

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Net revenue	\$ 1,222	\$ 984	\$ 1,027	\$ 2,206	\$ 1,859
Cost of sales	818	653	708	1,471	1,271
Gross margin	404	331	319	735	588
Gross margin %	33%	34%	31%	33%	32%
Research and development	279	266	243	545	485
Marketing, general and administrative	125	121	117	246	222
Restructuring and other special charges, net	-	-	(7)	-	(10)
Licensing gain	(25)	(27)	(26)	(52)	(33)
Operating income (loss)	25	(29)	(8)	(4)	(76)
Interest expense	(32)	(32)	(41)	(64)	(81)
Other income (expense), net	(3)	(5)	150	(8)	150
Income (loss) before equity loss and income taxes	(10)	(66)	101	(76)	(7)
Provision for income taxes	3	5	29	8	30
Equity loss in investee	(3)	(2)	(3)	(5)	(3)
Net income (loss)	\$ (16)	\$ (73)	\$ 69	\$ (89)	\$ (40)
Net income (loss) per share					
Basic	\$ (0.02)	\$ (0.08)	\$ 0.09	\$ (0.09)	\$ (0.05)
Diluted	\$ (0.02)	\$ (0.08)	\$ 0.08	\$ (0.09)	\$ (0.05)
Shares used in per share calculation					
Basic	945	939	794	942	794
Diluted	945	939	821	942	794

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Total comprehensive income (loss)	\$ (12)	\$ (72)	\$ 72	\$ (84)	\$ (35)

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

	July 1, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 760	\$ 1,264
Marketable securities	84	-
Accounts receivable, net	614	311
Inventories, net	833	751
Prepayment and other receivables - related parties	10	32
Prepaid expenses	68	63
Other current assets	142	109
Total current assets	2,511	2,530
Property, plant and equipment, net	200	164
Goodwill	289	289
Investment: equity method	58	59
Other assets	312	279
Total Assets	\$ 3,370	\$ 3,321
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 42	\$ -
Accounts payable	483	440
Payables to related parties	374	383
Accrued liabilities	430	391
Other current liabilities	48	69
Deferred income on shipments to distributors	72	63
Total current liabilities	1,449	1,346
Long-term debt, net	1,375	1,435
Other long-term liabilities	129	124
Stockholders' equity:		
Capital stock:		
Common stock, par value	9	9
Additional paid-in capital	8,405	8,334
Treasury stock, at cost	(105)	(119)
Accumulated deficit	(7,892)	(7,803)
Accumulated other comprehensive loss	-	(5)
Total Stockholders' equity	417	416
Total Liabilities and Stockholders' Equity	\$ 3,370	\$ 3,321

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

	Three Months Ended		Six Months Ended	
	July 1, 2017		July 1, 2017	
Cash flows from operating activities:				
Net loss	\$	(16)	\$	(89)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		35		69
Stock-based compensation expense		24		47
Non-cash interest expense		9		18
Loss on debt redemption		3		7
Other		(4)		1
Changes in operating assets and liabilities:				
Accounts receivable		(120)		(303)
Inventories		6		(82)
Prepayment and other receivables - related parties		21		22
Prepaid expenses and other assets		(26)		(56)
Payables to related parties		45		(9)
Accounts payable, accrued liabilities and other		(59)		(6)
Net cash used in operating activities	\$	(82)	\$	(381)
Cash flows from investing activities:				
Purchases of property, plant and equipment		(12)		(35)
Purchases of available-for-sale securities		-		(221)
Proceeds from maturity of available-for-sale securities		137		137
Other		(1)		(3)
Net cash provided by (used in) investing activities	\$	124	\$	(122)
Cash flows from financing activities:				
Proceeds from borrowings, net		42		42
Proceeds from issuance of common stock under stock-based compensation equity		2		10
Repayments of long-term debt		(42)		(42)
Other		(6)		(11)
Net cash used in financing activities	\$	(4)	\$	(1)
Net increase (decrease) in cash and cash equivalents		38		(504)
Cash and cash equivalents at beginning of period	\$	722	\$	1,264
Cash and cash equivalents at end of period	\$	760	\$	760

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

Segment and Category Information	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 659	\$ 593	\$ 435	\$ 1,252	\$ 895
Operating income (loss)	\$ 7	\$ (15)	\$ (81)	\$ (8)	\$ (151)
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 563	\$ 391	\$ 592	\$ 954	\$ 964
Operating income	\$ 42	\$ 9	\$ 84	\$ 51	\$ 100
All Other ⁽³⁾					
Net revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Operating loss	\$ (24)	\$ (23)	\$ (11)	\$ (47)	\$ (25)
Total					
Net revenue	\$ 1,222	\$ 984	\$ 1,027	\$ 2,206	\$ 1,859
Operating income (loss)	\$ 25	\$ (29)	\$ (8)	\$ (4)	\$ (76)
Other Data					
Capital expenditures ⁽⁴⁾	\$ 12	\$ 23	\$ 21	\$ 35	\$ 47
Adjusted EBITDA ⁽⁵⁾	\$ 84	\$ 28	\$ 36	\$ 112	\$ 14
Cash, cash equivalents and marketable securities	\$ 844	\$ 943	\$ 957	\$ 844	\$ 957
Free cash flow ⁽⁶⁾	\$ (94)	\$ (322)	\$ (106)	\$ (416)	\$ (174)
Total assets	\$ 3,370	\$ 3,299	\$ 3,316	\$ 3,370	\$ 3,316
Total debt	\$ 1,417	\$ 1,408	\$ 2,238	\$ 1,417	\$ 2,238

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 processors.
- (2) The 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. 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 on its balance sheet.

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
GAAP operating income (loss)	\$ 25	\$ (29)	\$ (8)	\$ (4)	\$ (76)
Restructuring and other special charges, net	-	-	(7)	-	(10)
Stock-based compensation	24	23	18	47	34
Depreciation and amortization	35	34	33	69	66
Adjusted EBITDA	\$ 84	\$ 28	\$ 36	\$ 112	\$ 14

(6) **Free cash flow reconciliation****

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
GAAP net cash used in operating activities	\$ (82)	\$ (299)	\$ (85)	\$ (381)	\$ (127)
Purchases of property, plant and equipment	(12)	(23)	(21)	(35)	(47)
Free cash flow	\$ (94)	\$ (322)	\$ (106)	\$ (416)	\$ (174)

* 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 presents Adjusted EBITDA because 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 income and expense and income taxes that can affect cash flows.

** The Company also presents free cash flow as a supplemental Non-GAAP measure of its performance. Free cash flow is determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of 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 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.