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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
February 14, 2022
Date of Report (Date of earliest event reported)



ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
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 2.01 Completion of Acquisition or Disposition of Assets.

As previously reported, on February 14, 2022, Advanced Micro Devices, Inc. (“AMD” or the “Company”) completed the previously announced acquisition of Xilinx, Inc. (“Xilinx”) pursuant to the Agreement and Plan of Merger, dated October 26, 2020 (the “Merger Agreement”), by and among AMD, Thrones Merger Sub, Inc., a wholly owned subsidiary of AMD (“Merger Sub”), and Xilinx. Under the Merger Agreement, Merger Sub merged with and into Xilinx (the “Merger”), with Xilinx surviving such Merger as a wholly owned subsidiary of AMD. The Merger became effective on February 14, 2022 upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware.

This Amendment No. 1 to Current Report on Form 8-K/A (“Amendment No. 1”) is filed to amend the Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) by AMD on February 14, 2022 (the “Initial Report”) to include the historical financial statements of Xilinx and certain pro forma financial information required by Item 9.01 (a) and (b) of Form 8-K.

The pro forma financial information included in this Amendment No. 1 has been presented for informational purposes only. It does not purport to represent the actual results of operations that AMD and Xilinx would have achieved had the companies been combined during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the combined company may achieve after the consummation of the Merger. Except as described above, all other information in the Initial Report remains unchanged and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.**(a) Financial Statements of Businesses Acquired**

The audited consolidated financial statements of Xilinx as of and for the years ended April 3, 2021 and March 28, 2020, together with the notes related thereto and the Report of Independent Registered Public Accounting Firm thereon, are filed as Exhibit 99.1 to this Amendment No. 1 and incorporated by reference herein.

The unaudited consolidated financial statements of Xilinx as of and for three and nine months ended January 1, 2022 and January 2, 2021, together with the notes related thereto, are filed as Exhibit 99.2 to this Amendment No. 1 and incorporated by reference herein.

(b) Pro Forma Financial Information

The Company’s unaudited pro forma condensed combined balance sheet as of December 25, 2021 and unaudited pro forma condensed combined statement of operations for the year ended December 25, 2021, together with the notes related thereto, are filed as Exhibit 99.3 to this Amendment No. 1 and incorporated by reference herein.

(d) Exhibits

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm of Xilinx.
99.1	The audited consolidated financial statements of Xilinx as of and for the years ended April 3, 2021 and March 28, 2020, including the notes related thereto and the audit report thereon of the independent auditors (incorporated by reference to Xilinx’s Annual Report on Form 10-K for the fiscal year ended April 3, 2021 (filed with the SEC on May 14, 2021)(SEC File No. 000-18548)).
99.2	The unaudited condensed consolidated financial statements of Xilinx as of and for each of the three and nine months ended January 1, 2022 and January 2, 2021, including the notes related thereto (incorporated by reference to Xilinx’s Quarterly Report on Form 10-Q for the quarterly period ended January 1, 2022 (filed with the SEC on January 27, 2022)(SEC File No. 000-18548).
99.3	The unaudited pro forma condensed combined financial information as of and for the year ended December 25, 2021, giving effect to the Merger, including the unaudited pro forma condensed combined balance sheet as of December 25, 2021 and the unaudited pro forma condensed combined statement of operations for the year ended December 25, 2021.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 27, 2022

ADVANCED MICRO DEVICES, INC.

By: /s/ Devinder Kumar

Name: **Devinder Kumar**

Title: **Executive Vice President, Chief Financial Officer, and Treasurer**

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Advanced Micro Devices, Inc.:

- Registration Statements on Form S-8 (Nos. 333-115474, 333-159367, 333-166616, 333-181451, 333-190039, 333-195984, 333-204166, 333-211438, and 333-232922) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan,
- Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 333-204166) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan,
- Registration Statement on Form S-8 (No. 333-217784) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan and 2017 Employee Stock Purchase Plan,
- Registration Statement on Form S-8 (No. 333-262698) pertaining to the Xilinx, Inc. 2007 Equity Incentive Plan,
- Registration Statement on Form S-4/A (No. 333-251119) pertaining to the proposed merger between Advanced Micro Devices, Inc. and Xilinx, Inc., and
- Registration Statement on Form S-4 filed pursuant to Rule 462(b) (No.333-262498) pertaining to the proposed merger between Advanced Micro Devices, Inc. and Xilinx, Inc.;

of our reports dated May 14, 2021, with respect to the consolidated financial statements and schedule of Xilinx, Inc. and the effectiveness of internal control over financial reporting of Xilinx, Inc. included in its Annual Report (Form 10-K) for the year ended April 3, 2021, incorporated by reference in this Current Report on Form 8-K/A of Advanced Micro Devices, Inc.

/s/ Ernst & Young LLP

San Jose, California
April 27, 2022

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information presents the unaudited pro forma condensed combined balance sheet as of December 25, 2021 and the unaudited pro forma condensed combined statement of operations for the fiscal year ended December 25, 2021. The unaudited pro forma condensed combined financial information includes the historical results of Advanced Micro Devices Inc., a Delaware corporation (the “Company” or “AMD”), and Xilinx, Inc., a Delaware corporation (“Xilinx”) after giving pro forma effect to the acquisition of Xilinx as described in the following paragraphs and accompanying notes.

The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or consolidated financial condition would have been had the Xilinx acquisition actually occurred on December 25, 2021 for the balance sheet, or December 27, 2020 for the statement of operations, nor does it purport to project the future consolidated results of operations or consolidated financial condition for any future period or as of any future date. Under accounting for business combinations, the assets and liabilities of Xilinx are required to be recorded at their respective fair values as of the date of the acquisition, February 14, 2022 (“Acquisition Date”). AMD has performed the fair valuation of Xilinx’s assets and liabilities. The fair values are subject to adjustment for up to one year after the close of the transaction as additional information is obtained. The unaudited pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable under the circumstances. Actual results may differ materially from the assumptions within the accompanying unaudited pro forma condensed combined financial information. All pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed combined financial information.

The Xilinx Acquisition

On October 26, 2020, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) by and among the Company, Xilinx and Thrones Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of the Company (“Merger Sub”).

On February 14, 2022, pursuant to the Merger Agreement, the Company completed its acquisition of Xilinx. Upon consummation of the Xilinx Acquisition, Merger Sub ceased to exist and Xilinx continued as the surviving corporation and a direct wholly owned subsidiary of the Company.

Under the terms of the Merger Agreement, each issued and outstanding share of Xilinx common stock was cancelled and automatically converted into the right to receive 1.7234 (the “exchange ratio”) shares of AMD common stock, as well as cash in lieu of any fractional shares of AMD common stock. The total purchase consideration for Xilinx was \$48.8 billion.

The transaction has been treated as a business combination for accounting purposes. AMD was determined to be the accounting acquirer after taking into account the relative share ownership, the composition of the governing body of the combined entity and the designation of certain senior management positions. The purchase price of the Xilinx Acquisition has been allocated to the assets acquired and liabilities assumed based on their fair values at the Acquisition Date.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 25, 2021
(In millions)

	Historical		Reclassification Adjustments	Note	Transaction Accounting Adjustments	Note	Pro Forma Combined
	AMD as of December 25, 2021	Xilinx as of January 1, 2022					As of December 25, 2021
Assets							
Current assets:							
Cash and cash equivalents	\$ 2,535	\$ 1,939	\$ —		\$ —		\$ 4,474
Short-term investments	1,073	1,763	—		—		2,836
Accounts receivable, net	2,706	439	—		—		3,145
Inventories	1,955	331	—		184	5(a)	2,470
Receivables from related parties	2	—	—		—		2
Prepaid expenses and other current assets	312	58	—		—		370
Total current assets	8,583	4,530	—		184		13,297
Property and equipment, net	702	328	—		368	5(a)	1,398
Operating lease right-of-use assets	367	—	47	3	15	5(a)	429
Goodwill	289	633	—		21,382	5(a)	22,304
Acquisition-related intangibles, net	—	155	—		27,153	5(a)	27,308
Investment: equity method	69	—	—		—		69
Deferred tax assets	931	—	236	3	(1,135)	5(a)	32
Other non-current assets	1,478	699	(283)	3	(4)	5(a)	1,890
Total Assets	\$ 12,419	\$ 6,345	\$ —		\$ 47,963		\$ 66,727
Liabilities and Stockholders' Equity							
Current liabilities:							
Accounts payable	\$ 1,321	\$ 135	\$ —		\$ —		\$ 1,456
Payables to related parties	85	—	—		—		85
Accrued liabilities	2,424	—	433	3	229	5(a),(b)	3,086
Accrued payroll and related liabilities	—	352	(352)	3	—		—
Income taxes payable	—	75	(75)	3	—		—
Other accrued liabilities	—	122	(122)	3	—		—
Current portion of long-term debt, net	312	—	—		—		312
Other current liabilities	98	—	116	3	1	5(a)	215
Total current liabilities	4,240	684	—		230		5,154
Long-term debt, net of current portion	1	1,494	—		(20)	5(a)	1,475
Long-term operating lease liabilities	348	—	42	3	4	5(a)	394
Long-term income taxes payable	—	440	(440)	3	—		—
Other long-term liabilities	333	53	398	3	2,726	5(a)	3,510
Commitments and Contingencies							
Stockholders' equity:							
Capital stock:							
Common stock	12	2	—		2	5(c)	16
Additional paid-in capital	11,069	1,531	—		45,164	5(c)	57,764
Treasury stock, at cost	(2,130)	—	—		2,130	5(c)	—
(Accumulated deficit) retained earnings	(1,451)	2,152	—		(2,284)	5(d)	(1,583)
Accumulated other comprehensive loss	(3)	(11)	—		11	5(c)	(3)
Total stockholders' equity	7,497	3,674	—		45,023		56,194
Total Liabilities and Stockholders' Equity	\$ 12,419	\$ 6,345	\$ —		\$ 47,963		\$ 66,727

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED DECEMBER 25, 2021
(In millions, except per share amounts)

	Historical		Reclassification Adjustments	Note	Transaction Accounting Adjustments	Note	Pro Forma Combined	Note
	AMD Year Ended December 25, 2021	Xilinx Twelve Months Ended January 1, 2022					Year Ended December 25, 2021	
Net revenue	\$ 16,434	\$ 3,676	\$ —		\$ —		\$ 20,110	
Cost of sales	8,505	1,125	—		204	6(a),(b),(c),(e)	9,834	
Amortization of acquisition-related intangibles	—	37	—		1,579	6(d)	1,616	
Total cost of sales	8,505	1,162	—		1,783		11,450	
Gross profit	7,929	2,514	—		(1,783)		8,660	
Research and development	2,845	1,030	—		156	6(b),(c),(e),(f)	4,031	
Marketing, general and administrative	1,448	504	—		181	6(b),(c),(e),(f),(g)	2,133	
Licensing gain	(12)	—	—		—		(12)	
Amortization of acquisition-related intangibles	—	10	—		2,319	6(d)	2,329	
Operating income	3,648	970	—		(4,439)		179	
Interest expense	(34)	—	(44)	3	(1)	6(h)	(79)	
Interest and other income, net	—	13	(13)	3	—		—	
Other income, net	55	—	57	3	—		112	
Income before income taxes and equity income	3,669	983	—		(4,440)		212	
Income tax provision	513	54	—		(489)	6(i)	78	
Equity income in investee	6	—	—		—		6	
Net Income	<u>\$ 3,162</u>	<u>\$ 929</u>	<u>\$ —</u>		<u>\$ (3,951)</u>		<u>\$ 140</u>	
Net income per share								
Basic	\$ 2.61						\$ 0.09	
Diluted	\$ 2.57						\$ 0.08	
Shares used in per share calculation								
Basic	1,213						1,642	6(j)
Diluted	1,229						1,662	6(j)

See the accompanying Notes to Unaudited Pro Forma Condensed Combined Financial Information.

Note 1—Basis of Presentation

The accompanying unaudited pro forma condensed combined financial information was prepared in accordance with Article 11 of SEC Regulation S-X. AMD has a 52-to-53-week fiscal year that ends on the last Saturday in December and Xilinx had a 52-to-53-week fiscal year that ended on the Saturday nearest March 31. To comply with SEC rules and regulations for companies with different fiscal year ends, the unaudited pro forma condensed combined financial information has been prepared utilizing periods that differ by less than 93 days. Given the different fiscal year ends of AMD and Xilinx, the Xilinx historical unaudited condensed consolidated statement of operations for the twelve months ended January 1, 2022 has been derived from the unaudited condensed consolidated statements of operations for each of the three months ended April 3, 2021, July 3, 2021, October 2, 2021, and January 1, 2022. The AMD historical condensed financial statement of operations data for the fiscal year ended December 25, 2021 are derived from AMD's audited consolidated financial statements for the fiscal year ended December 25, 2021.

The unaudited pro forma condensed combined balance sheet as of December 25, 2021 was prepared using the historical audited consolidated balance sheet of AMD and historical unaudited condensed consolidated balance sheet of Xilinx as of December 25, 2021 and January 1, 2022, respectively, and presents the unaudited pro forma combined financial position of AMD and Xilinx as if the merger occurred on December 25, 2021.

The unaudited pro forma condensed combined statement of operations for the fiscal year ended December 25, 2021 gives effect to the merger as if it had occurred on December 27, 2020, the beginning of AMD's fiscal 2021 year. The unaudited pro forma condensed combined statement of operations is presented on the basis of AMD's fiscal year and combines the historical results of the fiscal periods of AMD and Xilinx.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with the provisions of ASC 805, *Business Combinations*, with AMD representing the acquirer under this guidance. In the unaudited pro forma condensed combined balance sheet, AMD's purchase consideration associated with the Xilinx acquisition has been allocated to the assets acquired and liabilities assumed, based upon their respective fair values as of the Acquisition Date.

Any excess of the purchase consideration over the fair value of identified tangible and intangible assets acquired and liabilities assumed is recognized as goodwill. Management believes the estimated fair values utilized for the assets acquired and liabilities assumed are based on reasonable estimates and assumptions. The fair values are subject to adjustment for up to one year after the close of the transaction as additional information is obtained.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of any anticipated synergies, operating efficiencies or cost savings that may result from the merger transaction or of any integration costs.

This unaudited pro forma condensed combined financial information should be read in conjunction with:

- the separate historical audited consolidated financial statements of AMD for the fiscal year ended December 25, 2021, included in AMD's Annual Report on Form 10-K filed with the SEC on February 3, 2022;
- the separate historical unaudited condensed consolidated financial statements of Xilinx as of and for the nine months ended January 1, 2022, included in Xilinx's Quarterly Report on Form 10-Q filed with the SEC on January 27, 2022; and
- the separate historical audited consolidated financial statements of Xilinx for the fiscal year ended April 3, 2021, included in Xilinx's Annual Report on Form 10-K filed with the SEC on May 14, 2021;

Note 2—Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set out in AMD's audited financial statements as of and for the year ended December 25, 2021. Management has completed the review of Xilinx's accounting policies and has determined that no significant adjustments are necessary to conform Xilinx's historical consolidated financial statements to the accounting policies used by AMD in the preparation of the unaudited pro forma condensed combined financial information. Certain reclassification adjustments have been reflected in the pro forma financial information to conform Xilinx's presentation to AMD's presentation in the unaudited pro forma condensed combined balance sheet and unaudited

pro forma condensed combined statement of operations. These reclassifications have no effect on previously reported total assets, total liabilities, and stockholders' equity, or income from continuing operations of AMD or Xilinx.

Note 3—Reclassifications

The following reclassification adjustments were made to conform the presentation of Xilinx's financial information to AMD's presentation as indicated in the table below:

Balance Sheet as of December 25, 2021

Amount (in millions)	Presentation in Xilinx's Historical Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information
\$ 47	Other non-current assets	Operating lease right-of use assets
236	Other non-current assets	Deferred tax assets
352	Accrued payroll and related liabilities	Accrued liabilities
75	Income taxes payable	Other current liabilities
41	Other accrued liabilities	Other current liabilities
81	Other accrued liabilities	Accrued liabilities
42	Other long-term liabilities	Long-term operating lease liabilities
440	Long-term income taxes payable	Other long-term liabilities

Statement of Operations for the Fiscal Year Ended December 25, 2021

Amount (in millions)	Presentation in Xilinx's Historical Financial Statements	Presentation in Unaudited Pro Forma Condensed Combined Financial Information
\$ (44)	Interest and other income, net	Interest expense
57	Interest and other income, net	Other income, net

Note 4—Purchase Consideration and Allocation

Purchase Consideration

The purchase consideration is approximately \$48.8 billion, based on the closing price of AMD common stock on Nasdaq of \$113.18 on February 11, 2022, as the transaction closed prior to the opening of markets on February 14, 2022. The purchase consideration is as follows:

(Amounts in millions, except exchange ratio and share price data)	
Xilinx common shares	249 (1)
Exchange ratio	1.7234
AMD shares issued in exchange	429
AMD closing share price	\$113.18 (2)
Purchase consideration paid at closing	48,514
Estimated fair value of restricted stock unit awards ("RSUs") assumed (including Xilinx performance-based RSUs converted to AMD RSUs)	1,226 (3)
Less: Estimated fair value of RSUs to be recorded as post-combination expense	(951) (3)
Estimated value of AMD replacement equity awards attributable to pre-combination service	275
Other	4
Total purchase consideration	<u>\$48,793</u>

- (1) Represents 249 million shares of Xilinx common stock issued and outstanding as of February 14, 2022.
- (2) Represents the closing price of the AMD common stock on the Nasdaq on February 11, 2022.
- (3) \$1,226 million represents the fair value of Xilinx RSUs that were assumed by AMD upon completion of the merger. \$951 million represents the fair value of Xilinx RSUs to be expensed over the future service period.

Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Xilinx are recorded at their fair values as of the Acquisition Date and added to those of AMD. The purchase price allocation shown below is based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and has been prepared to illustrate the estimated effect of the merger. AMD has performed the fair valuation of Xilinx's assets and liabilities. The fair values are subject to adjustment for up to one year after the close of the transaction as additional information is obtained.

The following table sets forth the allocation of the total purchase consideration to the identifiable tangible and intangible assets acquired and liabilities assumed, based on Xilinx's balance sheet at January 1, 2022, with excess recorded as goodwill:

	Amount (in millions)
Purchase consideration	\$ 48,793
Cash and cash equivalents	1,939
Short-term investments	1,763
Accounts receivable	439
Inventories	515
Prepaid expenses and other current assets	58
Property, plant and equipment	696
Operating lease right-of-use assets	62
Acquisition-related intangibles	27,308
Deferred tax assets	12
Other assets	416
Total Assets	33,208
Accounts payable	135
Accrued liabilities	570
Other current liabilities	117
Long-term debt	1,474
Long-term operating lease liabilities	46
Other long-term liabilities	4,088
Total Liabilities	6,430
Fair value of net assets acquired	26,778
Goodwill	\$ 22,015

Goodwill represents the excess of acquisition consideration over the fair value of the underlying net assets acquired. In accordance with ASC 350, *Goodwill and Other Intangible Assets*, goodwill is not amortized, but instead is reviewed for impairment at least annually, absent any indicators of impairment. Goodwill is attributable to the assembled workforce of Xilinx, planned growth in new markets and synergies expected to be achieved from the combined operations of AMD and Xilinx. Goodwill recorded in the merger is not deductible for tax purposes.

The fair value adjustments are further described below in Notes 5 and 6.

Other Long-Term Liabilities

The Other long-term liabilities relate primarily to deferred tax liabilities, at the effective date of the merger and which principally represent the deferred tax impact associated with the incremental differences in book and tax basis created from the purchase price allocation. Deferred taxes associated with estimated fair value adjustments are computed using a blended statutory U.S. federal and state tax rate, net of tax effects of state valuation allowances and applicable foreign jurisdiction statutory rates, primarily in Singapore. For balance sheet purposes, each jurisdiction's enacted tax rates were based on the applicable tax laws. The effective tax rate of the combined company could be significantly different (either higher or lower) depending on post-acquisition activities, cash needs, the geographical mix of income and changes in tax law.

Intangible Assets

Identifiable intangible assets in the unaudited pro forma condensed combined financial information consist of the following:

	Fair Value (In millions)	Estimated Useful Life (In Years)
Developed technology	\$ 12,295	12 to 20
Customer relationships	12,290	2 to 15
Backlog	793	1
Corporate trade name	65	1
Product trademarks	895	12
Identified intangible assets subject to amortization	26,338	
In-process research and development not subject to amortization	970	N/A
Total identified intangible assets	<u>\$ 27,308</u>	

The fair value for all identifiable intangible assets is based on assumptions that market participants would use in pricing an asset, based on the most advantageous market for the asset (i.e., its highest and best use).

In-process research and development recorded at fair value as an indefinite-lived intangible asset as of Acquisition Date is initially not amortized. Instead, the in-process research and development will be tested for impairment annually and whenever events or changes in circumstances indicate that the project may be impaired. Once the in-process research and development reach technological feasibility, the Company will begin to amortize the intangible asset over its estimated useful life.

The amortization related to the identifiable intangible assets is reflected as a pro forma adjustment in the unaudited pro forma condensed combined statements of operations based on the estimated useful lives above.

Note 5—Unaudited Pro Forma Condensed Combined Balance Sheet Adjustments

(a) Reflects the adjustments of fair value of assets acquired and liabilities assumed as a result of acquisition accounting. Refer to Note 4 for details.

Goodwill

	Amount (in millions)
Elimination of Xilinx's historical goodwill	\$ (633)
Goodwill from the Xilinx acquisition	22,015
Adjustment to goodwill	<u>\$ 21,382</u>

Acquisition-related Intangibles, net

	Amount (in millions)
Elimination of Xilinx's historical acquisition-related intangible assets	\$ (155)
Acquisition-related intangible assets from the Xilinx acquisition	27,308
Adjustment to acquisition-related intangible assets	<u>\$ 27,153</u>

Property and Equipment, net

	Amount (in millions)
Elimination of Xilinx's historical property and equipment	\$ (328)
Fair value of property and equipment from the Xilinx acquisition	696
Adjustment to property and equipment	<u>\$ 368</u>

Inventories

	Amount (in millions)
Elimination of Xilinx's historical inventories	\$ (331)
Fair value of inventories from the Xilinx acquisition	515
Adjustment to inventories	<u>\$ 184</u>

Leases

The adjustments to Operating lease right-of-use assets, Other current liabilities and Long-term operating lease liabilities of \$15.0 million, \$1.0 million and \$4.0 million, respectively, represent adjustments to right-of-use assets and lease liabilities using AMD discount rate assumptions and reflecting favorable or unfavorable lease positions.

Deferred Tax Assets

The adjustment to Deferred tax assets of \$1.1 billion represents reclassification of AMD's and Xilinx's historical U.S. deferred tax assets to deferred tax liabilities which is presented in Other long-term liabilities as the combined company has a net deferred tax liability position primarily due to tax impact associated with the incremental differences in book and tax basis created from the purchase price allocation.

Other Non-current Assets

The adjustment to Other non-current assets of \$4.0 million represents elimination of net book value of Xilinx licenses acquired by the Company before the merger.

Accrued Liabilities

The adjustment to Accrued liabilities includes adjustment of \$137.0 million to increase Xilinx accrued liabilities for amounts due to Xilinx advisors as a result of the successful completion of the merger. These costs represent Xilinx's pre-acquisition expense and AMD's assumed liability upon close of the merger.

Long-term Debt, net of current portion

	Amount (in millions)
Elimination of Xilinx's historical long-term debt	\$ (1,494)
Fair value of Xilinx's long-term debt	1,474
Adjustment to long-term debt	<u>\$ (20)</u>

Other Long-term Liabilities

	Amount (in millions)
Increase in Xilinx's deferred tax liability upon acquisition	\$ 3,782
Increase in Xilinx's other long-term tax liability upon acquisition	79
Reclassification of deferred tax assets	(1,135)
Adjustment to other long-term liabilities	<u>\$ 2,726</u>

The net adjustment to Other long-term liabilities of \$2.7 billion reflects an increase in deferred tax liabilities of \$3.8 billion associated with incremental differences in book and tax basis created from the purchase price allocation, primarily related to acquired identifiable intangible assets that are not tax-deductible. We have computed deferred tax impacts reflecting Xilinx as a member of the combined company's U.S. consolidated tax return following the acquisition.

(b) Represents adjustments to the combined company Accrued liabilities balance for (i) Xilinx retention bonuses of \$7.0 million paid or payable upon close of the merger, (ii) transaction costs of \$60.0 million paid or payable in connection with completing the merger and (iii) the expected one-time post-combination expense consisting of severance and other separation benefits of \$25.0 million in connection with the termination of certain employees. Also see 5(d).

(c) Reflects the elimination of Xilinx's historical common stock, additional paid-in capital and accumulated other comprehensive loss, as well as adjustments to reflect the value of shares exchanged, and replacement equity awards.

Common Stock

	Amount (in millions)
Elimination of par value of Xilinx's historical common stock	\$ (2)
Par value of AMD common stock issued for outstanding shares of Xilinx's common stock	4
Adjustment to common stock	<u>\$ 2</u>

Additional Paid-in Capital

	Amount (in millions)
Elimination of Xilinx's historical additional paid-in capital	\$ (1,531)
Value of AMD common stock issued for outstanding shares of Xilinx common stock	48,514
Par value of AMD common stock issued for outstanding shares of Xilinx common stock	(4)
Value of AMD treasury stock issued for outstanding shares of Xilinx common stock	(2,130)
Value of AMD replacement equity awards attributable to pre-combination service	275
Adjustment for equity award accelerations	40
Adjustment to additional paid-in capital	<u>\$ 45,164</u>

(d) Reflects the adjustment to (i) eliminate Xilinx's historical retained earnings after pro forma adjustments, (ii) record Xilinx retention bonuses, (iii) record transaction costs, (iv) record severance and other separation benefits and (v) record equity award accelerations. The transaction costs primarily consist of fees for investment banking, legal and accounting services. The adjustments for transaction costs are also reflected in the unaudited pro forma condensed combined statements of operations. The adjustment to accumulated deficit is as follows:

	Amount (in millions)
Elimination of Xilinx's retained earnings	\$ (2,152)
Adjustment for retention bonuses	(7)
Adjustment for transaction costs	(60)
Adjustment for severance and other separation benefits	(25)
Adjustment for equity award accelerations	(40)
Total adjustment to accumulated deficit	<u>\$ (2,284)</u>

Note 6—Unaudited Pro Forma Condensed Combined Statements of Operations Adjustments

(a) Represents the adjustments to record the additional cost of sales of \$184.0 million for the year ended December 25, 2021 for the step-up in fair value of inventories. The step-up in fair value of inventories is amortized to costs of sales on a straight-line basis over the expected turn of approximately one quarter.

(b) Represents the adjustments to record the additional stock-based compensation expense of \$167.0 million for the year ended December 25, 2021 for the differences between the fair value of the unvested portion of the Xilinx equity awards replaced in connection with the merger and the historical grant date fair value of unvested portion of these awards. The value for the replacement awards is based on the AMD stock price as of February 11, 2022, as the transaction closed prior to the opening of markets on February 14, 2022. The breakdown of the adjustment is as follows:

	Pro Forma Year Ended December 25, 2021 (in millions)
Cost of sales	\$ 8
Research and development	106
Marketing, general and administrative	53
Adjustment to share-based compensation	<u>\$ 167</u>

(c) Represents the adjustments to record the additional depreciation expense of \$58.0 million for the year ended December 25, 2021 for the estimated step-up in fair value of property and equipment, net. The estimated fair value of property and equipment, net is depreciated on a straight-line basis over the estimated useful lives of each acquired property and equipment. The breakdown of the adjustment is as follows:

	Pro Forma Year Ended December 25, 2021 (in millions)
Cost of sales	\$ 11
Research and development	42
Marketing, general and administrative	5
Adjustment to depreciation expense	<u>\$ 58</u>

(d) Represents the adjustments to record (i) the elimination of Xilinx's historical amortization expense and (ii) recognition of new amortization expense related to identifiable intangible assets. The amortization of all finite-lived intangible assets is based on the periods over which the economic benefits of the intangible assets are expected to be realized, which are subject to further adjustment as additional information becomes available. The amortization related to customer relationships is on an accelerated amortization basis while the amortization of other finite-lived identifiable intangible assets is on a straight-line basis.

Cost of sales

	Pro Forma Year Ended December 25, 2021 (in millions)
Elimination of Xilinx's historical intangible asset amortization	\$ (37)
Amortization of purchased identifiable intangible assets	1,616
Adjustment to intangible asset amortization expense	<u>\$ 1,579</u>

Operating expense

	Pro Forma Year Ended December 25, 2021 (in millions)
Elimination of Xilinx's historical intangible asset amortization	\$ (10)
Amortization of purchased identifiable intangible assets	2,329
Adjustment to intangible asset amortization expense	<u>\$ 2,319</u>

(e) Represents the adjustment to record Xilinx retention bonuses of \$7.0 million paid or payable upon close of the merger.

	Pro Forma Year Ended December 25, 2021 (in millions)
Cost of sales	\$ 1
Research and development	2
Marketing, general and administrative	4
Adjustment to compensation expense	<u>\$ 7</u>

(f) Represents the expected post-combination compensation expense of \$40.0 million related to the decision to accelerate the equity awards of certain employees.

	Pro Forma Year Ended December 25, 2021 (in millions)
Research and development	6
Marketing, general and administrative	34
Adjustment to compensation expense	<u>\$ 40</u>

(g) Represents (i) the expected one-time post-combination expense of \$25.0 million consisting of severance and other separation benefits in connection with the termination of certain employees and (ii) transaction costs of \$60.0 million paid or payable in connection with completion of the merger. The transaction costs primarily consist of fees for investment banking, legal and accounting services.

(h) Represents the adjustment to amortize the difference between the fair value of the Xilinx's outstanding debt as a result of acquisition accounting and its historical carrying value over the remaining term of the instruments.

	Pro Forma Year Ended December 25, 2021 (in millions)
Adjustment to interest expense	<u>(1)</u>

(i) Represents tax effects of the pro forma adjustments based on either the applicable statutory jurisdictional or lower negotiated jurisdictional tax rates applicable to the Company. AMD's effective tax rate following the Xilinx acquisition may be affected by various factors, including tax planning, and therefore may differ materially.

(j) Represents the pro forma weighted average shares outstanding that have been calculated using the historical weighted average shares of AMD common stock outstanding and the additional shares of AMD common stock issued in conjunction with the merger, assuming those shares were outstanding for the fiscal year ended December 25, 2021. In addition, pro forma diluted weighted average shares reflect replacement equity awards issued in conjunction with the merger, if deemed to be dilutive.

Pro Forma Basic and Diluted Weighted Average Shares

	Pro Forma Year Ended December 25, 2021 (in millions)
Historical AMD weighted average shares outstanding—basic	1,213
Shares of AMD common stock issued to Xilinx stockholders pursuant to Merger Agreement	429
Pro forma weighted average shares—basic	<u>1,642</u>
	Pro Forma Year Ended December 25, 2021 (in millions)
Historical AMD weighted average shares outstanding—diluted	1,229
Shares of AMD common stock issued to Xilinx stockholders pursuant to Merger Agreement	429
Dilutive impact of replacement equity awards	4
Pro forma weighted average shares—diluted	<u>1,662</u>