21)	(9)	(32)	(77)	(96)
Non-GAAP free cash flow	\$ 167	\$ 20	\$ 27	\$ 13	\$ (322)

* 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 and stock-based compensation expense. In addition, the Company excluded a charge related to the sixth amendment to the WSA with GF for the third quarter of 2016 and 2016, restructuring and other special charges, net for 2016, the fourth quarter of 2015 and 2015, a technology node transition charge and amortization of acquired intangible assets for 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.