

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934
October 29, 2019
Date of Report (Date of earliest event reported)**

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of
Incorporation)

001-07882
(Commission
File Number)

94-1692300
(IRS Employer
Identification Number)

2485 Augustine Drive

Santa Clara, California 95054
(Address of principal executive offices) (Zip Code)

(408) 749-4000

(Registrant's telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	AMD	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

The information in this report furnished pursuant to Items 2.02 and 7.01, including Exhibits 99.1 and 99.2 attached hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended, if such subsequent filing specifically references the information furnished pursuant to Items 2.02 and 7.01 of this report.

On October 29, 2019, the Company announced its financial position and results of operations as of and for its third quarter 2019 in a press release that is attached hereto as Exhibit 99.1. Attached hereto as Exhibit 99.2 is a presentation regarding the Company's third quarter 2019.

The Company will hold a conference call on October 29, 2019 at 2:30 p.m. PT (5:30 p.m. ET) to discuss its third quarter 2019 financial results and forward-looking financial guidance.

To supplement the Company’s financial results presented on a U.S. Generally Accepted Accounting Principles (“GAAP”) basis, the Company’s earnings press release contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share, Adjusted EBITDA and free cash flow. The Company believes that the supplemental non-GAAP financial measures assist investors in comparing the Company's core performance by excluding items that it believes are not indicative of the Company’s underlying operating performance. The Company cautions investors to carefully evaluate the financial results calculated in accordance with GAAP and the supplemental non-GAAP financial measures and reconciliations. The Company’s non-GAAP financial measures are not intended to be considered in isolation and are not a substitute for, or superior to, financial measures calculated in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated October 29, 2019
99.2	Third Quarter 2019 Financial Results Presentation

SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 29, 2019

ADVANCED MICRO DEVICES, INC.

By: _____ */s/ Devinder Kumar*
Name: **Devinder Kumar**
Title: **Senior Vice President, Chief Financial Officer &
Treasurer**

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AMD Reports Third Quarter 2019 Financial Results

- Revenue grew 9 percent year-over-year and 18 percent quarter-over-quarter;
 Gross margin expanded to 43 percent, up 3 percentage points year-over-year -

SANTA CLARA, Calif. - October 29, 2019 - AMD (NASDAQ:AMD) today announced revenue for the third quarter of 2019 of \$1.80 billion, operating income of \$186 million, net income of \$120 million and diluted earnings per share of \$0.11. On a non-GAAP^(*) basis, operating income was \$240 million, net income was \$219 million and diluted earnings per share was \$0.18.

GAAP Quarterly Financial Results

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Revenue (\$B)	\$1.80	\$1.65	Up 9%	\$1.53	Up 18%
Gross margin	43%	40%	Up 3 pp	41%	Up 2 pp
Operating expense (\$M)	\$591	\$511	Up \$80	\$562	Up \$29
Operating income (\$M)	\$186	\$150	Up \$36	\$59	Up \$127
Net income (\$M)	\$120	\$102	Up \$18	\$35	Up \$85
Earnings per share	\$0.11	\$0.09	Up \$0.02	\$0.03	Up \$0.08

Non-GAAP(*) Quarterly Financial Results

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Revenue (\$B)	\$1.80	\$1.65	Up 9%	\$1.53	Up 18%
Gross margin	43%	40%	Up 3 pp	41%	Up 2 pp
Operating expense (\$M)	\$539	\$476	Up \$63	\$512	Up \$27
Operating income (\$M)	\$240	\$186	Up \$54	\$111	Up \$129
Net income (\$M)	\$219	\$150	Up \$69	\$92	Up \$127
Earnings per share	\$0.18	\$0.13	Up \$0.05	\$0.08	Up \$0.10

“Our first full quarter of 7nm Ryzen, Radeon and EPYC processor sales drove our highest quarterly revenue since 2005, our highest quarterly gross margin since 2012 and a significant increase in net income year-over-year,” said Dr. Lisa Su, AMD president and CEO. “I am extremely pleased with our

progress as we have the strongest product portfolio in our history, significant customer momentum and a leadership product roadmap for 2020 and beyond.”

Q3 2019 Results

- Revenue was \$1.80 billion, up 9 percent year-over-year and 18 percent quarter-over-quarter due to higher revenue in the Computing and Graphics segment, partially offset by lower revenue in the Enterprise, Embedded and Semi-Custom segment.
- Gross margin was 43 percent, up 3 percentage points year-over-year and 2 percentage points quarter-over-quarter, primarily driven by increased Ryzen™ and EPYC™ processor sales.
- Operating income was \$186 million compared to \$150 million a year ago and \$59 million in the prior quarter. Non-GAAP operating income was \$240 million compared to \$186 million a year ago and \$111 million in the prior quarter. The year-over-year and sequential increases were primarily due to higher revenue in the Computing and Graphics segment.
- Net income was \$120 million compared to \$102 million a year ago and \$35 million in the prior quarter. Non-GAAP net income was \$219 million compared to \$150 million a year ago and \$92 million in the prior quarter.
- Diluted earnings per share was \$0.11 compared to \$0.09 a year ago and \$0.03 in the prior quarter. Non-GAAP diluted earnings per share was \$0.18 compared to \$0.13 a year ago and \$0.08 in the prior quarter.
- Cash, cash equivalents and marketable securities were \$1.2 billion at the end of the quarter.

Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$1.28 billion, up 36 percent year-over-year and sequentially. Higher revenue was primarily driven by increased Ryzen client processor sales.
 - Client processor average selling price (ASP) increased year-over-year primarily driven by Ryzen desktop processor sales and increased quarter-over-quarter driven by both Ryzen desktop and mobile processor sales.
 - GPU ASP increased year-over-year driven by higher channel sales and decreased quarter-over-quarter due to a higher proportion of mobile sales.
 - Operating income was \$179 million compared to \$100 million a year ago and \$22 million in the prior quarter. The year-over-year and quarter-over-quarter increase was primarily due to higher revenue.
- Enterprise, Embedded and Semi-Custom segment revenue was \$525 million, down 27 percent year-over-year and 11 percent sequentially. The year-over-year and quarter-over-quarter decreases were primarily due to lower semi-custom product revenue, partially offset by higher EPYC processor sales.

- Operating income was \$61 million, compared to \$86 million a year ago and \$89 million in the prior quarter. The year-over-year and quarter-over-quarter decreases were due to lower revenue and higher operating expenses.
- All Other operating loss was \$54 million compared to \$36 million a year ago and \$52 million in the prior quarter.

Q3 2019 PR Highlights

- AMD [launched](#) the 2nd Gen AMD EPYC™ processors with record-setting performance across multiple enterprise, cloud and high performance computing workloads, alongside an expansive, global ecosystem of data center partners and customers.
 - Google [announced](#) deployment of 2nd Gen AMD EPYC processors in its internal infrastructure and that it will offer new general-purpose machines powered by the processors on Google Cloud Compute Engine.
 - Twitter announced that 2nd Gen AMD EPYC processor deployments across its data center infrastructure will lower total cost of ownership by 25 percent while reducing the environmental impact of its data centers.
 - Cray [announced](#) that UK Research and Innovation will leverage Cray's Shasta supercomputer powered by 2nd Gen AMD EPYC processors for its new ARCHER2 system. Expected to be the UK's most powerful supercomputer, it will power research across multiple disciplines, including oil and gas, sustainability and health. Cray also [announced](#) that the Air Force Weather Agency will use a Cray Shasta system with 2nd Gen AMD EPYC processors to provide comprehensive terrestrial and space weather information to the U.S. Air Force and Army.
 - [Dell Technologies](#), [HPE](#), [Lenovo](#) and others announced support for over a dozen new 2nd Gen AMD EPYC processor-powered platforms for enterprise, HPC and cloud customers.
 - IBM Cloud and Nokia [detailed](#) the performance advantages of 2nd Gen AMD EPYC processors for their cloud and 5G customers, including cloud security improvements, better memory bandwidth for big data and analytics workloads, core scaling and significantly better packet throughput.
- Microsoft [announced](#) that its new 15-inch Microsoft Surface Laptop 3 will be powered by an AMD Ryzen™ mobile processor. The result of a multi-year co-engineering effort, the system combines the custom AMD Ryzen™ Microsoft Surface Edition processor with an optimized Windows operating system software stack to create an ultra-powerful, ultra-thin notebook with all-day battery life.
- Leading PC companies expanded their AMD Ryzen processor-powered offerings with new commercial and consumer offerings, including:
 - HP and Lenovo announced they will [offer](#) new desktop business PCs featuring the recently launched AMD Ryzen™ PRO 3000 Series and AMD Ryzen™ PRO processors with Radeon™ Vega Graphics.

- AMD also launched the AMD Athlon™ PRO processors with Radeon Vega Graphics. The new processors deliver powerful, energy-efficient performance and commercial-grade reliability.
- HP [unveiled](#) its first AMD-powered gaming laptop, the Pavilion Gaming 15 Laptop, featuring the 2nd Gen AMD Ryzen™ 7 mobile processors. HP also announced the Pavilion Gaming Desktop, offering 2nd and 3rd Gen AMD Ryzen™ 7 desktop processors.
- Lenovo [announced](#) that the new consumer-focused IdeaCentre A540 and IdeaPad S540 will offer high-end Ryzen CPU options.
- AMD Radeon™ graphics products based on the groundbreaking new [RDNA gaming architecture](#) bring powerful performance and advanced features:
 - AMD [announced](#) the AMD Radeon™ RX 5500 Series graphics products, bringing the RDNA architecture to desktop PCs with the Radeon™ RX 5500 graphics card and to notebook PCs with the Radeon™ RX 5500M GPU. Systems will be available from top OEMs including Acer, HP, Lenovo and MSI beginning this November.
 - AIB partners including [Sapphire](#), [MSI](#), [Asus](#), [PowerColor](#), [Gigabyte](#) and [XFX](#) released new Radeon™ RX 5700 series graphics cards with incredible designs for multiple form factors.
- Microsoft began the public preview for its Project xCloud cloud-based game streaming service, which is powered by the same custom-made SoC used in Xbox One S consoles to deliver a high-quality mobile game streaming experience to players around the world.
- AMD [was named](#) one of Fast Company's Best Places to Work for Innovators for 2019, highlighting its commitment to cultivating a workplace where employees can do their best work and push the boundaries of high-performance computing.

Current Outlook

AMD's outlook statements are based on current expectations. The following statements are forward-looking, and actual results could differ materially depending on market conditions and the factors set forth under "Cautionary Statement" below.

For the fourth quarter of 2019, AMD expects revenue to be approximately \$2.1 billion, plus or minus \$50 million, an increase of approximately 48 percent year-over-year and approximately 17 percent sequentially. The year-over-year and sequential increases are expected to be driven by an increase in Ryzen, EPYC and Radeon product sales. AMD expects non-GAAP gross margin to be approximately 44 percent in the fourth quarter of 2019.

AMD Teleconference

AMD will hold a conference call for the financial community at 2:30 p.m. PT (5:30 p.m. ET) today to discuss its third quarter 2019 financial results. AMD will provide a real-time audio broadcast of the teleconference on the [Investor Relations](#) page of its website at www.amd.com. The webcast will be available for 12 months after the conference call.

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

(In millions, except per share data)

	Three Months Ended		
	September 28, 2019	June 29, 2019	September 29, 2018
GAAP gross margin	\$ 777	\$ 621	\$ 661
GAAP gross margin %	43%	41%	40%
Stock-based compensation	2	2	1
Non-GAAP gross margin	\$ 779	\$ 623	\$ 662
Non-GAAP gross margin %	43%	41%	40%
GAAP operating expenses	\$ 591	\$ 562	\$ 511
Stock-based compensation	52	43	35
Loss contingency on legal matter	—	7	—
Non-GAAP operating expenses	\$ 539	\$ 512	\$ 476
GAAP operating income	\$ 186	\$ 59	\$ 150
Stock-based compensation	54	45	36
Loss contingency on legal matter	—	7	—
Non-GAAP operating income	\$ 240	\$ 111	\$ 186

	Three Months Ended					
	September 28, 2019		June 29, 2019		September 29, 2018	
GAAP net income / earnings per share	\$ 120	\$ 0.11	\$ 35	\$ 0.03	\$ 102	\$ 0.09
Loss on debt redemption/conversion	40	0.03	—	—	6	—
Non-cash interest expense related to convertible debt	6	—	6	—	6	0.01
Stock-based compensation	54	0.04	45	0.04	36	0.03
Equity income in investee	(1)	—	—	—	—	—
Loss contingency on legal matter	—	—	7	0.01	—	—
Provision (benefit) for income taxes	—	—	(1)	—	—	—
Non-GAAP net income / earnings per share ⁽¹⁾	\$ 219	\$ 0.18	\$ 92	\$ 0.08	\$ 150	\$ 0.13

Shares used and net income adjustment in earnings per share calculation

Shares used in per share calculation (GAAP)		1,117		1,109		1,076
Interest expense add-back to GAAP net income	\$	—	\$	—	\$	—
Shares used in per share calculation (Non-GAAP)		1,212		1,210		1,177
Interest expense add-back to Non-GAAP net income	\$	4	\$	5	\$	5

⁽¹⁾ For the three months ended September 28, 2019, Non-GAAP diluted EPS calculation includes the 95 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 June 29, 2019 and September 29, 2018, Non-GAAP diluted EPS calculation includes the 100.6 million shares related to the Company's 2026 Convertible Notes and the associated \$5 million interest expense add-back to net income under the "if converted" method.

About AMD

For 50 years, AMD has driven innovation in high-performance computing, graphics and visualization technologies - the building blocks for gaming, immersive platforms and the data center. Hundreds of millions of consumers, leading Fortune 500 businesses and cutting-edge scientific research facilities around the world rely on AMD technology daily to improve how they live, work and play. AMD employees around the world are focused on building great products that push the boundaries of what is possible. For more information about how AMD is enabling today and inspiring tomorrow, visit the AMD (NASDAQ: AMD) [website](#), [blog](#), [Facebook](#) and [Twitter](#) pages.

Cautionary Statement

This document contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's expectations regarding its long-term product roadmap for 2020 and beyond; the features, functionality, performance, availability, timing and expected benefits of AMD products; and AMD's expected fourth quarter of 2019 and fiscal 2019 financial outlook, including revenue, as well as the expected drivers of such revenue, and non-GAAP gross margin, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this document are based on current beliefs, assumptions and expectations, speak only as of the date of this document and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; the ability of GLOBALFOUNDRIES Inc. to satisfy AMD's manufacturing requirements; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers while supporting and coinciding with significant industry transitions; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; the loss of a significant customer; AMD's ability to generate revenue from its semi-custom SoC products; global economic uncertainty; political, legal and economic risks and natural disasters; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; quarterly and seasonal sales patterns; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's indebtedness; the restrictions imposed by agreements governing AMD's notes and the secured credit facility; the competitive markets in which AMD's products are sold; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; uncertainties involving the ordering and shipment of AMD's products; the market conditions of the industries in which AMD products are sold; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's ability to repurchase its outstanding debt in the event of a change of control; the cyclical nature of the semiconductor industry; the impact of acquisitions, divestitures, joint ventures and/or investments on AMD's business; the impact of modification or interruption of AMD's internal business processes and information systems; the availability of essential equipment, materials or manufacturing processes; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's stock price volatility; worldwide political conditions; unfavorable currency exchange rate fluctuations; AMD's ability to effectively control the sales of its products on the gray market; AMD's ability to adequately protect its technology or other intellectual property; current and future claims and litigation; potential tax liabilities; and environmental laws, conflict minerals-related provisions and other laws or regulations. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's Quarterly Report on Form 10-Q for the quarter ended June 29, 2019.

* In this earnings press release, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating expense, non-GAAP operating income, non-GAAP net income and non-GAAP earnings per share. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this earnings press release. AMD has also provided adjusted EBITDA and free cash flow as supplemental non-GAAP measures of its performance. These items are defined in the footnotes to the selected corporate data tables provided at the end of this earnings press release. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance and for the other reasons described in the footnotes to the selected data tables. Refer to the data tables at the end of this earnings press release.

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AMD, the AMD Arrow logo, EPYC, Radeon, Ryzen, Athlon and combinations thereof, are trademarks of Advanced Micro Devices, Inc. Other names are for informational purposes only and used to identify companies and products and may be trademarks of their respective owner.

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

	Three Months Ended			Nine Months Ended	
	September 28, 2019	June 29, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net revenue	\$ 1,801	\$ 1,531	\$ 1,653	\$ 4,604	\$ 5,056
Cost of sales	1,024	910	992	2,685	3,146
Gross margin	777	621	661	1,919	1,910
Gross margin %	43%	41%	40%	42%	38%
Research and development	406	373	363	1,152	1,063
Marketing, general and administrative	185	189	148	544	424
Licensing gain	—	—	—	(60)	—
Operating income	186	59	150	283	423
Interest expense	(24)	(25)	(30)	(76)	(92)
Other income (expense), net	(36)	3	(6)	(40)	(4)
Income before income taxes and equity loss	126	37	114	167	327
Provision (benefit) for income taxes	7	2	12	(4)	26
Equity income (loss) in investee	1	—	—	—	(2)
Net Income	\$ 120	\$ 35	\$ 102	\$ 171	\$ 299
Earnings per share					
Basic	\$ 0.11	\$ 0.03	\$ 0.10	\$ 0.16	\$ 0.31
Diluted	\$ 0.11	\$ 0.03	\$ 0.09	\$ 0.15	\$ 0.28
Shares used in per share calculation					
Basic	1,097	1,084	987	1,075	976
Diluted	1,117	1,109	1,076	1,107	1,058

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

	September 28, 2019 ⁽¹⁾	December 29, 2018 ⁽²⁾
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,156	\$ 1,078
Marketable securities	53	78
Accounts receivable, net	1,393	1,235
Inventories, net	1,040	845
Prepayment and receivables - related parties	17	34
Prepaid expenses and other current assets	253	270
Total current assets	3,912	3,540
Property and equipment, net	453	348
Operating lease right-of use assets	205	—
Goodwill	289	289
Investment: equity method	59	58
Other assets	335	321
Total Assets	\$ 5,253	\$ 4,556
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt, net	\$ —	\$ 136
Accounts payable	763	834
Payables to related parties	215	207
Accrued liabilities	837	783
Other current liabilities	49	24
Total current liabilities	1,864	1,984
Long-term debt, net	872	1,114
Long-term operating lease liabilities	201	—
Other long-term liabilities	140	192
Stockholders' equity:		
Capital stock:		
Common stock, par value	11	10
Additional paid-in capital	9,490	8,750
Treasury stock, at cost	(53)	(50)
Accumulated deficit	(7,265)	(7,436)
Accumulated other comprehensive loss	(7)	(8)
Total Stockholders' equity	\$ 2,176	\$ 1,266
Total Liabilities and Stockholders' Equity	\$ 5,253	\$ 4,556

⁽¹⁾ During the first quarter of 2019, the Company adopted the new lease accounting standard, ASC 842, Leases, which resulted in an increase to assets and liabilities for leases primarily related to office buildings. The adoption of this standard had no impact to the Company's results of operations or statement of cash flows.

⁽²⁾ During the second quarter of 2019, GLOBALFOUNDRIES Inc. (GF) ceased being a related party of the Company. All prior period GF related party balances have been reclassified to conform to the current period presentation.

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

	Three Months Ended		Nine Months Ended	
	September 28, 2019		September 28, 2019	
Net cash provided by (used in)				
Operating activities	\$	234	\$	51
Investing activities	\$	57	\$	(123)
Financing activities	\$	(98)	\$	150

SELECTED CORPORATE DATA
(Millions)

	Three Months Ended			Nine Months Ended	
	September 28, 2019	June 29, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Segment and Category Information					
Computing and Graphics ⁽¹⁾					
Net revenue	\$ 1,276	\$ 940	\$ 938	\$ 3,047	\$ 3,139
Operating income	\$ 179	\$ 22	\$ 100	\$ 217	\$ 355
Enterprise, Embedded and Semi-Custom ⁽²⁾					
Net revenue	\$ 525	\$ 591	\$ 715	\$ 1,557	\$ 1,917
Operating income	\$ 61	\$ 89	\$ 86	\$ 218	\$ 169
All Other ⁽³⁾					
Net revenue	\$ —	\$ —	\$ —	\$ —	\$ —
Operating loss	\$ (54)	\$ (52)	\$ (36)	\$ (152)	\$ (101)
Total					
Net revenue	\$ 1,801	\$ 1,531	\$ 1,653	\$ 4,604	\$ 5,056
Operating income	\$ 186	\$ 59	\$ 150	\$ 283	\$ 423
Other Data					
Capital expenditures	\$ 55	\$ 58	\$ 33	\$ 175	\$ 122
Adjusted EBITDA ⁽⁴⁾	\$ 300	\$ 163	\$ 227	\$ 593	\$ 651
Cash, cash equivalents and marketable securities	\$ 1,209	\$ 1,128	\$ 1,056	\$ 1,209	\$ 1,056
Free cash flow ⁽⁵⁾	\$ 179	\$ (28)	\$ 44	\$ (124)	\$ (208)
Total assets	\$ 5,253	\$ 5,102	\$ 4,347	\$ 5,253	\$ 4,347
Total debt	\$ 872	\$ 1,031	\$ 1,303	\$ 872	\$ 1,303

(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			Nine Months Ended	
	September 28, 2019	June 29, 2019	September 29, 2018	September 28, 2019	September 29, 2018
GAAP net income	\$ 120	\$ 35	\$ 102	\$ 171	\$ 299
Interest expense	24	25	30	76	92
Other (income) expense, net	36	(3)	6	40	4
Provision (benefit) for income taxes	7	2	12	(4)	26
Equity (income) loss in investee	(1)	—	—	—	2
Stock-based compensation	54	45	36	140	101
Depreciation and amortization	60	52	41	158	127
Loss contingency on legal matter	—	7	—	12	—
Adjusted EBITDA	\$ 300	\$ 163	\$ 227	\$ 593	\$ 651

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

	Three Months Ended			Nine Months Ended	
	September 28, 2019	June 29, 2019	September 29, 2018	September 28, 2019	September 29, 2018
GAAP net cash provided by (used in) operating activities	\$ 234	\$ 30	\$ 77	\$ 51	\$ (86)
Purchases of property and equipment	(55)	(58)	(33)	(175)	(122)
Free cash flow	\$ 179	\$ (28)	\$ 44	\$ (124)	\$ (208)

* 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 (benefit) for income taxes, equity income (loss) on investee, stock-based compensation, and depreciation and amortization expense. In addition, the Company also included a loss contingency on legal matter in the three months ended June 29, 2019 and the nine months ended September 28, 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. All periods presented conform to the current period presentation.

The Company has provided reconciliations within the earnings press release of these Non-GAAP financial measures to the most directly comparable GAAP financial measures.



THIRD QUARTER 2019 FINANCIAL RESULTS

OCTOBER 29, 2019

CAUTIONARY STATEMENT

This presentation contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) such as AMD's strategy and focus; the features, functionality, performance, availability, timing and expected benefits of AMD products; that 2019 is the biggest and best year in AMD history; AMD's financial outlook for the fourth quarter of 2019 and fiscal 2019, including, revenue, non-GAAP gross margin, licensing gain, non-GAAP operating expenses, non-GAAP operating expenses as a percentage of revenue, non-GAAP interest expense, taxes and other, taxes, free cash flow and diluted share count, which are made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects" and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this presentation are based on current beliefs, assumptions and expectations, speak only as of the date of this presentation and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Such statements are subject to certain known and unknown risks and uncertainties, many of which are difficult to predict and generally beyond AMD's control, that could cause actual results and other future events to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices; the ability of GLOBALFOUNDRIES Inc. to satisfy AMD's manufacturing requirements; the ability of third party manufacturers to manufacture AMD's products on a timely basis in sufficient quantities and using competitive technologies; expected manufacturing yields for AMD's products; AMD's ability to introduce products on a timely basis with features and performance levels that provide value to its customers while supporting and coinciding with significant industry transitions; AMD's ability to generate sufficient revenue and operating cash flow or obtain external financing for research and development or other strategic investments; the loss of a significant customer; AMD's ability to generate revenue from its semi-custom SoC products; global economic uncertainty; political, legal and economic risks and natural disasters; potential security vulnerabilities; potential IT outages, data loss, data breaches and cyber-attacks; quarterly and seasonal sales patterns; AMD's ability to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD's indebtedness; the restrictions imposed by agreements governing AMD's notes and the secured credit facility; the competitive markets in which AMD's products are sold; the potential dilutive effect if the 2.125% Convertible Senior Notes due 2026 are converted; uncertainties involving the ordering and shipment of AMD's products; the market conditions of the industries in which AMD products are sold; AMD's reliance on third-party intellectual property to design and introduce new products in a timely manner; AMD's reliance on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components; AMD's reliance on Microsoft Corporation and other software vendors' support to design and develop software to run on AMD's products; AMD's reliance on third-party distributors and add-in-board partners; future impairments of goodwill and technology license purchases; AMD's ability to attract and retain qualified personnel; AMD's ability to repurchase its outstanding debt in the event of a change of control; the cyclical nature of the semiconductor industry; the impact of acquisitions, divestitures, joint ventures and/or investments on AMD's business; the impact of modification or interruption of AMD's internal business processes and information systems; the availability of essential equipment, materials or manufacturing processes; compatibility of AMD's products with some or all industry-standard software and hardware; costs related to defective products; the efficiency of AMD's supply chain; AMD's ability to rely on third party supply-chain logistics functions; AMD's stock price volatility; worldwide political conditions; unfavorable currency exchange rate fluctuations; AMD's ability to effectively control the sales of its products on the gray market; AMD's ability to adequately protect its technology or other intellectual property; current and future claims and litigation; potential tax liabilities; and environmental laws, conflict minerals-related provisions and other laws or regulations. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to AMD's Quarterly Report on Form 10-Q for the quarter ended June 29, 2019.

NON-GAAP FINANCIAL MEASURES

In this presentation, in addition to GAAP financial results, AMD has provided non-GAAP financial measures including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP earnings per share, free cash flow, and Adjusted EBITDA. AMD is providing these financial measures because it believes this non-GAAP presentation makes it easier for investors to compare its operating results for current and historical periods and also because AMD believes it assists investors in comparing AMD's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance and for the other reasons described in the footnotes to the selected data tables at the end of AMD's earnings press release. The non-GAAP financial measures disclosed in this presentation should be viewed in addition to and not as a substitute for or superior to AMD's reported results prepared in accordance with GAAP and should be read only in conjunction with AMD's Consolidated Financial Statements prepared in accordance with GAAP. These non-GAAP financial measures referenced are reconciled to their most directly comparable GAAP financial measures in the Appendices at the end of this presentation.

OUR JOURNEY

HIGH-PERFORMANCE
TECHNOLOGIES

GREAT
PRODUCTS

AMBITIOUS
GOALS

FOCUSED
EXECUTION

OUR STRATEGY AND FOCUS

GRAPHICS



Gaming



Compute
& AI



Virtual &
Augmented
Reality

COMPUTE



Client
Systems



Infrastructure
& Cloud

SOLUTIONS



Semi-
Custom



Vertical
Platforms



Partnerships

FINANCIAL SUMMARY Q3 2019⁽¹⁾

- Revenue of \$1.80 billion, in-line with our expectations
 - Up 9% y/y and 18% q/q due to higher revenue in the Computing and Graphics segment, partially offset by lower revenue in the Enterprise, Embedded and Semi-Custom segment
- Gross margin of 43%
 - Up 3 percentage points y/y and 2 percentage points q/q driven by increased Ryzen™ and EPYC™ processor sales
- Operating income of \$186 million; Non-GAAP operating income of \$240 million
- Net income of \$120 million; Non-GAAP net income of \$219 million
- Diluted EPS of \$0.11; Non-GAAP diluted EPS of \$0.18
- Cash, cash equivalents and marketable securities of \$1.2 billion
- Operating cash flow of \$234 million and free cash flow of \$179 million⁽²⁾
- Year-to-date debt reduction of \$441 million⁽³⁾, including \$206 million in Q3 2019

1. See Appendices for GAAP to Non-GAAP reconciliation

2. Free cash flow calculated as operating cash flow of \$234M less purchase of property and equipment of \$55M

3. See Appendices for Total Debt reconciliation

COMPUTING AND GRAPHICS SEGMENT Q3 2019

- Revenue of \$1.28 billion
 - Up 36% both y/y and q/q primarily driven by increased Ryzen client processor sales
 - Ryzen desktop and notebook processors delivered the highest quarterly client processor sales since 2011
- Average Selling Price (ASP)
 - Client processor ASP up y/y primarily driven by Ryzen desktop processor sales
 - Client processor ASP up q/q driven by both Ryzen desktop and mobile processor sales
 - GPU ASP up y/y driven by higher channel sales
 - GPU ASP decreased q/q due to a higher proportion of mobile sales
- Operating income of \$179 million
 - Up \$79 million y/y and \$157 million q/q primarily due to higher revenue
- Strategic wins and announcements
 - HP and Lenovo announced commercial desktops powered by Ryzen™ 3000 PRO series processors
 - More than 50 AMD notebooks launched year-to-date, including 15" Microsoft Surface Laptop 3
 - Announced Radeon™ RX 5500 GPU series, available from top OEMs beginning in November

ENTERPRISE, EMBEDDED AND SEMI-CUSTOM SEGMENT

Q3 2019

- Revenue of \$525 million
 - Down 27% y/y and 11% q/q primarily due to lower semi-custom product revenue
 - EPYC processor revenue and unit shipments grew more than 50 percent sequentially
- Operating income of \$61 million
 - Down \$25 million y/y and \$28 million q/q due to lower revenue and higher operating expenses
- Strategic wins and announcements
 - Launched 2nd Gen AMD EPYC™ processors with broad customer and ecosystem support across Cloud and OEM
 - 2nd Gen AMD EPYC processors have set more than 100 world records to date
 - Google, Amazon AWS, IBM Cloud, Microsoft Azure, OVHcloud, Twitter and Tencent have all selected 2nd Gen AMD EPYC processors based on leadership performance and total cost of ownership
 - Dell, HPE and Lenovo more than doubled their server portfolio with 2nd Gen AMD EPYC processor platforms

REVENUE TREND

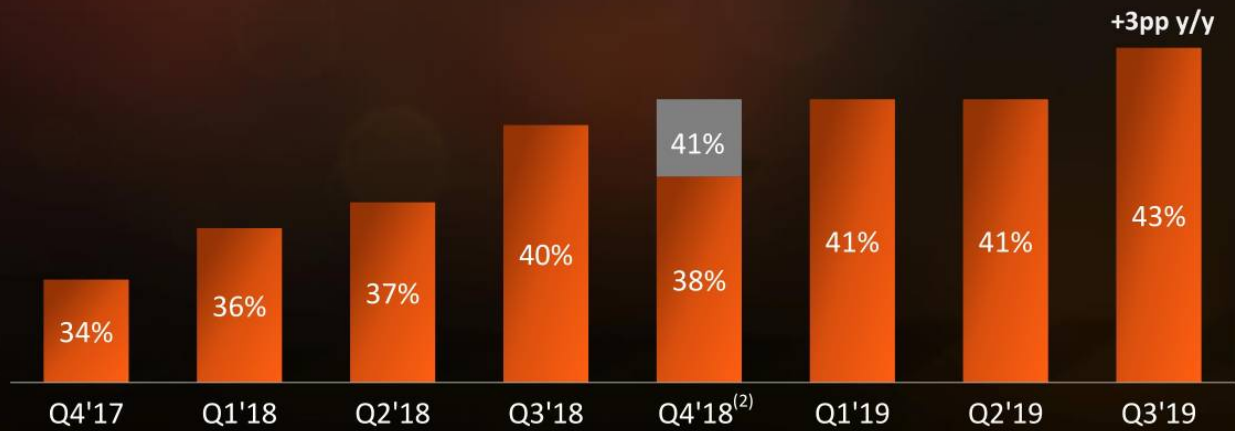
(\$ IN MILLIONS)



Highest quarterly revenue since Q4 2005

GROSS MARGIN TREND

(AS A PERCENTAGE OF REVENUE, GAAP AND NON-GAAP)⁽¹⁾

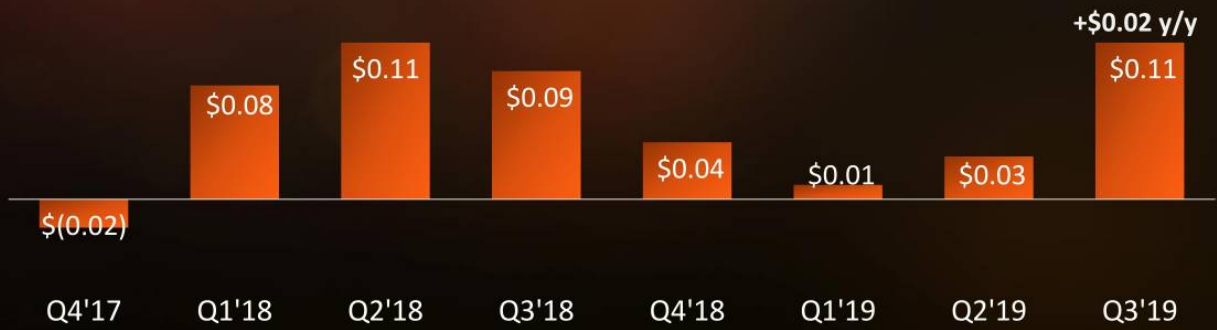


Highest quarterly gross margin since Q2 2012

1. See Appendices for GAAP to Non-GAAP reconciliation
2. Gross margin for both GAAP and Non-GAAP are the same for all periods except as indicated for Q4 2018

EARNINGS PER SHARE TREND

(GAAP)



EARNINGS PER SHARE TREND

(NON-GAAP)⁽¹⁾



Highest quarterly earnings per share since Q4 2011

1. See Appendices for GAAP to Non-GAAP reconciliation

Q3 2019 SUMMARY P&L – GAAP

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Revenue	\$1,801M	\$1,653M	Up 9%	\$1,531M	Up 18%
Gross Margin	\$777M	\$661M	Up \$116M	\$621M	Up \$156M
Gross Margin %	43%	40%	Up 3pp	41%	Up 2pp
Operating Expenses	\$591M	\$511M	Up \$80M	\$562M	Up \$29M
Operating Expense/Revenue %	33%	31%	Up 2pp	37%	Down 4pp
Operating Income	\$186M	\$150M	Up \$36M	\$59M	Up \$127M
Net Income	\$120M	\$102M	Up \$18M	\$35M	Up \$85M
Earnings Per Share ⁽¹⁾	\$0.11	\$0.09	Up \$0.02	\$0.03	Up \$0.08

Net income grew 18% y/y

Q3 2019 SUMMARY P&L – NON-GAAP⁽¹⁾

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Revenue	\$1,801M	\$1,653M	Up 9%	\$1,531M	Up 18%
Gross Margin	\$779M	\$662M	Up \$117M	\$623M	Up \$156M
Gross Margin %	43%	40%	Up 3pp	41%	Up 2pp
Operating Expenses	\$539M	\$476M	Up \$63M	\$512M	Up \$27M
Operating Expense/Revenue %	30%	29%	Up 1pp	33%	Down 3pp
Operating Income	\$240M	\$186M	Up \$54M	\$111M	Up \$129M
Net Income	\$219M	\$150M	Up \$69M	\$92M	Up \$127M
Earnings Per Share ⁽¹⁾	\$0.18	\$0.13	Up \$0.05	\$0.08	Up \$0.10

Non-GAAP net income grew 46% y/y

1. See Appendices for GAAP to Non-GAAP reconciliation and references for share count

Q3 2019 SEGMENT RESULTS

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Computing and Graphics					
Net Revenue	\$1,276M	\$938M	Up 36%	\$940M	Up 36%
Operating Income	\$179M	\$100M	Up \$79M	\$22M	Up \$157M
Enterprise, Embedded and Semi-Custom					
Net Revenue	\$525M	\$715M	Down 27%	\$591M	Down 11%
Operating Income	\$61M	\$86M	Down \$25M	\$89M	Down \$28M
All Other Category					
Operating Loss	\$(54M)	\$(36M)	Up \$18M	\$(52M)	Up \$2M
TOTAL					
Net Revenue	\$1,801M	\$1,653M	Up \$148M	\$1,531M	Up \$270M
Operating Income	\$186M	\$150M	Up \$36M	\$59M	Up \$127M

Q3 2019 SUMMARY BALANCE SHEET ITEMS

	Q3 2019	Q3 2018	Y/Y	Q2 2019	Q/Q
Cash, Cash Equivalents & Marketable Securities	\$1,209M	\$1,056M	Up \$153M	\$1,128M	Up \$81M
Accounts Receivable, Net	\$1,393M	\$1,207M	Up \$186M	\$1,333M	Up \$60M
Inventories, Net	\$1,040M	\$738M	Up \$302M	\$1,015M	Up \$25M
Total Debt (principal amount) ⁽¹⁾	\$1,087M	\$1,588M	Down \$501M	\$1,293M	Down \$206M
Total Debt, Net ⁽¹⁾	\$872M	\$1,303M	Down \$431M	\$1,031M	Down \$159M

Reduced debt by \$206 million in Q3 2019
Cash balance greater than principal debt

1. See Appendices for Total Debt reconciliation

TOTAL CASH BALANCE⁽¹⁾

(\$ IN MILLIONS)



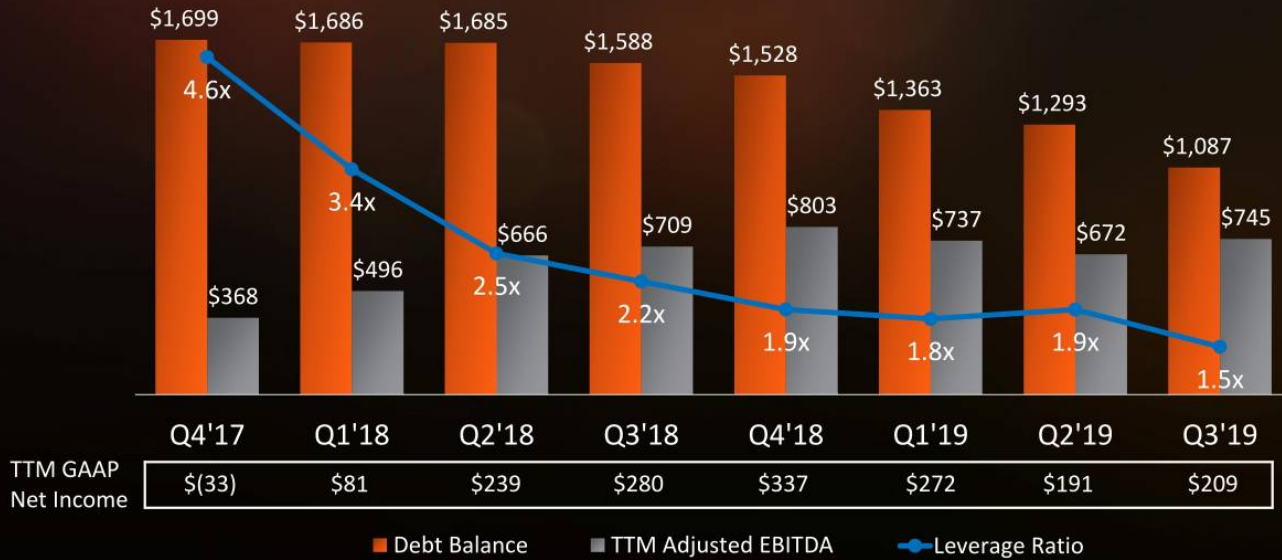
Strong, sustained cash balance

1. Cash, cash equivalents and marketable securities



DEBT AND LEVERAGE TREND

(DEBT PRINCIPAL AMOUNT, TRAILING TWELVE MONTHS ADJUSTED EBITDA AND NET INCOME TREND, \$ IN MILLIONS)^(1,2,3)



1. See Appendices for reconciliation to Total Debt (Net).
 2. See Appendices for TTM Adjusted EBITDA and TTM GAAP Net Income.
 3. Gross Leverage = Principal debt divided by TTM adjusted EBITDA.

Q4 2019 AND FY 2019 FINANCIAL OUTLOOK – NON GAAP⁽¹⁾

	Q4 2019	FY 2019
Revenue	~\$2.1 Billion +/- \$50 Million	Up mid-single digit percentage y/y
Gross Margin %	~44%	~43%
Licensing Gain⁽²⁾	-	~\$60 Million
Operating Expenses	~\$535 Million	~31%
Operating Expenses/Revenue %		
Interest Expense, Taxes and Other	~\$22 Million	-
Taxes	-	~3% of pre-tax income
Free Cash Flow	Positive	Positive
Diluted Share Count⁽³⁾	~1.214 Billion	~1.209 Billion

1. These are forward looking statements. See Cautionary Statement on Slide 2. AMD's outlook statements are based on current expectations as of October 29, 2019. AMD undertakes no intent or obligation to publicly update or revise its outlook statements whether as a result of new information, future events or otherwise, except to the extent that disclosure may be required by law. All items except revenue are on a non-GAAP basis.

2. Licensing gain recorded in Q1 2019

3. See Slide 24 for Diluted Share Count overview

Q3 2019 SUMMARY

REVENUE GREW
9% Y/Y AND 18% Q/Q

STRENGTH IN
RYZEN AND EPYC
PROCESSOR SALES

CONTINUED Y/Y
GROSS MARGIN
IMPROVEMENT

EXECUTING TO
LONG-TERM
FINANCIAL MODEL

2019

AMD  | 50 

THE BIGGEST AND BEST YEAR IN AMD HISTORY

APPENDICES

Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions)	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
GAAP gross margin	\$ 452	\$ 597	\$ 652	\$ 661	\$ 537	\$ 521	\$ 621	\$ 777
GAAP gross margin %	34%	36%	37%	40%	38%	41%	41%	43%
Impairment of technology licenses	—	—	—	—	45	—	—	—
Stock-based compensation	—	1	1	1	1	1	2	2
Non-GAAP gross margin	\$ 452	\$ 598	\$ 653	\$ 662	\$ 583	\$ 522	\$ 623	\$ 779
Non-GAAP gross margin %	34%	36%	37%	40%	41%	41%	41%	43%

Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q3'19	Q3'18	Q2'19
GAAP operating expenses	\$ 591	\$ 511	\$ 562
GAAP Operating Expense/Revenue %	33%	31%	37%
Stock-based compensation	52	35	43
Loss contingency on legal matter	—	—	7
Non-GAAP operating expenses	\$ 539	\$ 476	\$ 512
Non-GAAP Operating Expense/Revenue %	30%	29%	33%

APPENDICES

Reconciliation of GAAP Operating Income to Non-GAAP Operating Income

(Millions)	Q3'19	Q3'18	Q2'19
GAAP operating income	\$ 186	\$ 150	\$ 59
Stock-based compensation	54	36	45
Loss contingency on legal matter	—	—	7
Non-GAAP operating income	\$ 240	\$ 186	\$ 111

Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA (Calculated as Trailing Twelve Months)

(Millions)	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
GAAP net income (loss)	\$ (33)	\$ 81	\$ 239	\$ 280	\$ 337	\$ 272	\$ 191	\$ 209
Interest expense	126	125	124	123	121	117	111	105
Other (income) expense, net	9	3	(1)	2	—	8	6	36
Provision (benefit) for income taxes	18	21	24	14	(9)	(30)	(34)	(39)
Equity loss in investee	7	6	4	2	2	2	1	—
Stock-based compensation	97	106	115	122	137	146	158	176
Depreciation and amortization	144	154	161	166	170	172	182	201
Impairment of technology licenses	—	—	—	—	45	45	45	45
Loss contingency on legal matter	—	—	—	—	—	5	12	12
Adjusted EBITDA	\$ 368	\$ 496	\$ 666	\$ 709	\$ 803	\$ 737	\$ 672	\$ 745

APPENDICES

Reconciliation of GAAP to Non-GAAP Net Income (Loss) / Earnings (Loss) Per Share

(Millions, except per share data)	Q4'17		Q1'18		Q2'18		Q3'18		Q4'18		Q1'19		Q2'19		Q3'19	
GAAP net income (loss) / earnings (loss) per share ⁽¹⁾	\$ (19)	\$ (0.02)	\$ 81	\$ 0.08	\$ 116	\$ 0.11	\$ 102	\$ 0.09	\$ 38	\$ 0.04	\$ 16	\$ 0.01	\$ 35	\$ 0.03	\$ 120	\$ 0.11
Loss on debt redemption/conversion	3	—	1	—	—	—	6	—	5	—	8	0.01	—	—	40	0.03
Non-cash interest expense related to convertible debt	5	—	6	—	6	—	6	0.01	6	0.01	6	0.01	6	—	6	—
Stock-based compensation	21	0.02	32	0.03	33	0.03	36	0.03	36	0.03	41	0.04	45	0.04	54	0.04
Gain on sale of 85% of ATMP	(3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Tax provision related to sale of 85% of ATMP JV	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Impairment of technology licenses	—	—	—	—	—	—	—	—	45	0.04	—	—	—	—	—	—
Equity (income) loss in investee	—	—	1	—	1	—	—	—	—	—	1	—	—	—	(1)	—
Withholding tax refund including interest	—	—	—	—	—	—	—	—	(43)	(0.04)	—	—	—	—	—	—
Loss contingency on legal matter	—	—	—	—	—	—	—	—	—	—	5	—	7	0.01	—	—
Provision (benefit) for income taxes	—	—	—	—	—	—	—	—	—	—	(15)	(0.01)	(1)	—	—	—
Non-GAAP net income / earnings per share ⁽²⁾	\$ 8	\$ 0.01	\$ 121	\$ 0.11	\$ 156	\$ 0.14	\$ 150	\$ 0.13	\$ 87	\$ 0.08	\$ 62	\$ 0.06	\$ 92	\$ 0.08	\$ 219	\$ 0.18

Shares used and net income adjustment in earnings (loss) per share calculation

Shares used in per share calculation (GAAP)	965	1,039	1,147	1,076	1,079	1,094	1,109	1,117
Interest expense add-back to GAAP net income (loss)	\$ —	\$ —	\$ 11	\$ —	\$ —	\$ —	\$ —	\$ —
Shares used in per share calculation (Non-GAAP)	1,037	1,040	1,147	1,177	1,180	1,195	1,210	1,212
Interest expense add-back to Non-GAAP net income	\$ —	\$ 4	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 4

⁽¹⁾ Q2'18 GAAP diluted EPS calculation includes the 100.6 million shares related to the Company's 2026 Convertible Notes and the associated \$11 million interest expense add-back to net income under the If-Converted method.

⁽²⁾ Q4'17 Non-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 Non-GAAP net income because their inclusion would have been anti-dilutive under the If-Converted method.

APPENDICES

Share Count Overview

Shares (millions) ⁽¹⁾	Q1'19 Actual	Q2'19 Actual	Q3'19 Actual	Q4'19 Estimate	FY'19 Estimate
Basic Shares	1,044	1,084	1,097	1,114	1,086
Dilutive impact from:					
Employee Equity Grants ⁽²⁾	23	25	20	15	21
75 million share Warrant ⁽³⁾	27	—	—	—	7
Diluted Shares (without 2026 Convertible Notes)	1,094	1,109	1,117	1,129	1,114
2026 Convertible Notes ⁽⁴⁾	101	101	95	85	95
Diluted Shares (with 2026 Convertible Notes)	1,195	1,210	1,212	1,214	1,209

The table above provides actual share count for Q1'19, Q2'19 and Q3'19, and an estimate of share count that may be used when calculating GAAP and non-GAAP diluted earnings per share for Q4'19 and FY'19.

(1) Share counts are weighted average shares.

(2) The dilutive impact of employee equity grants is based on the Treasury Stock method and is dependent upon the average stock price during the period. Q1'19, Q2'19, Q3'19 average stock price was \$22.63, \$28.53, and \$31.40, respectively. The Q3'19 average stock price of \$31.40 was assumed for the Q4'19 estimate. The Q3'19 year-to-date average stock price of \$27.55 was assumed for the FY'19 estimate.

(3) The dilutive impact of the warrant to purchase 75 million shares (Warrant) granted in 2016 to a wholly owned subsidiary of Mubadala Investment Company PJSC, West Coast Hitech L.P. (WCH), in consideration for limited waiver and rights under the sixth amendment to our Wafer Supply Agreement with GLOBALFOUNDRIES Inc. is based on the Treasury Stock method and is dependent upon the average stock price during the period. The Warrant was exercised, and common stock shares were issued on February 13, 2019. Therefore, Q1'19 and FY'19 includes the dilutive impact through the date of exercise.

(4) The dilutive impact from the 2.125% Convertible Senior Notes due 2026 (2026 Convertible Notes) is based on the If-Converted method, where the interest costs associated with the 2026 Convertible Notes are added back to the Net Income and the shares underlying the 2026 Convertible Notes are assumed to be converted and are added to the share count. The impact from the 2026 Convertible Notes, if dilutive, is included in diluted EPS calculation. For the GAAP computation, the add-back to net income includes cash and non-cash interest expense, while only the cash interest expense is added back to non-GAAP net income. The dilutive shares associated with the 2026 Convertible Notes reflect the weighted average shares subject to conversion during each period.

During Q3'19, 16 million shares of the Company's common stock were issued to convert \$126 million of the outstanding 2026 Convertible Notes.

Moving forward, assuming positive earnings per share, the potential factors we expect may impact AMD's diluted share count include:

- On-going employee equity grants, and
- The 2026 Convertible Notes, which has 85 million underlying shares.

APPENDICES

Total Debt (Net)

(Millions)	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
6.75% Senior Notes due 2019	\$ 166	\$ 153	\$ 153	\$ 66	\$ 66	\$ —	\$ —	\$ —
7.50% Senior Notes due 2022	347	347	347	337	337	312	312	312
7.00% Senior Notes due 2024	311	311	310	310	250	176	176	96
2.125% Convertible Senior Notes due 2026	805	805	805	805	805	805	805	679
Borrowings from secured revolving line of credit, net	70	70	70	70	70	70	—	—
Total Debt (principal amount)	\$ 1,699	\$ 1,686	\$ 1,685	\$ 1,588	\$ 1,528	\$ 1,363	\$ 1,293	\$ 1,087
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	(286)	(280)	(274)	(268)	(262)	(256)	(250)	(205)
Unamortized debt issuance costs	(19)	(19)	(18)	(17)	(16)	(13)	(12)	(10)
Other	1	1	—	—	—	—	—	—
Total Debt (net)	\$ 1,395	\$ 1,388	\$ 1,393	\$ 1,303	\$ 1,250	\$ 1,094	\$ 1,031	\$ 872

DISCLAIMERS AND ATTRIBUTIONS

The information contained herein is for informational purposes only, and is subject to change without notice. Timelines, roadmaps, and/or product release dates shown in these slides are plans only and subject to change. "Polaris", "Vega", "Radeon Vega", "Navi", "Zen", "Rome" and "Naples" are codenames for AMD architectures, and are not product names.

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