

ADVANCED MICRO DEVICES INC

Form 424B5

September 06, 2016

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Registration No. 333-213513

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. A registration statement relating to the notes has become effective under the Securities Act of 1933, as amended. This preliminary prospectus supplement is not an offer to sell the notes and it is not soliciting an offer to buy the notes in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated September 6, 2016.

Prospectus supplement

(To prospectus dated September 6, 2016)

Advanced Micro Devices, Inc.

\$450,000,000

% Convertible Senior Notes due 2026

Interest payable March 1 and September 1

We are offering \$450,000,000 principal amount of our % Convertible Senior Notes due 2026. The notes will bear interest at a rate of % per year, payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2017. The notes will mature on September 1, 2026, unless earlier repurchased or converted.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding June 1, 2026 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on September 30, 2016 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the measurement period) in which the trading price (as defined below) per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or (3) upon the occurrence of specified corporate events. On or after June 1, 2026 until the close of business on the business day immediately preceding the maturity date, holders may convert their notes at any time, regardless of the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement.

We may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes.

The conversion rate will initially be shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$ per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

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If we undergo a fundamental change prior to the maturity date of the notes, holders may require us to repurchase for cash all or any portion of their notes at a fundamental change repurchase price equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The notes will be our senior, unsecured obligations and will rank senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment to any of our unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

We anticipate that we will use the net proceeds of this offering, together with the net proceeds from the Common Stock Offering (as defined herein), to repay up to \$226 million of our borrowings under the Amended and Restated Loan and Security Agreement dated as of April 14, 2015 (as amended, the Amended and Restated Loan Agreement) that provides our secured revolving line of credit (Secured Revolving Line of Credit) and to purchase up to \$1,020 million aggregate total consideration of our Senior Notes (as defined herein) (assuming no proceeds are used for the repayment of the borrowings under the Amended and Restated Loan Agreement). We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer (as defined herein) with any remaining net proceeds. Any remaining net proceeds will be used for capital expenditures, working capital and other general corporate purposes. See Use of proceeds.

Neither the completion of this offering nor of the Common Stock Offering is contingent on the completion of the other, so it is possible that this offering occurs and the anticipated Common Stock Offering does not occur, and vice versa. If the Common Stock Offering is not completed, we anticipate the proceeds of this offering will be used to repay borrowings under the Amended and Restated Loan Agreement and to purchase up to \$213.2 million aggregate total consideration of our Senior Notes. We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer (as defined herein) with any remaining net proceeds. Any remaining net proceeds will be used for capital expenditures, working capital and other general corporate purposes. See Use of Proceeds. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy any securities being offered in the Common Stock Offering.

We do not intend to apply to list the notes on any securities exchange or any automated dealer quotation system. Our common stock is listed on The NASDAQ Capital Market (NASDAQ) under the symbol AMD. On September 2, 2016, the last reported sale price of our common stock on NASDAQ was \$7.51 per share.

	Per note	Total
Public offering price(1)	\$	\$
Underwriting discounts and commissions(2)	\$	\$
Proceeds to AMD, before expenses	\$	\$

(1) Plus accrued interest, if any, from _____, 2016.

(2) We refer you to Underwriting: Conflicts of Interest beginning on page S-95 of this prospectus supplement for additional information regarding underwriting compensation.

We have granted the underwriters an option for a period of 30 days to purchase up to an additional \$67.5 million principal amount of notes, solely to cover over-allotments.

Investing in our notes involves risks. See Risk Factors on page S-11 of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement or the accompanying prospectus for a discussion of the factors you should carefully consider before deciding to purchase our notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company, or DTC, on or about _____, 2016.

Joint book-running managers

J.P. Morgan
BofA Merrill Lynch
 _____, 2016

Barclays

Credit Suisse
Wells Fargo Securities

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About this prospectus supplement

This prospectus supplement and the accompanying prospectus dated September 6, 2016 are part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using a shelf registration process. Under this shelf registration process, we may from time to time offer to sell the notes in one or more offerings. We provide information to you about this offering of the notes in two separate documents that are bound together: (1) this prospectus supplement, which describes the specific details regarding this offering; and (2) the accompanying prospectus, which provides general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both documents combined. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in the accompanying prospectus—the statement in the document having the later date modifies or supersedes the earlier statement as our business, financial condition, results of operations and prospects may have changed since the earlier dates. You should read this prospectus supplement, the accompanying prospectus, the documents and information incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering when making your investment decision. You should also read and consider the information in the documents we have referred you to under the heading **Where You Can Find More Information** and **Incorporation by Reference**.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any related free writing prospectus filed by us with the SEC. We have not authorized anyone to provide you with different information. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy the notes other than the notes described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy the notes in any circumstances in which such offer or solicitation is unlawful. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference and any related free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed materially since those dates.

AMD, the AMD Arrow logo, Catalyst, FirePro, Radeon and combinations thereof are trademarks of Advanced Micro Devices, Inc. in the United States and in other selected countries. All other brand names or trademarks appearing in this prospectus supplement are the property of their respective holders. Unless the context requires otherwise, references in this prospectus supplement to AMD, the Company, we, us, and our refer to Advanced Micro Devices, Inc. together with its consolidated subsidiaries.

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Cautionary note regarding forward-looking statements

This prospectus supplement, the accompanying prospectus and the information incorporated herein and therein by reference includes statements that are, or may be deemed, forward-looking statements. 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, 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:

demand for AMD's products;

the growth, change and competitive landscape of the markets in which AMD participates;

future restructuring activities;

the completion of this offering, the Common Stock Offering and the repurchase of our Senior Notes;

the nature and extent of AMD's future payments to GLOBALFOUNDRIES Inc. (GF) and the materiality of these payments;

the materiality of AMD's future purchases from GF;

the expected amount and timing of the final net cash proceeds from the joint venture transaction between AMD and Nantong Fujitsu Microelectronics Co. Ltd.;

the expected amounts to be received by AMD under the IP licensing agreement and AMD's expected royalty payments from future product sales of the China JVs' products to be developed on the basis of such licensed IP;

AMD may not realize the benefits anticipated from any acquisitions, divestitures and/or joint ventures;

sales patterns of AMD's PC products and semi-custom System-on-Chip (SoC) products for game consoles;

the level of international sales as compared to total sales;

AMD's expected completion of its restructuring plan announced in October 2015 (the 2015 Restructuring Plan);

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that other unrecognized tax benefits will not materially change in the next 12 months;

that AMD's cash and cash equivalents balances together with the availability under our Secured Revolving Line of Credit made available to AMD and certain of its subsidiaries under the Amended and Restated Loan Agreement will be sufficient to fund AMD's operations including capital expenditures over the next 12 months;

AMD's ability to obtain sufficient external financing on favorable terms, or at all;

AMD's expectation that based on the information presently known to management, the securities class action and the shareholder derivative suit will not have a material adverse effect on its financial condition, cash flows or results of operations; and

AMD does not expect to pay dividends in the future.

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Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation's dominance of the microprocessor market and its aggressive business practices may limit AMD's ability to compete effectively; AMD relies on GF to manufacture all of its microprocessor and accelerated processing unit (APU) products and a certain portion of its discrete graphics processing units (GPU) products, with limited exceptions. If GF is not able to satisfy AMD's manufacturing requirements, its business could be adversely impacted; AMD relies on third parties to manufacture its products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, AMD's business could be materially adversely affected; failure to achieve expected manufacturing yields for AMD's products could negatively impact its financial results; the success of AMD's business is dependent upon its ability to introduce products on a timely basis with features and performance levels that provide value to its customers while supporting and coinciding with significant industry transitions; if AMD cannot generate sufficient revenue and operating cash flow or obtain external financing, it may face a cash shortfall and be unable to make all of its planned investments in research and development or other strategic investments; the loss of a significant customer may have a material adverse effect on AMD; AMD's receipt of revenue from its semi-custom SoC products is dependent upon its technology being designed into third-party products and the success of those products; global economic uncertainty may adversely impact AMD's business and operating results; AMD may not be able to generate sufficient cash to service its debt obligations or meet its working capital requirements; AMD has a substantial amount of indebtedness which could adversely affect its financial position and prevent it from implementing its strategy or fulfilling its contractual obligations; the agreements governing AMD's notes and the Secured Revolving Line of Credit impose restrictions on AMD that may adversely affect its ability to operate its business; the markets in which AMD's products are sold are highly competitive; uncertainties involving the ordering and shipment of AMD's products could materially adversely affect it; the demand for AMD's products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for AMD's products or a market decline in any of these industries could have a material adverse effect on its results of operations; the completion and impact of the 2015 Restructuring Plan, its transformation initiatives and any future restructuring actions could adversely affect it; AMD's ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property; AMD depends on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components to support its business; if AMD loses Microsoft Corporation's support for its products or other software vendors do not design and develop software to run on AMD's products, its ability to sell its products could be materially adversely affected; AMD's reliance on third-party distributors and AIB partners subjects it to certain risks; AMD's inability to continue to attract and retain qualified personnel may hinder its product development programs; in the event of a change of control, AMD may not be able to repurchase its outstanding debt as required by the applicable indentures and its Secured Revolving Line of Credit, which would result in a default under the indentures and its Secured Revolving Line of Credit; the semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect its business in the future; acquisitions, divestitures and/or joint ventures could disrupt its business, harm its financial condition and operating results or dilute, or adversely affect the price of its common stock; AMD's business is dependent upon the proper functioning of its internal business processes and information systems and modification or interruption of such systems may disrupt its business, processes and internal controls; data breaches and cyber-attacks could compromise AMD's intellectual property or other sensitive information, be costly to remediate and cause significant damage to its business and reputation; AMD's operating results are subject to quarterly and seasonal sales patterns; if essential equipment, materials or manufacturing processes are not available to manufacture its products, AMD could be materially adversely affected; if AMD's products are not compatible with some or all industry-standard software and hardware, it could be materially adversely affected; costs related to defective products could have a material adverse effect on AMD; if AMD fails to maintain the efficiency of its supply chain as it responds to changes in customer demand for its products, its business could be materially adversely affected; AMD

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

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Prospectus supplement summary

*The following summary highlights information about us and this offering. This summary does not contain all of the information that may be important to you. You should read and carefully consider the following summary together with the entire prospectus supplement, the accompanying prospectus, the information incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, before deciding to invest in the notes. Some of the statements in this prospectus supplement constitute forward-looking statements that involve risks and uncertainties. See **Cautionary Note Regarding Forward-Looking Statements**. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including those discussed in the **Risk Factors** and other sections included or incorporated by reference in this prospectus supplement.*

About AMD

We are a global semiconductor company primarily offering:

x86 microprocessors, as standalone devices or as incorporated as an APU, chipsets, discrete GPUs and professional graphics; and

server and embedded processors, semi-custom SoC products and technology for game consoles. We also license portions of our intellectual property portfolio.

We were incorporated under the laws of Delaware on May 1, 1969 and became a publicly held company in 1972. From 1979 to 2014, our common stock was listed on the New York Stock Exchange under the symbol **AMD**. Since January 2, 2015, our common stock has been listed on NASDAQ under the symbol **AMD**. Our mailing address and executive offices are located at One AMD Place, P.O. Box 3453, Sunnyvale, California 94088-3453, and our telephone number at that location is (408) 749-4000.

Our website address is www.amd.com. Our website and the information contained on, or that can be accessed through, the website will not be deemed to be incorporated by reference in, and are not considered part of, this prospectus supplement or the accompanying prospectus. You should not rely on any such information in making your decision whether to purchase the notes.

Concurrent common stock offering

Concurrently with this offering of notes, pursuant to a separate prospectus supplement, we are offering \$600 million of shares of our common stock (or \$690 million of shares of our common stock if the underwriters exercise their option to purchase additional shares of common stock in full) in an underwritten public offering (the **Common Stock Offering**) at an assumed public offering price of \$7.51 per share, the reported last sale price of our common stock on NASDAQ on September 2, 2016. Neither the completion of this offering nor of the **Common Stock Offering** is contingent on the completion of the other, so it is possible that this offering occurs and the **Common Stock Offering** does not occur, and vice versa. Assuming no exercise of the underwriters' option to purchase additional shares of common stock with respect to the **Common Stock Offering**, the net proceeds of the **Common Stock Offering**, after deducting the underwriting discount and estimated expenses, is expected to be approximately \$581.3 million.

Neither the completion of this offering nor of the **Common Stock Offering** is contingent on the completion of the other, so it is possible that this offering occurs and the **Common Stock Offering** does not occur, and vice versa. If the **Common Stock Offering** is not completed, we anticipate the proceeds of this offering will be used to repay

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borrowings under the Amended and Restated Loan Agreement and to purchase up to \$213.2 million aggregate total consideration of our Senior Notes. We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer (as defined herein) with any remaining net proceeds. Any remaining net proceeds will be used for capital expenditures, working capital and other general corporate purposes.

Purchase of Senior Notes

We anticipate that we will use a portion of the net proceeds of this offering, together with the net proceeds from the Common Stock Offering, to purchase up to \$1,020 million aggregate total consideration of our outstanding 6.75% Senior Notes due 2019, 7.75% Senior Notes due 2020, 7.50% Senior Notes due 2022 and 7.00% Senior Notes due 2024 (collectively, the Senior Notes, and such transaction being, the Tender Offer) (assuming no proceeds are used for the repayment of the borrowings under the Amended and Restated Loan Agreement). The notes will be prioritized in the following order, to the extent holders validly tender their notes: 6.75% Senior Notes due 2019, 7.75% Senior Notes due 2020, 7.50% Senior Notes due 2022 and 7.00% Senior Notes due 2024. We cannot assure you which Senior Note holders will tender their notes. We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer with any remaining net proceeds.

Recent developments

Wafer supply agreement

On August 30, 2016, we entered into a sixth amendment (the Sixth Amendment) to the Wafer Supply Agreement with GLOBALFOUNDRIES Inc. (GF). The Sixth Amendment modifies certain terms of the Wafer Supply Agreement applicable to wafers for our microprocessor, graphics processor and semi-custom products for a five-year period from January 1, 2016 to December 31, 2020. We and GF agreed to establish a comprehensive framework for technology collaboration for the 7nm technology node.

The Sixth Amendment also provides us a limited waiver with rights to contract with another wafer foundry with respect to certain products in the 14nm and 7nm technology nodes and gives us greater flexibility in sourcing foundry services across its product portfolio. In consideration for these rights, we will pay GF \$100 million, which will be paid in installments starting in the fourth fiscal quarter of 2016 through the third fiscal quarter of 2017. Starting in 2017 and continuing through 2020, we also agreed to make quarterly payments to GF based on the volume of certain wafers purchased from another foundry supplier.

Further, for each calendar year during the term of the Sixth Amendment, we and GF agreed to annual wafer purchase targets that increase from 2016 through 2020. If we do not meet the annual wafer purchase target for any calendar year, we will be required to pay to GF a portion of the difference between our actual wafer purchases and the wafer purchase target for that year. The annual targets were established based on our current business and market expectations and take into account the limited waiver we have received for certain products.

We and GF also agreed on fixed pricing for wafers purchased during the 2016 year and established a framework to agree on annual wafer pricing for the years 2017 to 2020. We currently estimate that we will purchase approximately \$650 million of wafers from GF in fiscal 2016 consisting of approximately \$495 million of wafer purchases under the Sixth Amendment in 2016 and \$155 million of wafer purchases previously taken in the first fiscal quarter of 2016 under the Fifth Amendment to the Wafer Supply Agreement. We expect that our future purchases from GF will continue to be material under the Wafer Supply Agreement, which is in place until 2024.

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Warrant agreement

Also on August 30, 2016, in consideration for the limited waiver and rights under the Sixth Amendment, we entered into a warrant agreement (Warrant Agreement) with West Coast Hitech L.P. (WCH), a wholly-owned subsidiary of Mubadala Development Company PJSC (Mubadala). Under the Warrant Agreement, WCH and its permitted assigns are entitled to purchase 75 million shares of our common stock (the Warrant Shares) at a purchase price of \$5.98 per share. The Warrant Agreement is exercisable in whole or in part after the date of issuance until 5:00 p.m. Eastern time on February 29, 2020; provided that the maximum amount of Warrant Shares that may be exercised prior to the one-year anniversary of the Warrant Agreement shall not exceed 50 million. Notwithstanding the foregoing, the Warrant Agreement shall only be exercisable to the extent that Mubadala does not beneficially own, either directly through any other entities directly and indirectly owned by Mubadala or its subsidiaries, an aggregate of more than 19.99% of our outstanding capital stock after any such exercise.

We expect to record a one-time accounting charge in the third fiscal quarter of 2016 of approximately \$335 million related to the \$100 million payment under the Sixth Amendment and related to the value of the warrant under the Warrant Agreement.

Table of Contents**The offering**

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Debt Securities section of the accompanying prospectus, as supplemented by the Description of Notes section of this prospectus supplement, contains a more detailed description of the terms and conditions of the notes. As used in this section, we, our, and us refer to Advanced Micro Devices, Inc. and not to its consolidated subsidiaries.

Issuer	Advanced Micro Devices, Inc., a Delaware corporation.
Securities	\$450,000,000 principal amount of % Convertible Senior Notes due 2026 (plus up to an additional \$67,500,000 principal amount solely to cover over-allotments).
Maturity	September 1, 2026, unless earlier repurchased or converted.
Interest	% per year. Interest will accrue from , 2016 and will be payable semiannually in arrears on March 1 and September 1 of each year, beginning on March 1, 2017. We will pay additional interest, if any, at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Description of notes Events of default.
Conversion rights	<p>Holders may convert all or any portion of their notes, in multiples of \$1,000 principal amount, at their option at any time prior to the close of business on the business day immediately preceding June 1, 2026 only under the following circumstances:</p> <p>during any calendar quarter commencing after the calendar quarter ending on September 30, 2016 (and only during such calendar quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;</p> <p>during the five business day period after any ten consecutive trading day period (the measurement period) in which the trading price (as defined under Description of notes Conversion rights Conversion upon satisfaction of trading price condition) per \$1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; or</p> <p>upon the occurrence of specified corporate events described under Description of notes Conversion rights Conversion upon specified corporate events.</p> <p>On or after June 1, 2026 until the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of \$1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.</p>

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The conversion rate for the notes is initially _____ shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$ _____ per share of common stock), subject to adjustment as described in this prospectus supplement.

Upon conversion, we will pay or deliver, as the case may be, cash, common stock or a combination of cash and shares of common stock, at our election. If we satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of common stock, the amount of cash and the number of shares of common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each trading day in a 20-trading day observation period (as described herein). See Description of notes Conversion rights Settlement upon conversion.

In addition, following certain corporate events that occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances as described under Description of notes Conversion rights Increase in conversion rate upon conversion upon a make-whole fundamental change.

You will not receive any additional cash payment or additional shares of common stock representing accrued and unpaid interest, if any, upon conversion of a note, except in limited circumstances. Instead, interest will be deemed to be paid by the cash, shares of common stock or a combination of cash and shares of common stock paid or delivered, as the case may be, to you upon conversion of a note.

No redemption

We may not redeem the notes prior to the maturity date and no sinking fund is provided for the notes, which means that we are not required to redeem or retire the notes periodically.

Fundamental change

If we undergo a fundamental change (as defined in this prospectus supplement under Description of notes Fundamental change permits holders to require us to repurchase notes), subject to certain conditions, holders may require us to repurchase for cash all or part of their notes in principal amounts of \$1,000 or an integral multiple thereof. The fundamental change repurchase price will be equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest to, but excluding, the fundamental change repurchase date. See Description of notes Fundamental change permits holders to require us to repurchase notes.

Ranking

The notes will be our senior, unsecured obligations and will rank:

senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the notes;

equal in right of payment to any of our unsecured indebtedness that is not so subordinated;

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effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and

structurally junior to all indebtedness and other liabilities (including trade payables) of our subsidiaries.

As of June 25, 2016, our total consolidated indebtedness was \$2,238 million, all of which was senior indebtedness and \$226 million of which was secured indebtedness, and our subsidiaries had no indebtedness outstanding to which the notes would have been structurally subordinated. After giving effect to the issuance of the notes and the common stock in the concurrent Common Stock Offering (assuming, in each case, no exercise of the underwriters' option) and the application of the use of proceeds therefrom to repay amounts borrowed under the Amended and Restated Loan Agreement and the anticipated repurchase of our Senior Notes in the Tender Offer for the total consideration contemplated thereby, our consolidated indebtedness would have been \$1,690 million.

The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.

Use of proceeds

We estimate that the net proceeds from this offering will be approximately \$439.1 million (or approximately \$505.1 million if the underwriters exercise their over-allotment option), after deducting estimated underwriting discounts and commissions fees and estimated offering expenses payable by us. We anticipate that we will use the net proceeds of this offering, together with the net proceeds from the Common Stock Offering, to repay up to \$226 million of our borrowings under the Amended and Restated Loan Agreement and to purchase up to \$1,020 million aggregate total consideration of our outstanding Senior Notes (assuming no proceeds are used for the repayment of the borrowings under the Amended and Restated Loan Agreement). We cannot assure you which Senior Note holders will tender their notes. We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer with any remaining net proceeds. Any remaining net proceeds will be used for capital expenditures, working capital and other general corporate purposes.

Neither the completion of this offering nor of the Common Stock Offering is contingent on the completion of the other, so it is possible that this offering occurs and the Common Stock Offering does not occur, and vice versa. If the anticipated Common Stock Offering is not completed, we anticipate the proceeds of this offering will be used to repay borrowings under the Amended and Restated Loan Agreement and to purchase up to \$213.2 million aggregate total consideration of our Senior Notes. We have the option, but not the obligation, to call any and all of the untendered 7.75% Senior Notes due 2020 after the completion of the Tender Offer with any remaining net proceeds. Any remaining net proceeds will be used for capital expenditures, working capital and other general corporate purposes. See Use of proceeds.

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Conflicts of interest

A portion of the net proceeds from this offering may be used to repay a portion of the amounts outstanding under the Amended and Restated Loan Agreement and to repurchase our Senior Notes. The notes will be prioritized in the following order, to the extent holders validly tender their notes: 6.75% Senior Notes due 2019, 7.75% Senior Notes due 2020, 7.50% Senior Notes due 2022 and 7.00% Senior Notes due 2024. We cannot assure you which Senior Note holders will tender their notes. Certain affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated are lenders under the Amended and Restated Loan Agreement and holders of the Senior Notes. Certain affiliates of Wells Fargo Securities, LLC are lenders under the Amended and Restated Loan Agreement. Because such affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC may, in each case, receive more than 5% of the net proceeds of this offering due to such repayment, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC are each deemed to have a conflict of interest under Financial Regulatory Authority, Inc. (FINRA) Rule 5121(f)(5)(B). Accordingly, this offering is being made in compliance with the requirements of Rule 5121(a)(1)(A). Pursuant to that rule, the appointment of a qualified independent underwriter is not required in connection with this offering as each of the members primarily responsible for managing the public offering does not have a conflict of interest, is not an affiliate of any member that has a conflict of interest and meets the requirements of paragraph (f)(12)(E) of Rule 5121. In accordance with Rule 5121, neither Merrill Lynch, Pierce, Fenner & Smith Incorporated nor Wells Fargo Securities, LLC will sell any of our securities to a discretionary account without receiving written approval from the account holder. See Underwriting; Conflicts of Interest.

Book-entry form

The notes will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, DTC and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Absence of a public market for the notes

The notes are new securities and there is currently no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.

U.S. federal income tax considerations

For the U.S. federal income tax considerations of the holding, disposition and conversion of the notes, and the holding and disposition of our common stock, see Material U.S. federal income tax considerations.

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**The NASDAQ Capital Market
symbol for our common stock**

Our common stock is listed on NASDAQ under the symbol AMD.

**Trustee, paying agent and
conversion agent**

Wells Fargo Bank, National Association (Wells Fargo).

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