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

|   |    | Three Months Ended |    |                     |    |                  |  |  |
|---|----|--------------------|----|---------------------|----|------------------|--|--|
|   | 1  | March 31,<br>2018  | De | ecember 30,<br>2017 |    | April 1,<br>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)

| Accounts receivable, net       738       4         Inventories, net       715       66         Prepayment and other receivables - related parties       18       77         Other current assets       168       14         Total current assets       2,751       2,66         Property, plant and equipment, net       290       2         Goodwill       289       2         Investment: equity method       57       7         Other assets       376       3         Total Assets       \$ 3,763       \$ 3,55         Liabilities and Stockholders' Equity       \$ 3,763       \$ 3,55         Liabilities to related parties       374       4         Accounts payable       456       3         Prayables to related parties       374       4         Accounts payable       456       3         Proyable to related parties       1697       1,5         Long-term debt, net       1,165       1,3         Other long-term liabilities       1697       1,5         Long-term debt, net       1,065       1,3         Other ong-term liabilities       1,697       1,5         Long-term debt, net       1,06       1,0  |  | March 31,<br>2018       |    |                               |
|--|--|-------------------------|----|-------------------------------|
| Cash and cash equivalents\$1,045\$1,11Accounts receivable, net7384Inventories, net7156Prepayment and other receivables - related parties187Prepaid expenses677Other current assets1681Total current assets2,7512,6Property, plant and equipment, net2902Goodwill28922Mirestinent: equity method577Other assets3763Total Assets\$3,763\$Short-term debt, net\$223\$Accounts payable4563Payables to related parties3744Accrued liabilities1,6971,5Long-term debt, net1,1651,3Stockholders' equity:<br>Capital stock:104Common stock, par value104Accumulated deficit(7,692)(7,7Accumulated deficit(7,692)(7,7Accumulated deficit310Total Stockholders' equity7155  | Assets   |                         |    |                               |
| Accounts receivable, net       738       4         Inventories, net       715       6         Prepayment and other receivables - related parties       18       7         Prepayment and other receivables - related parties       18       7         Other current assets       168       10         Total current assets       2,751       2,66         Property, plant and equipment, net       290       2         Goodwill       289       2         Investment: equity method       57       7         Other assets       376       3         Total Assets       \$       3,763       \$         Current liabilities       \$       3,763       \$       3,55         Liabilities and Stockholders' Equity       \$       3,763       \$       3,55         Liabilities and Stockholders' Equity       \$       3,763       \$       3,55         Liabilities or leated parties       \$       3,74       4       4         Accounts payable       456       3       3       5         Other current liabilities       1,697       1,5       1,3       1         Investories of the parties       1,697       1,5       1,3       1       1  | Current assets:  |                         |    |                               |
| Accounts receivable, net       738       4         Inventories, net       715       66         Prepayment and other receivables - related parties       18       77         Prepayment and other receivables - related parties       18       77         Other current assets       168       19         Total current assets       2,751       2,66         Property, plant and equipment, net       290       2         Goodwill       289       22         Investment: equity method       57       7         Other assets       376       3         Total Assets       \$       3,763       \$         Current liabilities       \$       3,763       \$       3,55         Liabilities and Stockholders' Equity       \$       3,763       \$       3,55         Liabilities and Stockholders' Equity       \$       3,763       \$       3,55         Liabilities to related parties       \$       3,74       4       4         Accounts payable       456       3       3       5         Other current liabilities       1,697       1,5       1,3       1,5         Long-term debt, net       1,165       1,3       1,3       1,5       1,3  | Cash and cash equivalents  | \$<br>1,045             | \$ | 1,185                         |
| Prepayment and other receivables - related parties         18           Prepaid expenses         67           Other current assets         168           Property, plant and equipment, net         290           Goodwill         289           Investment: equity method         57           Other assets         376           Total current assets         3,763           Sodowill         289           Investment: equity method         57           Other assets         3,763           Total Assets         \$ 3,763           Total Assets         \$ 3,763           Short-term debt, net         \$ 223           Accounds payable         4456           Accounds payable         4456           Other current liabilities         1,697           Total current liabilities         1,697           Total current liabilities         1,697           Total current liabilities         1,665           Other long-term liabilities         186           Total current liabilities         1,667           Stockholders' equity:         Capital stock:           Capital stock:         10           Common stock, par value         10           Additional paid-in capital  |  | 738                     |    | 454                           |
| Prepaid expenses         67           Other current assets         168           Total current assets         2,751           Zoodwill         289           Broperty, plant and equipment, net         290           Goodwill         289           investment: equity method         57           Other assets         376           Dher assets         376           Ibidities and Stockholders' Equity         5           Current liabilities:         5           Short-term debt, net         \$           Accounts payable         456           Payables to related parties         374           Accruent liabilities         159           Total current liabilities         159           Total current liabilities         1667           Stockholders' equity:         1,165           Capital stock:         10           Common stock, par value         10           Additional paid-in capital         8,502           Accumulated deficit         (7,692)           Accumulated deficit         7,692)           Total Stockholders' equity         715  |  | 715                     |    | 694                           |
| Prepaid expenses         67           Other current assets         168           Total current assets         2,751           Zoodwill         289           Broperty, plant and equipment, net         290           Goodwill         289           investment: equity method         57           Other assets         376           Dher assets         376           Ibidities and Stockholders' Equity         5           Current liabilities:         5           Short-term debt, net         \$           Accounts payable         456           Payables to related parties         374           Accruent liabilities         159           Total current liabilities         159           Total current liabilities         1667           Stockholders' equity:         1,165           Capital stock:         10           Common stock, par value         10           Additional paid-in capital         8,502           Accumulated deficit         (7,692)           Accumulated deficit         7,692)           Total Stockholders' equity         715  | Prepayment and other receivables - related parties   | 18                      |    | 33                            |
| Total current assets $2,751$ $2,66$ Property, plant and equipment, net $290$ $22$ foodwill $289$ $22$ nvestment: equity method $57$ $376$ Other assets $376$ $3$ <b>Cotal Assets</b> $$3,763$ $$3,763$ $$3,763$ $$3,763$ <b>Cotal Assets</b> $$3,763$ $$3,763$ $$3,763$ $$3,763$ $$3,763$ <b>Cotal Assets</b> $$3,763$ $$2,33,763$ $$3,763$   |  | 67                      |    | 77                            |
| Property, plant and equipment, net2902Goodwill2892investment: equity method57Other assets376Stacksolders' Equity376Current liabilities\$Short-term debt, net\$Accounts payable456Accrued liabilities374Accrued liabilities159Total Assets1.6697Total current liabilities1.6697Total current liabilities1.6697Stockholders' equity:1.65Capital stock:<br>Common stock, par value10Additional paid-in capital8,502Accumulated deficit(7,692)Accumulated deficit(7,692)Total Stockholders' equity:3Capital stock:<br>Common stock, par value10Additional paid-in capital8,502Accumulated deficit(7,692)Total Stockholders' equity:715Capital stock:<br>Common stock, par value3Capital stock:<br>   | Other current assets   | 168                     |    | 191                           |
| Goodwill28922Investment: equity method575Other assets3763Total Assets\$3,763\$3,55Liabilities and Stockholders' Equity5223\$Current liabilities:\$223\$5Short-term debt, net\$223\$5Accounts payable456334Accrued liabilities15955Other current liabilities15955Total current liabilities1,6971,5Long-term debt, net1,1651,3Other long-term liabilities1861Stockholders' equity:1081Capital stock:(108)(11Common stock, par value104Additional paid-in capital8,5028,44Treasury stock, at cost(108)(11Accumulated deficit(7,692)(7,7Accumulated other comprehensive income315Total Stockholders' equity7155  | Total current assets   | 2,751                   |    | 2,634                         |
| investment: equity method 57<br>20ther assets 376 3<br>Fotal Assets \$ 3,763 \$ 3,763 \$ 3,763<br>Fotal Assets \$ 3,763 \$ 3,763 \$ 3,55<br>Liabilities and Stockholders' Equity<br>Current liabilities:<br>Short-term debt, net \$ 223 \$ 7<br>Accounts payable 456 33<br>Payables to related parties 374 4<br>Accrued liabilities 485 55<br>Other current liabilities 159 5<br>Total current liabilities 159 5<br>Total current liabilities 1,697 1,5<br>Long-term debt, net 1,165 1,33<br>Other long-term liabilities 186 1<br>Stockholders' equity:<br>Capital stock:<br>Common stock, par value 10<br>Additional paid-in capital 8,502 8,44<br>Treasury stock, at cost (108) (11<br>Accumulated deficit (7,692) (7,7<br>Accumulated other comprehensive income 3<br>Total Stockholders' equity 715 55   | Property, plant and equipment, net   | 290                     |    | 261                           |
| Other assets3763Total Assets\$3,763\$3,55Liabilities and Stockholders' EquityCurrent liabilities:<br>Short-term debt, net\$223\$Accounts payable45630Payables to related parties3744Accrued liabilities48555Other current liabilities1595Total current liabilities1,6971,5Long-term debt, net1,1651,33Other long-term liabilities1861Stockholders' equity:<br>Capital stock:<br>Common stock, par value108,502Additional paid-in capital8,5028,44Accumulated deficit<br>Accumulated other comprehensive income3715Total Stockholders' equity7155   |  | 289                     |    | 289                           |
| Total Assets\$ 3,763\$ 3,53Liabilities and Stockholders' Equity223\$Current liabilities:\$ 223\$Short-term debt, net\$ 223\$Accounts payable45633Payables to related parties3744Accruel liabilities48555Other current liabilities1595Total current liabilities1,6971,5Long-term debt, net1,1651,33Other long-term liabilities1861Stockholders' equity:108,5028,44Treasury stock, par value104Accumulated deficit(7,692)(7,7Accumulated other comprehensive income33Total Stockholders' equity71555   | Investment: equity method  | 57                      |    | 58                            |
| Liabilities and Stockholders' Equity Current liabilities: Short-term debt, net Accounts payable Store definition Current liabilities Stockholders' equity: Capital stock: Common stock, par value Comm | Other assets   | 376                     |    | 310                           |
| Liabilities and Stockholders' Equity         Current liabilities:         Short-term debt, net       \$ 223         Accounts payable       456         Payables to related parties       374         Accrued liabilities       485         Other current liabilities       159         Total current liabilities       1,697         Total current liabilities       1,697         Total current liabilities       1,697         Stockholders' equity:       1,165         Capital stock:       10         Common stock, par value       10         Additional paid-in capital       8,502         Accumulated deficit       (7,692)         Accumulated other comprehensive income       3         Total Stockholders' equity       715   | Total Assets   | \$<br>3,763             | \$ | 3,552                         |
| Total current liabilities1,6971,5Long-term debt, net1,1651,33Other long-term liabilities1861Stockholders' equity:<br>Capital stock:<br>Common stock, par value10Additional paid-in capital8,5028,44Treasury stock, at cost(108)(10Accumulated deficit(7,692)(7,7/Accumulated other comprehensive income359Total Stockholders' equity71559  | Short-term debt, net<br>Accounts payable<br>Payables to related parties<br>Accrued liabilities | \$<br>456<br>374<br>485 | \$ | 70<br>384<br>412<br>555<br>92 |
| Long-term debt, net1,1651,32Other long-term liabilities1861Stockholders' equity:<br>Capital stock:<br>Common stock, par value10Additional paid-in capital8,5028,44Treasury stock, at cost(108)(14Accumulated deficit(7,692)(7,7'Accumulated other comprehensive income359Total Stockholders' equity71559   |  |                         |    |                               |
| Other long-term liabilities1861Stockholders' equity:<br>Capital stock:<br>Common stock, par value10Additional paid-in capital8,502Additional paid-in capital8,502Additional paid-in capital8,502Accumulated deficit(7,692)Accumulated deficit(7,692)Total Stockholders' equity7155959  |  |                         |    |                               |
| Capital stock:10Common stock, par value10Additional paid-in capital8,502Additional paid-in capital8,502Treasury stock, at cost(108)Accumulated deficit(7,692)Accumulated other comprehensive income3Total Stockholders' equity71559  |  |                         |    | 1,325<br>118                  |
| Common stock, par value10Additional paid-in capital8,502Additional paid-in capital8,502Treasury stock, at cost(108)Accumulated deficit(7,692)Accumulated other comprehensive income3Total Stockholders' equity71559  |  |                         |    |                               |
| Additional paid-in capital8,5028,44Treasury stock, at cost(108)(10Accumulated deficit(7,692)(7,7)Accumulated other comprehensive income310Total Stockholders' equity71559  | -  |                         |    |                               |
| Treasury stock, at cost(108)(11Accumulated deficit(7,692)(7,7'Accumulated other comprehensive income3  | -  |                         |    | 9                             |
| Accumulated deficit(7,692)(7,7'Accumulated other comprehensive income3Total Stockholders' equity71559  |  |                         |    | 8,464                         |
| Accumulated other comprehensive income     3       Total Stockholders' equity     715  |  |                         |    | (108                          |
| Total Stockholders' equity     715     59  |  |                         |    | (7,775<br>6                   |
|  | -  |                         |    | 596                           |
| LUIAI LAADUURS AUD NICKUOIDEIS FAIHUV 0 2772 0 277   | Fotal Liabilities and Stockholders' Equity   | \$<br>3,763             | \$ | 3,552                         |

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

|                                | Three Mo | onths Ended    |
|--------------------------------|----------|----------------|
|                                |          | rch 31,<br>018 |
| Net cash provided by (used in) |          |                |
| Operating activities           | \$       | (86)           |
| Investing activities           | \$       | (46)           |
| Financing activities           | \$       | (8)            |

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

|   | Three Months Ended |       |                   |                  |    |       |  |  |  |
|---|--------------------|-------|-------------------|------------------|----|-------|--|--|--|
| egment and Category Information March 31, 2018      |                    |       | ember 30,<br>2017 | April 1,<br>2017 |    |       |  |  |  |
| Computing and Graphics <sup>(1)</sup>               |                    |       |                   |                  |    |       |  |  |  |
| Net revenue   | \$                 | 1,115 | \$                | 908              | \$ | 573   |  |  |  |
| Operating income (loss)                             | \$                 | 138   | \$                | 33               | \$ | (21)  |  |  |  |
| Enterprise, Embedded and Semi-Custom <sup>(2)</sup> |                    |       |                   |                  |    |       |  |  |  |
| Net revenue   | \$                 | 532   | \$                | 432              | \$ | 605   |  |  |  |
| Operating income (loss)                             | \$                 | 14    | \$                | (13)             | \$ | 55    |  |  |  |
| All Other <sup>(3)</sup>                            |                    |       |                   |                  |    |       |  |  |  |
| Net revenue   |                    | -     |                   | -                |    | -     |  |  |  |
| Operating loss                                      | \$                 | (32)  | \$                | (22)             | \$ | (23)  |  |  |  |
| Total   |                    |       |                   |                  |    |       |  |  |  |
| Net revenue   | \$                 | 1,647 | \$                | 1,340            | \$ | 1,178 |  |  |  |
| <b>Operating income (loss)</b>                      | \$                 | 120   | \$                | (2)              | \$ | 11    |  |  |  |
| Other Data  |                    |       |                   |                  |    |       |  |  |  |
| Capital expenditures                                | \$                 | 46    | \$                | 44               | \$ | 23    |  |  |  |
| Adjusted EBITDA <sup>(4)</sup>                      | \$                 | 196   | \$                | 58               | \$ | 68    |  |  |  |
| Cash, cash equivalents and marketable securities    | \$                 | 1,045 | \$                | 1,185            | \$ | 943   |  |  |  |
| Free cash flow <sup>(5)</sup>                       | \$                 | (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

- <sup>(1)</sup> 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,<br>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, |      |    | April 1, |  |
|  |                    |       | 2            | 2017 |    | 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.