

**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  
July 25, 2017  
Date of Report (Date of earliest event reported)

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**ADVANCED MICRO DEVICES, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State of  
Incorporation)

**001-07882**  
(Commission  
File Number)

**94-1692300**  
(IRS Employer  
Identification Number)

**One AMD Place**

**Sunnyvale, California 94085**  
(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)

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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))

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.

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**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 July 25, 2017, Advanced Micro Devices, Inc. (the “Company”) announced its financial position and results of operations as of and for its fiscal quarter ended July 1, 2017 in a press release that is attached hereto as Exhibit 99.1. Attached hereto as Exhibit 99.2 is financial information and commentary by Devinder Kumar, Senior Vice President, Chief Financial Officer and Treasurer of the Company, regarding the Company’s fiscal quarter ended July 1, 2017.

To supplement the Company’s financial results presented on a U.S. Generally Accepted Accounting Principles (“GAAP”) basis, the Company’s earnings press release and CFO commentary contain non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP research and development and marketing, general and administrative expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP earnings (loss) per share, non-GAAP interest expense, taxes and other, 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**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Press release dated July 25, 2017
99.2	CFO Commentary on 2017 Second Quarter Results

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**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: July 25, 2017

**ADVANCED MICRO DEVICES, INC.**

**By:**

*/s/ Devinder Kumar*

**Name:**

**Devinder Kumar**

**Title:**

**Senior Vice President, Chief Financial Officer & Treasurer**



## NEWS RELEASE

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### AMD Reports Second Quarter 2017 Financial Results

- Revenue Increased 19 Percent Year-over-Year -

**SUNNYVALE, Calif. - July 25, 2017** - [AMD](#) (NASDAQ:AMD) today announced revenue for the second quarter of 2017 of \$1.22 billion, operating income of \$25 million, and net loss of \$16 million, or \$(0.02) per share. On a non-GAAP<sup>(1)</sup> basis, operating income was \$49 million, net income was \$19 million, and earnings per share was \$0.02.

#### GAAP Financial Results

	Q2-17	Q1-17	Q2-16
Revenue	\$1.22B	\$984M	\$1.03B
Operating income (loss)	\$25M	\$(29)M	\$(8)M
Net income (loss)	\$(16)M	\$(73)M	\$69M
Earnings (loss) per share	\$(0.02)	\$(0.08)	\$0.08

#### Non-GAAP Financial Results<sup>(1)</sup>

	Q2-17	Q1-17	Q2-16
Revenue	\$1.22B	\$984M	\$1.03B
Operating income (loss)	\$49M	\$(6)M	\$3M
Net income (loss)	\$19M	\$(38)M	\$(40)M
Earnings (loss) per share	\$0.02	\$(0.04)	\$(0.05)

"Our second quarter results demonstrate strong growth driven by leadership products and focused execution," said Dr. Lisa Su, AMD president and CEO. "Our Ryzen desktop processors, Vega GPUs, and EPYC datacenter products have received tremendous industry recognition. We are very pleased with our improved financial performance, including double digit revenue growth and year-over-year gross margin expansion on the strength of our new products."

## Q2 2017 Results

- On a GAAP basis, revenue was \$1.22 billion, up 19 percent year-over-year, driven by higher revenue in the Computing and Graphics segment. Revenue was up 24 percent sequentially, driven by increased sales in both business segments. Gross margin was 33 percent, up 2 percentage points year-over-year due to a richer product mix and a higher percentage of revenue from the Computing and Graphics segment, driven by the first full quarter of Ryzen processor sales. On a sequential basis, gross margin declined 1 percentage point due to a higher percentage of revenue from the Enterprise, Embedded and Semi-Custom segment. Operating income was \$25 million compared to an operating loss of \$8 million a year ago and an operating loss of \$29 million in the prior quarter. Net loss was \$16 million compared to net income of \$69 million a year ago and a net loss of \$73 million in the prior quarter. Loss per share was \$0.02 compared to diluted earnings per share of \$0.08 a year ago (which included a pre-tax gain of \$150 million related to our ATMP JV transaction) and a loss per share of \$0.08 in the prior quarter.
- On a non-GAAP<sup>(1)</sup> basis, operating income was \$49 million compared to operating income of \$3 million a year ago and an operating loss of \$6 million in the prior quarter. Net income was \$19 million compared to a net loss of \$40 million a year ago and a net loss of \$38 million in the prior quarter. Diluted earnings per share was \$0.02 compared to a loss per share of \$0.05 a year ago and a loss per share of \$0.04 in the prior quarter.
- Cash, cash equivalents, and marketable securities were \$844 million at the end of the quarter, compared to \$943 million in the prior quarter.

## Quarterly Financial Segment Summary

- Computing and Graphics segment revenue was \$659 million, up 51 percent year-over-year, driven by demand for graphics and Ryzen desktop processors.
  - Operating income was \$7 million, compared to an operating loss of \$81 million in Q2 2016. The year-over-year improvement was driven primarily by higher revenue and improved product mix.
  - Client average selling price (ASP) increased significantly year-over-year, as desktop processor ASP increased due to the first full quarter of Ryzen processor shipments.
  - GPU ASP increased year-over-year.
- Enterprise, Embedded and Semi-Custom segment revenue was \$563 million, down 5 percent year-over-year primarily due to lower semi-custom SoC sales. In the quarter, AMD reached an important milestone by recognizing initial revenue from EPYC datacenter processor shipments.
  - Operating income was \$42 million, compared to operating income of \$84 million in Q2 2016. The year-over-year decrease was primarily due to lower revenue and higher datacenter related R&D investments.

- All Other operating loss was \$24 million compared with an operating loss of \$11 million in Q2 2016. The year-over-year difference in operating loss was related to stock-based compensation charges and a \$7 million restructuring credit in Q2 2016.

## Q2 2017 Highlights

- AMD [launched](#) its new “Zen” architecture-based EPYC™ 7000 series processors, returning innovation and choice to the x86 server market with record setting single and dual-socket performance and product introductions from 10 of the world’s largest server manufacturers.
- AMD [introduced](#) its upcoming high-end desktop solution targeted at the world’s fastest ultra-premium desktop systems, the Ryzen™ Threadripper™ CPU.
- AMD [unveiled](#) new details about its upcoming Ryzen™ 3 desktop CPUs.
- AMD [launched](#) its Ryzen™ PRO desktop processors, designed to bring reliability, security, and performance to enterprise desktops.
- AMD announced that [Radeon Instinct™](#) accelerators, including Radeon Instinct MI25, MI8, and MI6, together with AMD’s open ROCm 1.6 software platform, will ship in Q3 2017.
- AMD launched the [Radeon™ Vega Frontier Edition](#) graphics card which expands the capacity of traditional GPU memory to 256TB by leveraging system memory.
- AMD introduced the [Radeon™ RX 580 and Radeon™ RX 570](#) graphics cards, engineered using the 2nd generation Polaris architecture for smooth gaming in leading AAA games at HD resolutions and higher.
- Microsoft® [unveiled](#) new details and branding for its Xbox One X™ (formerly “Project Scorpio”), which features an AMD semi-custom chip.
- AMD [announced](#) that it has been selected by the Department of Energy’s Exascale Computing Project (ECP) to accelerate critical computing technology research for the development of the nation’s first exascale supercomputers.
- At Financial Analyst Day, AMD [detailed](#) the next phase of its long-term growth strategy focused on delivering products and technologies for a combined \$60 billion market for PCs, immersive devices, and datacenters.
- AMD [announced](#) the appointment of Abhi Y. Talwalkar to its board of directors.

## 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 third quarter of 2017, AMD expects revenue to increase approximately 23 percent sequentially, plus or minus 3 percent. The midpoint of guidance would result in third quarter 2017

revenue increasing approximately 15 percent year-over-year. AMD now expects annual revenue to increase by a mid to high-teens percentage, compared to prior guidance of low double digit percentage revenue growth.

For additional details regarding AMD's results and outlook please see the CFO commentary posted at [quarterlyearnings.amd.com](http://quarterlyearnings.amd.com).

#### **AMD Teleconference**

AMD will hold a conference call for the financial community at 2:00 p.m. PT (5:00 p.m. ET) today to discuss its second quarter 2017 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](http://www.amd.com). The webcast will be available for 12 months after the conference call.

## Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions except percentages)	Q2-17		Q1-17		Q2-16	
<b>GAAP Gross Margin</b>	\$	404	\$	331	\$	319
<b>GAAP Gross Margin %</b>		33%		34%		31%
Stock-based compensation		1		—		—
<b>Non-GAAP Gross Margin</b>	\$	405	\$	331	\$	319
<b>Non-GAAP Gross Margin %</b>		33%		34%		31%

## Reconciliation of GAAP to Non-GAAP Operating Income (Loss)

(Millions)	Q2-17		Q1-17		Q2-16	
<b>GAAP operating income (loss)</b>	\$	25	\$	(29)	\$	(8)
Restructuring and other special charges, net		—		—		(7)
Stock-based compensation		24		23		18
<b>Non-GAAP operating income (loss)</b>	\$	49	\$	(6)	\$	3

## Reconciliation of GAAP to Non-GAAP Net Income (Loss) / Income (Loss) per share

(Millions except per share amounts)	Q2-17		Q1-17		Q2-16			
<b>GAAP net income (loss) / income (loss) per share</b>	\$	(16)	\$	(0.02)	\$	69	\$	0.08
Loss on debt redemption		3		—		4		—
Non-cash interest expense related to convertible debt		5		0.01		6		0.01
Restructuring and other special charges, net		—		—		—		(7)
Stock-based compensation		24		0.02		23		0.02
Equity loss in investee		3		—		2		—
Gain on sale of 85% of ATMP JV		—		—		—		(150)
Tax provision related to sale of 85% of ATMP JV		—		—		—		27
<b>Non-GAAP net income (loss) / income (loss) per share*</b>	\$	19	\$	0.02	\$	(38)	\$	(0.04)
								(40)
								(0.05)

\*Q2 2017 GAAP net loss per share is calculated based on 945 million basic and diluted weighted-average shares of common stock. Non-GAAP net income per share is calculated based on 1,036 million diluted weighted-average shares of common stock.

## About AMD

For more than 45 years, AMD has driven innovation in high-performance computing, graphics, and visualization technologies - the building blocks for gaming, immersive platforms, and the datacenter. 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) including AMD's expected third quarter 2017 revenue and expected fiscal 2017 revenue; and the features, functionality, timing, availability, expectations and benefits of AMD future products, 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 may limit AMD's ability to compete effectively; AMD has a wafer supply agreement with GF with obligations to purchase all of its microprocessor and APU product requirements, and a certain portion of its GPU product requirements from GLOBALFOUNDRIES Inc. (GF), with limited exceptions. If GF is not able to satisfy AMD's manufacturing requirements, AMD's business could be adversely impacted; AMD relies on third parties to manufacture its products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, AMD's business could be materially adversely affected; failure to achieve expected manufacturing yields for AMD's products could negatively impact its financial results; the success of AMD's business is dependent upon its 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; if AMD cannot generate sufficient revenue and operating cash flow or obtain external financing, it may face a cash shortfall and be unable to make all of its planned investments in research and development or other strategic investments; the loss of a significant customer may have a material adverse effect on AMD; AMD's receipt of revenue from its semi-custom SoC products is dependent upon its technology being designed into third-party products and the success of those products; global economic uncertainty may adversely impact AMD's business and operating results; the markets in which AMD's products are sold are highly competitive; AMD may not be able to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD has a substantial amount of indebtedness which could adversely affect its financial position and prevent it from implementing its strategy or fulfilling its contractual obligations; the agreements governing AMD's notes and the Secured Revolving Line of Credit impose restrictions on AMD that may adversely affect its ability to operate its business; AMD's issuance to West Coast Hitech L.P. (WCH) of warrants to purchase 75 million shares of its common stock, if and when exercised, will dilute the ownership interests of its existing stockholders, and the conversion of the 2.125% Convertible Senior Notes due 2026 may dilute the ownership interest of its existing stockholders, or may otherwise depress the price of its common stock; uncertainties involving the ordering and shipment of AMD's products could materially adversely affect it; the demand for AMD's products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for AMD's products or a market decline in any of these industries could have a material adverse effect on its results of operations; AMD's ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property; AMD depends on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components to support its business; if AMD loses Microsoft Corporation's support for its products or other software vendors do not design and develop software to run on AMD's products, its ability to sell its products could be materially adversely affected; AMD's reliance on third-party distributors and AIB partners subjects it to certain risks; AMD's inability to continue to attract and retain qualified personnel may hinder its business; in the event of a change of control, AMD may not be able to repurchase its outstanding debt as required by the applicable indentures and its Secured Revolving Line of Credit, which would result in a default under the indentures and its Secured Revolving Line of Credit; the semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect its business in the future; acquisitions, divestitures and/or joint ventures could disrupt its business, harm its financial condition and operating results or dilute, or adversely affect the price of, its common stock; AMD's business is dependent upon the proper functioning of its internal business processes and information systems and modification or interruption of such systems may disrupt its business, processes and internal controls; data breaches and cyber-attacks could compromise AMD's intellectual property or other sensitive information, be costly to remediate and cause significant damage to its business and reputation; AMD's operating results are subject to quarterly and seasonal sales patterns; if essential equipment, materials or manufacturing processes are not available to manufacture its products, AMD could be materially adversely affected; if AMD's products are not compatible with some or all industry-standard software and hardware, it could be materially adversely affected; costs related to defective products could have a material adverse effect on AMD; if AMD fails to maintain the efficiency of its supply chain as it responds to changes in customer demand for its products, its business could be materially adversely affected; AMD outsources to third parties certain supply-chain logistics functions, including portions of its product distribution, transportation management and information technology support services; AMD may incur future impairments of goodwill; AMD's stock price is subject to volatility; AMD's worldwide operations are subject to political, legal

and economic risks and natural disasters, which could have a material adverse effect on it; worldwide political conditions may adversely affect demand for AMD's products; unfavorable currency exchange rate fluctuations could adversely affect AMD; AMD's inability to effectively control the sales of its products on the gray market could have a material adverse effect on it; if AMD cannot adequately protect its technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, it may lose a competitive advantage and incur significant expenses; AMD is a party to litigation and may become a party to other claims or litigation that could cause it to incur substantial costs or pay substantial damages or prohibit it from selling its products; AMD's business is subject to potential tax liabilities; and AMD is subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in additional costs and liabilities. 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 April 1, 2017.

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*AMD, the AMD Arrow logo, AMD Ryzen, AMD Radeon 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.*

1. 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 income (loss), non-GAAP net income (loss) and non-GAAP earnings (loss) per share. These non-GAAP financial measures reflect certain adjustments as presented in the tables in this earnings press release. AMD 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.

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Net revenue	\$ 1,222	\$ 984	\$ 1,027	\$ 2,206	\$ 1,859
Cost of sales	818	653	708	1,471	1,271
Gross margin	404	331	319	735	588
Gross margin %	33%	34%	31%	33%	32%
Research and development	279	266	243	545	485
Marketing, general and administrative	125	121	117	246	222
Restructuring and other special charges, net	—	—	(7)	—	(10)
Licensing gain	(25)	(27)	(26)	(52)	(33)
Operating income (loss)	25	(29)	(8)	(4)	(76)
Interest expense	(32)	(32)	(41)	(64)	(81)
Other income (expense), net	(3)	(5)	150	(8)	150
Income (loss) before equity loss and income taxes	(10)	(66)	101	(76)	(7)
Provision for income taxes	3	5	29	8	30
Equity loss in investee	(3)	(2)	(3)	(5)	(3)
Net income (loss)	\$ (16)	\$ (73)	\$ 69	\$ (89)	\$ (40)
Net income (loss) per share					
Basic	\$ (0.02)	\$ (0.08)	\$ 0.09	\$ (0.09)	\$ (0.05)
Diluted	\$ (0.02)	\$ (0.08)	\$ 0.08	\$ (0.09)	\$ (0.05)
Shares used in per share calculation					
Basic	945	939	794	942	794
Diluted	945	939	821	942	794

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Total comprehensive income (loss)	\$ (12)	\$ (72)	\$ 72	\$ (84)	\$ (35)

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

	July 1, 2017	December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 760	\$ 1,264
Marketable securities	84	—
Accounts receivable, net	614	311
Inventories, net	833	751
Prepayment and other receivables - related parties	10	32
Prepaid expenses	68	63
Other current assets	142	109
Total current assets	2,511	2,530
Property, plant and equipment, net	200	164
Goodwill	289	289
Investment: equity method	58	59
Other assets	312	279
<b>Total Assets</b>	<b>\$ 3,370</b>	<b>\$ 3,321</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Short-term debt	42	—
Accounts payable	483	440
Payables to related parties	374	383
Accrued liabilities	430	391
Other current liabilities	48	69
Deferred income on shipments to distributors	72	63
Total current liabilities	1,449	1,346
Long-term debt, net	1,375	1,435
Other long-term liabilities	129	124
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value	9	9
Additional paid-in capital	8,405	8,334
Treasury stock, at cost	(105)	(119)
Accumulated deficit	(7,892)	(7,803)
Accumulated other comprehensive loss	—	(5)
Total Stockholders' equity	\$ 417	\$ 416
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,370</b>	<b>\$ 3,321</b>

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

	Three Months Ended	Six Months Ended
	July 1, 2017	July 1, 2017
<b>Cash flows from operating activities:</b>		
Net loss	\$ (16)	\$ (89)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization	35	69
Stock-based compensation expense	24	47
Non-cash interest expense	9	18
Loss on debt redemption	3	7
Other	(4)	1
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	(120)	(303)
Inventories	6	(82)
Prepayment and other receivables - related parties	21	22
Prepaid expenses and other assets	(26)	(56)
Payables to related parties	45	(9)
Accounts payable, accrued liabilities and other	(59)	(6)
<b>Net cash used in operating activities</b>	<b>\$ (82)</b>	<b>\$ (381)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(12)	(35)
Purchases of available-for-sale securities	—	(221)
Proceeds from maturity of available-for-sale securities	137	137
Other	(1)	(3)
<b>Net cash provided by (used in) investing activities</b>	<b>\$ 124</b>	<b>(122)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings, net	42	42
Proceeds from issuance of common stock under stock-based compensation equity plans	2	10
Repayments of long-term debt	(42)	(42)
Other	(6)	(11)
<b>Net cash used in financing activities</b>	<b>\$ (4)</b>	<b>\$ (1)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>38</b>	<b>(504)</b>
Cash and cash equivalents at beginning of period	\$ 722	\$ 1,264
<b>Cash and cash equivalents at end of period</b>	<b>\$ 760</b>	<b>\$ 760</b>

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

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
<b>Segment and Category Information</b>					
Computing and Graphics <sup>(1)</sup>					
Net revenue	\$ 659	\$ 593	\$ 435	\$ 1,252	\$ 895
Operating income (loss)	\$ 7	\$ (15)	\$ (81)	\$ (8)	\$ (151)
Enterprise, Embedded and Semi-Custom <sup>(2)</sup>					
Net revenue	563	391	592	954	964
Operating income	42	9	84	51	100
All Other <sup>(3)</sup>					
Net revenue	—	—	—	—	—
Operating loss	(24)	(23)	(11)	(47)	(25)
<b>Total</b>					
Net revenue	\$ 1,222	\$ 984	\$ 1,027	\$ 2,206	\$ 1,859
Operating income (loss)	\$ 25	\$ (29)	\$ (8)	\$ (4)	\$ (76)
<b>Other Data</b>					
Capital expenditures <sup>(4)</sup>	\$ 12	\$ 23	\$ 21	\$ 35	\$ 47
Adjusted EBITDA <sup>(5)</sup>	\$ 84	\$ 28	\$ 36	\$ 112	\$ 14
Cash, cash equivalents and marketable securities	\$ 844	\$ 943	\$ 957	\$ 844	\$ 957
Free cash flow <sup>(6)</sup>	\$ (94)	\$ (322)	\$ (106)	\$ (416)	\$ (174)
Total assets	\$ 3,370	\$ 3,299	\$ 3,316	\$ 3,370	\$ 3,316
Total debt	\$ 1,417	\$ 1,408	\$ 2,238	\$ 1,417	\$ 2,238

(1) The Computing and Graphics segment primarily includes desktop and notebook processors and chipsets, discrete graphics processing units (GPUs) and professional graphics processors.

(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 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 are stock-based compensation expense and restructuring and other special charges, net.

(4) Starting in Q1 2017, the Company classifies production mask sets as property, plant and equipment on its balance sheet.

(5) Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA\*

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
GAAP operating income (loss)	\$ 25	\$ (29)	\$ (8)	\$ (4)	\$ (76)
Restructuring and other special charges, net	—	—	(7)	—	(10)
Stock-based compensation	24	23	18	47	34
Depreciation and amortization	35	34	33	69	66
Adjusted EBITDA	84	28	36	112	14

(6) Free cash flow reconciliation\*\*

	Three Months Ended			Six Months Ended	
	July 1, 2017	April 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
GAAP net cash used in operating activities	\$ (82)	\$ (299)	\$ (85)	\$ (381)	\$ (127)
Purchases of property, plant and equipment	(12)	(23)	(21)	(35)	(47)
Free cash flow	\$ (94)	\$ (322)	\$ (106)	\$ (416)	\$ (174)

\* The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, stock-based compensation expense and restructuring and other special charges, net. The Company calculates and presents Adjusted EBITDA because management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of operating income (loss) or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest income and expense and income taxes that can affect cash flows.

\*\* The Company also presents free cash flow as a supplemental non-GAAP measure of its performance. Free cash flow is determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities.

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

## AMD Reports Second Quarter 2017 Results - CFO Commentary

July 25, 2017

*Reconciliation for all non-GAAP financial measures discussed in this commentary to the most directly comparable GAAP financial measures is included below and in our financial tables that accompany our earnings press release available at [quarterlyearnings.amd.com](http://quarterlyearnings.amd.com).*

### **Q2 2017 - Financial Highlights**

- Q2 2017 results were based on a 13 week quarter.
- Revenue of \$1.22 billion, up 19% year-over-year (y/y) and up 24% quarter-over-quarter (q/q)
- GAAP Results:
  - Gross margin was 33%, up 2 percentage points y/y and down 1 percentage point q/q.
  - Operating income was \$25 million, compared to operating losses of \$8 million a year ago and \$29 million in the prior quarter.
  - Net loss was \$16 million, compared to net income of \$69 million a year ago and a net loss of \$73 million in the prior quarter.
  - Loss per share was \$0.02, compared to diluted earnings per share of \$0.08 a year ago and a loss per share of \$0.08 in the prior quarter.
- Non-GAAP Results:
  - Gross margin was 33%, up 2 percentage points y/y and down 1 percentage point q/q.
  - Operating income was \$49 million, compared to \$3 million a year ago and an operating loss of \$6 million in the prior quarter.
  - Net income was \$19 million, compared to net losses of \$40 million a year ago and \$38 million in the prior quarter.
  - Diluted earnings per share were \$0.02, compared to losses per basic share of \$0.05 a year ago and \$0.04 in the prior quarter.



## Q2 2017 - Additional Financial Commentary

**GAAP and non-GAAP gross margin** was 33%, up 2 percentage points y/y due to a richer product mix and a higher percentage of revenue from the Computing and Graphics segment, driven by the first full quarter of Ryzen processor sales, and down 1 percentage point q/q due to a higher percentage of revenue from the Enterprise, Embedded and Semi-Custom segment.

**Operating expenses** were \$404 million (or 33% of revenue), up \$51M y/y and up \$17M q/q.

- **R&D** expenses were \$279 million (or 23% of revenue), up \$36M y/y and up \$13M q/q.
- **SG&A** expenses were \$125 million (or 10% of revenue), up \$8M y/y and up \$4M q/q.

**Non-GAAP operating expenses** were \$381 million (or 31% of revenue), up \$39M y/y and up \$17M q/q.

- **Non-GAAP R&D** was \$266 million (or 22% of revenue), up \$33M y/y and up \$14M q/q.
- **Non-GAAP SG&A** was \$115 million (or 9% of revenue), up \$6M y/y and up \$3M q/q.

### Operating expenses (\$M):

	Q2-17	Q1-17	Q2-16
GAAP	\$404M	\$387M	\$353M
Non-GAAP	\$381M	\$364M	\$342M

**Licensing gain** associated with our server joint venture (JV) with THATIC was \$25 million, down from \$26 million a year ago, and down from \$27 million in the prior quarter. We have recognized \$140 million of net licensing gain related to the THATIC JV since Q1 2016. The remaining payments are related to production milestones and are expected to occur in 2018 and beyond.

**Operating income** was \$25 million, compared to operating losses of \$8 million a year ago and \$29 million in the prior quarter.

**Non-GAAP operating income** was \$49 million, compared to operating income of \$3 million a year ago and an operating loss of \$6 million in the prior quarter.

**Interest expense** was \$32 million, down from \$41 million a year ago and flat compared to the prior quarter. The y/y decrease was primarily due to a lower overall interest rate and lower debt balance.

**Other expense, net** was \$3 million, compared to other income of \$150 million a year ago and other expense of \$5 million in the prior quarter. In Q2 2016, AMD recognized a pre-tax gain of \$150 million related to our ATMP JV transaction.

**Provision for income taxes** was \$3 million, compared to \$29 million a year ago and \$5 million in the prior quarter. Q2 2016 included \$27 million of taxes related to the our ATMP JV transaction.

**Non-GAAP interest expense, taxes and other** was \$30 million compared to \$43 million a year ago and \$32 million in the prior quarter. The y/y decrease was primarily due to reduced interest expense driven by a lower overall interest rate and a lower debt balance.

**Net loss** was \$16 million, compared to net income of \$69 million a year ago and a net loss of \$73 million in the prior quarter. Q2 2016 net income included a \$123 million post-tax gain related to our ATMP JV transaction.

**Non-GAAP net income** was \$19 million, compared to net losses of \$40 million a year ago and \$38 million in the prior quarter.

**Loss per share** was \$0.02, compared to diluted earnings per share of \$0.08 a year ago and a loss per share of \$0.08 in the prior quarter. In Q2 2017, EPS was calculated using 945 million basic shares.

**Non-GAAP diluted earnings per share** was \$0.02, compared to losses per share of \$0.05 a year ago and \$0.04 in the prior quarter. In Q2 2017, non-GAAP diluted EPS was calculated using 1,036 million shares.

**Adjusted EBITDA** was \$84 million, compared to \$36 million a year ago and \$28 million in the prior quarter.

## Q2 2017 Segment Results

### **Computing and Graphics:**

- **Revenue** was \$659 million, up 51% y/y and up 11% q/q. The y/y increase was primarily driven by our demand for graphics and Ryzen desktop processors.
  - Client average selling price (ASP) increased significantly y/y. On a q/q basis, client ASP was down slightly due to lower mobile processor ASP. Both y/y and q/q, desktop processor ASP increased due to the first full quarter of shipments of Ryzen processors.
  - GPU ASP increased y/y and q/q driven by a richer product mix.
- **Operating income** was \$7 million, compared to an operating loss of \$81 million a year ago and a loss of \$15 million in the prior quarter. The y/y and q/q improvements were driven by higher revenue and improved product mix.

### **Enterprise, Embedded and Semi-Custom:**

- **Revenue** was \$563 million, down 5% y/y and up 44% q/q. The y/y decrease was primarily driven primarily by lower semi-custom SoC revenue. Additionally, we had initial revenue from EPYC datacenter processor shipments in the quarter.
- **Operating income** was \$42 million, compared to operating income of \$84 million a year ago and operating income of \$9 million in the prior quarter. The year-over-year decrease was primarily due to lower revenue and higher datacenter related R&D investments. The q/q increase was primarily due to higher sales of semi-custom SoCs.

## Balance Sheet

**Cash, cash equivalents and marketable securities** were \$844 million at the end of Q2 2017, compared to \$943 million in the prior quarter. The decrease was primarily due to changes in working capital, largely driven by wafer purchases in anticipation of higher third quarter revenue. Approximately 93% of cash, cash equivalents and marketable securities were held domestically.

**Payables to related parties** on the Balance Sheet was \$374 million. This item includes payables to GLOBALFOUNDRIES and the ATMP JV. **Total wafer purchases** from GLOBALFOUNDRIES were \$233 million in Q2 2017.

**Long term debt** on the Balance Sheet as of the end of the quarter was \$1.38 billion, down from \$1.41 billion in the prior quarter due to debt reduction activities. The **total principal debt** amount including our secured revolving line of credit was \$1.74 billion. In Q2 2017 we utilized \$42 million of our lower cost secured revolving line of credit to pay down longer term debt due in 2024 with a higher interest rates.

### Total Debt

(Millions)	Q2-17	Q4-16
6.75% Senior Notes due 2019	\$ 191	\$ 196
7.50% Senior Notes due 2022	347	350
7.00% Senior Notes due 2024	350	416
2.125% Convertible Senior Notes due 2026	805	805
Borrowings from secured revolving line of credit, net	42	—
Other	1	1
<b>Total Debt (principal amount)</b>	<b>\$ 1,736</b>	<b>\$ 1,768</b>
Unamortized debt discount associated with 2.125% Convertible Senior Notes due 2026	\$ (297)	\$ (308)
Unamortized debt issuance costs	\$ (22)	\$ (25)
<b>Total Debt (net)</b>	<b>\$ 1,417</b>	<b>\$ 1,435</b>

**Free cash flow** was negative \$94 million, primarily due to changes in working capital largely driven by wafer purchases.

### Outlook

The following statements concerning AMD are forward-looking and actual results could differ materially from current expectations. Investors are urged to review in detail the risks and uncertainties in AMD's Securities and Exchange Commission filings, including but not limited to the Quarterly Report on Form 10-Q for the quarter ended April 1, 2017.

### For Q3 2017, based on a 13 week quarter, we expect:

- Revenue to increase 23% q/q, plus or minus 3%. The midpoint of guidance would result in a y/y increase of 15%,
- Non-GAAP gross margin to be approximately 34%,
- Non-GAAP operating expenses to be approximately \$400 million,

- Non-GAAP interest expense, taxes and other to be approximately \$28 million,
- Non-GAAP diluted share count to be approximately 1.14 billion, and
- Inventory to be down versus Q2 2017.

**Based upon 1H 2017 performance and Q3 2017 outlook, for FY 2017 we expect:**

- Revenue to increase by a mid to high teens percentage year-over-year,
- Semi-custom revenue to be down year-over-year based on the maturity of the current game console cycle,
- Non-GAAP gross margin to be approximately 34%,
- To achieve non-GAAP net income,
- Non-GAAP operating expense to revenue ratio (E/R) to be approximately 31%,
- THATIC JV-related licensing gain to be approximately \$52 million,
- Non-GAAP interest expense, taxes and other to be approximately \$30 million per quarter,
- Capital expenditures to be approximately \$140 million, and
- Inventory to be down from the end of 2016.

**Future basic and diluted earnings per share calculations:**

Moving forward, assuming positive earnings per share, there are potential factors that may impact AMD's diluted share count, including:

- The 2.125% Convertible Senior Notes due 2026 (Convertible Notes 2026) which have cash and non-cash interest expense components. There are 101 million shares underlying the Convertible Notes 2026.
- The warrant to purchase 75 million shares (Warrant) granted in 2016 to a Mubadala entity, in consideration for rights under the sixth amendment to our wafer supply agreement (WSA) with GLOBALFOUNDRIES, and
- On-going employee equity grants.

The following table provides an estimate of shares that may be used when calculating GAAP and non-GAAP diluted earnings per share. Assuming a quarterly average share price of \$12.22 (which was the average share price in Q2 2017), the dilutive impact of the Warrant and employee equity grants is added

to the diluted share count using the Treasury Stock method. The dilutive impact of the Convertible Notes 2026 is calculated using the If-Converted method.

### Share Count

<b>Shares (millions)<sup>(3)</sup></b>	<b>Q2-17 Actual</b>	<b>Q3-17 Estimate</b>
<b>Basic Shares</b>	<b>945</b>	<b>957</b>
Dilutive impacts from:		
Employee Equity Grants <sup>(1)</sup>	53	44
75 million share Warrant <sup>(1)</sup>	38	38
<b>Diluted Shares (without Convertible Notes 2026)</b>	<b>1,036</b>	<b>1,039</b>
Convertible Notes 2026 <sup>(2)</sup>	-	101
<b>Diluted Shares (with Convertible Notes 2026)</b>	<b>1,036</b>	<b>1,140</b>

(1) The dilutive impact from the Warrant and employee equity grants are based on the Treasury Stock method and is dependent upon the average stock price during the period.

(2) The dilutive impact from the Convertible Notes 2026 is based on the If-Converted method, where the interest costs associated with the Convertible Notes 2026 are added back to the Net Income and the 101 million shares underlying the Convertible Notes 2026 are assumed to be converted and are added to the share count. The impact from the Convertible Notes 2026, 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 non-cash interest expense is included for the non-GAAP computation.

(3) Share counts are weighted average shares.

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## Non-GAAP Measures

To supplement the financial results of Advanced Micro Devices, Inc. ("AMD" or the "Company") presented on a U.S. GAAP ("GAAP") basis, this commentary contains non-GAAP financial measures, including non-GAAP gross margin, non-GAAP operating expenses, non-GAAP research and development and marketing, general and administrative expenses, non-GAAP operating income (loss), non-GAAP net income (loss), non-GAAP earnings (loss) per share, non-GAAP interest expense, taxes and other, Adjusted EBITDA and free cash flow. These non-GAAP financial measures reflect certain adjustments, and the Company has presented a reconciliation of GAAP to non-GAAP financial measures in the tables below.

The Company presents "Adjusted EBITDA" as a supplemental measure of its performance. Adjusted EBITDA for the Company is determined by adjusting operating income (loss) for depreciation and amortization, stock-based compensation expense and restructuring and other special charges, net. The Company calculates and presents Adjusted EBITDA because management believes it is of importance to investors and lenders in relation to its overall capital structure and its ability to borrow additional funds. In addition, the Company presents Adjusted EBITDA because it believes this measure assists investors in comparing its performance across reporting periods on a consistent basis by excluding items that the Company does not believe are indicative of its core operating performance. The Company's calculation of Adjusted EBITDA may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view Adjusted EBITDA as an alternative to the GAAP operating measure of operating income (loss) or GAAP liquidity measures of cash flows from operating, investing and financing activities. In addition, Adjusted EBITDA does not take into account changes in certain assets and liabilities as well as interest and income taxes that can affect cash flows.

The Company also presents free cash flow as a supplemental non-GAAP measure of its performance. Free cash flow is determined by adjusting GAAP net cash provided by (used in) operating activities for capital expenditures. The Company calculates and communicates free cash flow in the financial earnings press release because management believes it is of importance to investors to understand the nature of these cash flows. The Company's calculation of free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view free cash flow as an alternative to GAAP liquidity measures of cash flows from operating activities.

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

The Company 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 the Company believes it assists investors in comparing the Company's performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance.

### Reconciliation of GAAP to Non-GAAP Gross Margin

(Millions except percentages)	Q2-17	Q1-17	Q2-16
<b>GAAP Gross Margin</b>	\$ 404	\$ 331	\$ 319
<b>GAAP Gross Margin %</b>	33%	34%	31%
Stock-based compensation	1	—	—
<b>Non-GAAP Gross Margin</b>	\$ 405	\$ 331	\$ 319
<b>Non-GAAP Gross Margin %</b>	33%	34%	31%

### Reconciliation of GAAP to Non-GAAP Operating Expenses

(Millions)	Q2-17	Q1-17	Q2-16
<b>GAAP operating expenses</b>	\$ 404	\$ 387	\$ 353
Restructuring and other special charges, net	—	—	(7)
Stock-based compensation	23	23	18
<b>Non-GAAP operating expenses</b>	\$ 381	\$ 364	\$ 342

### Reconciliation of GAAP to Non-GAAP Research and Development (R&D) and Marketing, General and Administrative Expenses (SG&A)

(Millions)	Q2-17			Q1-17			Q2-16		
	R&D	SG&A	Total	R&D	SG&A	Total	R&D	SG&A	Total
<b>GAAP R&amp;D &amp; SG&amp;A</b>	\$ 279	\$ 125	\$ 404	\$ 266	\$ 121	\$ 387	\$ 243	\$ 117	\$ 360
Stock-based compensation	13	10	23	14	9	23	10	8	18
<b>Non-GAAP R&amp;D &amp; SG&amp;A</b>	\$ 266	\$ 115	\$ 381	\$ 252	\$ 112	\$ 364	\$ 233	\$ 109	\$ 342

### Reconciliation of GAAP to Non-GAAP Operating Income (Loss)

(Millions)	Q2-17	Q1-17	Q2-16
<b>GAAP operating income (loss)</b>	\$ 25	\$ (29)	\$ (8)
Restructuring and other special charges, net	—	—	(7)
Stock-based compensation	24	23	18
<b>Non-GAAP operating income (loss)</b>	\$ 49	\$ (6)	\$ 3



### Reconciliation of GAAP to Non-GAAP Net Income (Loss) / Income (Loss) per share

(Millions except per share amounts)	Q2-17		Q1-17		Q2-16	
<b>GAAP net income (loss) / income (loss) per share</b>	<b>\$ (16)</b>	<b>\$ (0.02)</b>	<b>\$ (73)</b>	<b>\$ (0.08)</b>	<b>\$ 69</b>	<b>\$ 0.08</b>
Loss on debt redemption	3	—	4	—	—	—
Non-cash interest expense related to convertible debt	5	0.01	6	0.01	—	—
Restructuring and other special charges, net	—	—	—	—	(7)	(0.01)
Stock-based compensation	24	0.02	23	0.02	18	0.02
Equity loss in investee	3	—	2	—	3	—
Gain on sale of 85% of ATMP JV	—	—	—	—	(150)	(0.19)
Tax provision related to sale of 85% of ATMP JV	—	—	—	—	27	0.03
<b>Non-GAAP net income (loss) / income (loss) per share*</b>	<b>\$ 19</b>	<b>\$ 0.02</b>	<b>\$ (38)</b>	<b>\$ (0.04)</b>	<b>\$ (40)</b>	<b>\$ (0.05)</b>

\*Q2 2017 GAAP net loss per share is calculated based on 945 million basic and diluted weighted-average shares of common stock. Non-GAAP net income per share is calculated based on 1,036 million diluted weighted-average shares of common stock.

### Reconciliation of GAAP to Non-GAAP Interest Expense, Taxes and Other

(Millions)	Q2-17	Q1-17	Q2-16
Interest expense	\$ (32)	\$ (32)	\$ (41)
Other income (expense), net	(3)	(5)	150
Provision for income taxes	(3)	(5)	(29)
<b>Total GAAP Interest Expense, Taxes and Other</b>	<b>\$ (38)</b>	<b>\$ (42)</b>	<b>\$ 80</b>
Loss on debt redemption	3	4	—
Non-cash interest expense related to convertible debt	5	6	—
Gain on sale of 85% of ATMP JV	—	—	(150)
Tax provision related to sale of 85% of ATMP JV	—	—	27
<b>Total Non-GAAP Interest Expense, Taxes and Other</b>	<b>\$ (30)</b>	<b>\$ (32)</b>	<b>\$ (43)</b>

### Reconciliation of GAAP Operating Income (Loss) to Adjusted EBITDA

(Millions)	Q2-17	Q1-17	Q2-16
<b>GAAP operating income (loss)</b>	<b>\$ 25</b>	<b>\$ (29)</b>	<b>\$ (8)</b>
Restructuring and other special charges, net	—	—	(7)
Stock-based compensation	24	23	18
Depreciation and amortization	35	34	33
<b>Adjusted EBITDA</b>	<b>\$ 84</b>	<b>\$ 28</b>	<b>\$ 36</b>

### Free Cash Flow Reconciliation

(Millions)	Q2-17	Q1-17	Q2-16
<b>GAAP net cash used in operating activities</b>	<b>\$ (82)</b>	<b>\$ (299)</b>	<b>\$ (85)</b>
Purchases of property, plant and equipment	(12)	(23)	(21)
<b>Free cash flow</b>	<b>\$ (94)</b>	<b>\$ (322)</b>	<b>\$ (106)</b>

## Cautionary Statement

This document contains forward-looking statements concerning Advanced Micro Devices, Inc. (AMD) including AMD's financial outlook for the third quarter of 2017 and fiscal 2017, including revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, licensing gain associated with the THATIC JV, non-GAAP interest expense, taxes and other, inventory, capital expenditures, non-GAAP diluted share count, semi-custom revenue and non-GAAP operating expense to revenue ratio; and the expected milestone payments related to the THATIC JV and the timing of such payments, 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 may limit AMD's ability to compete effectively; AMD has a wafer supply agreement with GF with obligations to purchase all of its microprocessor and APU product requirements, and a certain portion of its GPU product requirements from GLOBALFOUNDRIES Inc. (GF), with limited exceptions. If GF is not able to satisfy AMD's manufacturing requirements, AMD's business could be adversely impacted; AMD relies on third parties to manufacture its products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, AMD's business could be materially adversely affected; failure to achieve expected manufacturing yields for AMD's products could negatively impact its financial results; the success of AMD's business is dependent upon its 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; if AMD cannot generate sufficient revenue and operating cash flow or obtain external financing, it may face a cash shortfall and be unable to make all of its planned investments in research and development or other strategic investments; the loss of a significant customer may have a material adverse effect on AMD; AMD's receipt of revenue from its semi-custom SoC products is dependent upon its technology being designed into third-party products and the success of those products; global economic uncertainty may adversely impact AMD's business and operating results; the markets in which AMD's products are sold are highly competitive; AMD may not be able to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD has a substantial amount of indebtedness which could adversely affect its financial position and prevent it from implementing its strategy or fulfilling its contractual obligations; the agreements governing AMD's notes and the Secured Revolving Line of Credit impose restrictions on AMD that may adversely affect its ability to operate its business; AMD's issuance to West Coast Hitech L.P. (WCH) of warrants to purchase 75 million shares of its common stock, if and when exercised, will dilute the ownership interests of its existing stockholders, and the conversion of the 2.125% Convertible Senior Notes due 2026 may dilute the ownership interest of its existing stockholders, or may otherwise depress the price of its common stock; uncertainties involving the ordering and shipment of AMD's products could materially adversely affect it; the demand for AMD's products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for AMD's products or a market decline in any of these industries could have a material adverse effect on its results of operations; AMD's ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property; AMD depends on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components to support its business; if AMD loses Microsoft Corporation's support for its products or other software vendors do not design and develop software to run on AMD's products, its ability to sell its products could be materially adversely affected; AMD's reliance on third-party distributors and AIB partners subjects it to certain risks; AMD's inability to continue to attract and retain qualified personnel may hinder its business; in the event of a change of control, AMD may not be able to repurchase its outstanding debt as required by the applicable indentures and its Secured Revolving Line of Credit, which would result in a default under the indentures and its Secured Revolving Line of Credit; the semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect its business in the future; acquisitions, divestitures and/or joint ventures could disrupt its business, harm its financial condition and operating results or dilute, or adversely affect the price of, its common stock; AMD's business is dependent upon the proper functioning of its internal business processes and information systems and modification or interruption of such systems may disrupt its business, processes and internal controls; data breaches and cyber-attacks could compromise AMD's intellectual property or other sensitive information, be costly to remediate and cause significant damage to its business and reputation; AMD's operating results are subject to quarterly and seasonal sales patterns; if essential equipment, materials or manufacturing processes are not available to manufacture its products, AMD could be materially adversely affected;

if AMD's products are not compatible with some or all industry-standard software and hardware, it could be materially adversely affected; costs related to defective products could have a material adverse effect on AMD; if AMD fails to maintain the efficiency of its supply chain as it responds to changes in customer demand for its products, its business could be materially adversely affected; AMD outsources to third parties certain supply-chain logistics functions, including portions of its product distribution, transportation management and information technology support services; AMD may incur future impairments of goodwill; AMD's stock price is subject to volatility; AMD's worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on it; worldwide political conditions may adversely affect demand for AMD's products; unfavorable currency exchange rate fluctuations could adversely affect AMD; AMD's inability to effectively control the sales of its products on the gray market could have a material adverse effect on it; if AMD cannot adequately protect its technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, it may lose a competitive advantage and incur significant expenses; AMD is a party to litigation and may become a party to other claims or litigation that could cause it to incur substantial costs or pay substantial damages or prohibit it from selling its products; AMD's business is subject to potential tax liabilities; and AMD is subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in additional costs and liabilities. 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 April 1, 2017.