

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

	Three Months Ended			Year Ended	
	December 30, 2017	September 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Net revenue	\$ 1,480	\$ 1,643	\$ 1,106	\$ 5,329	\$ 4,272
Cost of sales	965	1,070	755	3,506	3,274
Gross margin	515	573	351	1,823	998
Gross margin %	35%	35%	32%	34%	23%
Research and development	300	315	264	1,160	1,008
Marketing, general and administrative	133	132	121	511	460
Restructuring and other special charges, net	-	-	-	-	(10)
Licensing gain	-	-	(31)	(52)	(88)
Operating income (loss)	82	126	(3)	204	(372)
Interest expense	(31)	(31)	(34)	(126)	(156)
Other income (expense), net	2	(3)	(7)	(9)	80
Income (loss) before equity loss and income taxes	53	92	(44)	69	(448)
Provision (benefit) for income taxes	(8)	19	5	19	39
Equity loss in investee	-	(2)	(2)	(7)	(10)
Net Income (loss)	\$ 61	\$ 71	\$ (51)	\$ 43	\$ (497)
Earnings (loss) per share					
Basic	\$ 0.06	\$ 0.07	\$ (0.06)	\$ 0.04	\$ (0.60)
Diluted	\$ 0.06	\$ 0.07	\$ (0.06)	\$ 0.04	\$ (0.60)
Shares used in per share calculation					
Basic	965	957	931	952	835
Diluted	1,037	1,042	931	1,039	835

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

	Three Months Ended			Year Ended	
	December 30, 2017	September 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Total comprehensive income (loss)	\$ 65	\$ 73	\$ (53)	\$ 54	\$ (494)

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

	December 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,185	\$ 1,264
Accounts receivable, net	400	311
Inventories, net	739	751
Prepayment and other receivables - related parties	33	32
Prepaid expenses	77	63
Other current assets	188	109
Total current assets	2,622	2,530
Property, plant and equipment, net	261	164
Goodwill	289	289
Investment: equity method	58	59
Other assets	310	279
Total Assets	\$ 3,540	\$ 3,321
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 70	\$ -
Accounts payable	384	440
Payables to related parties	412	383
Accrued liabilities	541	391
Other current liabilities	57	69
Deferred income on shipments to distributors	22	63
Total current liabilities	1,486	1,346
Long-term debt, net	1,325	1,435
Other long-term liabilities	118	124
Stockholders' equity:		
Capital stock:		
Common stock, par value	9	9
Additional paid-in capital	8,464	8,334
Treasury stock, at cost	(108)	(119)
Accumulated deficit	(7,760)	(7,803)
Accumulated other comprehensive income (loss)	6	(5)
Total Stockholders' equity	611	416
Total Liabilities and Stockholders' Equity	\$ 3,540	\$ 3,321

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

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	Three Months Ended		Year Ended	
	December 30,		December 30,	
	2017		2017	
Cash flows from operating activities:				
Net Income	\$	61	\$	43
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		39		144
Stock-based compensation expense		21		97
Amortization of debt discount and issuance costs		9		36
Loss on debt redemption		3		12
Net gain on sale of equity interests in ATMP JV		(3)		(3)
Other		(1)		3
Changes in operating assets and liabilities:				
Accounts receivable		371		(89)
Inventories		55		12
Prepayment and other receivables - related parties		(7)		(1)
Prepaid expenses and other assets		(58)		(140)
Payables to related parties		(32)		29
Accounts payable, accrued liabilities and other		(75)		(75)
Net cash provided by operating activities	\$	383	\$	68
Cash flows from investing activities:				
Purchases of property, plant and equipment		(44)		(113)
Purchases of available-for-sale securities		(1)		(222)
Proceeds from maturity of available-for-sale securities		1		222
Net proceeds from sale of equity interests in ATMP JV		1		1
Other		-		(2)
Net cash used in investing activities	\$	(43)	\$	(114)
Cash flows from financing activities:				
Proceeds from borrowings, net		-		70
Proceeds from issuance of common stock under stock-based compensation equity plans		5		20
Repayments of long-term debt		(40)		(110)
Other		1		(13)
Net cash used in financing activities	\$	(34)	\$	(33)
Net increase (decrease) in cash and cash equivalents		306		(79)
Cash and cash equivalents at beginning of period	\$	879	\$	1,264
Cash and cash equivalents at end of period	\$	1,185	\$	1,185

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

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Segment and Category Information	Three Months Ended			Year Ended	
	December 30, 2017	September 30, 2017	December 31, 2016	December 30, 2017	December 31, 2016
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 958	\$ 819	\$ 600	\$ 3,029	\$ 1,967
Operating income (loss)	\$ 85	\$ 70	\$ (21)	\$ 147	\$ (238)
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 522	\$ 824	\$ 506	\$ 2,300	\$ 2,305
Operating income	\$ 19	\$ 84	\$ 47	\$ 154	\$ 283
All Other ⁽³⁾					
Net revenue	-	-	-	-	-
Operating loss	\$ (22)	\$ (28)	\$ (29)	\$ (97)	\$ (417)
Total					
Net revenue	\$ 1,480	\$ 1,643	\$ 1,106	\$ 5,329	\$ 4,272
Operating income (loss)	\$ 82	\$ 126	\$ (3)	\$ 204	\$ (372)
Other Data					
Capital expenditures ⁽⁴⁾	\$ 44	\$ 34	\$ 21	\$ 113	\$ 77
Adjusted EBITDA ⁽⁵⁾	\$ 142	\$ 191	\$ 60	\$ 445	\$ 177
Cash and cash equivalents	\$ 1,185	\$ 879	\$ 1,264	\$ 1,185	\$ 1,264
Free cash flow ⁽⁶⁾	\$ 339	\$ 32	\$ 167	\$ (45)	\$ 13
Total assets	\$ 3,540	\$ 3,586	\$ 3,321	\$ 3,540	\$ 3,321
Total debt	\$ 1,395	\$ 1,426	\$ 1,435	\$ 1,395	\$ 1,435

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. 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. In addition, the Company also included a charge related to the sixth amendment to the WSA with GF and restructuring and other special charges, net for the year ended December 31, 2016.
- (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			Year Ended	
	December 30,	September 30,	December 31,	December 30,	December 31,
	2017	2017	2016	2017	2016
GAAP operating income (loss)	\$ 82	\$ 126	\$ (3)	\$ 204	\$ (372)
Charge related to the sixth amendment to the WSA with GF	-	-	-	-	340
Restructuring and other special charges, net	-	-	-	-	(10)
Stock-based compensation	21	29	29	97	86
Depreciation and amortization	39	36	34	144	133
Adjusted EBITDA	\$ 142	\$ 191	\$ 60	\$ 445	\$ 177

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

	Three Months Ended			Year Ended	
	December 30,	September 30,	December 31,	December 30,	December 31,
	2017	2017	2016	2017	2016
GAAP net cash provided by operating activities	\$ 383	\$ 66	\$ 188	\$ 68	\$ 90
Purchases of property, plant and equipment	(44)	(34)	(21)	(113)	(77)
Free cash flow	\$ 339	\$ 32	\$ 167	\$ (45)	\$ 13

* 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. In addition, the Company excluded a charge related to the sixth amendment to the WSA with GF and restructuring and other special charges, net for the year ended December 31, 2016. 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.