

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

	Three Months Ended		
	April 1, 2017	December 31, 2016	March 26, 2016
Net revenue	\$ 984	\$ 1,106	\$ 832
Cost of sales	653	755	563
Gross margin	331	351	269
Gross margin %	34%	32%	32%
Research and development	266	264	242
Marketing, general and administrative	121	121	105
Restructuring and other special charges, net	-	-	(3)
Licensing gain	(27)	(31)	(7)
Operating loss	(29)	(3)	(68)
Interest expense	(32)	(34)	(40)
Other expense, net	(5)	(7)	-
Loss before equity loss and income taxes	(66)	(44)	(108)
Provision for income taxes	5	5	1
Equity loss in investee	(2)	(2)	-
Net loss	\$ (73)	\$ (51)	\$ (109)
Net loss per share			
Basic	\$ (0.08)	\$ (0.06)	\$ (0.14)
Diluted	\$ (0.08)	\$ (0.06)	\$ (0.14)
Shares used in per share calculation			
Basic	939	931	793
Diluted	939	931	793

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

	Three Months Ended		
	April 1, 2017	December 31, 2016	March 26, 2016
Total comprehensive loss	\$ (72)	\$ (53)	\$ (107)

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

	April 1, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 722	\$ 1,264
Marketable securities	221	-
Accounts receivable, net	494	311
Inventories, net	839	751
Prepayment and other receivables - related parties	31	32
Prepaid expenses	73	63
Other current assets	118	109
Total current assets	2,498	2,530
Property, plant and equipment, net	180	164
Goodwill	289	289
Investment: equity method	58	59
Other assets	274	279
<b>Total Assets</b>	<b>\$ 3,299</b>	<b>\$ 3,321</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 529	\$ 440
Payables to related parties	329	383
Accrued liabilities	385	391
Other current liabilities	67	69
Deferred income on shipments to distributors	62	63
Total current liabilities	1,372	1,346
Long-term debt, net	1,408	1,435
Other long-term liabilities	110	124
Stockholders' equity:		
Capital stock:		
Common stock, par value	9	9
Additional paid-in capital	8,379	8,334
Treasury stock, at cost	(99)	(119)
Accumulated deficit	(7,876)	(7,803)
Accumulated other comprehensive loss	(4)	(5)
Total Stockholders' equity	409	416
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,299</b>	<b>\$ 3,321</b>

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

	Three Months Ended	
		April 1, 2017
<b>Cash flows from operating activities:</b>		
Net loss	\$	(73)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		34
Stock-based compensation expense		23
Non-cash interest expense		9
Loss on debt redemption		4
Other		5
Changes in operating assets and liabilities:		
Accounts receivable		(183)
Inventories		(88)
Prepayment and other receivables - related parties		1
Prepaid expenses and other assets		(30)
Payables to related parties		(54)
Accounts payable, accrued liabilities and other		53
<b>Net cash used in operating activities</b>	<b>\$</b>	<b>(299)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment		(23)
Purchases of available-for-sale securities		(221)
Other		(2)
<b>Net cash used in investing activities</b>	<b>\$</b>	<b>(246)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock under stock-based compensation equity plans		8
Other		(5)
<b>Net cash provided by financing activities</b>	<b>\$</b>	<b>3</b>
Net decrease in cash and cash equivalents		(542)
<b>Cash and cash equivalents at beginning of period</b>	<b>\$</b>	<b>1,264</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$</b>	<b>722</b>

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

Segment and Category Information	Three Months Ended		
	April 1, 2017	December 31, 2016	March 26, 2016
Computing and Graphics <sup>(1)</sup>			
Net revenue	\$ 593	\$ 600	\$ 460
Operating loss	\$ (15)	\$ (21)	\$ (70)
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>			
Net revenue	\$ 391	\$ 506	\$ 372
Operating income	\$ 9	\$ 47	\$ 16
All Other <sup>(3)</sup>			
Net revenue	-	-	-
Operating loss	\$ (23)	\$ (29)	\$ (14)
<b>Total</b>			
<b>Net revenue</b>	<b>\$ 984</b>	<b>\$ 1,106</b>	<b>\$ 832</b>
<b>Operating loss</b>	<b>\$ (29)</b>	<b>\$ (3)</b>	<b>\$ (68)</b>
<b>Other Data</b>			
Depreciation and amortization	\$ 34	\$ 34	\$ 33
Capital expenditures <sup>(4)</sup>	\$ 23	\$ 21	\$ 26
Adjusted EBITDA <sup>(5)</sup>	\$ 28	\$ 60	\$ (22)
Cash, cash equivalents and marketable securities	\$ 943	\$ 1,264	\$ 716
Non-GAAP free cash flow <sup>(6)</sup>	\$ (322)	\$ 167	\$ (68)
Total assets	\$ 3,299	\$ 3,321	\$ 2,981
Total debt	\$ 1,408	\$ 1,435	\$ 2,236

See footnotes on the next page

- (1) The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete graphics processing units (GPUs) and professional graphics.
- (2) The 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. The Company also licenses portions of 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.
- (4) Starting in Q1 2017, the Company classifies production mask sets as property, plant and equipment.

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

	Three Months Ended		
	April 1, 2017	December 31, 2016	March 26, 2016
GAAP operating loss	\$ (29)	\$ (3)	\$ (68)
Restructuring and other special charges, net	-	-	(3)
Stock-based compensation	23	29	16
Depreciation and amortization	34	34	33
Adjusted EBITDA	<u>\$ 28</u>	<u>\$ 60</u>	<u>\$ (22)</u>

(6) **Non-GAAP Free Cash Flow Reconciliation\*\***

	Three Months Ended		
	April 1, 2017	December 31, 2016	March 26, 2016
GAAP net cash provided by (used in) operating activities	\$ (299)	\$ 188	\$ (42)
Purchases of property, plant and equipment	(23)	(21)	(26)
Non-GAAP free cash flow	<u>\$ (322)</u>	<u>\$ 167</u>	<u>\$ (68)</u>

\* 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. 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.