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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 26, 2026

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: **001-07882**



ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1692300**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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, former address and former fiscal year, if changed since last report)

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 per share	**AMD**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of the registrant's common stock, $0.01 par value per share, as of October 28, 2026: 1,640,087,251

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Advanced Micro Devices, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions, except per share amounts)			
Net revenue	$ 13,377	$ 9,246	$ 35,166	$ 24,369
Cost of sales	5,910	4,206	15,559	12,023
Amortization of acquisition-related intangibles	257	260	778	771
Total cost of sales	6,167	4,466	16,337	12,794
Gross profit	7,210	4,780	18,829	11,575
Research and development	2,803	2,139	7,728	5,761
Marketing, general and administrative	1,298	1,069	3,952	2,946
Amortization of acquisition-related intangibles	277	302	851	926
Total operating expenses	4,378	3,510	12,531	9,633
Operating income	2,832	1,270	6,298	1,942
Interest expense	(62)	(37)	(136)	(95)
Other income (expense), net	(902)	82	(139)	219
Income from continuing operations before income taxes and equity income	1,868	1,315	6,023	2,066
Income tax provision (benefit)	(555)	153	(65)	(558)
Equity income in investee	5	10	17	25
Income from continuing operations, net of tax	2,428	1,172	6,105	2,649
Income from discontinued operations, net of tax	—	71	3	175
Net income	$ 2,428	$ 1,243	$ 6,108	$ 2,824
Earnings per share				
Basic earnings from continuing operations	$ 1.48	$ 0.72	$ 3.74	$ 1.63
Basic earnings from discontinued operations	—	0.04	—	0.11
Basic earnings per share	$ 1.48	$ 0.76	$ 3.74	$ 1.74
Diluted earnings from continuing operations	$ 1.46	$ 0.71	$ 3.69	$ 1.62
Diluted earnings from discontinued operations	—	0.04	—	0.11
Diluted earnings per share	$ 1.46	$ 0.75	$ 3.69	$ 1.73
Shares used in per share calculation				
Basic	1,636	1,626	1,633	1,623
Diluted	1,661	1,641	1,657	1,632

See accompanying notes.

Advanced Micro Devices, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Net income	$ 2,428	$ 1,243	$ 6,108	$ 2,824
Other comprehensive income, net of tax:				
Net change in unrealized gains (losses) on cash flow hedges	4	(24)	(41)	52
Net change in unrealized gains (losses) on available-for-sale securities	(46)	1	(72)	4
Total comprehensive income	$ 2,386	$ 1,220	$ 5,995	$ 2,880

See accompanying notes.

Advanced Micro Devices, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

	September 26, 2026	December 27, 2025
	(In millions, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,404	$ 5,539
Short-term investments	8,372	5,013
Accounts receivable, net	9,209	6,315
Inventories	11,463	7,920
Prepaid expenses and other current assets	3,023	2,160
Total current assets	39,471	26,947
Property and equipment, net	3,929	2,312
Goodwill	25,470	25,126
Acquisition-related intangibles, net	15,101	16,705
Deferred tax assets	821	384
Other non-current assets	10,020	5,452
Total assets	$ 94,812	$ 76,926
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,756	$ 2,929
Accrued liabilities	6,231	5,250
Current portion of long-term debt, net	—	874
Other current liabilities	499	402
Total current liabilities	14,486	9,455
Long-term debt, net	7,079	2,348
Long-term operating lease liabilities	1,837	625
Deferred tax liabilities	295	313
Other long-term liabilities	2,726	1,186
Commitments and contingencies (See Note 11)		
Stockholders' equity:		
Capital stock:		
Common stock, par value $0.01; shares authorized: 4,000; shares issued: 1,640 and 1,695; shares outstanding: 1,640 and 1,630	16	17
Additional paid-in capital	61,769	63,365
Treasury stock, at cost (shares held: — and 65)	—	(7,079)
Retained earnings	6,720	6,699
Accumulated other comprehensive loss	(116)	(3)
Total stockholders' equity	68,389	62,999
Total liabilities and stockholders' equity	$ 94,812	$ 76,926

See accompanying notes.

Advanced Micro Devices, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended	
	September 26, 2026	September 27, 2025
	(In millions)	
Cash flows from operating activities:		
Net income	$ 6,108	$ 2,824
Income from discontinued operations, net of tax	(3)	(175)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	666	556
Amortization of acquisition-related intangibles	1,629	1,697
Stock-based compensation	1,513	1,152
Gains from long-term investments, net	(616)	(61)
Non-cash impact of warrants issued to customers, net	1,179	—
Deferred income taxes	(427)	18
Recovery of inventory loss at contract manufacturer	—	(67)
Other	105	90
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,894)	(7)
Inventories	(3,543)	(1,579)
Prepaid expenses and other assets	(2,061)	(259)
Accounts payable	4,483	998
Accrued and other liabilities	384	(998)
Net cash provided by operating activities of continuing operations	6,523	4,189
Net cash provided by operating activities of discontinued operations	—	920
Net cash provided by operating activities	6,523	5,109
Cash flows from investing activities:		
Purchases of property and equipment	(1,845)	(752)
Purchases of short-term investments	(6,754)	(2,110)
Proceeds from maturity of short-term investments	3,044	982
Proceeds from sale of short-term investments	366	66
Purchases of long-term investments	(1,082)	(432)
Acquisitions, net of cash acquired	(129)	(1,716)
Other	(15)	—
Net cash used in investing activities of continuing operations	(6,415)	(3,962)
Purchases of property and equipment	—	(30)
Payment for working capital adjustment on divestiture	(243)	—
Net cash used in investing activities of discontinued operations	(243)	(30)
Net cash used in investing activities	(6,658)	(3,992)
Cash flows from financing activities:		
Proceeds from debt and commercial paper issuance, net of issuance costs	4,726	2,441
Repayment of debt and commercial paper	(875)	(950)
Proceeds from sales of common stock through employee equity plans	210	169
Repurchases of common stock	(221)	(1,316)
Stock repurchases for tax withholding on employee equity plans	(1,836)	(447)
Other	(21)	—
Net cash provided by (used in) financing activities of continuing operations	1,983	(103)
Net increase in cash, cash equivalents and restricted cash	1,848	1,014
Cash, cash equivalents and restricted cash at beginning of period	5,556	3,811
Cash, cash equivalents and restricted cash at end of period	$ 7,404	$ 4,825

Advanced Micro Devices, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended	
	September 26, 2026	September 27, 2025
	(In millions)	
Supplemental cash flow information:		
Cash paid during the period for:		
Income taxes, net of refunds	$ 833	$ 818
Non-cash investing and financing activities:		
Purchases of property and equipment, accrued but not paid	$ 505	$ 153
Reissuance of treasury stock for acquisitions	$ —	$ 860
Contingent consideration liability for acquisitions	$ —	$ 361
Non-cash lease activities:		
Operating lease right-of-use assets acquired by assuming related liabilities	$ 1,498	$ 275
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 7,404	$ 4,808
Restricted cash included in Prepaid expenses and other current assets	—	17
Cash, cash equivalents and restricted cash at end of period	$ 7,404	$ 4,825

See accompanying notes.

Advanced Micro Devices, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Capital stock:				
Common stock, par value				
Balance, beginning of period	$ 16	$ 17	$ 17	$ 17
Retirement of treasury stock	—	—	(1)	—
Balance, end of period	$ 16	$ 17	$ 16	$ 17
Additional paid-in capital				
Balance, beginning of period	$ 61,373	$ 62,228	$ 63,365	$ 61,362
Common stock issued under employee equity plans	5	10	208	170
Stock-based compensation	523	419	1,513	1,152
Reissuance of treasury stock	—	—	—	(27)
Retirement of treasury stock	(132)	—	(3,317)	—
Balance, end of period	$ 61,769	$ 62,657	$ 61,769	$ 62,657
Treasury stock				
Balance, beginning of period	$ —	$ (6,535)	$ (7,079)	$ (6,106)
Repurchases of common stock	—	(81)	(221)	(1,317)
Common stock repurchases for tax withholding on employee equity plans	(1,750)	(443)	(2,105)	(524)
Reissuance of treasury stock	—	—	—	888
Retirement of treasury stock	1,750	—	9,405	—
Balance, end of period	$ —	$ (7,059)	$ —	$ (7,059)
Retained earnings:				
Balance, beginning of period	$ 5,909	$ 3,945	$ 6,699	$ 2,364
Net income	2,428	1,243	6,108	2,824
Retirement of treasury stock	(1,617)	—	(6,087)	—
Balance, end of period	$ 6,720	$ 5,188	$ 6,720	$ 5,188
Accumulated other comprehensive income (loss):				
Balance, beginning of period	$ (74)	$ 10	$ (3)	$ (69)
Other comprehensive income (loss)	(42)	(23)	(113)	56
Balance, end of period	$ (116)	$ (13)	$ (116)	$ (13)
Total stockholders' equity	$ 68,389	$ 60,790	$ 68,389	$ 60,790

See accompanying notes.

Notes to Condensed Consolidated Financial Statements
(Unaudited)

NOTE 1 – The Company

Advanced Micro Devices, Inc. is a global semiconductor company. References herein to AMD or the Company mean Advanced Micro Devices, Inc. and its consolidated subsidiaries. AMD's products include Artificial Intelligence (AI) accelerators, microprocessors (CPUs) and graphics processing units (GPUs), as standalone devices or as incorporated into accelerated processing units (APUs), data processing units (DPUs), AI Network Interface Cards (AI NICs), Field Programmable Gate Arrays (FPGAs), Adaptive System-on-Chip (SoC) products, chipsets, embedded processors, semi-custom SoC products, microprocessor and SoC development services and technology and System on Modules (SOMs). From time to time, the Company may also sell or license portions of its intellectual property (IP) portfolio.

NOTE 2 – Basis of Presentation and Significant Accounting Policies

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements of AMD have been prepared in accordance with United States generally accepted accounting principles (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The results of operations for the three and nine months ended September 26, 2026 shown in this report are not necessarily indicative of results to be expected for the full year ending December 26, 2026 or any other future period. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary for a fair presentation of the Company's results of operations, financial position, cash flows and stockholders' equity. All such adjustments are of a normal, recurring nature. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

The Company uses a 52- or 53-week fiscal year ending on the last Saturday in December. The three and nine months ended September 26, 2026 and September 27, 2025 each consisted of 13 and 39 weeks, respectively.

Use of Estimates. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results are likely to differ from those estimates, and such differences may be material to the financial statements. Areas where management uses subjective judgment include, but are not limited to: revenue allowances, inventory valuation, valuation of goodwill and long-lived and intangible assets, business combination accounting, valuation of warrants issued to customers and income taxes.

Significant Accounting Policies. With the exception of the accounting for warrants issued to customers, there have been no material changes to the Company's significant accounting policies in Note 2 - Basis of Presentation and Significant Accounting Policies, of the Notes to Condensed Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Warrants Issued to Customers

Warrants to purchase the Company's common stock issued to customers represent consideration payable to a customer under ASC 606, Revenue from Contracts with Customers. Fair value on the grant date of the warrant shares probable of vesting is recorded as a reduction to revenue proportionally as qualifying customer revenues are recorded, initially with a corresponding liability recorded within Other long-term liabilities on the Condensed Consolidated Balance Sheets. The warrants are measured and classified under ASC 718, Compensation – Stock Compensation. The warrant liability is remeasured to fair value each reporting period, with changes in fair value after grant date recorded within Other income (expense), net, until each tranche becomes exercisable, at which point the related liability is reclassified to Additional paid-in capital at its then-current fair value and is no longer subject to remeasurement. If the conditions of exercisability are met prior to the customers meeting the tranche's purchase milestones, the unrecognized change in fair value is recorded within Other income (expense) with a corresponding amount recorded to Additional paid in capital as the customer purchases occur. The Company estimates the fair value using a Monte Carlo simulation model or, after the market conditions are met, the Company's closing stock price, together with its estimate of the probability of the customers meeting the specific conditions required for exercisability. Once warrant shares become vested and exercisable, they are included in the computation of both basic and diluted earnings per share.

Prior Period Reclassification. Certain amounts in prior period were reclassified to conform to current period presentation.

Recently Issued Accounting Standard Updates Not Yet Adopted

In December 2025, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) Government Grants (ASU 2025-10) Topic 832 - Accounting for Government Grants Received by Business Entities, which provides guidance, on the recognition, measurement and presentation of government grants. This ASU is effective for the Company for its fiscal year 2029. The Company is currently evaluating the impact of adoption of this guidance on its financial statements.

In May 2025, the FASB issued ASU 2025-04 Topic 718 - Stock Compensation and Topic 606 - Clarifications to Share-Based Consideration Payable to a Customer to clarify the guidance on accounting for share-based payment grants that an entity grants as consideration payable to its customers. The ASU is effective for the Company for its fiscal year 2027. The Company is currently evaluating the impact of adoption of this guidance on its financial statements.

NOTE 3 – Supplemental Financial Statement Information

Inventories	**September 26, 2026**	**December 27, 2025**
	(In millions)	
Raw materials	$ 2,212	$ 909
Work in process	7,416	4,768
Finished goods	1,835	2,243
Total inventories	$ 11,463	$ 7,920

Property and Equipment, net	**September 26, 2026**	**December 27, 2025**
	(In millions)	
Land, building and leasehold improvements	$ 1,074	$ 967
Equipment	4,597	3,453
Construction in progress	1,317	508
Property and equipment, gross	6,988	4,928
Accumulated depreciation	(3,059)	(2,616)
Total property and equipment, net	$ 3,929	$ 2,312

Construction in progress includes costs primarily related to data center network infrastructure.

Accrued Liabilities	September 26, 2026	December 27, 2025
	(In millions)	
Customer-related liabilities	$ 1,405	$ 1,194
Accrued marketing programs	1,131	1,454
Accrued compensation and benefits	2,270	1,645
Other accrued expenses and liabilities	1,425	957
Total accrued liabilities	$ 6,231	$ 5,250

Revenue

Revenue allocated to remaining performance obligations that are unsatisfied or partially unsatisfied include amounts received from customers and amounts that will be invoiced and recognized as revenue in future periods for development and engineering services, IP licensing, and product revenue. As of September 26, 2026, the aggregate transaction price allocated to remaining performance obligations under contracts with an original expected duration of more than one year was $246 million, of which $180 million is expected to be recognized in the next 12 months. The revenue allocated to remaining performance obligations does not include amounts which have an original expected duration of one year or less.

Revenue recognized over time associated with custom products and development services accounted for approximately 3% and 4% of the Company's revenue for the three and nine months ended September 26, 2026, and 9% and 10% of the Company's revenue for the three and nine months ended September 27, 2025, respectively.

Other Income (Expense), Net	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Interest income	$ 123	$ 55	$ 336	$ 137
Gains from long-term investments, net	67	26	616	85
Change in fair value of warrant liability	(1,097)	—	(1,097)	—
Other income (expense)	5	1	6	(3)
Other income (expense), net	$ (902)	$ 82	$ (139)	$ 219

See Note 14 – Common Stock and Stock-based Compensation for information on change in fair value of warrant liability.

NOTE 4 – Segment Reporting

Management, including the Chief Operating Decision Maker (CODM), who is the Company's Chief Executive Officer, reviews and assesses operating performance using segment net revenue, cost of sales and operating expenses, and operating income (loss). These performance measures include the allocation of expenses to the reportable segments based on management's judgment. The CODM is regularly provided segment operating income to assess relative segment performance.

The Company's three reportable segments are:

- the Data Center segment, which primarily includes Artificial Intelligence (AI) accelerators, microprocessors (CPUs) for servers, graphics processing units (GPUs), accelerated processing units (APUs), data processing units (DPUs), AI Network Interface Cards (AI NICs), Field Programmable Gate Arrays (FPGAs) and adaptive System-on-Chip (SoC) products for data centers;
- the Client and Gaming segment, which primarily includes CPUs, APUs, chipsets for desktops and notebooks, discrete GPUs, and semi-custom SoC products and development services; and
- the Embedded segment, which primarily includes embedded CPUs, APUs, FPGAs, System on Modules (SOMs), and adaptive SoC products.

From time to time, the Company may also sell or license portions of its IP portfolio.

In addition to these reportable segments, the Company has an All Other category, which is not a reportable segment. This category primarily includes certain expenses and credits that are not allocated to any of the reportable segments because the CODM does not consider these expenses and credits in evaluating the performance of the reportable segments. This category primarily includes amortization of acquisition-related intangibles, employee stock-based compensation expense and acquisition-related and other costs. Acquisition-related and other costs primarily include certain compensation charges and transaction costs.

The following table provides a summary of net revenue, cost of sales and operating expenses, and operating income (loss) by segment. Segment cost of sales and operating expenses primarily include materials, external manufacturing, labor and marketing and advertising costs, and exclude expenses and credits that are recorded within the All Other category. Each of the Client and Gaming businesses do not qualify as a separate reportable operating segment, however, the Company continues to separately disclose revenue for each business.

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Net revenue:				
Data Center	$ 8,546	$ 4,341	$ 21,039	$ 11,255
Client and Gaming				
Client	2,949	2,750	8,896	7,543
Gaming	773	1,298	2,272	3,067
Total Client and Gaming	3,722	4,048	11,168	10,610
Embedded	1,109	857	2,959	2,504
Total net revenue	$ 13,377	$ 9,246	$ 35,166	$ 24,369
Cost of sales and operating expenses:				
Data Center	$ 5,664	$ 3,267	$ 14,455	$ 9,404
Client and Gaming	3,149	3,181	9,438	8,480
Embedded	656	574	1,782	1,618
All other	1,076	954	3,193	2,925
Total cost of sales and operating expenses	$ 10,545	$ 7,976	$ 28,868	$ 22,427
Operating income (loss):				
Data Center	$ 2,882	$ 1,074	$ 6,584	$ 1,851
Client and Gaming	573	867	1,730	2,130
Embedded	453	283	1,177	886
All other [1]	(1,076)	(954)	(3,193)	(2,925)
Total operating income (loss)	$ 2,832	$ 1,270	$ 6,298	$ 1,942

(1) For the three and nine months ended September 26, 2026, all other operating losses primarily included $534 million and $1.6 billion of amortization of acquisition-related intangibles, and $523 million and $1.5 billion of stock-based compensation expense, respectively.

For the three and nine months ended September 27, 2025, all other operating losses primarily included $562 million and $1.7 billion of amortization of acquisition-related intangibles, and $419 million and $1.2 billion of stock-based compensation expense, respectively.

NOTE 5 – Acquisitions and Divestitures

Pending Acquisitions

In August 2026, the Company entered into a definitive agreement to acquire Taalas Inc., a developer of specialized inference silicon, in a cash and stock transaction valued at approximately $2.9 billion, including contingent consideration of up to approximately $1.4 billion. In September 2026, the Company entered into a definitive agreement to acquire World Labs Technologies, Inc., a model research lab focused on spatial intelligence, in an all-stock transaction valued at approximately $8.2 billion. The acquisitions are expected to close by the end of 2026, subject to regulatory approvals and customary closing conditions.

ZT Systems Acquisition and ZT Manufacturing Business Divestiture

In March 2025, the Company completed the acquisition of ZT Group Int'l, Inc. (ZT Systems), a provider of data center and general-purpose compute infrastructure for hyperscale computing companies, for total purchase consideration of $4.4 billion, consisting of $3.2 billion in cash, $860 million in shares of AMD common stock and $361 million of contingent consideration. The contingent consideration was settled in October 2025 upon full satisfaction of the applicable contingencies. The acquisition supports the Company's ability to deliver end-to-end AI solutions and accelerate the design and deployment of AMD-powered super intelligence (SI) infrastructure at scale optimized for the cloud.

The Company retained select intellectual property and employees associated with the design operations, the results of which are included in the Data Center segment within continuing operations and are not material. Goodwill, assigned to the Data Center reporting unit and primarily attributed to assembled workforce, is not deductible for income tax purposes. The data center infrastructure manufacturing business (ZT Manufacturing Business) was classified as held for sale upon acquisition and was divested in October 2025, and its results are presented as discontinued operations.

During the measurement period, the Company recorded adjustments to certain assets and liabilities acquired and classified as held for sale, with a corresponding adjustment to goodwill. The adjustments did not have a material impact on the Company's consolidated results of operations. The purchase price allocation, including measurement period adjustments, is presented below.

(in millions)	Preliminary	Measurement Period Adjustments	As adjusted
Cash and cash equivalents	$ 1,500	$ —	$ 1,500
Assets held for sale	5,965	54	6,019
Other assets	81	—	81
Total assets acquired	7,546	54	7,600
Liabilities held for sale	3,221	272	3,493
Other liabilities	124	—	124
Total liabilities assumed	3,345	272	3,617
Fair value of net assets acquired	4,201	(218)	3,983
Goodwill	208	218	426
Total purchase consideration	$ 4,409	$ —	$ 4,409

In October 2025, the Company completed the sale of the ZT Manufacturing Business to Sanmina Corporation (Sanmina) for $2.4 billion in cash, subject to certain purchase price adjustments and 1,151,052 shares of Sanmina common stock. Upon close of the sale, the Company received cash of $1.4 billion, net of cash divested and purchase price adjustments, and shares of Sanmina common stock valued at $154 million. During the nine months ended September 26, 2026, the Company made a payment of $243 million related to customary post-closing net working capital adjustments, including adjustments resulting from measurement period adjustments related to the acquisition of ZT Systems.

The Company is also eligible to receive additional cash consideration of up to $450 million to the extent certain conditions are met following the close of the sale through 2028 (Earn-out). The Company applied the loss recovery approach, under which the difference between the fair value of the consideration received, excluding the Earn-out, and the carrying amount of the net assets disposed, is recognized as an earn-out receivable, to the extent it is probable of being received. As of September 26, 2026, the earn-out receivable of $348 million was recorded within Other non-current assets in the Company's Consolidated Balance Sheets, and is subject to impairment assessment at the end of each reporting period prior to receipt of payment. The Company also entered into a Manufacturing Services Agreement with Sanmina with an initial term of five years.

Since the ZT Manufacturing Business was classified as held for sale upon acquisition and sold in October 2025, pro forma combined results were deemed immaterial and omitted.

Other Acquisitions

For the current and prior periods presented, the Company also completed acquisitions that were immaterial both individually and in aggregate.

NOTE 6 – Goodwill and Acquisition-related Intangibles, net

Goodwill

The following table summarizes Goodwill:

(in millions)	Data Center	Embedded	Client and Gaming	Total
December 27, 2025	$ 3,690	$ 21,072	$ 364	$ 25,126
Measurement period adjustments related to prior acquisitions	218	—	—	218
Current period acquisitions	126	—	—	126
September 26, 2026	$ 4,034	$ 21,072	$ 364	$ 25,470

Acquisition-related Intangibles, net

The following table summarizes Acquisition-related Intangible Assets:

	September 26, 2026			December 27, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(In millions)			(In millions)		
Developed technology	$ 13,624	$ (4,339)	$ 9,285	$ 13,599	$ (3,560)	$ 10,039
Customer relationships	12,324	(7,059)	5,265	12,324	(6,267)	6,057
Product trademarks	914	(363)	551	914	(305)	609
Total acquisition-related intangible assets, net	$ 26,862	$ (11,761)	$ 15,101	$ 26,837	$ (10,132)	$ 16,705

Acquisition-related intangible amortization expense was $534 million and $1.6 billion for the three and nine months ended September 26, 2026, respectively. Acquisition-related intangible amortization expense was $562 million and $1.7 billion for the three and nine months ended September 27, 2025, respectively.

Based on the carrying value of acquisition-related intangibles recorded as of September 26, 2026, and assuming no subsequent impairment of the underlying assets, the estimated future annual amortization expense for acquisition-related intangibles is as follows:

Fiscal Year	Remainder of 2026	2027	2028	2029	2030	2031 and thereafter	Total
	(In millions)						
Future annual amortization	$ 527	$ 2,042	$ 1,929	$ 1,697	$ 1,457	$ 7,449	$ 15,101

NOTE 7 – Equity Method Investments

The Company has investments accounted for under the equity method, which are considered related parties. The carrying value of the Company's investments accounted for under the equity method was $306 million and $176 million as of September 26, 2026 and December 27, 2025, respectively, and is recorded within Other non-current assets on the Company's Consolidated Balance Sheets.

The Company's transactions with these related parties consist primarily of assembly, test, mark and packaging (ATMP) services provided in the ordinary course of business. Purchases from related parties during the three and nine months ended September 26, 2026 were $581 million and $1.8 billion, respectively, and during the three and nine months ended September 27, 2025 were $483 million and $1.5 billion, respectively. Amounts payable to related parties were $606 million and $408 million as of September 26, 2026 and December 27, 2025, respectively, and are recorded within Accounts payable on the Company's Consolidated Balance Sheets. The Company also has a $100 million term loan receivable outstanding from one of the investees as of September 26, 2026 and December 27, 2025, bearing interest at a variable rate plus a margin payable quarterly, recorded with related interest receivable within Prepaid expenses and other current assets on the Company's Consolidated Balance Sheets.

Equity income from these investees, recorded in Equity income in investee on the Company's Consolidated Statements of Operations, was not material for the three and nine months ended September 26, 2026 and September 27, 2025.

NOTE 8 – Financial Instruments

Financial Instruments Recorded at Fair Value on a Recurring Basis

	September 26, 2026				December 27, 2025			
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash equivalents								
Money market funds	$ 1,252	$ —	$ —	$ 1,252	$ 620	$ —	$ —	$ 620
Corporate debt securities	—	1,427	—	1,427	—	1,869	—	1,869
U.S. government and agency securities	1,682	1,021	—	2,703	1,148	300	—	1,448
Non-U.S. government and agency securities	—	250	—	250	—	245	—	245
Time deposits and certificates of deposits	—	104	—	104	—	173	—	173
Short-term investments								
Corporate debt securities	—	5,931	—	5,931	—	3,107	—	3,107
U.S. government and agency securities	1,584	741	—	2,325	901	718	—	1,619
Non-U.S. government and agency securities	—	11	—	11	—	256	—	256
Time deposits and certificates of deposits	—	86	—	86	—	10	—	10
Asset-backed and mortgage-backed securities	—	18	—	18	—	22	—	22
Other non-current assets								
Long-term investments	1,253	69	26	1,348	198	—	202	400
Deferred compensation plan investments	329	—	—	329	257	—	—	257
Total assets measured at fair value	$ 6,100	$ 9,658	$ 26	$ 15,784	$ 3,124	$ 6,700	$ 202	$ 10,026

The following is a summary of cash equivalents and short-term investments:

	September 26, 2026				December 27, 2025			
	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(in millions)				(in millions)			
Money market funds	$ 1,252	$ —	$ —	$ 1,252	$ 620	$ —	$ —	$ 620
Corporate debt securities	7,422	—	(64)	7,358	4,974	2	—	4,976
U.S. government and agency securities	5,050	—	(22)	5,028	3,065	2	—	3,067
Non-U.S. government and agency securities	261	—	—	261	501	—	—	501
Time deposits and certificates of deposits	190	—	—	190	183	—	—	183
Asset-backed and mortgage-backed securities	19	—	(1)	18	23	—	(1)	22
	$ 14,194	$ —	$ (87)	$ 14,107	$ 9,366	$ 4	$ (1)	$ 9,369

As of September 26, 2026 and December 27, 2025, the Company did not have material available-for-sale debt securities which had been in a continuous unrealized loss position of more than twelve months.

The contractual maturities of available-for-sale debt securities are as follows:

	September 26, 2026		December 27, 2025	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In millions)		(In millions)	
Due within 1 year	$ 7,351	$ 7,347	$ 6,528	$ 6,528
Due in 1 year through 5 years	5,572	5,490	2,195	2,199
Due in 5 years and later	19	18	23	22
	$ 12,942	$ 12,855	$ 8,746	$ 8,749

Long-term investments measured at fair value on a recurring basis consist primarily of marketable equity securities of publicly traded companies, including warrants, and other instruments. As of September 26, 2026, net unrealized gains from marketable equity securities were $485 million and were not material as of December 27, 2025. As of September 26, 2026 and December 27, 2025, these investments included $1.1 billion and $178 million, respectively, of aggregate fair value of marketable equity securities which are subject to time-based contractual sale restrictions that expire through October 2028.

Deferred compensation plan investments are primarily mutual fund investments held in a Rabbi trust established to maintain the Company's executive deferred compensation plan.

Financial Instruments Not Recorded at Fair Value

The carrying amounts and estimated fair values of the Company's current and long-term debt are as follows:

	September 26, 2026		December 27, 2025	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In millions)		(In millions)	
Current portion of long-term debt, net	$ —	$ —	$ 874	$ 879
Long-term debt	$ 7,079	$ 6,753	$ 2,348	$ 2,246

The estimated fair value of the Company's long-term debt is based on Level 2 inputs of quoted prices for the Company's debt and comparable instruments in inactive markets.

The fair value of the Company's accounts receivable, accounts payable and other short-term obligations approximate their carrying value based on existing terms.

Financial Instruments Measured at Fair Value on a Non-Recurring Basis

Non-marketable equity securities and other instruments, which primarily consist of investments in privately held SI and emerging technology companies, are accounted for under the measurement alternative and are measured at fair value on a non-recurring basis when there is an observable price change or impairment. These fair value measurements are classified within Level 3 of the fair value hierarchy and are determined using valuation models that incorporate unobservable inputs. Certain of the Company's investments in privately held cloud and SI infrastructure companies are variable interests in variable interest entities (VIEs). See Note 12 – Variable Interest Entities.

As of September 26, 2026 and December 27, 2025, the carrying value of these investments was $1.9 billion and $1.1 billion, respectively, which included cumulative gross unrealized gains of $145 million and $291 million, respectively. Gross unrealized gains were $155 million and $107 million during the nine months ended September 26, 2026 and September 27, 2025, respectively, and were not material during the three-month periods. Gross unrealized losses and impairments for all periods presented, including on a cumulative basis, were not material.

Hedging Transactions and Derivative Financial Instruments

Foreign Currency Forward Contracts Designated as Accounting Hedges

The Company enters into foreign currency forward contracts to hedge its exposure to foreign currency exchange rate risk related to future forecasted transactions denominated in currencies other than the U.S. Dollar. These contracts generally mature within 24 months and are designated as accounting hedges. As of September 26, 2026 and December 27, 2025, the notional value of the Company's outstanding foreign currency forward contracts designated as cash flow hedges was $3.2 billion and $2.3 billion, respectively. The fair value of these contracts, on a gross basis, was not material as of September 26, 2026 and December 27, 2025.

Foreign Currency Forward Contracts Not Designated as Accounting Hedges

The Company also enters into foreign currency forward contracts to reduce the short-term effects of foreign currency fluctuations on certain receivables or payables denominated in currencies other than the U.S. Dollar. These forward contracts generally mature within 3 months and are not designated as accounting hedges. As of September 26, 2026 and December 27, 2025, the notional value of these outstanding contracts was $3.0 billion and $1.1 billion, respectively. The fair value of these contracts, on a gross basis, was not material as of September 26, 2026 and December 27, 2025.

Credit Derivatives

The Company has entered into guarantees to provide credit support for payment obligations of certain commercial partners, in the event of their default, to support their development of data center infrastructure. These guarantees, which include data center lease guarantees and commercial partner debt guarantees, are accounted for as credit derivatives and recorded at fair value on a recurring basis within Other current liabilities and Other long-term liabilities, with changes in fair value recognized in Other income (expense), net. The fair value of these credit derivatives is classified within Level 3 of the fair value hierarchy and is determined using valuation models that incorporate unobservable inputs, including, where applicable, lease rates, obligor credit ratings, credit spreads and default rates that were based on estimates applicable to obligors with comparable credit risk profiles. As of September 26, 2026, no commercial partner was in default and no amounts had been paid under these guarantees.

Data center lease guarantees. These guarantees cover certain commercial partners' data center lease obligations to third-party landlords. As of September 26, 2026, the maximum gross exposure was $7.7 billion over remaining terms of up to 15 years, and decreases as commercial partners satisfy their payment obligations. Upon a commercial partner's default, the Company may assume the underlying leases for internal use, or assign or sublease to third parties. The guarantees may terminate upon the occurrence of certain events. As of September 26, 2026, the fair value of these data center lease guarantees, and the related gains and losses for the three and nine months ended September 26, 2026, were not material to the financial statements.

Commercial partner debt guarantees. These guarantees cover certain commercial partners' borrowings used to finance data center infrastructure. As of September 26, 2026, the maximum gross exposure was $750 million with remaining terms of up to 6 months. Upon a commercial partner's default, the Company will be required to repay the related borrowings, and may receive recovery from the commercial partner or the underlying data center assets. As of September 26, 2026, the fair value of these debt guarantees, and the related gains and losses for the three and nine months ended September 26, 2026, were not material to the financial statements.

NOTE 9 – Debt, Revolving Credit Facility and Commercial Paper Program

Debt

The Company's debt as of September 26, 2026 and December 27, 2025 consisted of the following:

	September 26, 2026	December 27, 2025
	(In millions)	
4.212% Senior Notes Due 2026 (4.212% Notes)	$ —	$ 875
4.319% Senior Notes Due 2028 (4.319% Notes)	625	625
4.600% Senior Notes Due 2029 (4.600% Notes)	1,250	—
2.375% Senior Notes Due 2030 (2.375% Notes)	750	750
5.000% Senior Notes Due 2031 (5.000% Notes)	1,500	—
3.924% Senior Notes Due 2032 (3.924% Notes)	500	500
5.250% Senior Notes Due 2033 (5.250% Notes)	1,000	—
5.500% Senior Notes Due 2036 (5.500% Notes)	1,000	—
4.393% Senior Notes Due 2052 (4.393% Notes)	500	500
Total debt (principal amount)	7,125	3,250
Unamortized debt discount and issuance costs	(46)	(28)
Total debt (net)	7,079	3,222
Less: current portion of long-term debt and related unamortized debt issuance costs	—	(874)
Total long-term debt (net)	$ 7,079	$ 2,348

Senior Notes

The Company repaid in full the $875 million aggregate principal amount of its 4.212% Senior Notes as the notes matured in September 2026.

The Company's senior notes are general unsecured senior obligations with semi-annual fixed interest payments. On August 17, 2026, the Company issued $4.75 billion aggregate principal amount of senior notes consisting of $1.25 billion of 4.600% Notes, $1.50 billion of 5.000% Notes, $1.00 billion of 5.250% Notes and $1.00 billion of 5.500% Notes (collectively, the August 2026 Notes), payable semi-annually on February 17 and August 17 of each year, commencing February 17, 2027. The 4.319% Notes pay interest on March 24 and September 24 of each year. The 2.375% Notes, 3.924% Notes and 4.393% Notes pay interest on June 1 and December 1 of each year.

Each series of the Company's senior notes is redeemable at the Company's option prior to maturity, subject to certain conditions, including payment of a make-whole premium. Holders of all series except the 2.375% Notes have the right to require the Company to repurchase their notes at 101% of the principal amount plus accrued and unpaid interest upon a change of control. An event of default may accelerate the maturity of any series. As of September 26, 2026, the Company was in compliance with the covenants associated with all of its notes.

Revolving Credit Facility

The Company entered into a five-year, $5.0 billion unsecured revolving credit facility (the Revolving Facility) in May 2026 to replace its prior $3.0 billion facility. Subject to certain conditions, the Company may borrow, repay and reborrow under the Revolving Facility, with up to $250 million available for letters of credit, which reduces the aggregate amount otherwise available for revolving loans. Borrowings bear interest at variable market rates plus an applicable margin based on the Company's credit ratings. The Company pays a commitment fee on unused commitments. As of September 26, 2026 and December 27, 2025, the Company had no outstanding balance under the Revolving Facility and was in compliance with all associated covenants.

Commercial Paper

The Company has a commercial paper program under which it can issue unsecured commercial paper notes. In May 2026, the Company increased to $5.5 billion, from $3.0 billion, the maximum aggregate amount outstanding at any time of unsecured commercial paper notes which the Company may issue on a private placement basis. The Company can issue unsecured commercial paper notes at any time with maturities of up to 397 days from the date of issue. The commercial paper will be sold at a discount from par or, alternatively, will be sold at par and bear interest at rates that will vary based on market conditions at the time of the issuance. As of September 26, 2026 and December 27, 2025, the Company had no commercial paper outstanding.

NOTE 10 – Leases

The Company’s leases consist primarily of operating leases of data centers, research and development facilities and equipment that expire through fiscal year 2038. These include leases for general corporate purposes and data centers, including data center leases related to the development of SI infrastructure that have been subleased or are expected to be assigned or subleased to commercial partners.

Total net lease expense, which includes variable lease expense, was $112 million and $280 million for the three and nine months ended September 26, 2026, respectively, and $78 million and $217 million for the three and nine months ended September 27, 2025, respectively. Variable lease expense, primarily operating expenses and property taxes for leased facilities, was not material. Certain leases contain payment escalations based on changes in the consumer price index. The Company’s finance and short-term leases are not material.

For the nine months ended September 26, 2026 and September 27, 2025, cash paid for operating leases included in operating cash flows was $189 million and $131 million, respectively.

Supplemental information related to the Company’s operating leases were as follows:

	September 26, 2026	December 27, 2025
Weighted-average remaining lease term in years	9.08	6.95
Weighted-average discount rate	5.00 %	4.74 %

Future minimum lease payments under non-cancellable operating lease liabilities as of September 26, 2026 were as follows:

Fiscal Year	Remainder of 2026	2027	2028	2029	2030	2031 and thereafter	Total
				(In millions)			
Minimum lease payments	$ 112	$ 349	$ 283	$ 285	$ 281	$ 1,357	$ 2,667
Less: imputed interest							(535)
Present value of minimum lease payments							2,132
Less: current portion							(295)
Total long-term operating lease liabilities							$ 1,837

The table above excludes leases that have not yet commenced. See Note 11 – Commitments and Contingencies. As of September 26, 2026 and December 27, 2025, operating lease right-of-use assets were $2.2 billion and $790 million, respectively, and are recorded within Other non-current assets on the Company's Condensed Consolidated Balance Sheets. The current portion of operating lease liabilities is recorded within Other current liabilities on the Company's Condensed Consolidated Balance Sheets.

Subleases

The Company subleases certain data center facilities to commercial partners under operating leases that expire through fiscal year 2036 and remains as the primary obligor under the original leases. Sublease income, recorded as a reduction of lease expense within operating expenses, was not material for the three and nine months ended September 26, 2026 and September 27, 2025.

Future lease payments to be received under noncancellable operating subleases as of September 26, 2026 were as follows (in millions):

Fiscal Year	Remainder of 2026	2027	2028	2029	2030	2031 and thereafter	Total
Future sublease payments to be received	$ —	$ 80	$ 83	$ 86	$ 88	$ 559	$ 896

NOTE 11 – Commitments and Contingencies

Unconditional Commitments

The Company enters into commitments to secure supply of components and manufacturing services, primarily through obligations under purchase orders and contractual agreements to purchase wafers, substrates, memory, other components, and assembly, test, mark and packaging services for manufacturing. The Company also enters into multi-year arrangements with cloud service providers (CSPs) for compute capacity to be used primarily for internal research and development activities, and various licenses and service agreements. These commitments are unconditional obligations that are noncancellable or for which cancellation would result in significant penalties. The Company continually works with suppliers and partners on the timing of payments and deliveries of commitments, taking into account business conditions. Future purchase commitments related to the Company's operations as of September 26, 2026 were as follows (in millions):

Fiscal Year	Remainder of 2026	2027	2028	2029	2030	2031 and thereafter	Total
Purchase commitments	$ 11,218	$ 22,206	$ 4,959	$ 3,786	$ 4,231	$ 2,361	$ 48,761

Other Commitments

Leases not yet commenced. The Company has entered into leases for data center and general corporate purposes that have not yet commenced. As of September 26, 2026, these leases had aggregate future payments of $0.2 billion and terms of 7 to 10 years, and are expected to commence beginning in the first quarter of fiscal year 2027.

Equity investment. As of September 26, 2026, the Company had commitments to make equity investments of up to $5.1 billion, primarily in privately held companies that develop SI and other technologies, including early-stage companies. These commitments are subject to certain conditions and the investments are expected to be made through fiscal year 2028. In addition to these commitments, the Company invested $1.0 billion in an equity offering of a public company in October 2026.

Additional Commitments

The Company has also entered into arrangements that are intended to support the development of the broader SI infrastructure and expand access to the Company's AI technologies. These arrangements consist of commitments for cloud compute capacity and data center leases, both of which are made available to third parties, as well as guarantees.

Cloud compute. Under cloud compute capacity arrangements, the Company commits to purchase GPU compute capacity from CSPs, either to the extent the capacity is not purchased by third-party customers, or for capacity reserved by the Company that it may sell or assign to third parties. The amounts represent the Company's maximum commitments, which are reduced as third-party customers pay for such capacity. Future commitments related to cloud compute capacity arrangements as of September 26, 2026 were as follows (in millions):

Fiscal Year	Remainder of 2026	2027	2028	2029	2030	2031 and thereafter	Total
Cloud compute	$ 96	$ 1,419	$ 1,557	$ 1,518	$ 943	$ 642	$ 6,175

Data center leases not yet commenced. The Company has entered into data center leases that have not yet commenced and are expected to be assigned or subleased to commercial partners. As of September 26, 2026, these leases had aggregate future payments of $13.3 billion and terms of 10 to 15 years, and are expected to commence beginning in the second quarter of fiscal year 2027.

Guarantees. The Company provides credit support to certain commercial partners in the form of guarantees of their lease and debt obligations in the event of their default. As of September 26, 2026, the maximum potential amount of future payments under these guarantees was $8.5 billion, with remaining terms of up to 15 years. Refer to Note 8 – Financial Instruments.

Contingencies

During the quarter ended September 26, 2026, there were no material legal proceedings. The Company is a defendant or plaintiff in various actions that arose in the normal course of business. With respect to these matters, based on management's current knowledge, the Company believes that the amount or range of reasonably possible loss, if any, will not, either individually or in the aggregate, have a material adverse effect on the Company's financial position, results of operations, or cash flows.

NOTE 12 - Variable Interest Entities

The Company holds various forms of interests in VIEs, including investments in certain privately held cloud and SI infrastructure companies, credit derivatives, commitments to purchase cloud compute capacity from certain CSPs, and subleases of certain data center facilities to commercial partners. The Company has determined that it does not have the power to direct the activities that most significantly impact the economic performance of these entities. Therefore, the Company is not the primary beneficiary, and these VIEs are not consolidated within its financial statements.

The Company's investments in VIEs consist of non-marketable equity securities and are recorded within Other non-current assets, and the maximum exposure is limited to their carrying value. The Company has provided certain guarantees to VIEs that are accounted for as credit derivatives. The Company has interests in the forms of subleases of certain data center facilities to commercial partners that are VIEs. In addition, the Company entered into certain cloud compute capacity commitments with CSPs that are VIEs. See Note 8 – Financial Instruments, Note 10 – Leases and Note 11 – Commitments and Contingencies for further information on non-marketable equity investments, guarantees, leases and commitments.

NOTE 13 – Earnings Per Share

The following table sets forth the components of basic and diluted earnings per share:

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions, except per share amounts)			
Numerator				
Income from continuing operations	$ 2,428	$ 1,172	$ 6,105	$ 2,649
Income from discontinued operations	—	71	3	175
Net income	$ 2,428	$ 1,243	$ 6,108	$ 2,824
Denominator				
Basic weighted average shares	1,636	1,626	1,633	1,623
Potentially dilutive shares from employee equity plans	25	15	24	9
Diluted weighted average shares	1,661	1,641	1,657	1,632
Earnings per share:				
Basic earnings from continuing operations	$ 1.48	$ 0.72	$ 3.74	$ 1.63
Basic earnings from discontinued operations	—	0.04	—	0.11
Basic earnings per share	$ 1.48	$ 0.76	$ 3.74	$ 1.74
Diluted earnings from continuing operations	$ 1.46	$ 0.71	$ 3.69	$ 1.62
Diluted earnings from discontinued operations	—	0.04	—	0.11
Diluted earnings per share	$ 1.46	$ 0.75	$ 3.69	$ 1.73

Securities which would have been anti-dilutive are not material and are excluded from the computation of diluted earnings per share for all periods presented. Shares issuable upon the exercise of warrants issued to customers are considered contingently issuable and are excluded from the computation of basic and diluted earnings per share until all the conditions for the warrants to become vested and exercisable have been satisfied.

NOTE 14 – Common Stock and Stock-based Compensation

Common Stock

Shares of common stock outstanding were as follows:

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Balance, beginning of period	1,632	1,622	1,630	1,622
Common stock issued under employee equity plans	11	9	15	13
Common stock repurchases for tax withholding on equity awards	(3)	(3)	(4)	(3)
Repurchases of common stock	—	—	(1)	(12)
Common stock issued in the acquisition of ZT Systems	—	—	—	8
Balance, end of period	1,640	1,628	1,640	1,628

Treasury Stock

During the three and nine months ended September 26, 2026, the Company retired 3.5 million and 70.4 million of treasury shares, respectively, which returned to the status of authorized but unissued shares. The excess of purchase price over par value was allocated between additional paid-in capital and retained earnings.

Stock Repurchase Program

The Company has a stock repurchase program with total repurchase authority of $14 billion. During the nine months ended September 26, 2026, the Company repurchased 1.1 million shares of its common stock for $221 million, excluding the 1% excise tax on stock repurchases under the Inflation Reduction Act of 2022. As of September 26, 2026, $9.2 billion remained available for future stock repurchases. The program does not obligate the Company to acquire any common stock, has no termination date and may be suspended or discontinued at any time.

Warrants Issued to Customers

The Company issued warrants to two customers in October 2025 and February 2026, each entitling the holder the right to purchase up to 160 million shares of the Company's common stock at an exercise price of $0.01 per share. The warrants vest in tranches as the customers reach specified purchase milestones and the Company's stock price meets specified targets, including, for certain tranches, stock price performance relative to a market index. Each tranche becomes exercisable only after specified technical and commercial conditions are met by the customers. Each warrant expires five years from its issuance date, and is not settleable in cash. Upon exercise, the Company will issue shares of common stock.

Fair value is based on the estimated probability of the customers meeting the conditions for exercisability and on market-based assumptions. The weighted-average grant-date fair value of warrants outstanding was $14.25 per share. Grant-date fair values were estimated using a Monte Carlo simulation with the following assumptions:

Expected volatility	49% - 56%
Risk-free interest rate	3.56% - 3.69%
Expected dividends	—%
Expected terms (in years)	5

Expected volatility was based on historical and implied volatility of the Company's common stock, the risk-free interest rate was based on U.S. Treasury yields and the expected term was based on the contractual term of the warrants. For certain tranches, the Monte Carlo simulation also incorporated the historical correlation of the Company's stock price returns with a market index. As of September 26, 2026, the weighted-average fair value of the warrants was $178.58 per share, based on the Company's updated probability of the customers meeting the conditions required for exercisability and primarily on its closing stock price as most market conditions had been met.

As of September 26, 2026, the Company had a warrant liability of $1.2 billion, representing the fair value of the warrants attributable to qualifying customer revenue recorded to date. During the three and nine months ended September 26, 2026, the Company recorded a noncash charge of $1.2 billion, primarily related to a loss from remeasurement of the warrant liability based on the change in fair value of the warrants within Other income (expense), net. The unrecognized grant-date fair value of the unvested warrants was $4.5 billion, representing the remaining value that would be recorded as a reduction of revenue proportionally as qualifying customer revenue is recognized. As of September 26, 2026, no warrant shares had vested or become exercisable, or been exercised, forfeited or expired. No warrant liability had been reclassified to Additional paid-in capital.

Stock-based Compensation

Stock-based compensation expense recorded in the Consolidated Statements of Operations was as follows:

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Cost of sales	$ 9	$ 7	$ 25	$ 18
Research and development	418	333	1,197	905
Marketing, general and administrative	96	79	291	229
Total	$ 523	$ 419	$ 1,513	$ 1,152

In May 2026, the Company amended and restated its 2023 Equity Incentive Plan (the Plan), increasing the authorized shares for issuance under the Plan by 65 million to a total of 153 million shares of common stock. As of September 26, 2026, 104 million shares of common stock remained available for issuance under the Plan.

NOTE 15 – Income Taxes

The Company determines its income taxes for interim reporting periods by applying the Company's estimated annual effective tax rate to the year-to-date results, adjusted for tax items discrete to each period.

Continuing Operations

For the three and nine months ended September 26, 2026, the Company recorded an income tax benefit from continuing operations of $555 million and $65 million representing an effective tax rate of (29.6)% and (1.1)%, respectively. The tax benefit for both periods reflected the income tax benefit from foreign-derived deduction eligible income (FDDEI) and research and development (R&D) tax credits. In addition, the tax benefit for the three and nine months ended September 26, 2026 also included a discrete tax benefit related to stock-based compensation of $772 million and $918 million, respectively.

For the three and nine months ended September 27, 2025, the Company recorded an income tax provision from continuing operations of $153 million and an income tax benefit of $558 million representing an effective tax rate of 11.5% and (26.7)%, respectively. The tax provision (benefit) for both periods reflected the income tax benefit from foreign-derived intangible income (FDII) and R&D tax credits, partially offset by the tax rate detriment from foreign earnings, as well as a discrete tax benefit related to stock-based compensation. In addition, the tax benefit for the nine months ended September 27, 2025 also included a discrete tax benefit of $853 million related to the release of uncertain tax positions pertaining to the reasonable cause relief for dual consolidated losses approved by the Internal Revenue Service (IRS) in April 2025.

As of September 26, 2026 and December 27, 2025, the Company had long-term income tax liabilities related to unrecognized tax benefits, which included interest and penalties, of $905 million and $806 million, respectively, recorded under Other long-term liabilities in the Company's Consolidated Balance Sheets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements in this report include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements speak only as of the date hereof or as of the dates indicated in the statements and should not be relied upon as predictions of future events, as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," "anticipates," or the negative of these words and phrases, other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: possible impact of future accounting rules on AMD's condensed consolidated financial statements; demand for AMD's products; AMD's strategy and expected benefits; the growth, change and competitive landscape of the markets in which AMD participates; the expectation that international sales will continue to be a significant portion of total sales in the foreseeable future; the expectation that AMD's cash, cash equivalents, short-term investments and cash flows from operations along with our revolving credit facility and our commercial paper program will be sufficient to fund AMD's operations, capital expenditures, commitments and strategic activities over the next 12 months and beyond; AMD's ability to access capital markets; AMD's expectation that based on management's current knowledge, the potential liability related to AMD's current litigation will not have a material adverse effect on its financial positions, results of operations or cash flows; anticipated ongoing and increased costs related to enhancing and implementing information security controls; the expectation that revenue allocated to remaining performance obligations that are unsatisfied will be recognized in the next 12 months; that a small number of customers will continue to account for a substantial part of AMD's revenue and receivables in the future; the expected implications from the development of the legal and regulatory environment relating to emerging technologies, such as SI; AMD's expectation to utilize the cloud service capacity in its operations or assign the capacity; AMD's ability to achieve its corporate responsibility initiatives; compliance costs associated with new or developing sustainability laws and requirements; expected future SI technology trends, developments and growth; the expected timing and benefits of pending acquisitions; the extent of impact of export restrictions imposed by the U.S. on our business; AMD's future investment commitments and commencement of future payments under leases for data center and general corporate purposes, and equity investments; the potential impact of changes in AMD's stock price and other assumptions on the fair value of customer warrants and AMD's GAAP earnings; and AMD's expectation to fund stock repurchases through cash generated from operations. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part II, Item 1A—Risk Factors" and the "Financial Condition" section set forth in "Part I, Item 2-Management's Discussion and Analysis of Financial Condition and Results of Operations," or MD&A, and such other risks and uncertainties as set forth below in this report or detailed in our other Securities and Exchange Commission (SEC) reports and filings. We assume no obligation to update forward-looking statements.

References in this Quarterly Report on Form 10-Q to "AMD," "we," "us," "management," "our" or the "Company" mean Advanced Micro Devices, Inc. and our consolidated subsidiaries.

AMD, the AMD Arrow logo, AMD Instinct, EPYC, Radeon, Ryzen, Xilinx and combinations thereof are trademarks of Advanced Micro Devices, Inc. Other names are for informational purposes only and are used to identify companies and products and may be trademarks of their respective owners. "Zen" is a codename for an AMD architecture and is not a product name.

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this report and our audited consolidated financial statements and related notes as of December 27, 2025 and December 28, 2024, and for each of the three years for the period ended December 27, 2025 as filed in our Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Overview and Recent Developments

We are a global semiconductor company primarily offering:

- Artificial Intelligence (AI) accelerators, microprocessors (CPUs) for servers, graphics processing units (GPUs), accelerated processing units (APUs), data processing units (DPUs), AI Network Interface Cards (AI NICs), Field Programmable Gate Arrays (FPGAs) and adaptive System-on-Chip (SoC) products for data centers;
- CPUs, APUs, chipsets for desktops and notebooks, discrete GPUs, semi-custom SoC products and development services; and
- embedded CPUs, APUs, FPGAs, System on Modules (SOMs), and adaptive SoC products.

From time to time, we may also sell or license portions of our intellectual property (IP) portfolio.

In this section, we will describe the general financial condition and the results of operations of Advanced Micro Devices, Inc. and its wholly-owned subsidiaries (collectively, "we", "us," "our", "AMD" or the "Company"), including a discussion of our results of operations for the three and nine months ended September 26, 2026 compared to the prior year period and an analysis of changes in our financial condition.

Net revenue for the three months ended September 26, 2026 was $13.4 billion, a 45% increase compared to the prior year period. The increase in net revenue was driven by an increase in Data Center segment revenue primarily driven by the strong demand for our AMD EPYC™ processors and the launch of our AMD Instinct™ MI450 Series GPUs, and an increase in Embedded segment revenue as demand strengthened across end markets, partially offset by a decrease in our Client and Gaming segment revenue primarily due to lower demand for semi-custom products.

Gross margin for the three months ended September 26, 2026 was 54% compared to gross margin of 52% for the prior year period, a 2 percentage point increase primarily driven by a favorable product mix, including higher Data Center segment revenue.

Operating income for the three months ended September 26, 2026 was $2.8 billion compared to operating income of $1.3 billion for the prior year period. The increase in operating income was due to higher gross profit, partially offset by higher operating expenses. Net income for the three months ended September 26, 2026 was $2.4 billion compared to net income of $1.2 billion for the prior year period. The increase in net income was primarily driven by higher operating income.

As of September 26, 2026, our cash, cash equivalents and short-term investments were $15.8 billion compared to $10.6 billion as of December 27, 2025. During the nine months ended September 26, 2026, we generated $6.5 billion of cash from operating activities and we returned $221 million to stockholders through the repurchase of common stock under our stock repurchase program (Repurchase Program).

In August and September 2026, we entered into definitive agreements to acquire Taalas Inc. and World Labs Technologies, Inc. to strengthen our model research and inference capabilities and development of future super intelligence (SI) hardware, software and systems. The acquisitions are expected to close in the fourth quarter of fiscal year 2026, subject to regulatory approvals and customary closing conditions.

In August 2026, we issued $4.75 billion in aggregate principal amount of senior notes, with proceeds intended for general corporate purposes, including the repayment of debt. We also repaid in full the $875 million aggregate principal amount of our 4.212% Senior Notes as the notes matured in September 2026.

We have entered and may continue to enter into commercial arrangements to support our operations and anticipated growth, as well as the development of the broader SI infrastructure ecosystem by customers and commercial partners and expand access to our AI technologies. These arrangements include long-term capacity purchase agreements, cloud compute capacity commitments, leases (including leases for general corporate purposes and data center leases), lease guarantees and other credit support and financing arrangements. Under our cloud compute capacity arrangements, we have committed, and expect to continue to commit in the future, to purchase GPU compute capacity from cloud service providers (CSPs) either to the extent it is not successfully placed with third-party customers, or for capacity we reserved and may sell or assign to third parties. We entered into data center leases which we expect to assign or sublease to commercial partners, and provided credit support to certain commercial partners in the form of guarantees of their lease and debt obligations in the event of their default. See Note 8 - Financial Instruments, Note 10 - Leases and Note 11 - Commitments and Contingencies in Part 1, Item 1 of this Form 10-Q.

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period, the primary factors that resulted in those changes, and how certain accounting principles, policies and estimates affect our financial statements.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts in our consolidated financial statements. We evaluate our estimates on an ongoing basis, including those related to our revenue, inventories, goodwill, long-lived and intangible assets, business combination accounting, warrants issued to customers and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Although actual results have historically been reasonably consistent with management's expectations, the actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions.

Warrants Issued to Customers. Fair value is based on the estimated probability of the customers meeting the technical and commercial conditions required for exercisability and on market-based assumptions. The estimate of the probability of meeting the technical and commercial conditions by the customers requires significant judgment in evaluating commercial, technical, market and third-party execution considerations. Market-based assumptions include our stock price, Monte Carlo simulation assumptions such as expected volatility, and historical correlation of our stock price returns with a market index. The warrant liability is dependent on our estimate of customers' total probable purchases which requires judgment.

There were no other significant changes for the three and nine months ended September 26, 2026 to the items that we disclosed as our critical accounting estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Results of Continuing Operations

Each of the Client and Gaming businesses do not qualify as a separate reportable operating segment, however, we continue to separately disclose revenues for each business. Our operating results tend to vary seasonally. Historically, our net revenue has been generally higher in the second half of the year than in the first half of the year, although market conditions and product transitions could impact this trend.

The following table provides a summary of net revenue and operating income (loss) by segment:

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	(In millions)			
Net revenue:				
Data Center	$ 8,546	$ 4,341	$ 21,039	$ 11,255
Client and Gaming				
Client	2,949	2,750	8,896	7,543
Gaming	773	1,298	2,272	3,067
Total Client and Gaming	3,722	4,048	11,168	10,610
Embedded	1,109	857	2,959	2,504
Total net revenue	$ 13,377	$ 9,246	$ 35,166	$ 24,369
Cost of sales and operating expenses:				
Data Center	$ 5,664	$ 3,267	$ 14,455	$ 9,404
Client and Gaming	3,149	3,181	9,438	8,480
Embedded	656	574	1,782	1,618
All other	1,076	954	3,193	2,925
Total cost of sales and operating expenses	$ 10,545	$ 7,976	$ 28,868	$ 22,427
Operating income (loss):				
Data Center	$ 2,882	$ 1,074	$ 6,584	$ 1,851
Client and Gaming	573	867	1,730	2,130
Embedded	453	283	1,177	886
All other	(1,076)	(954)	(3,193)	(2,925)
Total operating income (loss)	$ 2,832	$ 1,270	$ 6,298	$ 1,942

Data Center

Data Center net revenue of $8.5 billion for the three months ended September 26, 2026 increased by 97%, compared to net revenue of $4.3 billion for the prior year period. Data Center net revenue of $21.0 billion for the nine months ended September 26, 2026 increased by 87%, compared to net revenue of $11.3 billion for the prior year period. The increase in both periods was primarily driven by strong demand for our AMD EPYC processors and AMD Instinct GPUs.

Data Center operating income was $2.9 billion for the three months ended September 26, 2026, compared to operating income of $1.1 billion for the prior year period. Data Center operating income was $6.6 billion for the nine months ended September 26, 2026, compared to operating income of $1.9 billion for the prior year period. The increase in operating income in both periods was primarily driven by higher revenue, partially offset by higher cost of sales and operating expenses.

Client and Gaming

Client and Gaming net revenue of $3.7 billion for the three months ended September 26, 2026 decreased by 8%, compared to net revenue of $4.0 billion for the prior year period. Client and Gaming net revenue of $11.2 billion for the nine months ended September 26, 2026 increased by 5%, compared to net revenue of $10.6 billion for the prior year period.

Client net revenue of $2.9 billion for the three months ended September 26, 2026 increased by 7% compared to net revenue of $2.8 billion for the prior year period, primarily driven by a 6% increase in unit shipments of client processors and a 1% increase in average selling price of client processors. Client net revenue of $8.9 billion for the nine months ended September 26, 2026 increased by 18% compared to net revenue of $7.5 billion for the prior year period, primarily driven by a 21% increase in unit shipments of client processors, partially offset by a 2% decrease in average selling price of client processors. The increase in unit shipments in both periods was primarily driven by AMD Ryzen™ mobile processors. The decrease in average selling price in the nine months period was primarily due to a shift in mix of Ryzen processor sales, including lower AMD Ryzen desktop processors sales.

Gaming net revenue of $0.8 billion for the three months ended September 26, 2026 decreased by 40% compared to net revenue of $1.3 billion for the prior year period. Gaming net revenue of $2.3 billion for the nine months ended September 26, 2026 decreased by 26% compared to net revenue of $3.1 billion for the prior year period. The decrease in both periods was primarily due to lower semi-custom revenue.

Client and Gaming operating income was $573 million for the three months ended September 26, 2026, compared to operating income of $867 million for the prior year period. The decrease in operating income was primarily due to lower revenue. Client and Gaming operating income was $1.7 billion for the nine months ended September 26, 2026, compared to operating income of $2.1 billion for the prior year period. The decrease in operating income was primarily due to higher cost of sales and operating expenses.

Embedded

Embedded net revenue of $1.1 billion for the three months ended September 26, 2026 increased by 29%, compared to net revenue of $857 million for the prior year period. Embedded net revenue of $3.0 billion for the nine months ended September 26, 2026 increased by 18%, compared to net revenue of $2.5 billion for the prior year period. Net revenue increased in both periods as demand strengthened across end markets.

Embedded operating income was $453 million for the three months ended September 26, 2026, compared to operating income of $283 million for the prior year period. Embedded operating income was $1.2 billion for the nine months ended September 26, 2026, compared to operating income of $886 million for the prior year period. The increase in operating income in both periods was primarily driven by higher revenue, partially offset by higher cost of sales and operating expenses.

All Other

All Other operating loss of $1.1 billion for the three months ended September 26, 2026 increased by 13% compared to All Other operating loss of $954 million for the prior year period. All Other operating loss of $3.2 billion for the nine months ended September 26, 2026 increased by 9%, compared to All Other operating loss of $2.9 billion for the prior year period. The increase in both periods was primarily due to higher stock-based compensation expense as a result of higher headcount, partially offset by a lower amortization of acquisition-related intangibles.

International Sales

International sales, based on billing location of customers who purchased directly from us, were 57% and 64% of net revenue for the three months ended September 26, 2026 and September 27, 2025, respectively, and 66% and 67% of net revenue for the nine months ended September 26, 2026 and September 27, 2025, respectively. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future. Substantially all of our sales transactions were denominated in U.S. dollars.

Gross Margin and Expenses

The following is a summary of certain consolidated statement of operations data for the periods indicated:

	Three Months Ended		Nine Months Ended	
	September 26, 2026	September 27, 2025	September 26, 2026	September 27, 2025
	In millions, except percentages			
Net revenue	$ 13,377	$ 9,246	$ 35,166	$ 24,369
Cost of sales	5,910	4,206	15,559	12,023
Amortization of acquisition-related intangibles	257	260	778	771
Gross profit	7,210	4,780	18,829	11,575
Gross margin	54%	52%	54%	47%
Research and development	2,803	2,139	7,728	5,761
Marketing, general and administrative	1,298	1,069	3,952	2,946
Amortization of acquisition-related intangibles	277	302	851	926
Interest expense	(62)	(37)	(136)	(95)
Other income (expense), net	(902)	82	(139)	219
Income tax provision (benefit)	(555)	153	(65)	(558)
Income from discontinued operations, net of tax	—	71	3	175

Gross Margin

Gross margin was 54% and 52% for the three months ended September 26, 2026 and September 27, 2025, respectively, where the increase was driven by a favorable product mix, including higher Data Center segment revenue. Gross margin was 54% and 47% for the nine months ended September 26, 2026 and September 27, 2025, respectively, where the increase was driven by the absence of inventory and related charges associated with the U.S. government export control on AMD Instinct MI308 Data Center GPU products that was recorded in the prior year period and a favorable product mix, including higher Data Center segment revenue.

Expenses

Research and Development (R&D) Expenses

R&D expenses of $2.8 billion for the three months ended September 26, 2026 increased by $0.7 billion, or 31%, compared to $2.1 billion for the prior year period. R&D expenses of $7.7 billion for the nine months ended September 26, 2026 increased by $2.0 billion, or 34%, compared to $5.8 billion for the prior year period. The increase in both periods was primarily due to higher employee-related costs from an increase in headcount as we continue to expand our data center silicon, systems and software capabilities.

Marketing, General and Administrative (MG&A) Expenses

MG&A expenses of $1.3 billion for the three months ended September 26, 2026 increased by $0.2 billion, or 21%, compared to $1.1 billion for the prior year period. MG&A expenses of $4.0 billion for the nine months ended September 26, 2026 increased by $1.0 billion, or 34%, compared to $2.9 billion for the prior year period. The increase in both periods was primarily due to an increase in go-to-market activities to support our revenue growth.

Amortization of Acquisition-Related Intangibles

Amortization of acquisition-related intangibles of $534 million for the three months ended September 26, 2026 decreased by $28 million, or 5%, compared to $562 million for the prior year period. Amortization of acquisition-related intangibles of $1.6 billion for the nine months ended September 26, 2026 decreased by $68 million, or 4%, compared to $1.7 billion for the prior year period. The decrease in both periods was primarily due to certain acquisition-related intangibles that were fully amortized in the prior fiscal year.

Interest Expense

Interest expense for the three and nine months ended September 26, 2026 was $62 million and $136 million, respectively. Interest expense for the three and nine months ended September 27, 2025 was $37 million and $95 million, respectively. The increase for both periods was primarily due to the issuance of the August 2026 Notes, partially offset by the repayment of the $875 million aggregate principal amount of our 4.212% Senior Notes.

Other Income (Expense), Net

Other income (expense), net primarily consists of change in fair value of warrant liability, interest income, gains and losses from investments, and foreign currency transaction gains and losses.

Other income (expense), net for the three months ended September 26, 2026 was $(902) million, a decrease of $984 million, compared to $82 million for the prior year period. Other income (expense), net for the nine months ended September 26, 2026 was $(139) million, a decrease of $358 million, compared to $219 million for the prior year period. The decrease in both periods was primarily driven by the change in fair value of warrant liability of $1.1 billion.

Income Taxes

We determine income taxes for interim reporting periods by applying our estimated annual effective tax rate to the year-to-date results and adjusted for tax items discrete to each period.

For the three and nine months ended September 26, 2026, we recorded an income tax benefit from continuing operations of $555 million and $65 million representing an effective tax rate of (29.6)% and (1.1)%, respectively. The tax benefit for both periods reflected the income tax benefit from foreign-derived deduction eligible income (FDDEI) and R&D tax credits. In addition, the tax benefit for the three and nine months ended September 26, 2026 also included a discrete tax benefit related to stock-based compensation of $772 million and $918 million, respectively.

For the three and nine months ended September 27, 2025, we recorded an income tax provision from continuing operations of $153 million and an income tax benefit of $558 million representing an effective tax rate of 11.5% and (26.7)%, respectively. The tax provision (benefit) for both periods reflected the income tax benefit from foreign-derived intangible income (FDII) and R&D tax credits, partially offset by the tax rate detriment from foreign earnings, as well as a discrete tax benefit related to stock-based compensation. In addition, the tax benefit for the nine months ended September 27, 2025 also included a discrete tax benefit of $853 million related to the release of uncertain tax positions pertaining to the reasonable cause relief for dual consolidated losses approved by the Internal Revenue Service (IRS) in April 2025.

Results of Discontinued Operations

Net income from discontinued operations for the nine months ended September 26, 2026 of $3 million included tax provision adjustments. Net income from discontinued operations for the three and nine months ended September 27, 2025 of $71 million and $175 million include the results of operations of the ZT Manufacturing Business, that was divested in October 2025. See Note 5 - Acquisitions and Divestitures in Part 1, Item 1 of this Form 10-Q.

FINANCIAL CONDITION

Liquidity and Capital Resources

As of September 26, 2026 and December 27, 2025, our cash, cash equivalents and short-term investments were $15.8 billion and $10.6 billion, respectively. We also have a $5.0 billion unsecured revolving credit facility that expires in 2031 and a commercial paper program under which we may issue up to $5.5 billion of unsecured commercial paper notes with maturities of up to 397 days. We had no borrowings outstanding under either program as of September 26, 2026.

Material Cash Requirements

As of September 26, 2026, the aggregate principal amount of our debt was $7.1 billion, compared to $3.3 billion as of December 27, 2025, reflecting our issuance of senior notes in four tranches with an aggregate principal amount of $4.75 billion in August 2026, partially offset by the repayment of $875 million aggregate principal amount of our 4.212% Senior Notes due 2026 (4.212% Senior Notes) at maturity. Our outstanding debt matures between 2028 and 2052, with none due within the next 12 months.

In addition to our debt obligations, we have entered and may continue to enter into commercial arrangements to support our operations and anticipated growth as well as the development of the broader SI infrastructure ecosystem by our customers and commercial partners and expand access to our AI technologies. These arrangements include long-term capacity purchase agreements, cloud compute capacity commitments, leases (including leases for general corporate purposes and data center leases), lease guarantees and other credit support and financing arrangements.

As of September 26, 2026, unconditional commitments related to our operations were $48.8 billion, of which $33.4 billion is expected to be paid in the remainder of fiscal year 2026 and fiscal year 2027. We had future payments of $0.2 billion under leases for our operations that have not yet commenced and investment commitments of up to $5.1 billion. Commitments for cloud compute capacity arrangements that are intended to support the broader SI infrastructure development and expand access to our technologies were $6.2 billion, of which $1.5 billion is expected to be paid in the remainder of fiscal year 2026 and fiscal year 2027. Future payments under data center leases not yet commenced that we expect to assign or sublease to commercial partners were $13.3 billion, and the maximum potential amount of future payments under our guarantees was $8.5 billion. Remaining payments under leases recognized on our condensed consolidated balance sheet, including data center leases related to the development of SI infrastructure, were $2.7 billion. We have subleased certain of these data center leases to commercial partners and expect to receive $0.9 billion under these noncancellable subleases through 2036. In addition to these commitments, we invested $1.0 billion in an equity offering of a public company in October 2026.

Unconditional commitments related to our operations consist primarily of obligations to purchase wafers, substrates, memory and other components and assembly, test, mark and packaging services for manufacturing. It also includes cloud compute capacity used for our internal research and development and various licenses and service agreements. Leases for our operations that have not yet commenced are expected to commence beginning in the first quarter of fiscal year 2027. Our equity investment commitments are subject to certain conditions and are expected to be funded through fiscal year 2028.

Commitments that are intended to support the development of the broader SI infrastructure and expanding access to our technologies consist of cloud compute capacity and data center leases not yet commenced, both of which are made available to third parties, as well as guarantees. Under cloud compute capacity arrangements, we commit to purchase GPU compute capacity from CSPs, either to the extent it is not placed by third-party customers, or for capacity we reserve and may sell or assign to third parties. Accordingly, our commitments represent maximum amounts, which are reduced as third-party customers pay for the capacity. We expect to assign or sublease data center leases not yet commenced to commercial partners. Our guarantees provide credit support for certain commercial partners' lease and debt obligations and would require payment only in the event of their default. As of September 26, 2026, no commercial partner was in default and no amounts had been paid under these guarantees.

See Note 8 – Financial Instruments, Note 10 – Leases and Note 11 – Commitments and Contingencies in Part 1, Item 1 of this Form 10-Q for additional information.

We expect to fund our operations, capital expenditures, commitments and strategic activities over the next 12 months and beyond through our cash, cash equivalents, short-term investments and cash flows from operations, together with borrowing capacity under our revolving credit facility and commercial paper program, which we believe will be sufficient for these needs. We may also access the capital markets to supplement our liquidity.

Cash Flows

Our operating, investing and financing activities for the nine months ended September 26, 2026 compared to the prior year period are as described below:

	Nine Months Ended	
	September 26, 2026	September 27, 2025
	(In millions)	
Net cash provided by (used in):		
Net cash provided by operating activities of continuing operations	$ 6,523	$ 4,189
Net cash provided by operating activities of discontinued operations	—	920
Operating activities	6,523	5,109
Net cash used in investing activities of continuing operations	(6,415)	(3,962)
Net cash used in investing activities of discontinued operations	(243)	(30)
Investing activities	(6,658)	(3,992)
Financing activities of continuing operations	1,983	(103)
Net increase in cash, cash equivalents and restricted cash	$ 1,848	$ 1,014

Operating Activities

Our working capital cash inflows and outflows from operations are primarily cash collections from our customers, payments for inventory purchases and payments for employee-related expenditures.

Net cash provided by operating activities of continuing operations was $6.5 billion in the nine months ended September 26, 2026, primarily due to our net income of $6.1 billion, adjusted for non-cash and non-operating charges of $4.0 billion and net cash outflows of $3.6 billion from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities included a $3.5 billion increase in inventory primarily to support the continued ramp of Data Center products in advanced process technology nodes, $2.9 billion increase in accounts receivable driven primarily by higher revenue, a $2.1 billion increase in prepaid expenses and other assets primarily due to prepayments of supply agreements, partially offset by a $4.5 billion increase in accounts payable primarily due to timing of payment obligations and higher inventory purchases.

Net cash provided by operating activities of continuing operations was $4.2 billion in the nine months ended September 27, 2025, primarily due to our net income of $2.6 billion, adjusted for non-cash and non-operating charges of $3.4 billion and net cash outflows of $1.8 billion from changes in our operating assets and liabilities. The primary driver of the change in operating assets and liabilities was a $1.6 billion increase in inventory primarily to support the continued ramp of Data Center products in advanced process technology nodes. Net cash provided by operating activities of the ZT Manufacturing Business, classified as discontinued operations, was $920 million.

Investing Activities

Net cash used in investing activities of continuing operations was $6.4 billion for the nine months ended September 26, 2026, which primarily consisted of purchases of short-term investments of $6.8 billion, purchases of property and equipment of $1.8 billion, and purchases of long-term investments of $1.1 billion, partially offset by $3.4 billion of proceeds from the maturity and sale of short-term investments. Net cash used in investing activities of discontinued operations was $0.2 billion, which represents payment for customary net working capital adjustments related to the divestiture of the ZT Manufacturing Business.

Net cash used in investing activities of continuing operations was $4.0 billion for the nine months ended September 27, 2025, which primarily consisted of cash used in acquisitions, net of cash acquired, of $1.7 billion, the purchases of short-term investments of $2.1 billion, purchases of property and equipment of $752 million, and purchases of strategic investments of $432 million, partially offset by $1.0 billion of proceeds from the maturity and sale of short-term investments. Net cash used in investing activities of the ZT Manufacturing Business, classified as discontinued operations, was $30 million due to purchases of equipment.

Financing Activities

Net cash provided by financing activities of continuing operations was $2.0 billion for the nine months ended September 26, 2026, which primarily consisted of net proceeds of approximately $4.7 billion from the issuance of the August 2026 Notes partially offset by stock repurchases for tax withholding on employee equity plans of $1.8 billion, repayment of $0.9 billion aggregate principal amount of our 4.212% Senior Notes as the notes matured in September 2026.

Net cash used in financing activities of continuing operations was $103 million for the nine months ended September 27, 2025, which primarily consisted of stock repurchases pursuant to the Repurchase Program of $1.3 billion and stock repurchases for tax withholding on employee equity plans of $447 million partially offset by cash received from the issuance of senior notes of $1.5 billion. There was no net cash provided by financing activities of discontinued operations for the nine months ended September 27, 2025.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to “Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk,” in our Annual Report on Form 10-K for the fiscal year ended December 27, 2025.

Long-term Investment Risk. We hold long-term investments in marketable equity securities of publicly traded companies and non-marketable equity and other securities of privately held companies. As of September 26, 2026 and December 27, 2025, the carrying value of marketable equity securities was $1.3 billion and $0.2 billion, respectively, and non-marketable equity and other securities was $1.9 billion and $1.1 billion, respectively. These investments are subject to market risks that could substantially impact their fair value. The Company regularly reviews non-marketable securities for impairment.

There have not been any material changes in interest rate risk, default risk or foreign exchange risk since December 27, 2025.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports made under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of September 26, 2026, the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our CEO and CFO concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There were no changes in our internal controls over financial reporting for the three months ended September 26, 2026 that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of our legal proceedings, refer to Note 11 - Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q).

ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously.

Risk Factors Summary

The following is a summary of the principal risks that could adversely affect our business, financial condition and results of operations.

Economic and Strategic Risks

- The markets in which our products are sold are highly competitive and rapidly evolving.
- The semiconductor industry is highly cyclical and has experienced severe downturns.
- The demand for our products depends in part on the market conditions in the industries into which they are sold.
- The success of our business depends on our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting significant industry transitions.
- The loss of a significant customer may have a material adverse effect on us.
- Economic and market uncertainty may adversely impact our business and operating results.
- Our operating results are subject to quarterly and seasonal sales patterns.
- If we cannot adequately protect our technology or other intellectual property through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses.
- Unfavorable currency exchange rate fluctuations could adversely affect us.

Operational and Technology Risks

- We rely on third parties to manufacture our products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, our business could be materially adversely affected.
- Essential equipment, materials, substrates or manufacturing processes may not be available to us.
- We may fail to achieve expected manufacturing yields for our products.
- Our revenue from our semi-custom System-on-Chip (SoC) products is dependent upon our semi-custom SoC products being incorporated into customers' products and the success of those products.
- Our products may be subject to security vulnerabilities that could have a material adverse effect on us.
- IT outages, data loss, data breaches and cyberattacks could disrupt operations and compromise our intellectual property or other sensitive information be costly to remediate or cause significant damage to our business, reputation, financial condition and results of operations.
- Uncertainties involving the ordering and shipment of our products could materially adversely affect us.
- Our ability to design and introduce new products depends on the use of third-party intellectual property.
- We depend on third-party companies for the design, manufacture and supply of motherboards, software, memory and other computer platform components to support our business and products.

- If we lose Microsoft Corporation's support for our products or other software vendors do not design and develop software to run on our products, our ability to sell our products could be materially adversely affected.
- Our reliance on third-party distributors and add-in-board (AIB) partners subjects us to certain risks.
- Our business depends on the proper functioning of our internal business processes and information systems.
- Our products may not be compatible with some or all industry-standard software and hardware.
- Costs related to defective products could have a material adverse effect on us.
- We may fail to maintain the efficiency of our supply chain as we respond to changes in customer demand.
- We outsource to third parties certain supply-chain logistics functions.
- We may be unable to effectively control the sales of our products on the gray market.
- Climate change may have an impact on our business.

Legal and Regulatory Risks

- Government actions and regulations, including export controls, national-security-based regulations, import tariffs and trade protection measures, may limit our ability to export our products to certain customers, increase costs, harm our competitive position and materially affect our business.
- If we cannot realize our deferred tax assets, our results of operations could be adversely affected.
- Our business is subject to potential tax liabilities, including as a result of tax regulation changes.
- We are party to litigation and may become a party to other claims or litigation.
- We are subject to environmental laws, conflict minerals regulations, as well as a variety of other laws or regulations.
- Evolving expectations from governments, investors, customers and other stakeholders regarding corporate responsibility matters could result in additional costs, harm to our reputation and a loss of customers.
- Issues related to the responsible use of SI may result in reputational, competitive and financial harm and liability.
- The agreements governing our notes, our guarantee of Xilinx's notes and the Revolving Credit Agreement.
- We may be required to satisfy financial obligations under guarantees, leases and other commercial commitments.

Merger, Acquisition, Divestiture, and Integration Risks

- Acquisitions, joint ventures, and/or investments, and the failure to integrate acquired businesses may fail to materialize their anticipated benefits and could disrupt our business.
- Any impairment of our tangible, definite-lived intangible or indefinite-lived intangible assets, including goodwill, may adversely impact our financial position and results of operations.

General Risks

- Our worldwide operations are subject to political, legal and economic risks and natural disasters.
- We may incur future impairments of our technology license purchases.
- If we are unable to attract, develop and retain key employees, our business could be materially affected.
- Our stock price is subject to volatility.

For a more complete discussion of the material risks facing our business, see below.

Economic and Strategic Risks

The markets in which our products are sold are highly competitive and rapidly evolving.

Delivering the latest and best products to market on time is critical to revenue growth. The competitiveness of our products depends on a number of factors, including: performance, total cost of ownership, timely product introductions, product quality and reliability, product features and capabilities, energy efficiency (including power consumption and battery life, given their impact on total cost of ownership), size (or form factor), selling price, cost, adherence to industry standards (and the creation of open industry standards), level of integration, software and hardware compatibility, ease of use and functionality of software design tools, completeness of applicable software solutions, security and stability, brand recognition and availability.

Competition is expected to remain intense, driven by rapid technological change, evolving standards, shifting customer preferences, product obsolescence, and frequent product launches from both established and new competitors. Some of our competitors may possess stronger market positions, larger customer bases, more design wins, and greater financial, sales, marketing, and distribution resources than us. As a result, they may be able to acquire market share or limit our ability to do so, more effectively capitalize on new market opportunities, and transition their products more efficiently than we can. Some competitors are pursuing alternative computing architectures, such as Arm, which could grow the Arm ecosystem and increase competition in consumer, commercial and data center markets, reducing demand for our products. Additionally, we may encounter competition from customers who internally develop products to support super intelligence (SI) workloads similar to those supported by our products, particularly as SI continues to advance and become integrated into the markets in which we compete. To the extent our customers develop products that compete with ours, including custom AI accelerators, and replace or reduce their reliance on our products, our competitive position may be weakened and may limit our ability to grow or maintain our market share.

Our competitors may use their market position and financial resources to market and price their products in a way that dissuades customers from purchasing from us. For example, Intel Corporation (Intel) uses its microprocessor market position to price its products aggressively and target our customers and channel partners with special incentives. These aggressive activities have reduced and may reduce our unit sales and average selling prices for many of our products, adversely affecting our business. Similarly, Nvidia Corporation (Nvidia) leverages its market position in the data center GPU market, financial resources, and proprietary software ecosystem to promote its systems and influence customers that do business with us. Our competitors' business practices, including allocation strategies, pricing actions, product mix and introduction schedules, licensing terms, marketing arrangements, product bundling strategies, lack of software interoperability and business acquisitions and investments can limit customers' ability to choose alternative products, including ours. This may limit our market share and decrease our margins and profitability, which may have a material adverse effect on our business.

In addition, strategic partnerships, acquisitions and business collaborations by and between our competitors may increase competition and adversely affect our business. For example, in September 2025, Nvidia announced a partnership and investment in Intel to partner on new data center and client platform products. This partnership may result in increased competition and pricing pressure for our products or could prevent us from participating in other opportunities, which could materially adversely affect our business, financial condition and margins.

The semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect, our business in the future.

The semiconductor industry is highly cyclical and has experienced significant downturns, often alongside constant and rapid technological change, wide fluctuations in supply and demand, continuous new product introductions, price erosion and declines in general economic conditions. The growth of SI is further creating pressure on the semiconductor industry to timely design, manufacture and deliver semiconductor products and solutions to meet customer demand for computing power and SI infrastructure. We have incurred substantial losses in previous downturns, due to substantial declines in average selling prices; the cyclical nature of supply and demand imbalances in the semiconductor industry; a decline in demand for end-user products that incorporate our products; and excess inventory levels and periods of inventory adjustment. Such industry-wide fluctuations may materially adversely affect us in the future. Global economic uncertainty and weakness have in the past impacted the semiconductor market as consumers and businesses have deferred purchases, which negatively impacted demand for our products. Our financial performance has been, and may in the future be, negatively affected by these downturns.

The growth of our business is also dependent on continued demand for our products from high-growth adjacent emerging global markets. Our ability to be successful in such markets depends in part on our ability to establish adequate local infrastructure, as well as our ability to cultivate and maintain local relationships in these markets. If demand from these markets is below our expectations, sales of our products may decrease, which would have a material adverse effect on us.

The demand for our products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.

Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. We offer products that are used in different end markets and the demand for our products can vary among our Data Center, Client, Gaming and Embedded end markets. In our Data Center segment, we offer products that are designed to be optimized for generative AI applications and since 2024, we have experienced significant demand for our accelerators. The demand for such products will in part depend on the extent to which our customers utilize generative AI solutions in a wide variety of applications, and both the near-term and long-term trajectory of such generative AI solutions is unknown. Data center deployments may occur slower than our customers or the market anticipate. Customers may be unable to secure sufficient data center capacity and may face power and water constraints, industry-wide memory shortage and related rising prices and other supply chain bottlenecks, unfavorable developments in public perception or evolving laws and regulations related to data centers that can cause construction delays in the scheduled buildout of data centers. Since our data center business depends in part on the timing and scale of our customers' SI infrastructure deployments, any delay or reduction in buildout resulting from these factors could impact the timing of customer adoption of our products, impede our growth strategy and could have a material adverse effect on our business, financial conditions and future growth strategy. Customers may also lack, or be unable to secure, capital to fund their required SI infrastructure and may request alternative financing or deferred-payment arrangements from vendors and suppliers.

Our Client and Gaming segment revenue includes products sold into the consumer desktop and notebook PC segments and will depend in part on the market's adoption of AI PCs. We are actively building SI capabilities into our Client products, such as Ryzen AI PC processors, but there can be no assurance about the rate and pace of adoption of such product offerings. In the past, revenue from the Client and Gaming segment has experienced a decline driven by, among other factors, the adoption of smaller and other form factors, increased competition and changes in replacement cycles. The success of our semi-custom SoC products in our Client and Gaming segment is dependent on securing customers for our semi-custom design pipeline and consumer market conditions, including the success of game console systems and next generation consoles for Sony and Microsoft. Semi-custom sales can be cyclical, and may decrease over time if our customers decide to not introduce new products.

Our Embedded segment primarily includes embedded CPUs, APUs, FPGAs, System on Modules (SOMs) and adaptive SoC products some of which are subject to macroeconomic trends, geopolitical volatility and volatile business conditions. To the extent our embedded customers are faced with higher inventory levels, they may choose to draw down their existing inventory and order less of our products.

The success of our business depends on our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.

Our success depends to a significant extent on the development, qualification, implementation and acceptance of new product designs and improvements that provide value to our customers. Our ability to identify industry changes, and adapt our strategy to develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry trends and requirements, at prices acceptable to our customers and on a timely basis, are significant factors in determining our competitiveness in our target markets. We cannot assure you that we will be able to meet the evolving needs of industry changes or that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in identifying, developing, qualifying or shipping new products or technologies that provide value to our customers and address these new trends, or if we fail to predict which new form factors, product features preferences or requirements consumers will adopt and adapt our business accordingly, we may lose out on design wins and lose competitive positioning, which could cause us to lose market share.

Although we make substantial investments in research and development, we cannot be certain that we will be able to develop, obtain or successfully implement new products and technologies on a timely basis or that they will be well-received by our customers. Our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. Failure to successfully develop increasingly advanced technologies, including our portfolio of hardware products and software tools, or monetize our products, could impact our revenue and we may incur unanticipated liabilities. We cannot be certain that our ongoing investments in new products and technologies will be successful and will result in adoption of these product offerings at the expected rate or pace or at all. For example, as part of our pervasive AI strategy, we have a portfolio of hardware products and software tools to allow our customers to develop scalable AI solutions. We are actively building AI capabilities into our products, but there can be no assurance about the rate and pace of adoption of such product offerings. In our Data Center segment, we offer products that are designed to be optimized for generative AI applications and we have experienced significant demand for our accelerators. The demand for such products in part will depend on the extent to which our customers utilize generative AI solutions in a wide variety of applications as both the near-term and long-term trajectory of such generative AI solutions is unknown. If we fail to develop and timely offer or deploy such products and technologies, keep pace with the product offerings of our competitors, or adapt to unexpected changes in industry standards or disruptive technological innovation, our business could be adversely affected. Additionally, our efforts in developing new SI technology solutions are inherently risky and may not always succeed. If we are unable to execute on new products or business strategies, we may incur significant costs, resources, investments and delays and not achieve a return on investment or capitalize on the opportunities presented by demand for AI solutions. Moreover, while SI adoption is likely to continue and may accelerate, the long-term trajectory of this technological trend is uncertain.

Delays in developing, qualifying or shipping new products may cause us to miss our customers' product design windows or, in some cases, breach contractual obligations. If our products are not selected by our customers in the initial design of their computer systems or products, they are typically excluded until at least the next design cycle. The process of being qualified for inclusion in a customer's system or product can be lengthy and could cause us to further miss a cycle in the demand of end-users, which could result in a loss of market share and harm our business. We also depend on the timing and success of our customers' platform launches. If our customers delay their product launches or if our customers do not effectively market their platforms with our products, it could result in a delay in bringing our products to market and cause us to miss a cycle in the demand of end-users, which could materially adversely affect our business. In addition, as market demand requires that products incorporate new features and performance standards on an industry-wide basis, product pricing declines over the life of a specific product. The introduction of new products and enhancements to existing products is necessary to maintain the overall corporate average selling price. If we are unable to introduce new products with sufficiently high sale prices or to increase unit sales volumes capable of offsetting the reductions in the sale prices of existing products over time, our business could be materially adversely affected.

Product transition risks may increase as the computing industry shifts toward shorter launch cycles and a broader range of accelerated computing platforms. Product transitions are complex and as such we may ship both new and prior-generation products concurrently. Customer adoption patterns can vary and while some customers may shift to newer products more quickly and reduce demand for current-generation offerings, other customers may lower their inventory of existing products before purchasing new ones.

The increased frequency of product transitions and expansion of our product portfolio including the introduction of system-level architectures, such as the Helios rack-scale solutions, which we develop and license for implementation by customers and their manufacturing partners heighten the challenges of managing our supply and demand and could adversely affect our revenue and inventory management. Although we supply certain products used in Helios rack-scale solutions, we do not manufacture or sell the completed Helios rack-scale solutions. The increasing frequency and complexity of newly introduced products may also result in unanticipated quality or production issues that could result in product delays. Helios rack-scale solutions also incorporate components that we do not design, manufacture or supply, including networking, memory, power, cooling, mechanical and other components, which our customers and their manufacturing partners source from third-party suppliers. If any of these third-party components are in short supply, subject to extended lead times or quality issues, or otherwise unavailable on acceptable terms, the manufacture, delivery and deployment of Helios rack-scale solutions could be delayed or limited. This could delay or reduce demand for our products used in those systems, affect the timing of our revenue, result in excess inventory or inventory write-downs, and adversely affect our business, financial condition and results of operations. In addition, we have elected and may in the future elect to support or commit to the procurement of certain third-party components to help secure supply for Helios rack-scale solutions, which could expose us to additional costs, inventory risk and other financial obligations if demand does not materialize as expected or if deployments are delayed.

The loss of a significant customer may have a material adverse effect on us.

We depend on a small number of customers for a substantial portion of our business and we expect that a small number of customers will continue to account for a significant part of our revenue and receivables in the future. If one of our key customers decides to stop buying our products, materially reduces its operations or its demand for our products, or has operations that are materially impaired for a significant period of time such that it is unable to receive or utilize our products, or pay its liabilities, our business would be materially adversely affected.

Economic and market uncertainty may adversely impact our business and operating results.

Uncertain global or regional economic conditions have and may in the future adversely impact our business. Uncertainty in the economic environment or other unfavorable changes in economic conditions, such as inflation, fluctuating interest rates, recession, slowing growth, increased unemployment, tighter credit markets, changes or uncertainty in fiscal monetary or trade policy, implementation of new or increased tariffs, retaliatory tariffs by other countries or other trade restrictions, or currency fluctuations, may negatively impact consumer confidence and spending causing our customers to stop or postpone purchases. During challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. If current or prospective customers default on or delay payments to us, our earnings and cash flow could be adversely impacted. This risk is heightened as we expect that a small number of customers will continue to account for a substantial part of our revenue. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. Adverse changes in economic conditions could increase costs of memory, equipment, materials or substrates and other supply chain expenses. For example, there is currently an industry-wide memory shortage as the demand for such components has outpaced supply. The price of memory has also increased as a result of the shortage. If we are not able to procure a stable supply of materials, including memory, on an ongoing basis and at reasonable costs to meet our production requirements, we could experience a supply shortage or an increase in production costs, which could negatively impact our gross margin and materially adversely affect our business. Our ability to forecast our operating results, make business decisions and execute our business strategy could be adversely impacted by challenging macroeconomic conditions. In addition, uncertain economic conditions could lead to higher borrowing costs and reduced availability of capital and credit markets, making it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities. An economic downturn or increased uncertainty could also lead to failures of counterparties including financial institutions and insurers, asset impairments and declines in the value of our financial instruments. If a banking institution in which we hold funds fails or is subject to significant adverse conditions in the financial or credit markets, we could be subject to a risk of loss of all or a portion of such uninsured funds or be subject to a delay in accessing all or a portion of such uninsured funds, which in turn could adversely impact our short-term liquidity and ability to meet our operating expense obligations.

Our operating results are subject to quarterly and seasonal sales patterns.

Our operating results tend to vary seasonally with the markets in which our products are sold. For example, historically, our net revenue has been generally higher in the second half of the year than in the first half of the year, although market conditions and product transitions could impact these trends. Many of the factors that create and affect quarterly and seasonal trends are beyond our control.

If we cannot adequately protect our technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses.

We rely on a combination of protections provided by contracts, including confidentiality and nondisclosure agreements, copyrights, patents, trademarks and common law rights, such as trade secrets, to protect our intellectual property. However, we cannot assure you that we will be able to adequately protect our technology or other intellectual property from third-party infringement or from misappropriation in the United States and abroad. Any patent licensed by us or issued to us could be challenged, invalidated, expire, or circumvented or rights granted thereunder may not provide a competitive advantage to us.

Furthermore, patent applications that we file may not result in issuance of a patent or, if a patent is issued, the patent may not be issued in a form that is advantageous to us. Despite our efforts to protect our intellectual property rights, others may independently develop similar products, duplicate our products or design around our patents and other rights. We also face the risk that current or former employees, consultants or contractors may misappropriate our trade secrets or other proprietary information, including through employment with competitors. Despite our use of confidentiality and nondisclosure agreements, we may be unable to prevent the unauthorized disclosure or use of our trade secrets and proprietary know-how, which could harm our competitive position.

In addition, it is difficult to monitor compliance with, and enforce, our intellectual property on a worldwide basis in a cost-effective manner. In jurisdictions where foreign laws provide less intellectual property protection than afforded in the U.S. and abroad, our technology or other intellectual property may be compromised, and our business would be materially adversely affected.

Unfavorable currency exchange rate fluctuations could adversely affect us.

We have costs, assets and liabilities that are denominated in foreign currencies. As a consequence, movements in exchange rates could cause our foreign currency denominated expenses to increase as a percentage of revenue, affecting our profitability and cash flows. Whenever we believe appropriate, we hedge a portion of our foreign currency exposure to protect against fluctuations in currency exchange rates. We determine our total foreign currency exposure using projections of long-term expenditures for items such as payroll. We cannot assure you that these activities will be effective in reducing foreign exchange rate exposure. Failure to do so could have an adverse effect on our business, financial condition, results of operations and cash flow. In addition, the majority of our product sales are denominated in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the local currency may impact the cost of our products in the local currency for international customers. An appreciation of the U.S. dollar relative to the local currency could reduce sales of our products.

Operational and Technology Risks

We rely on third parties to manufacture our products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, our business could be materially adversely affected.

We utilize third-party wafer foundries to fabricate the silicon wafers for all of our products. We rely on Taiwan Semiconductor Manufacturing Company Limited (TSMC) for the production of all wafers for microprocessor and GPU products at 7 nanometer (nm) or smaller nodes, and we rely primarily on GLOBALFOUNDRIES Inc. for wafers for microprocessor and GPU products manufactured at process nodes larger than 7 nm. We also utilize TSMC, United Microelectronics Corporation (UMC) and Samsung Electronics Co., Ltd. for our integrated circuits (IC) in the form of programmable logic devices. We also rely on third-party manufacturers to assemble, test, mark and pack (ATMP) our products. Our third-party package assembly partners are responsible for packaging technology used to fabricate our products. It is important to have reliable relationships with all of these third-party manufacturing suppliers to ensure adequate product supply to respond to customer demand.

We cannot guarantee that these manufacturers or our other third-party manufacturing suppliers will be able to meet our near-term or long-term manufacturing requirements. If we experience supply constraints from our third-party manufacturing suppliers, we may be required to allocate the reduced quantities of affected products amongst our customers, which could have a material adverse effect on our relationships with these customers and on our financial condition. In addition, if we are unable to meet customer demand due to fluctuating or late supply from our manufacturing suppliers, it could result in lost sales and have a material adverse effect on our business. For example, if TSMC is not able to manufacture wafers for our microprocessor and GPU products at 7 nm or smaller nodes and our newest IC products in sufficient quantities to meet customer demand, it could have a material adverse effect on our business.

We do not have long-term commitment contracts with some of our third-party manufacturing suppliers. We obtain many of these manufacturing services on a purchase order basis and these manufacturers are not required to provide us with any specified minimum quantity of product beyond the quantities in an existing purchase order. Accordingly, we depend on these suppliers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. The manufacturers we use also fabricate wafers and ATMP products for other companies, including certain of our competitors. They could choose to prioritize capacity for other customers, increase the prices that they charge us on short notice, require onerous prepayments, or reduce or eliminate deliveries to us, which could have a material adverse effect on our business. If we overestimate our customer demand or experience a decrease in customer demand, either could result in excess inventory and an increase in our production costs. If our actual wafer requirements are less than the number of wafers required to meet the applicable annual wafer purchase target, we could have excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations.

Other risks associated with our dependence on third-party manufacturers include limited control over delivery schedules, yield, cycle times, quality assurance, price increases, lack of capacity in periods of excess demand, misappropriation of our intellectual property, dependence on several subcontractors, and limited ability to manage inventory and parts. Moreover, if any of our third-party manufacturers (or their subcontractors) suffer any damage to facilities, lose benefits under material agreements, experience power outages, water shortages, or high heat events, lack sufficient capacity to manufacture our products, encounter financial difficulties, are unable to secure necessary raw materials from their suppliers, suffer any other disruption or reduction in efficiency, or experience uncertain environmental, social, atmospheric or natural, economic or political circumstances or conditions, we may encounter supply delays or disruptions. For example, in 2024, we experienced some inventory loss due to an incident at a contract manufacturer. If we are unable to secure sufficient or reliable supply of products, our ability to meet customer demand may be adversely affected and this could materially affect our business.

If we transition the production of some of our products to new manufacturers, we may experience delayed product introductions, lower yields or poorer performance of our products. If we experience problems with product quality or are unable to secure sufficient capacity from a particular third-party manufacturer, or if we for other reasons cease utilizing one of those manufacturers, we may be unable to timely secure an alternative supply for any specific product. We could experience significant delays in the shipment of our products if we are required to find alternative third-party manufacturers, which could have a material adverse effect on our business.

We are party to two ATMP joint ventures (collectively, the ATMP JVs) with affiliates of Tongfu Microelectronics Co., Ltd. The majority of our ATMP services are provided by the ATMP JVs and there is no guarantee that the ATMP JVs will be able to fulfill our long-term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business.

If essential equipment, materials, substrates or manufacturing processes are not available to manufacture our products, we could be materially adversely affected.

We may purchase equipment, materials and substrates for use by our back-end manufacturing service providers from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials of acceptable quality on a timely basis. Our third-party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials of acceptable quality in the manufacture of our products. In addition, as many of our products increase in technical complexity, we rely on our third-party suppliers to update their processes in order to continue meeting our back-end manufacturing needs. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers, or in some cases, a sole supplier.

We also depend on a limited number of suppliers to provide the majority of certain types of IC packages for our microprocessors, including our APU products. Similarly, certain non-proprietary materials or components such as memory, printed circuit boards (PCBs), interposers, substrates and capacitors used in the manufacture of our products are currently available from only a limited number of suppliers. For example, there is currently an industry-wide memory shortage as the demand for such components has outpaced supply. The price of memory has also increased as a result of the shortage. If we are unable to procure a stable supply of memory, equipment, materials or substrates of acceptable quality on an ongoing basis and at reasonable costs to meet our production requirements, we could experience a shortage in memory, equipment, materials or substrate supply or an increase in production costs, which could have a material adverse effect on our business. Since some of the equipment and materials that we and our third-party manufacturers purchase are complex, it is sometimes difficult to substitute one supplier of equipment or materials for another. Certain of our products will be deployed as part of integrated, rack-scale systems that include numerous third-party rack-level components and require rack integration and qualification. As a result, even if we are able to manufacture and deliver our products on time, if these other components necessary for the rack-scale systems are not available from third parties due to supply constraints or availability issues, our and our customers' ability to build, deploy or expand such rack-scale systems could be delayed or reduced. Such constraints could reduce demand for, or delay shipments of our products, negatively affect our customer relationships and could materially adversely affect our business, financial condition and results of operations. We have entered and may continue to enter into long-term purchase commitments and prepayment arrangements with some of our suppliers. If the delivery of such supply is delayed or does not occur for any reason, it could materially impact our ability to procure and process the required volume of supply to meet customer demand. Conversely, if we overestimate our customer demand or experience a decrease in customer demand, either because customers cancel orders or choose to purchase from our competitors, it could result in excess inventory and an increase in our production costs, particularly since we have prepayment arrangements with certain suppliers. Accurately estimating customer demand has become more challenging due to the increasing complexity of our business. We also continue to enter long-term purchase commitments in advance of demand. As a result, these risks have increased as our purchase obligations and prepayments have grown and could increase further if such obligations represent a larger portion of our total supply in the future. If we are unable to accurately estimate customer demand, it may negatively impact our business, financial condition and results of operations.

From time to time, suppliers may extend lead times, limit supply or increase prices due to capacity constraints or other factors. Also, some of these materials and components may be subject to rapid changes in price, quality and availability. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. Dependence on a sole supplier or a limited number of suppliers exacerbates these risks. If we are unable to procure certain of these materials for our back-end manufacturing operations, or our third-party manufacturers are unable to procure materials for manufacturing our products, our business would be materially adversely affected.

Failure to achieve expected manufacturing yields for our products could negatively impact our results of operations.

Semiconductor manufacturing yields are a result of product design, process technology and packaging technology, which is typically proprietary to the manufacturer, and low yields can result from design failures, packaging technology failures, process technology failures or a combination of some or all of these. Our third-party manufacturers are responsible for the process technologies used to fabricate silicon wafers. If our third-party manufacturers experience manufacturing inefficiencies or encounter disruptions, errors or difficulties during production, we may fail to achieve acceptable yields or we may experience product delivery delays. We cannot be certain that our third-party manufacturers will be able to develop, expand, obtain or successfully implement leading-edge manufacturing process or packaging technologies needed to manufacture future generations of our products profitably or on a timely basis or that our competitors will not develop new technologies, products or processes earlier. Moreover, during periods when our third-party manufacturers are implementing new process or packaging technologies, their manufacturing facilities may not be fully productive. A substantial delay in the technology transitions to smaller process technologies could have a material adverse effect on us, particularly if our competitors transition to more cost effective technologies before us. For example, we focus our 7 nm and lower product microprocessor and GPU portfolio on TSMC's processes. If TSMC is not able to manufacture wafers for our products at 7 nm or smaller nodes in sufficient quantities to meet customer demand, it could have a material adverse effect on our business. Moreover, we rely on TSMC, UMC and our other foundries to produce wafers with competitive performance attributes for our IC products. Therefore, the foundries, particularly TSMC which manufactures our newest IC products, must be able to transition to advanced manufacturing process technologies and increased wafer sizes, produce wafers at acceptable yields and deliver them in a timely manner.

Any decrease in manufacturing yields could result in an increase in per unit costs, which would adversely impact our gross margin and/or force us to allocate our reduced product supply amongst our customers, which could harm our relationships and reputation with our customers and materially adversely affect our business.

Our revenue from our semi-custom SoC products is dependent upon our semi-custom SoC products being incorporated into customers' products and the success of those products.

The revenue that we receive from our semi-custom SoC products is in the form of non-recurring engineering fees charged to third parties for design and development services and revenue received in connection with sales of our semi-custom SoC products to these third parties. As a result, our ability to generate revenue from our semi-custom products depends on our ability to secure customers for our semi-custom design pipeline, our customers' desire to pursue the project and our semi-custom SoC products being incorporated into those customers' products. Any revenue from sales of our semi-custom SoC products is directly related to sales of the third-party's products and reflective of their success in the market. Moreover, we have no control over the marketing efforts of these third parties, and we cannot make any assurances that sales of their products will be successful in current or future years. Consequently, the semi-custom SoC product revenue expected by us may not be fully realized and our operating results may be adversely affected.

Our products may be subject to security vulnerabilities that could have a material adverse effect on us.

The products that we sell are complex and have been and may in the future be subject to security vulnerabilities that could result in, among other things, the loss, corruption, theft or misuse of confidential data or system performance issues. Our efforts to prevent and address security vulnerabilities may decrease performance, be only partially effective or not successful at all. We may depend on vendors to create mitigations to their technology that we incorporate into our products and they may delay or decline to make such mitigations. We may also depend on third parties, such as customers and end-users, to deploy our mitigations alone or as part of their own mitigations, and they may delay, decline or modify the implementation of such mitigations. Our relationships with our customers could be adversely affected as some of our customers may stop purchasing our products, reduce or delay future purchases of our products, or use competing products. Any of these actions by our customers could adversely affect our revenue. We have and may in the future be subject to claims and litigation related to security vulnerabilities. Actual or perceived security vulnerabilities of our products may subject us to adverse publicity, damage to our brand and reputation, and could materially harm our business or results of operations.

IT outages, data loss, data breaches and cyberattacks could disrupt operations and compromise our intellectual property or other sensitive information, be costly to remediate or cause significant damage to our business, reputation, financial condition and results of operations.

Our business relies on technology hardware, software, cloud services, infrastructure, networks and systems (collectively, IT Systems). We own and manage some IT Systems but also rely on critical third-party IT Systems, products and services. In the ordinary course of business, we and various third-party providers and business partners process and maintain sensitive data, including personal information about workers, customers and others, as well as intellectual property and proprietary or confidential information relating to our business and that of our customers and business partners (collectively, Confidential Data). Maintaining the availability, integrity and security of our IT Systems and Confidential Data is critical to our business and reputation. While we and others have implemented various controls and defenses, AMD and companies like AMD and our vendors and customers have been and are increasingly subject to cybersecurity attacks, risks and threats. Risks and threat factors range in sophistication from negligent or bad acts by individuals, hackers or insiders, to ransom gangs and state-sponsored attackers. Cyber threats may be generic, or they may be custom-crafted against our IT Systems or supply chain. The increased prevalence of remote working arrangements at AMD and our providers present additional operational risks and attack vectors to our IT Systems. Our IT Systems and Confidential Data are vulnerable to a range of cybersecurity risks and threats, including malicious code that is added to widely available open-source software, compromised commercial software or security vulnerabilities in our products or systems, or those of a third party, that are being used by attackers prior to mitigations being put in place, such as zero-day attacks. Cyberattacks have and may come into our IT Systems through the compromise of users' access credentials or those of third-party IT systems or untrusted assets. Users' access credentials can be compromised by phishing, vishing, smishing, multi-factor authentication (MFA) prompt bombing, hacking, or other social engineering, cybersecurity, theft activities, or unintentional disclosure due to a human error.

Threat actors are also increasingly using tools and techniques that circumvent controls, evade detection, and remove forensic evidence, which means that we and others may be unable to implement adequate preventative measures against cyberattacks or to anticipate, detect, deflect, contain or recover from them in a timely or effective manner. As SI capabilities improve and are increasingly adopted, we may see more sophisticated threats created through the use of SI technology to launch more automated, targeted and coordinated cyberattacks. These attacks could be crafted with an SI tool to directly attack IT Systems with increased speed and/or efficiency than a human threat actor or create more effective phishing emails. In addition, the threat could be introduced from the result of our or our customers and business partners incorporating the output of an SI tool that includes a threat, such as introducing malicious code by incorporating SI generated source code. We leverage SI tools and systems to help support our internal functions and operations. These systems are increasingly vulnerable to cybersecurity threats, which can significantly impact data security. In addition, the use of unapproved third-party SI tools by our employees, contractors and partners may result in the unauthorized exposure of Confidential Data or the misuse of our or third parties' intellectual property. Our network and storage applications, as well as those of our customers, business partners, and third-party providers, may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions.

Cyberattacks that breach our security measures, or those of our third-party service providers, customers or business partners, could result in any or all of the following, which individually or collectively could materially adversely affect our financial condition and competitive position; unauthorized access to, misuse or disclosure of Confidential Data (such as intellectual property, sensitive business information or personally identifiable information (PII)); reputational harm and/or diminution in our competitiveness; loss of existing and/or future customers; litigation and/or regulatory investigations or enforcement; significant remediation, restoration and compliance costs; and the diversion of management's attention and key information technology resources. In addition, many governments have enacted and are continuing to enact strict privacy and security laws, such as the UK's and European Union's General Data Protection Regulation (GDPR) and the California Consumer Privacy Act of 2018 (CCPA), as amended by the California Privacy Rights Act, which provide for fines, penalties, and in the case of the CCPA and similar legislation, the basis for private claims for certain types of data breaches. We anticipate ongoing and increasing costs related to enhancing and implementing information security controls, including costs related to upgrading application, computer, and network security components; training workers to maintain and monitor our security controls; investigating, responding to and remediating any data security breach, and addressing any related litigation or regulatory proceedings; mitigating reputational harm; and complying with external regulations.

Uncertainties involving the ordering and shipment of our products could materially adversely affect us.

We typically sell our products pursuant to individual purchase orders. We generally do not have long-term supply arrangements with our customers or minimum purchase requirements except that orders generally must be for standard pack quantities. Generally, our customers may cancel orders for standard products more than 30 days prior to shipment without incurring significant fees. We base our inventory levels in part on customers' estimates of demand for their products, which may not accurately predict the quantity or type of our products that our customers will want in the future or ultimately end up purchasing. Our ability to forecast demand is further complicated when our products are sold indirectly through downstream channel distributors and customers, as our forecasts for demand are then based on estimates provided by multiple parties throughout the downstream channel. In addition, Helios rack-scale solutions, which we develop and license for implementation by customers and their manufacturing partners heighten the challenges of managing our supply and demand and could adversely affect our revenue and inventory management. Although we supply certain products used in Helios rack-scale solutions, we do not manufacture or sell the completed Helios rack-scale solutions. Helios rack-scale solutions, depend on networking, memory, power, cooling, mechanical and other components, which our customers and their manufacturing partners source from third-party suppliers. If any of these third-party components are in short supply, subject to extended lead times or quality issues, or otherwise unavailable on acceptable terms, the manufacture, delivery and deployment of Helios rack-scale solutions could be delayed or limited. As a result, actual demand for our products may differ from our expectations or available supply, increasing the risk of mismatches between supply and demand. To the extent we fail to forecast demand and product mix accurately or are unable to increase production or secure sufficient capacity and there is a mismatch between supply and demand for our products, it could limit our ability to meet customer demand and have a material adverse effect on our business. Many of our markets are characterized by short product lifecycles, which can lead to rapid obsolescence and price erosion. As product complexity has increased, manufacturing lead times have extended and longer production cycles, combined with short product cycles, increase the risk that customer demand for products may change between wafer order and finished good availability, which could result in significant mismatches between supply and demand. In addition, our customers may change their inventory practices on short notice for any reason. We may build inventories during periods of anticipated growth, and the cancellation or deferral of product orders or overproduction due to failure of anticipated orders to materialize could result in excess or obsolete inventory, which could result in write-downs of inventory and have an adverse effect on gross margins. Our customers may also experience a shortage of, or delay in receiving certain components to build their products, which in turn may affect the demand for or the timing of our products.

In April 2025, the U.S. government implemented a new license requirement for the export of certain semiconductor products to a D5 Country, or to companies headquartered in or with an ultimate parent located in such D5 Country. This restriction impacts our AMD Instinct™ MI308 products. We applied for and were granted some licenses by the U.S. government that allow us to ship our MI308 products to certain China-based customers and we began shipping products at the end of fiscal 2025. As a result of the restriction, we incurred inventory and related charges in 2025. Sales of our MI308 products into China depend on customer demand, China's import control rules and our ability to obtain licenses. As such, our revenues and results of operations could be negatively affected. During the first half of 2026, the U.S. government granted us some export licenses authorizing us to ship our AMD Instinct MI325 products to certain China-based customers. Any MI325 products shipped to China are required by the terms of the licenses to first undergo an inspection process in the United States. As a result, any MI325 shipped under the licenses will be subject to a 25% tariff upon importation into the United States for the inspection.

Excess or obsolete inventory has resulted in, and may in the future result in, write-downs of the value of our inventory. Factors that may result in excess or obsolete inventory, a reduction in the average selling price, or a reduction in our gross margin include: a sudden or significant decrease in demand for our products; a production or design defect in our products; a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements; a failure to accurately estimate customer demand for our products, including for our older products as our new products are introduced; or our competitors introducing new products or taking aggressive pricing actions.

Our ability to design and introduce new products in a timely manner depends on the use of third-party intellectual property.

In the design and development of new and enhanced products, we rely on third-party intellectual property such as development and testing tools for software and hardware. Furthermore, certain product features may rely on intellectual property acquired from third parties that we incorporate into our software or hardware. The design requirements necessary to meet customer demand for more features and greater functionality from semiconductor products may exceed the capabilities of the third-party intellectual property or development or testing tools available to us. If the third-party intellectual property that we use becomes unavailable, is not available with required functionality or performance in the time frame, manufacturing technology, or price point needed for our new products or fails to produce designs or functionality that meet customer demands, or laws are adopted that affect our use of third party intellectual property in certain regions or products, our business could be materially adversely affected.

We depend on third-party companies for the design, manufacture and supply of motherboards, software, memory and other computer platform components to support our business and products.

We depend on third-party companies for the design, manufacture and supply of motherboards, graphics cards, software (e.g., BIOS, operating systems, drivers, models or tools), memory and other components that we use to design, support and sell, and our customers utilize to support and/or use our product offerings. We also rely on our AIB partners to support our products. In addition, our microprocessors are not designed to function with motherboards and chipsets designed to work with third-party microprocessors, such as Intel. If the designers, manufacturers, AIBs and suppliers of motherboards, graphics cards, software, memory and other components cease or reduce their design, quality, importation, manufacture or production of current or future products that are based on, utilized in, or support our products, or laws are adopted that result in the same, our business could be materially adversely affected.

Certain of our products will be deployed as part of integrated, rack-scale systems that include numerous third-party rack-level components and require rack integration and qualification. As a result, even if we are able to manufacture and deliver our products on time, if these other components necessary for the rack-scale systems are not available from third parties due to supply constraints or availability issues, our and our customers' ability to build, deploy or expand such rack-scale systems could be delayed or reduced. Such constraints could reduce demand for, or delay shipments of our products, negatively affect our customer relationships and could materially adversely affect our business, financial condition and results of operations. Some failures in our products or services have been in the past and may in the future be only discovered after a product or service has been shipped or used. Further, although arrangements with component providers may contain provisions for reimbursement due to the current components failure to meet warranty, we may remain responsible to the customer for the full system and claims that may arise from the system's failure to meet warranty obligations from time to time.

If we lose Microsoft Corporation's support for our products or other software vendors do not design and develop software to run on our products, our ability to sell our products could be materially adversely affected.

Our ability to innovate beyond the x86 instruction set controlled by Intel depends partially on Microsoft designing and developing its operating systems to run on or support our x86-based microprocessor products. With respect to our graphics products, we depend in part on Microsoft to design and develop its operating system to run on or support our graphics products. Similarly, the success of our products in the market, such as our APU products, is dependent on independent software providers designing and developing software to run on our products. If Microsoft does not continue to design and develop its operating systems so that they work with our x86 instruction sets or does not continue to develop and maintain their operating systems to support our graphics products, independent software providers may forego designing their software applications to take advantage of our innovations and customers may not purchase PCs with our x86 products. In addition, some software drivers licensed for use with our x86 products are certified by Microsoft. If Microsoft did not certify a driver, or if we otherwise fail to retain the support of Microsoft or other software vendors, our ability to market our x86 products would be materially adversely affected.

Our reliance on third-party distributors and AIB partners subjects us to certain risks.

We market and sell our products directly and through third-party distributors and AIB partners pursuant to agreements that can generally be terminated for convenience by either party upon prior notice. These agreements are non-exclusive and permit both our distributors and AIB partners to offer our competitors' products. We are dependent on our distributors and AIB partners to supplement our direct marketing and sales efforts. If any significant distributor or AIB partner or a substantial number of our distributors or AIB partners terminated their relationship with us, decided to market our competitors' products over our products or decided not to market our products at all, our ability to bring our products to market would be impacted and we would be materially adversely affected. We extend credit to certain of our distributors and AIB partners. If we are unable to collect accounts receivable from our significant distributors and/or AIB partners or incur higher allowances for credit losses, it could have a material adverse effect on our business. If we are unable to manage the risks related to the use of our third-party distributors and AIB partners or offer appropriate incentives to focus them on the sale of our products, our business could be materially adversely affected.

Additionally, distributors and AIB partners typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as provide return rights for any product that we have removed from our price book that is less than 12 months older than the manufacturing date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIB partners protect their inventory of our products against price reductions. In the event of a significant decline in the price of our products, the price protection rights we offer would materially adversely affect us because our revenue and corresponding gross margin would decline.

Our business depends on the proper functioning of our internal business processes and information systems and modification or interruption of such systems may disrupt our business, processes and internal controls.

We rely upon a number of internal business processes and information systems to support key business functions, and the efficient operation of these processes and systems is critical to our business. Our business processes and information systems need to be sufficiently scalable to support the growth of our business and may require modifications or upgrades that expose us to a number of operational risks. As such, our information systems will continually evolve and adapt in order to meet our business needs. These changes may be costly and disruptive to our operations and could impose substantial demands on management time.

These changes may also require changes in our information systems, modification of internal control procedures and significant training of employees and third-party resources. We continuously work on simplifying our information systems and applications through consolidation and standardization efforts. There can be no assurance that our business and operations will not experience any disruption in connection with this transition. Our information technology systems, and those of third-party information technology providers or business partners, may also be vulnerable to damage or disruption caused by circumstances beyond our control including catastrophic events, power anomalies or outages, natural disasters, viruses or malware, cyberattacks, insider threat attacks, unauthorized system or data modifications, data breaches and computer system or network failures, exposing us to significant cost, reputational harm and disruption or damage to our business.

In addition, as our IT environment continues to evolve, we are embracing new ways of communicating and sharing data internally and externally with customers and partners using methods such as mobility and the cloud that can promote business efficiency. However, these practices can also result in a more distributed IT environment, making it more difficult for us to maintain visibility and control over internal and external users, and meet scalability and administrative requirements. If our security controls cannot keep pace with the speed of these changes or if we are not able to meet regulatory and compliance requirements, our business would be materially adversely affected.

If our products are not compatible with some or all industry-standard software and hardware, we could be materially adversely affected.

Our products may not be fully compatible with some or all industry-standard software and hardware. Further, we may be unsuccessful in correcting any such compatibility problems in a timely manner. If our customers are unable to achieve compatibility with software or hardware, we could be materially adversely affected. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on our business.

Costs related to defective products could have a material adverse effect on us.

Products as complex as those we offer may contain defects or failures when first introduced or when new versions or enhancements to existing products are released. Certain of our products are deployed in integrated Helios rack-scale solutions that incorporate components designed, manufactured, supplied, or maintained by third parties. Defects, failures, quality issues, performance limitations, compatibility issues or other problems in such third-party components may adversely affect the performance, reliability or customer acceptance of solutions incorporating our products and may be difficult to identify, isolate or remediate. We cannot assure you that, despite our testing procedures, errors will not be found in new products or releases after commencement of commercial shipments in the future, which could result in loss of or delay in market acceptance of our products, material recall and replacement costs, loss of revenue, writing down the inventory of defective products, the diversion of the attention of our engineering personnel from product development efforts, defending against litigation related to defective products or related liabilities, including property damage, personal injury, damage to our reputation in the industry and loss of data or intangible property, and could adversely affect our relationships with our customers. In addition, we may have difficulty identifying the end customers of the defective products in the field. As a result, we could incur substantial costs to implement modifications to correct defects. Any of these problems could materially adversely affect our business.

We could be subject to potential product liability claims if one of our products causes, or merely appears to have caused, an injury, whether tangible or intangible. Claims may be made by consumers or others selling our products, and we may be subject to claims against us even if an alleged injury is due to the actions of others. A product liability claim, recall or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could have a material adverse effect on our business.

If we fail to maintain the efficiency of our supply chain as we respond to changes in customer demand for our products, our business could be materially adversely affected.

Our ability to meet customer demand for our products depends, in part, on our ability to deliver the products our customers want on a timely basis. Accordingly, we rely on our supply chain for the manufacturing, distribution and fulfillment of our products. As we continue to grow our business, expand to high-growth adjacent markets, acquire new customers and strengthen relationships with existing customers, the efficiency of our supply chain will become increasingly important because many of our customers tend to have specific requirements for particular products, geographic requirements, and specific timeframes in which they require delivery of these products. If we are unable to consistently deliver the right products to our customers on a timely basis in the right locations, our customers may reduce the quantities they order from us, which could have a material adverse effect on our business.

We outsource to third parties certain supply-chain logistics functions, including portions of our product distribution, transportation management and information technology support services.

We rely on third-party providers to operate our regional product distribution centers and to manage the transportation of our work-in-process and finished products among our facilities, to our third-party manufacturers and to our customers. In addition, we rely on third parties to provide certain information technology services to us, including help desk support, desktop application services, business and software support applications, server and storage administration, data center operations, database administration and voice, video and remote access. We cannot guarantee that these providers will fulfill their respective responsibilities in a timely manner in accordance with the contract terms, in which case our internal operations and the distribution of our products to our customers could be materially adversely affected. Also, we cannot guarantee that our contracts with these third-party providers will be renewed, in which case we would have to transition these functions in-house or secure new providers, which could have a material adverse effect on our business if the transition is not executed appropriately.

Our inability to effectively control the sales of our products on the gray market could have a material adverse effect on us.

We market and sell our products through a global, multi-tier network of authorized distributors, resellers and OEMs. Despite programmatic controls, audits and contractual restrictions, our pricing programs may be misused, and unauthorized resellers or unauthorized resale can occur on the "gray market". Gray market activities could result in customer satisfaction issues because any time products are purchased outside our authorized distribution channels there is a risk that our customers are buying counterfeit or substandard products, including products that may have been altered, mishandled or damaged, or that are used products represented as new. These substandard gray market products may have higher-than-expected failure rates or lower-than-expected performance. As a result, we may face brand protection risks, reputational harm or unauthorized warranty claims. Gray market products also result in shadow inventory that is not visible to us, making it difficult to forecast demand accurately. When gray market products enter the market, we and our distribution channels compete with these heavily discounted gray market products, which adversely affects demand for our products and negatively impacts our margins. We also face risks of product diversion into markets subject to legal or regulatory restrictions, including exports, reexports, transfers or sales involving end users, end uses or jurisdictions restricted under applicable laws and regulations. Products acquired on the gray market or through other unauthorized channels are at higher risk of being re-sold to prohibited end-users, misused, and deployed for uses that do not align with AMD's compliance standards. Despite our compliance programs and procedures for mitigating these risks through customer and transaction screening, distributor audits, law enforcement and NGO cooperation and export control compliance (including licensing where required), we may not fully eliminate these risks.

Climate change may have an impact on our business.

Climate change may adversely affect our business, as well as that of our suppliers and customers. Increasing frequency and severity of natural disasters and climate-related events could impact the major regions where we have operations and could disrupt our business and that of our customers and suppliers. Our headquarters and some of our operations and facilities are located in areas that are susceptible to earthquakes and tsunamis, wildfires, extreme storms, flooding, extreme heat, drought, freezing, tropical cyclones and other natural disasters. Water and energy availability and reliability in the regions where we have facilities and where our suppliers and customers have operations is important to our business. Certain natural disasters could disrupt our operations and our suppliers' or customers' operations, including by disrupting, the availability of energy or water necessary for the operations of our business or those of our suppliers and customers. Such disruptions could interrupt our supply chain, delay manufacturing and product shipments, lead to a loss of business and higher costs to maintain or restore operations, any of which could adversely affect our business and operating results. Supply chain delays resulting from climate change-related disruptions may lead to contractual disputes, litigation and increasing costs. Data centers depend on access to clean water and reliable energy. Customers' ability to obtain sufficient energy capacity to meet demand is a complicated, multi-year process that involves regulatory and technical challenges. If customers cannot secure sufficient power or water, or experience outages or shortages of these resources, they may be unable to expand their data center capacity and may reduce or stop purchases from us. Such constraints could also delay or prevent data center projects that we support through leases, compute capacity commitments, guarantees and other arrangements with customers and commercial partners, which could require us to make payments under those arrangements without realizing the anticipated benefits.

Although we maintain property, casualty, and other insurance, coverage varies by type, availability and cost. Some of our policies have large deductibles and broad exclusions. Additionally, our insurance providers may be unable or unwilling to pay a claim. Losses not covered by insurance may be significant, which could materially harm our results of operations and financial condition.

Our business and the business of our suppliers and customers may also be subject to current and future climate-related regulations, contract terms, and lawsuits. Increased regulations on carbon taxes, greenhouse gas emissions, fuel or energy taxes will likely result in greater costs, such as through carbon pricing impact on utilities or through requiring greater renewable energy purchases than otherwise planned.

Our supply chain manufacturing suppliers may incur increased costs of doing business should they be affected by new climate-related expectations such as those affecting abatement equipment, renewable energy, and/or alter production processes and materials selections. The additional compliance costs incurred by our suppliers may be passed on to us and result in greater indirect costs to us. These costs and restrictions could materially harm our business and results of operations by increasing our expenses, damaging our reputation for actual or perceived non-compliance, or requiring us to alter our operations and products. The long-term effects of climate change on the global economy and the technology industry are unclear but could be severe. Additionally, we are, or expect to be, subject to various new or proposed climate-related disclosure requirements, and we expect to incur costs and resources in order to comply. Failure to comply with such reporting obligations may result in enforcement actions, litigation or reputational harm and could have a material adverse effect on us.

Legal and Regulatory Risks

Government actions and regulations, including export controls, national-security-based regulations, import tariffs and trade protection measures may limit our ability to export our products to certain customers, increase costs, harm our competitive position and materially adversely affect our business.

We are subject to complex and evolving U.S. and international laws, including export controls, trade restrictions, and national-security-based regulations, which may restrict or prohibit the design, manufacture, sale, distribution, or use of our products. Certain prohibitions may apply based on ownership, control, or jurisdictional nexus rather than manufacturing location. Compliance with evolving regulations, particularly those related to China or Russia, may require product redesigns, impose customer or transaction limitations, require supply chain restructuring, or increase compliance costs, and could materially adversely affect our business, revenue and results of operations.

The Export Administration Regulations (EAR) administered by the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce, restricts the export of certain products and technologies to certain countries, including China, Russia, and Belarus, among others. These restrictions may limit our ability to sell certain products or technologies in these markets or to certain customers.

Evolving U.S. government policy toward semiconductor exports, particularly in the context of national security and foreign policy priorities could adversely affect our business. U.S. regulations under the U.S. Treasury Department's Outbound Investment Security Program impose restrictions on certain outbound investments by U.S. persons in foreign entities engaged in sensitive technologies, including semiconductors, artificial intelligence and quantum computing, and may prohibit or require notification of certain transactions, which could limit our ability to pursue or structure certain investments or partnerships. In October 2023, the Bureau of Industry and Security (BIS) of the United States Department of Commerce issued requirements for the export of certain advanced computing items to a party located in any of the Country Groups D1, D4 or D5, including any party with an ultimate parent headquartered in Country Group D5, including China (a D5 Country). These controls prevent us from shipping certain AMD Instinct™ integrated circuits, certain AMD EPYC™ "Venice" CPUs and certain AMD Versal™ FPGAs to China, or to customers outside of the United States who are located in D1, D4 or D5, including any party with an ultimate parent headquartered in Country Group D5, without a license.

BIS may not timely update performance-based licensing thresholds in the 2023 export requirements and/or may issue new licensing requirements and regulatory controls in the future. Accordingly, new products that exceed current licensing thresholds, or even those below current licensing thresholds, may not succeed because BIS could determine they are subject to licensing requirements. U.S. export restrictions on semiconductors and semiconductor technology to certain markets and customers, including China, negatively impact our ability to sell to these markets and customers and make it easier for domestic-based competitors to develop and sell their own solutions and reduce the need for our products. In April 2025, the U.S. government implemented a new license requirement for the export of certain semiconductor products to a D5 Country, and to companies headquartered in, or with an ultimate parent located in such D5 Country. This restriction impacts our AMD Instinct™ MI308 products. We applied for and were granted some licenses by the U.S. government that allow us to ship our MI308 products to certain China-based customers and we began shipping products at the end of fiscal 2025. As a result of the restriction, we incurred inventory and related charges in 2025. Sales of our MI308 products into China depend on customer demand, China's import control rules and our ability to obtain licenses. In August 2025, U.S. government officials expressed an expectation that the U.S. government will receive 15% of the revenue generated from licensed MI308 sales to China. However, to date, the U.S. government has not published a regulation establishing such requirement. Any request for a percentage of the revenue by the U.S. government could subject us to litigation, increase our costs and harm our competitive position and benefit competitors that are not subject to such arrangements. During the first half of 2026, the U.S. government granted us some export licenses authorizing us to

ship our AMD Instinct MI325 products to certain China-based customers. Any MI325 products shipped to China are required by the terms of the licenses to first undergo an inspection process in the United States. As a result, any MI325 shipped under the licenses will be subject to a 25% tariff upon importation into the United States for the inspection.

Future export control restrictions could adversely affect not only our ability to serve customers in China, but also customers in other markets. The United States and other countries' export control regulations continue to focus on targeting semiconductors associated with SI, including GPUs and associated products and services, by restricting or prohibiting their unlicensed sale or supply to countries, governments, persons and entities embargoed or sanctioned by the U.S.. The United States has imposed unilateral controls restricting GPUs and associated products, and is likely to further adopt other unilateral or multilateral controls. If any new export controls targeting semiconductors associated with SI including GPUs and associated products and services are further tightened, or the classification of our products under those controls' changes, our ability to export our technology, products or services could be further restricted, and we may be unable to sell our inventory of such products and we may further incur inventory and related charges. The scope and application of such controls have been and may continue to be broad, which may prohibit us from exporting our products to customers in one or more markets, including but not limited to China, and could negatively impact our manufacturing, testing and warehousing locations, or could impose other conditions that limit our ability to meet demand abroad. There is no assurance that the U.S. government will grant licenses at all or in a timely manner. Licenses obtained may be temporary or could impose onerous conditions for us or our customers. If we are not granted licenses, we may be unable to develop or offer competitive products for the China market that are not subject to licensing requirements. Limits on sales of our offerings in the China market due to export controls could impact our competitive position compared to domestic Chinese competitors and other competitors that are not subject to the same restrictions or classifications. Export controls have and may continue to encourage customers in China and other markets subject to those controls to pursue alternatives to U.S. semiconductors for their product designs to limit compliance burdens and potential impact on their product roadmaps. As such, we could lose market position and our business, operating results and financial condition could be materially adversely impacted.

Such export controls have subjected, and may in the future, subject downstream recipients of our products to additional restrictions on the use, resale, repair or transfer of our products, which may have a material adverse effect on us. New export control restrictions may adversely impact the ability of our research and development teams located outside of the United States from executing our product roadmaps in a timely manner or at all. In addition, deemed export restrictions could further affect our ability to provide services or develop products in the United States. Continued changes to export control regulations that we are subject to, or changes to their interpretation and enforcement, could result in greater compliance costs and other compliance burdens on our business and our customers. From time to time, governments provide incentives or make other investments that could benefit and give a competitive advantage to our competitors. Government incentives may not be available to us on acceptable terms or at all. If our competitors can benefit from such government incentives and we cannot, it could strengthen our competitors' relative position and have a material adverse effect on our business.

In January 2025, BIS issued the "AI Diffusion Rule," which would have imposed new restrictions on the export, reexport and in-country transfer of certain advanced semiconductor devices and technology. In May 2025, BIS announced it would rescind the AI Diffusion Rule and issue replacement rules. The replacement rules may impose new restrictions on our products or operations, require new export licenses, delay shipments, or limit our ability to engage in certain business transactions to ensure regulatory compliance. Compliance with the planned or existing rules could result in increased costs, disruption of key customer and supplier relationships, loss of competitive positioning in international markets or reputational harm.

The implementation or expansion of tariffs, trade protection measures or restrictions, or retaliatory actions from foreign governments could result in lost sales and adversely impact our reputation and business. The U.S. government has imposed or proposed changes in trade policies including higher tariffs on imports into the U.S. and other trade regulations affecting commerce between the United States and countries in which we operate. Any retaliatory actions by affected countries and foreign governments could result in tariffs, trade protection measures or other restrictions imposed on our current and future products. Our customers' costs of doing business may increase or their sales may be negatively affected. As such, customer demand for our products may decline, which could adversely impact our ability to generate revenue and result in inventory impairment changes. For instance, tariffs on hardware required for data centers could raise our customers' costs, potentially causing them to delay or cancel SI infrastructure investments. Further, to the extent that the United States, China or other countries seek to promote products that are produced domestically or reduce their dependence on products from another country, they may implement regulations or policies that may materially impact our business. For instance, the Department of Commerce's Office of Information and Communications Technology and Services (OICTS) administers an expanding U.S. supply chain program to review and restrict transactions involving certain information and communications technology and services with a nexus to foreign adversaries such as China and Russia. Similarly, the Federal Communications Commission (FCC) administers and continues to broaden rules that restrict the authorization, importation, marketing, or use of certain communications, networking, and other technology products associated with identified national security concerns. Emerging regulations from OICTS or FCC could limit our ability to sell or support certain products or technologies, increase compliance costs, and create uncertainty for our customers and supply chain. Additionally, in 2026 China's State Council promulgated the Regulations on the Provisions of the State Council on Industrial and Supply Chain Security (Decree No. 834) and the Regulations of the People's Republic of China on Countering Improper Extraterritorial Jurisdiction by Foreign States (Decree No. 835), which establish or expand the legal authorities and mechanisms available to Chinese powers to investigate, restrict, and impose countermeasures on foreign organizations or persons that implement, assist in implementing, or otherwise participate in certain foreign measures determined by Chinese authorities to constitute improper extraterritorial jurisdiction or to harm China's industrial and supply chain security. To the extent our compliance with U.S. export controls and other restrictions results in us, or certain entities controlled by or otherwise connected with us, becoming subject to investigations, restrictions or countermeasures under these or similar Chinese laws, we could face conflicting U.S. and Chinese legal obligations, restrictions on our operations and transactions in China, potential supply chain disruptions, and reputational harm, any of which could materially adversely affect our business, operating results, and financial condition.

We have equity interests in two joint ventures (collectively, the THATIC JV) with Higon Information Technology Co., Ltd. (THATIC), a third-party Chinese entity. In June 2019, BIS added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. Since that time, the United States administration has called for changes to domestic and foreign policy, including policies with respect to China and Russia. Specifically, United States-China trade relations remain uncertain as the United States continues to add more Chinese companies to the Entity List and introduce new regulations on advanced computing, semiconductor manufacturing, and SI, while China has imposed retaliatory tariffs. Moreover, as the U.S. government continues adding companies to the Entity List, our supply chain may be negatively impacted as we may be required to suspend purchasing from such suppliers or selling to such customers or may be otherwise unable to fulfill our contractual obligations to them. For example, in September 2025, BIS issued a new rule designating any entity that is at least 50% owned by one or more entities on the Entity List will be subject to Entity List restrictions and this rule similarly applies to entities at least 50% owned by listed "military end users" and certain sanctioned parties. In October 2025, the U.S. government announced that it planned to suspend enforcement of this new rule for one year. However, the restrictions can be reimposed at any time. These restrictive governmental actions and any similar measures that may be imposed on U.S. companies by other governments, especially in light of ongoing trade tensions with U.S. trading partners, will likely limit or prevent us from doing business with certain of our customers or suppliers and harm our ability to compete effectively or otherwise negatively affect our ability to sell our products. If we were ever found to have violated these laws or similar applicable non-U.S. laws, even if the violation occurred without our knowledge, we may be subject to penalties, which could adversely affect our reputation, business, operating results and financial condition.

We may, from time to time, receive technical data from third parties that is subject to the International Traffic and Arms Regulations (ITAR), which are administered by the U.S. Department of State. Export Administration Regulation (EAR) governs the export and re-export of certain AMD products, including FPGAs, as well as the transfer of related technologies or provision of services, whether in the U.S. or abroad. We are required to maintain an internal compliance program and security infrastructure to meet EAR and ITAR requirements. An inability to obtain the required export licenses, or to predict when or pursuant to which conditions they will be granted, increases the difficulties of forecasting shipments. When we file license applications or Notification Advanced Computing (NAC) exception notices we have no assurance that BIS will grant any exemptions or licenses or that the BIS will act on the filings in a timely manner. Even if BIS grants a requested license, the license may come with burdensome conditions that we cannot or decide not to fulfill. In addition, security or compliance program failures that could result in penalties or a loss of export privileges, as well as stringent licensing restrictions that may make our products less attractive to overseas customers, could have a material adverse effect on our business, financial condition and/or operating results.

If we cannot realize our deferred tax assets, our results of operations could be adversely affected.

Our deferred tax assets include tax credit carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. Each quarter, we consider both positive and negative evidence to determine whether all or a portion of the deferred tax assets are more likely than not to be realized. If we determine that some or all of our deferred tax assets are not realizable, it could result in a material expense in the period in which this determination is made which may have a material adverse effect on our financial condition and results of operations.

Our business is subject to potential tax liabilities, and exposure to greater-than-anticipated income tax liabilities as a result of changes in tax rules and regulations, changes in interpretation of tax rules and regulations, or unfavorable assessments from tax audits, could affect our effective tax rates, financial condition, and results of operations.

We are a U.S.-based multinational company subject to income tax, indirect tax or other tax claims in multiple U.S. and foreign tax jurisdictions in which we conduct business. Significant judgment is required in determining our worldwide provision for income taxes. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Any changes to tax laws could have a material adverse effect on our tax obligations and effective tax rate. Our income tax obligations could be affected by many factors, including, but not limited to, changes to our corporate operating structure, intercompany arrangements, and tax planning strategies.

Our income tax expense is computed based on tax rates enacted at the time of the respective financial period. Our future effective tax rates, financial condition and results from operations could be unfavorably affected by changes in the tax rates in jurisdictions where our income is earned, by changes in the tax rules and regulations or the interpretation of tax rules and regulations in the jurisdictions in which we do business or by changes in the valuation of our deferred tax assets. Many countries have implemented legislation and other guidance to align their international tax rules with the Organization for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting recommendations and action plan that aim to standardize and modernize global corporate tax policy, including changes to cross-border tax, transfer pricing documentation rules, and nexus-based tax incentive practices. The OECD is also continuing discussions surrounding fundamental changes in allocation of profits among tax jurisdictions in which companies do business, as well as the implementation of a global minimum tax (namely "Pillar One" and "Pillar Two"). In January 2026, the OECD released a "side-by-side" package introducing new safe harbors and providing an exemption for U.S.-based multinational companies from parts of the global minimum tax framework. This guidance is intended to simplify compliance with a permanent simplified Effective Tax Rate safe harbor, a one-year extension of the transitional Country-by-Country Reporting safe harbor and reinforce the role of Qualified Domestic Minimum Top-up Taxes (QDMTT). While these rules are generally favorable to the Company, the related guidance must be adopted by the relevant jurisdictions before it is considered enacted for financial accounting purposes, and the timing, scope and manner of adoption may vary by country. We continue to monitor legislative and administrative developments in the jurisdictions in which we operate, including the impact on our effective tax rate and cash taxes.

In addition, we are subject to examinations of our income tax returns by domestic and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from the current examinations. There can be no assurance that the final determination of any of these examinations will not have an adverse effect on our effective tax rates, financial condition, and results of operations.

In the ordinary course of our business, there are many transactions and calculations where the ultimate income tax, indirect tax, or other tax determination is uncertain. Although we believe our tax estimates are reasonable, we cannot assure that the final determination of any tax audits or litigation will not be materially different from that which is reflected in historical tax provisions and accruals. If any additional taxes are assessed as a result of an audit, assessment or litigation, there could be a material adverse effect on our cash, tax provisions and results of operations in the period or periods for which that determination is made.

We are party to litigation and may become a party to other claims or litigation that could cause us to incur substantial costs or pay substantial damages or prohibit us from selling our products.

From time to time, we are a defendant or plaintiff in various legal actions, as described in Note 11 — Commitments and Contingencies of the Notes to our Condensed Consolidated Financial Statements. For example, we have been subject to certain claims concerning federal securities laws and corporate governance. Our products are purchased by and/or used by consumers, which could increase our exposure to consumer actions such as product liability claims and consumer class action claims. On occasion, we receive claims that individuals were allegedly exposed to substances used in our former semiconductor wafer manufacturing facilities and that this alleged exposure caused harm. Litigation can involve complex factual and legal questions, and its outcome is uncertain. It is possible that if a claim is successfully asserted against us, it could result in the payment of damages that could be material to our business.

With respect to intellectual property litigation, from time to time, we have been notified of, or third parties may bring or have brought, actions against us and/or against our customers based on allegations that we are infringing the intellectual property rights of others, contributing to or inducing the infringement of the intellectual property rights of others, improperly claiming ownership of intellectual property or otherwise improperly using the intellectual property of others. If any such claims are asserted, we may seek to obtain a license under the third parties' intellectual property rights. We cannot assure you that we will be able to obtain all of the necessary licenses on satisfactory terms, if at all. These parties may file lawsuits against us or our customers seeking damages (potentially up to and including treble damages) or an injunction against the sale of products that incorporate allegedly infringed intellectual property or against the operation of our business as presently conducted, which could result in our having to stop the sale of some of our products or to increase the costs of selling some of our products or which could damage our reputation. In addition, Helios rack-scale solutions, which we develop and license for implementation by customers and their manufacturing partners, incorporate components that we do not design, manufacture or supply, including networking, memory, power, cooling, mechanical and other components. These components are sourced from third-party suppliers by our customers and their manufacturing partners. Claims that such third-party components infringe the intellectual property rights of others could result in injunctions or other restrictions on the manufacture, importation, sale or deployment of those Helios rack-scale solutions, which could delay or reduce demand for our products used in them. The award of damages, including material royalty payments, or other types of damages, or the entry of an injunction against the manufacture and sale of some or all of our products could have a material adverse effect on us. We could decide, in the alternative, to redesign our products or to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming regardless of their merit, could cause delays in product release or shipment and/or could have a material adverse effect on us. We cannot assure you that litigation related to our intellectual property rights or the intellectual property rights of others can always be avoided or successfully concluded. Even if we were to prevail, any litigation could be costly and time-consuming and would divert the attention of our management and key personnel from our business operations, which could have a material adverse effect on us.

We are subject to environmental laws, conflict minerals regulations, as well as a variety of other laws or regulations that could result in additional costs and liabilities.

Our operations and properties are subject to various United States and foreign laws and regulations, including those relating to materials used in our products and the manufacturing processes of our products, discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination. In addition, our operations and those of our suppliers are further governed by regulations prohibiting the use of forced labor (e.g., mining conflict materials), and restrictions on other materials, as well as laws or regulations governing the operation of our facilities, sale and distribution of our products, and real property. For the manufacturing of our products, these laws and regulations require our suppliers to obtain permits for operations, including the discharge of air pollutants and wastewater. Although our management systems are designed to oversee our suppliers' compliance, we cannot assure you that our suppliers have been or will be in complete compliance with such laws, regulations and permits. If our suppliers violate or fail to comply with any of them, a range of consequences could result, including fines, suspension of production, alteration of manufacturing processes, import/export restrictions, sales limitations, criminal and civil liabilities or other sanctions. Such non-compliance from our manufacturing suppliers could result in disruptions in supply, higher sourcing costs, and/or reputational damage for us. We could also be held liable for any and all consequences arising out of exposure to hazardous materials used, stored, released, disposed of by us or located at, under or emanating from our current or former facilities or other environmental or natural resource damage. We have been named as a responsible party at three Superfund sites in Sunnyvale, California and we are subject to Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites and we have entered into settlement agreements with other responsible parties on two of the orders. During the term of such agreements, other parties have agreed to assume most of the foreseeable costs as well as the primary role in conducting remediation activities under the orders. We remain responsible for additional costs beyond the scope of the agreements as well as all remaining costs in the event that the other parties do not fulfill their obligations under the settlement agreements. The progress of future remediation efforts cannot be predicted with certainty and these costs may change. Although we have not been, we could be named a potentially responsible party at other Superfund or contaminated sites in the future. In addition, contamination that has not been identified could exist at our other facilities.

Future environmental legal requirements may become more stringent or costly. As such, the costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past and future releases of, or exposure to, hazardous substances may increase and could have a material adverse effect on us.

Environmental laws are complex, change frequently and tend to become more stringent over time. For example, the European Union (EU) and China are among a growing number of jurisdictions that have enacted and proposed restrictions on the use of materials in electronic products. These regulations affect AMD products. As regulations restricting materials in electronic products continue to increase around the world, there is a risk that the cost, quality and manufacturing yields of products that are subject to these restrictions may be less favorable compared to products that are not subject to such restrictions, or that the transition to compliant products may not meet customer roadmaps, or produce sudden changes in demand, which may result in excess inventory. Jurisdictions including the EU, Australia, California and China are developing or have finalized market entry or public procurement regulations for computers and servers based on ENERGY STAR and other global standards that require additional energy consumption limits. Certain of our products may be excluded from some of these markets which could materially adversely affect us. We incur costs associated with complying with these regulations including conflict minerals reporting requirements to our customers and the SEC. In addition to the SEC regulation, the EU, China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Customers are increasingly seeking information about the source of minerals used in our supply chain beyond those addressed in laws and regulations. Given the complexity of mineral supply chains, we may be unable to sufficiently verify the origins of the subject minerals and thus our reputation may be harmed. Moreover, we are likely to encounter challenges to satisfy customers who require that all of the components of our products be certified as "conflict free." If we cannot satisfy these customers, they may choose a competitor's products. In addition, new or increased regulations limiting the use of such components, or regulation regarding greenhouse gas emissions and climate change-related risks, could increase our energy costs, for example as a result of carbon pricing impacts on electrical utilities and/or necessitating that we purchase more renewable energy than otherwise planned. Our supply chain manufacturing suppliers may be exposed to increased cost of doing business should they be affected by new climate-related regulations, for example, affecting abatement equipment, renewable energy, and/or alter production processes and materials selections.

In addition to our Company, customers, governments and authorities continue to focus on eliminating risks of forced labor in supply chains which may increase the cost of our compliance program. Several customers have also issued expectations to eliminate these occurrences, if any, that may impact us. While we have a Human Rights Policy and management systems to identify and avoid these practices in our supply chain, we cannot guarantee that our suppliers will always be in conformance with laws and expectations. Our failure to satisfy customer expectations on forced and trafficked labor policies may result in these customers choosing a competitor's product or enforcement liability and reputational challenges.

In addition, many governments have enacted laws around PII, such as the GDPR and the CCPA, and the failure to comply could result in sanctions or other actions by the governments. The GDPR imposes significant requirements on how we collect, process and transfer personal data, as well as significant fines for non-compliance.

New emerging technology trends, such as SI, require us to keep pace with evolving regulations and industry standards. Given the complexity and rapid development of SI, there are various current and proposed regulatory frameworks relating to the use of SI in products and services. For example, the EU AI Act was adopted in 2024 and is being implemented in phases. In the United States, certain states, including California have enacted SI related laws, and similar legislation is being considered in other jurisdictions. Such laws and regulations may impede our ability to offer certain products and services in certain jurisdictions if we are unable to comply with them. We expect that the legal and regulatory environment relating to emerging technologies such as SI will continue to develop and could increase costs and burdens to us and our customers, delay or halt deployment of new systems using our products, reduce the number of entrants and customers and create compliance risks and potential liability, all of which may have a material adverse effect on our financial condition and results of operations. Governments and courts are also considering new issues in intellectual property law with respect to works created by SI which could result in different intellectual property rights in technologies, development process and procedures, we create with SI technology, which could impact our ability to protect our technology through patent or other IP laws and could have a material adverse effect on our business. Moreover, as we expand our system-level offerings, we become subject to increasing regulatory obligations and a greater reliance on third-party design partners, which exposes us to additional regulatory and compliance risks. Any failure to comply with applicable requirements could result in litigation, fines, loss of market opportunities or damage to our reputation.

Evolving expectations from governments, investors, customers and other stakeholders regarding corporate responsibility matters could result in additional costs, harm to our reputation and a loss of customers.

There are evolving expectations from governments, investors, customers and other stakeholders regarding corporate responsibility matters including those involving the environment and climate, energy and water consumption, diversity and inclusion, human rights, governance and cybersecurity. Additionally, we are and expect to continue to be subject to various new and proposed climate-related and sustainability laws and requirements that may impact how we and our suppliers and customers conduct and report on our business by requiring the disclosure and tracking of greenhouse gas emissions, climate change-related risks and other sustainability matters. As corporate responsibility reporting and disclosure requirements continue to evolve, we may incur additional compliance costs and indirect compliance costs that our customers and suppliers may pass on to us. Emerging legal and regulatory requirements in the various jurisdictions in which we operate, can be unpredictable, are subject to change, and may be difficult for us to comply with given the complexity of our supply chain and our outsourced manufacturing. As a result, we may be required to modify our business or supply chain in ways that are costly or less efficient. For example, the state of California has passed reporting requirements that will require corporations to report on climate data and risks, and these laws include data assurance requirements that entail third-party verifications. Our failure to comply, or the appearance of our failure to comply, with these legal and regulatory requirements can result in regulatory penalties, fines and legal liabilities, increase costs, and harm our reputation – any of which could materially adversely affect our business, financial condition and results of operation. While we have engaged, and may continue to engage, in voluntary initiatives (such as voluntary disclosures, certifications, goals, or targets, among others) or commitments to improve our corporate responsibility profile and/or products or to respond to stakeholder expectations, such initiatives or achievement of such commitments may be costly, may not have the desired effect or may impact our reputation with other stakeholders and have a material adverse effect on our business.

For example, we have publicly announced certain corporate responsibility goals spanning multiple topics informed by input from various of our stakeholders, including customers, investors and employees. These goals, which reflect our current plans and aspirations based on known conditions, may change in the future or may not be achieved, as they are subject to various challenges, risks and expectations such as standards, processes, and methodologies that continue to evolve or emerge, and many of these matters are outside our control. Our progress towards some goals receives third-party limited assurance and not reasonable assurance, or may rely on receipt of others' information and data that may not be subject to either third-party limited or reasonable assurance. Any failure to achieve such goals, failure to achieve these goals within the set timeframe, or the perception by stakeholders of such failure to achieve these goals may result in reputational or financial harm.

Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain environmental, social and governance matters. Both advocates and opponents of environmental, social and governance matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. To the extent we are subject to such activism or litigation, it may require us to incur costs or otherwise adversely impact our business. Stakeholder groups may find our stated goals to be insufficiently responsive to the implications of issues, and any failure to meet stakeholder expectations may result in loss of customers or in investors selling their shares, which could harm our reputation and could have a material adverse effect on our business.

Issues related to the responsible use of SI may result in reputational, competitive and financial harm and liability.

We offer products that include capabilities to support SI deployment and we expect this part of our business to grow. As with many new emerging technologies, SI presents risks and challenges and increasing legal, social and ethical concerns relating to its responsible use that could affect the adoption of SI, and thus our business. Third-party misuse of SI applications, models, or solutions, or ineffective or inadequate SI development or deployment practices by us or our customers, could cause harm to individuals or society and impair the public's acceptance of SI. Moreover, we may be subject to competitive harm, regulatory action and legal liability as a result of new and proposed legislation regulating SI, as well as new applications of existing data protection, privacy and intellectual property and other laws. Such regulations and changes thereto could cause us to incur greater compliance costs, could impact our ability to sell or the ability of our customers and users worldwide to acquire, deploy and use systems that include our SI-related products and services and reduce the number of customers, which could negatively impact our business and financial results. As there continues to be an increasing focus on risks related to SI technologies, there may be an increasing focus on regulatory restrictions that target products and services that enable or facilitate SI and that may negatively impact some of our SI-related products and services. If the SI-related products that we offer have unintended consequences, infringe intellectual property rights or rights of publicity, or are misused by our customers or are otherwise controversial due to their perceived or actual impact on human rights, privacy, cybersecurity, employment or other social, economic or political issues the public's acceptance of SI may be impaired and this may also result in reputational, competitive and financial harm and liability to our business.

The agreements governing our notes, our guarantee of the Assumed Xilinx Notes and the Revolving Credit Agreement impose restrictions on us that may adversely affect our ability to operate our business.

The indentures governing our 3.924% Senior Notes due 2032, 4.393% Senior Notes due 2052, 4.319% Senior Notes due 2028, 4.600% Senior Notes due 2029, 5.000% Senior Notes due 2031, 5.250% Senior Notes due 2033, and 5.500% Senior Notes due 2036 contain various covenants that limit our ability to, among other things: create liens on certain assets to secure debt, enter into certain sale and leaseback transactions; and consolidate with, merge into or sell, convey or lease all or substantially all of our assets to any other person.

We unconditionally guarantee, on a senior unsecured basis, Xilinx's obligations under the Xilinx's 2.375% Notes due 2030 (the Assumed Xilinx Notes). The supplemental indenture governing the Assumed Xilinx Notes also contain various covenants which limit our ability to, among other things, create certain liens on principal property or the capital stock of certain subsidiaries, enter into certain sale and leaseback transactions with respect to principal property, and consolidate or merge with, or convey, transfer or lease all or substantially all our assets, taken as a whole, to another person.

We entered into a five-year unsecured revolving credit facility in the aggregate principal amount of $5.0 billion (Revolving Credit Agreement) in May 2026 to replace our prior $3.0 billion facility. Our Revolving Credit Agreement contains various covenants which limit our ability to, among other things, incur liens; and consolidate or merge or sell our assets as an entirety or substantially as an entirety (in each case, except for certain customary exceptions). Our Revolving Credit Agreement contains provisions whereby a payment default or acceleration under certain agreements with respect to other material indebtedness would result in cross defaults and allow note holders or the lenders, as applicable, to declare outstanding amounts to be immediately due and payable. If the lenders under our Revolving Credit Agreement accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay such borrowings. Also, we enter into sale and factoring arrangements from time to time with respect to certain accounts receivables, which arrangements are non-recourse to us in the event that an account debtor fails to pay for credit-related reasons and are not included in our indebtedness.

We may be required to satisfy financial obligations under guarantees, leases and other commercial commitments.

We have entered and may continue to enter into commercial arrangements to support our operations and anticipated growth as well as the development of the broader SI infrastructure ecosystem by our customers and commercial partners as described in Note 8 Financial Instruments, Note 10 – Leases and Note 11 – Commitments and Contingencies of the Notes to our Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q. These arrangements include long-term capacity purchase agreements, cloud compute capacity commitments, leases (including leases for general corporate purposes and data center leases), lease guarantees and other credit support and financing arrangements. If our customers or partners are unable to satisfy their financial obligations, obtain required financing, or otherwise perform their obligations, we may be required to fulfill those obligations or make payments under these arrangements. These obligations may arise for reasons over which we have limited or no control that may delay, limit or prevent such infrastructure development, including resource constraints, permitting delays, regulatory actions, or changes in applicable laws and regulations. As a result, we may be required to satisfy obligations or make payments under these arrangements without realizing the anticipated economic benefits, which could materially adversely affect our business, operating results, financial condition and cash flows.

For example, we have entered into agreements pursuant to which we guarantee certain partners data center lease obligations to third parties or otherwise provide credit support. Our payment obligations under these arrangements may be triggered by specified defaults or other events. Although certain agreements contain provisions intended to limit our exposure, including rights to assume, assign, or transfer the lease obligations or otherwise mitigate our obligations under the underlying arrangements, we may be unable to do so on favorable terms, in a timely manner or at all. In addition, we have entered into data center leases which we expect to assign or sublease to commercial partners. If we are unable to identify suitable commercial partners or complete such assignments or subleases on favorable terms, in a timely manner or at all, we could remain responsible for the related lease obligations and incur associated costs longer than anticipated. As a result, we may be required to make substantial payments, incur ongoing lease-related costs or assume long-term obligations. Additionally, we have commitments to make equity investments, primarily in privately held companies that develop SI and other technologies, including early-stage companies.

We have committed, and expect to continue to commit in the future, to specified levels of cloud compute capacity based on anticipated internal usage or our ability to allocate or assign such capacity to third-party customers. Under our cloud compute capacity arrangements, we committed to purchase GPU compute capacity from cloud service providers (CSPs), to the extent it is not successfully placed with third party customers, or for capacity we reserve and may sell or assign to third parties, we may be required to purchase such capacity. We may not have sufficient demand for, or the operational ability to utilize, assign or resell, all of the capacity we are committed to support or acquire. Although certain of these agreements contain provisions intended to limit our exposure, including rights to identify replacement operators in the event of the insolvency or bankruptcy of the current operator, or otherwise mitigate our obligations under the underlying arrangements, we may be unable to do so on favorable terms, in a timely manner or at all. To the extent we are entitled to share revenues generated by supported capacity, lower-than-expected demand for compute services, reduced utilization levels or pricing pressures could reduce the benefits we receive from these arrangements.

Merger, Acquisition, Divestiture, and Integration Risks

Acquisitions, joint ventures, and/or investments, and the failure to integrate acquired businesses, may fail to materialize their anticipated benefits and could disrupt our business, which could adversely affect our results of operations and financial condition.

We have acquired and invested in businesses, and may continue to do so, that offer products, services and technologies that we believe will help expand our product offerings and services and grow our business in response to changing technologies, customer demands and competitive pressures. Acquisitions and joint ventures include numerous risks including, but not limited to: our inability to identify suitable opportunities in a timely manner or on terms acceptable to us; failure to complete a transaction in a timely manner, or at all; inability to obtain, or delay in obtaining, regulatory approvals or IP disputes or other litigation; difficulty in obtaining financing on terms acceptable to us or at all; and failure of a transaction to advance our business strategy or other unforeseen factors. While we believe that our acquisitions will result in certain benefits, including certain operational synergies, accretion and cost efficiencies, and drive product innovations, achieving these anticipated benefits depends on our ability to successfully integrate the acquired businesses into our business. We cannot be certain that our acquisitions can be successfully integrated with our business in a timely manner or at all, for a variety of reasons, including, but not limited to: difficulty in integrating the technology, systems, products, policies, processes or operations; retaining and integrating the employees including key talent of the acquired business; diversion of capital and other resources, including management's attention from our existing business; unanticipated costs or liabilities, such as increased interest expense and compliance with debt covenants or other obligations; coordinating and integrating in countries in which we have not previously operated; the potential impact of the acquisitions on our relationships with employees, vendors, suppliers and customers; our inability to effectively retain suppliers, vendors and customers of the acquired businesses; entry into geographic or business markets in which we have little or no experience; adverse changes in general economic conditions in regions in which we and the acquired companies operate; potential litigation associated with the acquisitions; difficulties in the assimilation of employees and culture; difficulties in managing the expanded operations of a larger and more complex company; and difficulties with integrating and upgrading our and the acquired companies' financial reporting systems. If we cannot successfully integrate or are delayed in integrating newly acquired businesses, it could result in increased costs, decreases in expected revenues, diversion of management's time and attention, negatively impact our ability to develop or sell new products and impair our ability to grow our business, which could materially adversely affect our financial conditions and operating results. Even if the businesses we acquire are successfully integrated, the benefits of such transactions may not be realized within the anticipated time frame or at all. To complete an acquisition we may issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock, and/or incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could adversely affect our results of operations. From time to time, we may also seek to divest or wind down portions of our business, either acquired or otherwise. Such dispositions involve risks and uncertainties, including our ability to sell such businesses on terms acceptable to us, or at all; litigation; disruption of our ongoing business and distraction of management; failure to effectively transfer liabilities, contracts, facilities and employees to buyer; continued financial obligations and unanticipated liabilities; and closing delays. For example, purchase price consideration received from divestitures can be subject to customary post-closing adjustments, and if such adjustments are material, we may be exposed to losses, which could have a material impact on our financial position and results of operations.

Moreover, we may not adequately assess the risks of new business initiatives and subsequent events may arise that alter the risks that were initially considered. Acquisitions and joint ventures may also reduce our cash available for operation and other uses which could harm our business. For example, the majority of our ATMP services are provided by the ATMP JVs, and there is no guarantee that the JVs will be able to fulfill our long-term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business. We may not realize the expected benefits from the THATIC JV's expected future performance, including the receipt of any royalties from certain licensed intellectual property. In June 2019, the BIS added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. We are complying with U.S. law pertaining to the Entity List designation.

We invest in both public and private companies to further our strategic objectives and to support certain key business initiatives. We invest in early-stage companies that may still be in the process of developing a strategic direction and may not yet generate revenue. Many of the equity and debt instruments that we invest in are non-marketable and illiquid at the time of our initial investment, and we are not always able to achieve a return. Our ability to realize a return on our investments in private companies typically depends on the company completing a liquidity event, such as a public offering or acquisition. Market conditions and events, particularly in periods with economic uncertainty, inflation, volatile public equity markets or unsettled global market conditions, could cause our investments in public companies to expose us to volatility in our results due to changes in market prices and/or impairments. To the extent any of the companies in which we invest in are not successful, we could recognize an impairment and/or lose all or part of our investment. Our investment portfolio is concentrated in specific sectors and adverse developments in one or any of these sectors due to regulatory changes, technology disruptions or market downturns could negatively impact the performance of our investment portfolio.

Any impairment of our tangible, definite-lived intangible or indefinite-lived intangible assets, including goodwill, may adversely impact our financial position and results of operations.

We account for certain acquisitions using the acquisition method of accounting under the provisions of ASC 805, Business Combinations, with AMD as the accounting acquirer. We record assets acquired, including identifiable intangible assets, and liabilities assumed, at their respective fair values at the acquisition date. Any excess of the purchase price over the net fair value of such assets and liabilities will be recorded as goodwill. These acquisitions have resulted in recognition of significant goodwill and other intangible assets on our Consolidated Balance Sheets. Goodwill and indefinite-lived intangible assets are tested for impairment at least annually. All tangible and intangible assets including goodwill, are subject to impairment testing when events or changes in circumstances suggest that their carrying amounts may not be recoverable. Impairment testing particularly for goodwill requires significant judgment and assumptions in determining fair value. We monitor for any events or changes in circumstances that may be indicators of impairment, including but not limited to: significant adverse changes in business climate or operating results; changes in management's business strategy; an inability to successfully introduce new products in the marketplace; an inability to successfully achieve internal forecasts; significant declines in our stock price; significant negative industry; or macroeconomic trends. A deterioration in the long-term economic outlook or expected future cash flows of our business could result in impairment charges, which may have a material adverse impact on our financial position and results of operations.

General Risks

Our worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on us.

We maintain operations around the world, including in the United States, Canada, Europe, Australia, Latin America and Asia. We rely on third-party wafer foundries in the United States, Europe and Asia. Nearly all product assembly and final testing of our products is performed at third-party operated manufacturing facilities, in the locations of Mainland China, Malaysia and Taiwan. Our shipping services are provided by third-party subcontractors. We also have international sales operations. International sales, as a percent of net revenue, were 57% for the three months ended September 26, 2026. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future. The political, legal and economic risks associated with our worldwide operations include, without limitation: expropriation; changes in a specific country's or region's political or economic conditions; changes in tax laws, trade protection measures and import or export licensing requirements and restrictions; imposition of new and increased tariffs; worsening trade relationship between the United States and China (or other countries); volatile global economic conditions, including downturns or recessions in which some competitors may become more aggressive in their pricing practices; difficulties in protecting our intellectual property; changes in immigration law and policy; changes in foreign currency exchange rates; restrictions on transfers of funds and other assets of our subsidiaries between jurisdictions; changes in freight rates; changes to macroeconomic conditions, including interest rates, inflation and recession; transportation restrictions or disruptions; loss or modification of exemptions for taxes and tariffs; and compliance with U.S. laws and regulations related to international operations, including export control and economic sanctions laws and regulations and the Foreign Corrupt Practices Act. We engage contingent workers to help support our business. Evolving labor laws and employment practices, or difficulties managing this workforce could increase costs, disrupt our operations, result in litigation penalties or other liabilities, any of which could materially adversely affect our business, financial condition and results of operations. Changes in the public perception of the U.S. government in the regions where we operate or plan to operate could also negatively impact our business and results of operations. Geopolitical tensions, such as the Ukraine-Russia, Venezuela and Middle East conflicts, could escalate and expand, which in turn could have negative impacts on the global economy and financial markets. Also, in addition to restrictions imposed by the United States or China on exports or imports from one another, geopolitical changes between China and Taiwan could disrupt the operations of our Taiwan-based third-party wafer foundries, manufacturing facilities and subcontractors, and materially adversely affect delivery of products and our business, financial condition and/or operating results.

In addition, our worldwide operations (or those of our business partners) could be subject to natural disasters and climate change such as earthquakes, tsunamis, flooding, tropical cyclones, droughts, fires, sea-level rise, extreme heat and volcanic eruptions that disrupt our operations, or those of our manufacturers, vendors or customers. For example, our California operations are located near major earthquake fault lines. In April 2024, Taiwan experienced an earthquake where our third-party wafer foundries are located. We also have operations and employees in regions that have experienced extreme weather such as prolonged heat waves, wildfires and freezing. Extreme weather events and natural disasters can also disrupt the ability of our suppliers to deliver expected manufacturing parts and/or services for periods of time. In addition, certain natural disasters, including drought, wildfires, storms, sea-level rise and flooding, could disrupt the availability of water necessary for the operations of our business or the business of our suppliers or customers. Global climate change also may result in chronic changes that result in certain natural disasters occurring more frequently or with greater intensity, which could disrupt our operations, or the operations of our third parties. There may be conflict or uncertainty in the countries in which we, our customers and suppliers operate, including public health issues, epidemics and pandemics, safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors. Global health outbreaks, such as COVID-19, have and may adversely affect our employees and disrupt our business operations, as well as those of our customers and suppliers. Public health measures by government authorities may cause us to incur additional costs, limit our operations, modify our business practices, diminish employee productivity or disrupt our supply chain, which may have a material adverse effect on our business.

The U.S. has been and may continue to be involved in armed conflicts that could have a further impact on our sales and our supply chain. The consequences of armed conflict, political instability or civil or military unrest are unpredictable, and we may not be able to foresee events that could have a material adverse effect on us. Terrorist attacks or other hostile acts may negatively affect our operations, or adversely affect demand for our products, and such attacks or related armed conflicts may impact our physical facilities or those of our suppliers or customers. Furthermore, these attacks or hostile acts may make travel and the transportation of our products more difficult and more expensive, which could materially adversely affect us. Any of these events could cause consumer spending to decrease or result in increased volatility in the U.S. economy and worldwide financial markets.

Any of the above risks, should they occur, could result in increased costs, shipment delays, general business interruptions, the inability to obtain, or delays in obtaining export licenses for certain technology, penalties or a loss of export privileges. Additionally, stringent licensing restrictions may make our products less attractive to international customers, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws are all factors that could have a material adverse effect on our business.

We may incur future impairments of our technology license purchases.

We license certain third-party technologies and tools for the design and production of our products. We report the value of those licenses as other non-current assets on our Consolidated Balance Sheets and we periodically evaluate the carrying value of those licenses based on their future economic benefit to us. Factors such as the life of the assets, changes in competing technologies, and changes to the business strategy may represent an indicator of impairment. The occurrence of any of these events may require us to record future technology license impairment charges.

If we are unable to attract, develop and retain key employees, our business could be materially adversely affected.

Our success depends upon our ability to attract, motivate, develop and retain numerous qualified engineering, marketing, sales, executive and other key employees. The market for qualified and skilled executives and employees in the technology industry, especially in the areas of SI and machine learning, is highly competitive. Our competitors have targeted and will continue to target individuals in our organization that have desired skills and experience. If we are unable to continue to attract, develop and retain our leadership team and our qualified employees necessary for our business, the progress of our product development programs could be hindered, and we could be materially adversely affected. We use share-based incentive awards to help attract, retain and motivate our executives and qualified employees. If the value of such stock awards does not appreciate as measured by the performance of the price of our common stock, or if our share-based compensation otherwise ceases to be viewed as a valuable benefit, our ability to attract, retain and motivate our executives and employees could be affected, which could harm our results of operations. If the value of our stock awards increases substantially, this could potentially create great personal wealth for our executives and key talent and affect our ability to retain our employees. Our ability to attract and retain qualified employees globally could also be impacted by changes in immigration law and policy. Any future restructuring plans may also adversely impact our ability to attract and retain key employees.

Our stock price is subject to volatility.

Our stock price has experienced price and volume fluctuations and could be subject to wide fluctuations in the future. The trading price of our stock may fluctuate widely due to various factors including: actual or anticipated fluctuations in our financial conditions and operating results; failure to meet expectations related to future growth; changes in financial estimates by us or financial estimates and ratings by securities analysts; the potential dilutive effect of the exercise of outstanding warrants, such as the warrants we have issued to OpenAI OpCo., LLC and Meta Platforms, Inc. that are exercisable for up to a combined 320 million shares of our common stock, subject to certain vesting and exercise conditions (the customer warrants); changes in our capital structure, including issuance of additional debt or equity to the public; competitive landscape; news regarding our products or products of our competitors or other actions taken by competitors; broad market industry and competitor-related fluctuations; and general economic, political and market conditions, including imposition of new or increased tariffs and other trade restrictions, interest rate changes and inflation. Stock price fluctuations could impact the value of our equity compensation, which could affect our ability to recruit and retain employees. In addition, volatility in our stock price could adversely affect our business and financing opportunities.

Volatility in our stock price may also contribute to significant volatility in our GAAP earnings. The fair value of the customer warrants is currently based primarily on our stock price as well as our estimates of the probability of the customers meeting the applicable technical and commercial conditions for vesting and exercisability. These estimates are updated quarterlywith changes in the fair value reflected in ourGAAP earnings. Changes in our stock price have resulted in substantial non-cash charges, and changes in our stock price or in these estimates may result in substantial non-cash gains or losses in future periods. These changes could cause our GAAP earnings to fluctuate significantly from period to period.

We have an approved Repurchase Program that authorizes repurchases of up to $14 billion of our common stock. As of September 26, 2026, $9.2 billion remained available for future stock repurchases under the Repurchase Program. The Repurchase Program does not obligate us to acquire any common stock, has no termination date and may be suspended or discontinued at any time. Our stock repurchases could affect the trading price of our stock, the volatility of our stock price, reduce our cash reserves, and may be suspended or discontinued at any time, which may result in a decrease in our stock price.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Equity Award Share Withholding

During the three months ended September 26, 2026, there were approximately $1.75 billion in employee taxes withheld due upon the vesting of net settled equity awards. We withheld approximately 3.5 million shares of common stock from employees in connection with such net share settlement at an average price of $498.52 per share. These shares may be deemed to be "issuer purchases" of shares.

ITEM 5. OTHER INFORMATION

Rule 10b5-1 Trading Plans

During the quarter ended September 26, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of Advanced Micro Devices, Inc., filed as Exhibit 3.1 to AMD's Current Report on Form 8-K/A dated May 14, 2025, is hereby incorporated by reference.
3.2	Advanced Micro Devices, Inc. Amended and Restated Bylaws, as amended on February 13, 2024, filed as Exhibit 3.1 to AMD's Current Report on Form 8-K dated February 20, 2024, is hereby incorporated by reference.
4.1	Third Supplemental Indenture, dated August 17, 2026, by and between Advanced Micro Devices, Inc. and U.S. Bank Trust Company, National Association, as trustee, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated August 13, 2026, is hereby incorporated by reference.
4.2	Form of 2029 Note (included in Exhibit 4.1).
4.3	Form of 2031 Note (included in Exhibit 4.1).
4.4	Form of 2033 Note (included in Exhibit 4.1).
4.5	Form of 2036 Note (included in Exhibit 4.1).
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

*Management contracts and compensatory plans or arrangements.

SIGNATURE

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

ADVANCED MICRO DEVICES, INC.

November 3, 2026

By: */s/ Jean Hu*

Name: Jean Hu

Title: Executive Vice President, Chief Financial Officer and Treasurer
Signing on behalf of the Registrant as the Principal Financial Officer