ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Millions except per share amounts and percentages) (Unaudited)

	Three Months Ended		
	March 28, 2020	**December 28, 2019**	**March 30, 2019**
Net revenue	$ 1,786	$ 2,127	$ 1,272
Cost of sales	968	1,178	751
Gross margin	818	949	521
Gross margin %	46%	45%	41%
Research and development	442	395	373
Marketing, general and administrative	199	206	170
Licensing gain	-	-	(60)
Operating income	177	348	38
Interest expense	(13)	(18)	(27)
Other income (expense), net	4	(125)	(7)
Income before income taxes and equity loss	168	205	4
Provision for (benefit from) income taxes	6	35	(13)
Equity loss in investee	-	-	(1)
Net Income	$ 162	$ 170	$ 16
Earnings per share			
Basic	$ 0.14	$ 0.15	$ 0.01
Diluted	$ 0.14	$ 0.15	$ 0.01
Shares used in per share calculation			
Basic	1,170	1,140	1,044
Diluted	1,224	1,188	1,094

ADVANCED MICRO DEVICES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Millions) (Unaudited)

	March 28, 2020		December 28, 2019	
Assets				
Current assets:				
Cash and cash equivalents	$	1,330	$	1,466
Marketable securities		55		37
Accounts receivable, net		1,691		1,859
Inventories, net		1,056		982
Prepayment and receivables - related parties		17		20
Prepaid expenses and other current assets		241		233
Total current assets		4,390		4,597
Property and equipment, net		540		500
Operating lease right-of use assets		221		205
Goodwill		289		289
Investment: equity method		58		58
Other assets		366		379
Total Assets	$	5,864	$	6,028
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	653	$	988
Payables to related parties		187		213
Accrued liabilities		1,070		1,084
Other current liabilities		75		74
Total current liabilities		1,985		2,359
Long-term debt, net		488		486
Long-term operating lease liabilities		211		199
Other long-term liabilities		143		157
Stockholders' equity:				
Capital stock:				
Common stock, par value		12		12
Additional paid-in capital		10,026		9,963
Treasury stock, at cost		(54)		(53)
Accumulated deficit		(6,933)		(7,095)
Accumulated other comprehensive loss		(14)		-
Total Stockholders' equity	$	3,037	$	2,827
Total Liabilities and Stockholders' Equity	$	5,864	$	6,028

ADVANCED MICRO DEVICES, INC.

SELECTED CASH FLOW INFORMATION

(Millions) (Unaudited)

	Three Months Ended
	March 28, 2020
Net cash provided by (used in)	
Operating activities	$ (65)
Investing activities	$ (73)
Financing activities	$ 2

ADVANCED MICRO DEVICES, INC.

SELECTED CORPORATE DATA

(Millions) (Unaudited)

	Three Months Ended		
	March 28, 2020	**December 28, 2019**	**March 30, 2019**
Segment and Category Information			
Computing and Graphics [1]			
Net revenue	$ 1,438	$ 1,662	$ 831
Operating income	$ 262	$ 360	$ 16
Enterprise, Embedded and Semi-Custom [2]			
Net revenue	$ 348	$ 465	$ 441
Operating (loss) income	$ (26)	$ 45	$ 68
All Other [3]			
Net revenue	-	-	-
Operating loss	$ (59)	$ (57)	$ (46)
Total			
Net revenue	**$ 1,786**	**$ 2,127**	**$ 1,272**
Operating income	**$ 177**	**$ 348**	**$ 38**
Other Data			
Capital expenditures	$ 55	$ 42	$ 62
Adjusted EBITDA [4]	$ 304	$ 469	$ 130
Cash, cash equivalents and marketable securities	$ 1,385	$ 1,503	$ 1,194
Free cash flow [5]	$ (120)	$ 400	$ (275)
Total assets	$ 5,864	$ 6,028	$ 4,931
Total debt	$ 488	$ 486	$ 1,094

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), data center and professional GPUs, and development services. 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 Net Income to Adjusted EBITDA***

	Three Months Ended		
	March 28, 2020	December 28, 2019	March 30, 2019
GAAP net income	$ 162	$ 170	$ 16
Interest expense	13	18	27
Other (income) expense, net	(4)	125	7
Provision for (benefit from) income taxes	6	35	(13)
Equity loss in investee	-	-	1
Stock-based compensation	59	57	41
Depreciation and amortization	68	64	46
Loss contingency on legal matter	-	-	5
Adjusted EBITDA	$ 304	$ 469	$ 130

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

	Three Months Ended		
	March 28, 2020	December 28, 2019	March 30, 2019
GAAP net cash (used in) provided by operating activities	$ (65)	$ 442	$ (213)
Purchases of property and equipment	(55)	(42)	(62)
Free cash flow	$ (120)	$ 400	$ (275)

* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting GAAP net income for interest expense, other income (expense), net, provision for (benefit from) income taxes, equity income (loss) on investee, stock-based compensation, and depreciation and amortization expense. In addition, the Company included a loss contingency on legal matter in the three months ended March 30, 2019. 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 income 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 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.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In millions, except per share data) (Unaudited)

	Three Months Ended					
	March 28, 2020		December 28, 2019		March 30, 2019	
GAAP gross margin	$	818	$	949	$	521
GAAP gross margin %		*46%*		*45%*		*41%*
Stock-based compensation		2		1		1
Non-GAAP gross margin	$	820	$	950	$	522
Non-GAAP gross margin %		*46%*		*45%*		*41%*
GAAP operating expenses	$	641	$	601	$	543
Stock-based compensation		57		56		40
Loss contingency on legal matter		-		-		5
Non-GAAP operating expenses	$	584	$	545	$	498
GAAP operating income	$	177	$	348	$	38
Stock-based compensation		59		57		41
Loss contingency on legal matter		-		-		5
Non-GAAP operating income	$	236	$	405	$	84

	Three Months Ended					
	March 28, 2020		December 28, 2019		March 30, 2019	
GAAP net income / earnings per share	$ 162	$ 0.14	$ 170	$ 0.15	$ 16	$ 0.01
Loss on debt redemption/conversion	-	-	128	0.10	8	0.01
Non-cash interest expense related to convertible debt	2	-	4	-	6	0.01
Stock-based compensation	59	0.04	57	0.05	41	0.04
Equity loss in investee	-	-	-	-	1	-
Loss contingency on legal matter	-	-	-	-	5	-
Provision for (benefit from) income taxes	(1)	-	24	0.02	(15)	(0.01)
Non-GAAP net income / earnings per share	$ 222	$ 0.18	$ 383	$ 0.32	$ 62	$ 0.06

Shares used and net income adjustment in earnings per share calculation [1]

	March 28, 2020		December 28, 2019		March 30, 2019
Shares used in per share calculation (GAAP)		1,224		1,188	1,094
Interest expense add-back to GAAP net income	$	4	$	4	$ -
Shares used in per share calculation (Non-GAAP)		1,224		1,216	1,195
Interest expense add-back to Non-GAAP net income	$	2	$	2	$ 5

(1) For the three months ended March 28, 2020 and December 28, 2019, GAAP diluted EPS calculations include 31 million shares related to the Company's 2026 Convertible Notes and the associated $4 million interest expense add-back to net income under the "if converted" method. For the three months ended March 30, 2019, GAAP diluted EPS calculations do not include 100.6 million shares related to the Company's 2026 Convertible Notes and the associated interest expense add-back to net income because their inclusion would have been anti-dilutive under the "if converted" method.

For the three months ended March 28, 2020, December 28, 2019 and March 30, 2019, Non-GAAP diluted EPS calculations include 31 million, 59 million and 101.6 million shares, respectively, related to the Company's 2026 Convertible Notes and the associated $2 million, $2 million and $5 million interest expense, respectively, add-back to net income under the "if converted" method.