

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

	Three Months Ended		
	March 31, 2018	December 30, 2017	April 1, 2017
Net revenue	\$ 1,647	\$ 1,340	\$ 1,178
Cost of sales	1,050	888	800
Gross margin	597	452	378
Gross margin %	36%	34%	32%
Research and development	343	320	271
Marketing, general and administrative	134	134	123
Licensing gain	-	-	(27)
Operating income (loss)	120	(2)	11
Interest expense	(31)	(31)	(32)
Other income (expense), net	1	2	(5)
Income (loss) before equity loss and income taxes	90	(31)	(26)
Provision (benefit) for income taxes	8	(12)	5
Equity loss in investee	(1)	-	(2)
Net Income (loss)	\$ 81	\$ (19)	\$ (33)
Earnings (loss) per share			
Basic	\$ 0.08	\$ (0.02)	\$ (0.04)
Diluted	\$ 0.08	\$ (0.02)	\$ (0.04)
Shares used in per share calculation			
Basic	968	965	939
Diluted	1,039	965	939

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

	March 31, 2018	December 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,045	\$ 1,185
Accounts receivable, net	738	454
Inventories, net	715	694
Prepayment and other receivables - related parties	18	33
Prepaid expenses	67	77
Other current assets	168	191
Total current assets	2,751	2,634
Property, plant and equipment, net	290	261
Goodwill	289	289
Investment: equity method	57	58
Other assets	376	310
Total Assets	\$ 3,763	\$ 3,552
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt, net	\$ 223	\$ 70
Accounts payable	456	384
Payables to related parties	374	412
Accrued liabilities	485	555
Other current liabilities	159	92
Total current liabilities	1,697	1,513
Long-term debt, net	1,165	1,325
Other long-term liabilities	186	118
Stockholders' equity:		
Capital stock:		
Common stock, par value	10	9
Additional paid-in capital	8,502	8,464
Treasury stock, at cost	(108)	(108)
Accumulated deficit	(7,692)	(7,775)
Accumulated other comprehensive income	3	6
Total Stockholders' equity	715	596
Total Liabilities and Stockholders' Equity	\$ 3,763	\$ 3,552

ADVANCED MICRO DEVICES, INC.
SELECTED CASH FLOW INFORMATION
(Millions)

	Three Months Ended	
	March 31, 2018	
Net cash provided by (used in)		
Operating activities	\$	(86)
Investing activities	\$	(46)
Financing activities	\$	(8)

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

Segment and Category Information	Three Months Ended		
	March 31, 2018	December 30, 2017	April 1, 2017
Computing and Graphics ⁽¹⁾			
Net revenue	\$ 1,115	\$ 908	\$ 573
Operating income (loss)	\$ 138	\$ 33	\$ (21)
Enterprise, Embedded and Semi-Custom ⁽²⁾			
Net revenue	\$ 532	\$ 432	\$ 605
Operating income (loss)	\$ 14	\$ (13)	\$ 55
All Other ⁽³⁾			
Net revenue	-	-	-
Operating loss	\$ (32)	\$ (22)	\$ (23)
Total			
Net revenue	\$ 1,647	\$ 1,340	\$ 1,178
Operating income (loss)	\$ 120	\$ (2)	\$ 11
Other Data			
Capital expenditures	\$ 46	\$ 44	\$ 23
Adjusted EBITDA ⁽⁴⁾	\$ 196	\$ 58	\$ 68
Cash, cash equivalents and marketable securities	\$ 1,045	\$ 1,185	\$ 943
Free cash flow ⁽⁵⁾	\$ (132)	\$ 339	\$ (322)
Total assets	\$ 3,763	\$ 3,552	\$ 3,353
Total debt	\$ 1,388	\$ 1,395	\$ 1,408

See footnotes on the next page

- (1) The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units (GPUs) and professional GPUs. The Company also licenses portions of its intellectual property portfolio.
- (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 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 is stock-based compensation expense.

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

	Three Months Ended		
	March 31, 2018	December 30, 2017	April 1, 2017
GAAP operating income (loss)	\$ 120	\$ (2)	\$ 11
Stock-based compensation	32	21	23
Depreciation and amortization	44	39	34
Adjusted EBITDA	\$ 196	\$ 58	\$ 68

(5) **Free Cash Flow Reconciliation****

	Three Months Ended		
	March 31, 2018	December 30, 2017	April 1, 2017
GAAP net cash provided by (used in) operating activities	\$ (86)	\$ 383	\$ (299)
Purchases of property, plant and equipment	(46)	(44)	(23)
Free cash flow	\$ (132)	\$ 339	\$ (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. 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 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.