

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 30, 2017

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
(State or other jurisdiction of
incorporation or organization)
2485 Augustine Drive, Santa Clara, California
(Address of principal executive offices)

94-1692300
(I.R.S. Employer
Identification No.)
95054
(Zip Code)

(408) 749-4000
(Registrant's telephone number, including area code)

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

<u>(Title of each class)</u>	<u>(Name of each exchange on which registered)</u>
Common Stock \$0.01 par value per share	The NASDAQ Capital Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

As of July 1, 2017, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$12.0 billion based on the reported closing sale price of \$12.48 per share as reported on The NASDAQ Capital Market (NASDAQ) on June 30, 2017, which was the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 969,110,191 shares of common stock, \$0.01 par value per share, as of February 23, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2018 Annual Meeting of Stockholders (2018 Proxy Statement) are incorporated into Part III hereof. The 2018 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the registrant's fiscal year ended December 30, 2017.

Advanced Micro Devices, Inc.
FORM 10-K
For The Fiscal Year Ended December 30, 2017

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PART I

ITEM 1. BUSINESS

Cautionary Statement Regarding Forward-Looking Statements

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: demand for AMD’s products; the growth, change and competitive landscape of the markets in which AMD participates; future restructuring activities; 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; future patent filings; seasonal trends of our business; the timing of the completion of accounting related to the Tax Cuts and Jobs Act of 2017 (Tax Reform Act); AMD’s unrecognized tax benefits over the next 12 months; the level of international sales as compared to total sales; AMD’s dependence on a small number of customers for a substantial part of its revenue; receipt of license fees relating to the joint ventures between AMD and Tianjin Haiguang Advanced Technology Investment Co., Ltd. (THATIC) (the THATIC JV); expected royalties from future product sales of the THATIC JV; AMD’s expectation that based on the information presently known to management, the potential liability from current litigation will not have a material adverse effect on its financial condition, cash flows or results of operations; that AMD’s cash and cash equivalents balances and the secured revolving line of credit (Secured Revolving Line of Credit) 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; timing of receipt of unbilled accounts receivables; its expenditures related to environmental compliance; expected impact of new and future accounting standards on AMD’s business; and AMD does not expect to pay dividends in the future. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: Intel Corporation’s dominance of the microprocessor market and its aggressive business practices may limit AMD’s ability to compete effectively; AMD has a wafer supply agreement with GF with obligations to purchase all of its microprocessor and APU product requirements, and a certain portion of its GPU product requirements from GF with limited exceptions. If GF is not able to satisfy AMD’s manufacturing requirements, AMD’s business could be adversely impacted; AMD relies on third parties to manufacture its products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, AMD’s business could be materially adversely affected; failure to achieve expected manufacturing yields for AMD’s products could negatively impact its financial results; the success of AMD’s business is dependent upon its ability to introduce products on a timely basis with features and performance levels that provide value to its customers while supporting and coinciding with significant industry transitions; if AMD cannot generate sufficient revenue and operating cash flow or obtain external financing, it may face a cash shortfall and be unable to make all of its planned investments in research and development or other strategic investments; the loss of a significant customer may have a material adverse effect on AMD; AMD’s receipt of revenue from its semi-custom SoC products is dependent upon its technology being designed into third-party products and the success of those products; AMD’s products may be subject to security vulnerabilities that could have a material adverse effect on AMD; 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 large 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 AMD’s ability to operate its business; the markets in which AMD’s products are sold are highly competitive; AMD’s issuance to West Coast Hitech L.P. (WCH) of warrants to purchase 75 million shares of its common stock, if and when exercised, will dilute the ownership interests of AMD’s existing stockholders, and the conversion of the 2.125% Convertible Senior Notes due 2026 (2.125% Notes) may dilute the ownership interest of AMD’s existing stockholders, or may otherwise depress the price of its common stock; uncertainties involving the ordering and shipment of AMD’s products could materially adversely affect it; the demand for AMD’s products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for AMD’s products or a market decline in any of these industries could have a material adverse effect on its results of operations; AMD’s ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property; AMD depends on third-party companies for the design, manufacture and supply of motherboards, software and other computer platform components to support its business; if AMD loses Microsoft Corporation’s support for its products or other software vendors do not design and develop software to run on AMD’s products, its ability to sell

its products could be materially adversely affected; AMD's reliance on third-party distributors and AIB partners subjects it to certain risks; AMD's inability to continue to attract and retain qualified personnel may hinder its business; in the event of a change of control, AMD may not be able to repurchase its outstanding debt as required by the applicable indentures and its Secured Revolving Line of Credit, which would result in a default under the indentures and its Secured Revolving Line of Credit; the semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect its business in the future; acquisitions, divestitures and/or joint ventures could disrupt its business, harm its financial condition and operating results or dilute, or adversely affect the price of, its common stock; AMD's business is dependent upon the proper functioning of its internal business processes and information systems and modification or interruption of such systems may disrupt its business, processes and internal controls; data breaches and cyber-attacks could compromise AMD's intellectual property or other sensitive information, be costly to remediate and cause significant damage to its business and reputation; AMD's operating results are subject to quarterly and seasonal sales patterns; if essential equipment, materials or manufacturing processes are not available to manufacture its products, AMD could be materially adversely affected; if AMD's products are not compatible with some or all industry-standard software and hardware, it could be materially adversely affected; costs related to defective products could have a material adverse effect on AMD; if AMD fails to maintain the efficiency of its supply chain as it responds to changes in customer demand for its products, its business could be materially adversely affected; AMD outsources to third parties certain supply-chain logistics functions, including portions of its product distribution, transportation management and information technology support services; AMD may incur future impairments of goodwill; AMD's stock price is subject to volatility; AMD's worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on it; worldwide political conditions may adversely affect demand for AMD's products; unfavorable currency exchange rate fluctuations could adversely affect AMD; AMD's inability to effectively control the sales of its products on the gray market could have a material adverse effect on it; if AMD cannot adequately protect its technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, it may lose a competitive advantage and incur significant expenses; AMD is a party to litigation and may become a party to other claims or litigation that could cause it to incur substantial costs or pay substantial damages or prohibit it from selling its products; AMD's business is subject to potential tax liabilities; and AMD is subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in additional costs and liabilities.

For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part I, Item 1A-Risk Factors" and the "Financial Condition" section set forth in "Part II, Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations," or MD&A, beginning on page 37 below 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.

General

We are a global semiconductor company primarily offering:

- x86 microprocessors, as standalone devices or as incorporated into an accelerated processing unit (APU), chipsets; discrete and integrated graphics processing units (GPUs), and professional GPUs; and
- server and embedded processors and semi-custom System-on-Chip (SoC) products and technology for game consoles.

We also license portions of our intellectual property portfolio.

For financial information about geographic areas and for segment information with respect to revenues and operating results, refer to the information set forth in Note 13 of our consolidated financial statements, beginning on page 88 below.

We use a 52 or 53 week fiscal year ending on the last Saturday in December. The years ended December 30, 2017, December 31, 2016 and December 26, 2015 included 52 weeks, 53 weeks and 52 weeks, respectively. References in this report to 2017, 2016 and 2015 refer to the fiscal year unless explicitly stated otherwise.

Additional Information

Advanced Micro Devices, Inc. (AMD) was incorporated under the laws of Delaware on May 1, 1969 and became a publicly held company in 1972. Our common stock is currently listed on The NASDAQ Capital Market (NASDAQ) under the symbol "AMD". Our mailing address and executive offices are located at 2485 Augustine Drive, Santa Clara, California

95054, and our telephone number is (408) 749-4000. References in this Annual Report on Form 10-K to “AMD,” “we,” “us,” “management,” “our” or the “Company” mean Advanced Micro Devices, Inc. and our consolidated subsidiaries.

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Website Access to Our SEC Filings and Corporate Governance Documents

On the Investor Relations pages of our Website, <http://ir.amd.com>, we post links to our filings with the SEC, our Principles of Corporate Governance, our Code of Ethics for our executive officers, all other senior finance executives and certain representatives from legal and internal audit, our Worldwide Standards of Business Conduct, which applies to our Board of Directors and all of our employees, and the charters of the Audit and Finance, Compensation and Leadership Resources, Nominating and Corporate Governance and Innovation and Technology committees of our Board of Directors. Our filings with the SEC are posted as soon as reasonably practical after they are electronically filed with, or furnished to, the SEC. You can also obtain copies of these documents by writing to us at: Corporate Secretary, AMD, 7171 Southwest Parkway, M/S B100.2, Austin, Texas 78735, or emailing us at: Corporate.Secretary@amd.com. All of these documents and filings are available free of charge.

If we make substantive amendments to our Code of Ethics or grant any waiver, including any implicit waiver, to our principal executive officer, principal financial officer, principal accounting officer, controller or persons performing similar functions, we intend to disclose the nature of such amendment or waiver on our Website.

The information contained on our Website is not incorporated by reference in, or considered to be a part of, this report.

Our Industry

We are a global semiconductor company. Semiconductors are components used in a variety of electronic products and systems. An integrated circuit (IC) is a semiconductor device that consists of many interconnected transistors on a single chip. Since the invention of the transistor in 1948, improvements in IC process and design technologies have led to the development of smaller, more complex and more reliable ICs at a lower cost-per-function.

The x86 Microprocessor and Chipset Markets

Central Processing Unit (CPU). A microprocessor is an IC that serves as the CPU of a computer. It generally consists of hundreds of millions or billions of transistors that process data in a serial fashion and control other devices in the system, acting as the “brain” of the computer. The performance of a microprocessor is a critical factor impacting the performance of computing and entertainment platforms, such as desktop PCs, notebooks and workstations. The principal elements used to measure CPU performance are work-per-cycle (or how many instructions are executed per cycle), clock speed (representing the rate at which a CPU’s internal logic operates, measured in units of gigahertz, or billions of cycles per second) and power consumption. Other factors impacting microprocessor performance include the process technology used in its manufacture, the number and type of cores, the bit size of its instruction set (e.g., 32-bit vs 16-bit), memory size and data access speed.

Developments in IC design and manufacturing process technologies have resulted in significant advances in microprocessor performance. Since businesses and consumers require greater performance from their computer systems due to the growth of digital data and increasingly sophisticated software applications, multi-core microprocessors offer enhanced overall system performance and efficiency because computing tasks can be spread across two or more processing cores, each of which can execute a task at full speed. Multi-core microprocessors can simultaneously increase performance of a computer system without greatly increasing the total amount of power consumed and the total amount of heat emitted. Businesses and consumers also require computer systems with improved power management technology, which helps them to reduce the power consumption of their computer systems, enables smaller and more portable form factors, and lowers the total cost of ownership.

Graphics Processing Unit (GPU). A GPU is a programmable logic chip that helps render images, animations and video and is increasingly being used to handle general computing tasks. GPUs are located in plug-in cards, as a discrete processor or in a chip on the motherboard, or in the same chip as the CPU as part of an accelerated processing unit (APU) or System-on-Chip (SoC). GPUs on stand-alone cards or discrete GPUs on the motherboard typically access their own memory, while GPUs in the chipset or CPU chip share main memory with the CPU.

GPUs perform parallel operations on data to render images for a video display and are essential to presenting computer generated images on that display, decoding and rendering animations and displaying video. The more sophisticated the GPU, the higher the resolution and the faster and smoother moving objects can be displayed on video display or in a virtual environment (virtual and augmented realities).

In addition to graphics processing, GPUs are used to perform parallel operations on multiple sets of data and are increasingly used to perform vector processing for non-graphics applications that require repetitive computations such as supercomputing, deep learning, artificial and machine intelligence, and various other applications (e.g., cryptocurrency mining).

Accelerated Processing Unit (APU). Consumers increasingly demand computing devices with improved end-user experience, system performance and energy efficiency. Consumers also continue to demand thinner and lighter mobile devices, with better performance and longer battery life. We believe that a computing architecture that optimizes the use of its components can provide these improvements.

An APU is a processing unit that integrates a CPU and a GPU onto one chip (or one piece of silicon), along with, in some cases, other special-purpose components. This integration enhances system performance by “offloading” selected tasks to the best-suited component (i.e., the CPU or the GPU) to optimize component use, increasing the speed of data flow between the CPU and GPU through shared memory and allowing the GPU to function as both a graphics engine and an application accelerator. Having the CPU and GPU on the same chip also typically improves energy efficiency by, for example, eliminating connections between discrete chips.

Heterogeneous System Architecture (HSA) describes an industry standard that is an overarching design for having combinations of CPU and GPU processor cores that operate as a unified, integrated engine that shares system responsibilities and resources. AMD is a founding member of the HSA Foundation, a non-profit organization established to define and promote this open standards-based approach to heterogeneous computing. Heterogeneous computing allows for the elevation of the GPU to the same level of the CPU for memory access, queuing and execution. This capability allows software programmers to develop applications to more fully utilize GPU capabilities.

System-on-Chip (SoC). An SoC is a type of IC with a CPU, GPU and other components, such as a memory controller and peripheral management, comprising a complete computing system on a single chip. By combining all of these elements as an SoC, system performance and energy efficiency is improved, similar to an APU.

Chipset. A chipset is a generic term referring to a collection of system level components that manage data flow among a microprocessor or microprocessors, memory and peripherals (such as CD ROM drives, DVD drives and USB peripherals). Chipsets perform essential logic functions, balance a system’s performance and provide system control and power management functions. Some chipsets have graphics capabilities by including an integrated graphics processor (IGP) within the chipset. A chipset with an IGP is known as an IGP chipset. IGP chipsets can offer a lower cost, reduced power alternative to a discrete GPU, and are often also used in smaller form factors. Systems that are powered by an APU or by a CPU and discrete GPU combination often do not have a chipset and instead use an AMD Controller Hub chip to perform the functions of a chipset. As a result, we believe that either an APU and AMD Controller Hub chip combination or an SoC, which already includes a chipset, will eventually replace the market for IGP chipsets.

Our x86 Microprocessor and Chipset Products

Our microprocessors are incorporated into computing platforms, which are a collection of technologies that are designed to work together to provide a more complete computing solution and to enable and advance the computing components. We believe that integrated, balanced computing platforms consisting of microprocessors, chipsets (either as discrete devices or integrated into an SoC) and GPUs (either as discrete GPUs or integrated into an APU or SoC) that work together at the system level bring end users improved system stability, increased performance and enhanced power efficiency. In addition, we believe our customers also benefit from an all-AMD platform (consisting of an APU or CPU, a discrete GPU, and an AMD Fusion Controller Hub chip when needed), as we are able to optimize interoperability, provide our customers a single point of contact for the key platform components and enable them to bring the platforms to market faster in a variety of client and server system form factors.

We currently base our microprocessors and chipsets on the x86 instruction set architecture and the AMD Direct Connect Architecture, which connects an on-chip memory controller and input/output (I/O) channels directly to one or more microprocessor cores. We typically integrate two or more processor cores onto a single die, and each core has its own dedicated cache, which is memory that is located on the semiconductor die, permitting quick access to frequently used data and instructions. Some of our microprocessors have additional levels of cache such as L2, or second-level cache, and L3, or third-level cache, to enable faster data access and higher performance.

We focus on continually improving the energy efficiency of our products through our design principles and innovations in power management technology. To that end, we offer CPUs, GPUs, APUs, SoCs and chipsets with multiple low power states that are designed to utilize lower clock speeds and voltages to reduce processor power consumption during active and idle times. The use of intelligent, dynamic power management is designed to create lower energy use by allowing compute applications to be completed quickly and efficiently, enabling a return to the ultra-low power idle state.

Desktop. In 2017, we launched our first-generation AMD Ryzen™ desktop CPUs based on our new “Zen” x86 CPU core architecture. Our family of Ryzen processors are built on 14-nm Fin-FET process technology and they utilize our AM4 desktop platform. In March 2017, we released three 8-core, 16-thread models of our AMD Ryzen™ 7 desktop processors designed for PC Gamers, creators and enthusiasts. In April 2017, we launched all four models of our high performance AMD Ryzen™ 5 desktop processors at a variety of price points with up to 6 cores and 12 threads of CPU processing. We released two models of our AMD Ryzen™ 3 desktop processors in July 2017, both of which have 4 cores and 4 threads and are designed to bring “Zen” processing power to mainstream price points. In August 2017, we launched the Ryzen™ Threadripper™ family of high-end desktop processors. Ryzen Threadripper is also built around the “Zen” x86 core architecture, delivers up to 16 CPU cores and utilizes the Socket TR4 platform for greatly expanded I/O capabilities for enthusiasts and workstations.

In July 2017, we also launched the 7th Generation AMD A-Series APU for desktops, using the same AM4 platform as the Ryzen processor family. The 7th Generation APUs are based on the previous generation “Excavator” CPU core combined with Graphics Core Next (GCN) graphics. We also released the AMD Athlon™ X4 CPU for socket AM4, an entry-level processor solution for this desktop platform. We continue to offer AMD FX™ CPUs based on the “Piledriver” x86 multi-core architecture and AMD A-Series APUs utilizing previous generation platform architectures.

Notebooks and 2-in-1s. We continue to invest in designing and developing high performing and low power APUs for notebook PC platforms for the consumer market. In October 2017, we announced AMD Ryzen 7 2700U and AMD Ryzen 5 2500U, our first mobile processors with Radeon™ Vega graphics, previously codenamed the “Raven Ridge” mobile APUs, for premium 2-in-1s, convertibles and ultra-thin notebook computers. AMD Ryzen 7 2700U and AMD Ryzen 5 2500U processors combine the “Zen” x86 core architecture with Radeon™ Vega graphics in an SoC design. We also continue to offer AMD A-Series APUs and AMD E-Series APUs based on previous generation CPU and graphics architectures, primarily targeting the value and mainstream segments.

Chipsets. During 2017, we launched a full suite of chipset products, the X370, the B350 and the A320 chipsets, that are combined with AMD Ryzen™ processors for the AM4 desktop platform. The X370 chipset is designed for enthusiast desktop platforms while the B350 is targeted for the performance segment and the A320 is focused on affordable mainstream platforms. We also launched the X300 and A300 chipsets designed for small form factors. We launched the X399 chipset, which pairs with our Ryzen Threadripper product line for High-End Desktops (HEDT) using the all-new socket TR4 platform. We also continue to offer AMD 9-Series chipsets for the Socket AM3/3+ platforms serving desktop PCs, and AMD A-Series Control Hubs for the Socket FM2/2+ platforms. We also offer AMD 785E, 780E, 780M, 690E, SR5690, SP5100, SB600, SB710, SB850 and M690E chipsets and AMD A-Series Controller Hubs for our embedded products.

Commercial. We offer enterprise-class desktop and notebook PC solutions sold as AMD PRO for the commercial client market. AMD PRO solutions are designed to provide commercial-grade quality, platform longevity and extended image stability, and also include security and manageability features for enterprise customers. In June 2017, we launched AMD Ryzen™ PRO desktop processors, based on the same “Zen” x86 core architecture used in consumer desktops.

Graphics Market

The semiconductor graphics market addresses the need for improved visual and data processing in various computing devices. Many consumers value a rich visual experience to enable a more compelling and immersive experience, and, for these consumers, the PC has evolved from a traditional data processing and communications device to an entertainment platform. As a result, visual realism and graphical display capabilities are key product differentiation elements among computing devices. This has led to increasing creation and use of processing-intensive multimedia content for computing devices, including playing games, capturing media content, viewing online videos, editing photos and managing digital content. In turn, these trends have contributed to higher consumer demand for performance graphics solutions and to

manufacturers designing computing devices with these capabilities.

In addition to traditional graphics markets, there is a large and growing market for graphics compute which is primarily made up of high performance compute and machine learning/deep learning. Traditional high performance compute focuses on scientific research, model simulation, and exploration which is mainly driven by university and government research needs for high precision graphics compute workloads. The second market is the rapidly growing area of machine learning and deep learning workloads. Graphics processors are used both in the training of machine learning models as well as the application of models via inference. The expansion of compute workloads on graphics processors is driving market expansion for traditional graphics silicon.

We believe that the rise of cryptocurrency prices and introduction of new cryptocurrencies created a demand for our GPUs in 2017. The cryptocurrency market has existed for several years and their prices and popularity increased in 2017. The mining operation of cryptocurrencies are typically performed using specifically designed application-specific integrated circuits (ASICs); however, the introduction of new cryptocurrencies (e.g. Ethereum) have made mining on GPUs more efficient, providing a higher rate of return for the end user.

Our Graphics Products

Graphics processing is a fundamental component of almost everything we create and can be found in an APU, CPU, SoC or a combination of a discrete GPU with one of the other foregoing products working in tandem. Our customers generally use our graphics solutions to increase the speed of rendering images, to help improve image resolution and color definition, and increasingly to process massive data sets for cloud and datacenter applications. We develop our graphics products for use in various computing devices and entertainment platforms, including desktop PCs, notebook PCs, 2-in-1s, All-in-Ones (AIOs), professional workstations, and the datacenter. With each of our graphics products, we have available drivers and supporting software packages that enable the effective use of these products under a variety of operating systems and applications.

Our APUs deliver visual processing functionality for value and mainstream PCs by integrating a CPU and a GPU on a single chip, while discrete GPUs (which are also known as dGPUs) offer high performance graphics processing across all platforms. AMD Accelerated Parallel Processing or General Purpose GPU (GPGPU) refers to a set of advanced hardware and software technologies that enable discrete AMD GPUs, working in concert with the CPU, to accelerate computational tasks beyond traditional CPU processing by utilizing the vast number of discrete GPU cores while working with the CPU to process information cooperatively. In addition, computing devices with heterogeneous computing features run computationally-intensive tasks more efficiently, which we believe provides a superior application experience to the end user. Moreover, heterogeneous computing allows for the elevation of the GPU to the same level as the CPU for memory access, queuing and execution.

Discrete Desktop and Notebook Graphics. Our discrete GPUs for desktop and notebook PCs support current generation application program interface (APIs) like DirectX® 12 and Vulkan™, support new displays using Radeon™ FreeSync™ and Radeon™ FreeSync 2™ technology, and are designed to support virtual reality (VR) in PC platforms. In January 2017, we announced Radeon FreeSync 2 technology to deliver smooth gameplay and advanced pixel integrity to gamers. Radeon FreeSync 2 harnesses low-latency, high brightness pixels, black levels and a wide color gamut to display High Dynamic Range (HDR). In April 2017, we introduced the Radeon™ RX 500 series, a new line of graphics cards based on 2nd generation “Polaris” architecture and addressing additional performance, power and cost segments. The Radeon RX 500 series was designed specifically for system upgrades. In June 2017, we launched Radeon™ Vega Frontier Edition powered by our “Vega” GPU architecture that expands the capacity of traditional GPU memory to 256TB allowing users to tackle massive datasets. We also launched the Radeon™ RX Vega family of GPUs. There are three variants of Radeon RX Vega cards: Radeon RX Vega⁶⁴ Liquid Cooling Edition; Radeon RX Vega⁶⁴ with air cooling; and Radeon RX Vega⁵⁶.

Professional Graphics. Our AMD Radeon™ Pro and AMD FirePro™ family of professional graphics products include 3D and 2D multi-view graphics cards and GPUs designed for integration in mobile and desktop workstations. AMD Radeon Pro graphics cards are designed for demanding use cases such as Design and Manufacturing for computer assisted design (CAD) and Digital Content Creation (DCC) for broadcast and animation pipelines. AMD Radeon Pro supports end users utilizing VR and augmented reality (AR) for professional use cases such as visualization for construction, architecture and mechanical design. Software drivers for AMD Radeon Pro cards are designed to deliver high stability and performance across a wide variety of software packages including those requiring certifications for end user use. Our AMD Radeon™ Instinct family of GPU products are specifically designed to address growing demand for datacenter applications, including deep learning training and inference, as well as traditional high performance computing (HPC) workloads such as simulation where the compute capabilities of GPUs provide exceptional flexibility and performance. Combined with our open software, Radeon Open Ecosystem Compute Platform (ROCm), we believe are delivering acceleration platforms to address intensive

predictive data analytics challenges while minimizing power and space needs in the datacenter.

We also provide the AMD FirePro S-Series GPU products for the server market, which target HPC primarily focused on artificial and machine intelligence, deep neural networks (DNN), geosciences, biosciences, academic and government workloads, and virtual desktop infrastructure (VDI) use cases primarily focused on workstation-class virtualization, remote desktop and content streaming workloads. In April 2017, we announced a dual-GPU graphics card designed for professionals: the “Polaris” architecture-based Radeon™ Pro Duo card designed for media and entertainment, broadcast, and design and manufacturing workflows. In June 2017, we introduced Radeon™ Pro 500 Series graphics with up to 5.5 TFLOPS of performance and using “Polaris” GPU architecture. In July 2017, we introduced our new professional graphics cards, Radeon™ Pro WX 9100 and Radeon™ Pro SSG, based on the “Vega” GPU architecture. The Radeon Pro WX 9100 uses 16 GB of high-bandwidth cache and harnesses the high-bandwidth cache controller (HBCC) and advanced GPU memory architecture. The Radeon™ Pro SSG offers 2TB onboard solid state graphics (SSG) memory alongside the “Vega” GPU architecture. In addition, our Radeon Pro Software Adrenalin Edition supports Linux®. The Linux version of this driver combines an open-source core and AMD Radeon Pro graphics' technologies and performance. In 2017, we launched the Radeon Instinct MI25 server accelerator targeting data center applications including machine learning, deep learning, and artificial intelligence.

Enterprise, Embedded and Semi-Custom

The Enterprise, Embedded and Semi-Custom Markets

Server. A server is a computer system that performs services for connected customers as part of a client-server architecture. Many servers are designed to run an application or applications often for extended periods of time with minimal human intervention. Examples of servers include cloud, web, e-mail and print servers. These servers can run a variety of applications, including business intelligence, enterprise resource planning, customer relationship management and advanced scientific or engineering models to solve advanced computational problems in disciplines ranging from financial modeling to weather forecasting to oil and gas exploration. Servers are also used in cloud computing, which is a computing model where data, applications and services are delivered over the internet or an intranet which can be rapidly provisioned and released with minimal effort. Today's datacenters require new technologies and configuration models to meet the demand driven by the growing amount of data that needs to be stored, accessed and managed. Servers must be efficient, scalable and adaptable to meet the compute characteristics of new and changing workloads.

Embedded. Embedded products address computing needs in PC-adjacent markets, such as industrial control and automation, digital signage, point-of-sale/self-service kiosks, medical imaging and casino gaming machines as well as enterprise-class telecommunications, networking, security, storage systems and thin clients (which are computers that serve as an access device on a network). Typically, AMD embedded products are used in applications that require high to moderate levels of performance, where key features may include mobility, relatively low power, small form factor, and 24x7 operations. High-performance graphics are increasingly important in many embedded systems. Support for Linux®, Windows® and other operating systems as well as for increasingly sophisticated applications are also critical for some customers. Other requirements may include meeting rigid specifications for industrial temperatures, shock, vibration and reliability. The embedded market has moved from developing proprietary, custom designs to leveraging industry-standard instruction set architectures and processors as a way to help reduce costs and speed time to market.

Semi-Custom. We have leveraged our core IP, including our graphics and processing technologies developed for the gaming, VR, AR and machine intelligence markets, to develop semi-custom solutions for customers who want differentiation in their products. In this market, semiconductor suppliers work alongside system designers and manufacturers to enhance the performance and overall user experience for semi-custom customers. AMD has used this type of collaborative development approach with many of today's leading game console manufacturers and can also address customer needs in many other markets beyond game consoles. AMD leverages our existing IP to create a variety of products tailored to a specific customer's needs, ranging from complex fully-customized SoCs to more modest adaptations and integrations of existing CPU, APU or GPU products.

Our Enterprise, Embedded and Semi-Custom Products

Server Processors. Our microprocessors for server platforms currently include the AMD EPYC™ Series processors and AMD Opteron™ Series processors. In June 2017, we launched the AMD EPYC™ 7000 Series of high performance processors that have up to 32 high-performance “Zen” compute cores and are designed to support a full range of integer, floating point, memory bandwidth and I/O benchmarks and workloads.

Embedded Processors. Our embedded processors are increasingly driving intelligence into new areas of our lives, like interactive digital signage, casino gaming, and medical imaging devices. These products are designed to support greater connectivity and productivity, and we believe they can be a strong driver for the “internet of things” and “immersive

computing” areas in the computing industry. Our products for embedded platforms include AMD Embedded R-Series APU, CPU and SoC, AMD Embedded G-Series SoC platform and AMD Embedded Radeon™ GPUs. In October 2017, we announced the AMD Embedded Radeon™ E9170 Series GPU. The new processor is the first “Polaris” architecture-based AMD Embedded discrete GPU available in multi-chip module (MCM) format with integrated memory for smaller, power-efficient custom designs. The Embedded Radeon E9170 Series GPU is designed for devices that require premium graphics and expanded display capabilities.

Semi-Custom. Our semi-custom products are tailored, high-performance, customer-specific solutions based on AMD’s CPU, GPU and multi-media technologies. We work closely together with our customers to define solutions to precisely match the requirements of the device or application. Historically we have leveraged our core graphics processing technology into the game console market by licensing our graphic technology in game consoles such as the Microsoft® Xbox 360™ and Nintendo Wii and Wii U. More recently, we developed the semi-custom SoC products that power the Sony PlayStation® 4 and PlayStation® 4 Pro and Microsoft® Xbox One™ and Xbox One S™ and new Xbox One X™ game consoles.

Marketing and Sales

We sell our products through our direct sales force and through independent distributors and sales representatives in both domestic and international markets. Our sales arrangements generally operate on the basis of product forecasts provided by the particular customer, but do not typically include any commitment or requirement for minimum product purchases. We primarily use purchase orders, sales order acknowledgments and contractual agreements as evidence of our sales arrangements. Our agreements typically contain standard terms and conditions covering matters such as payment terms, warranties and indemnities for issues specific to our products.

We generally warrant that our products sold to our customers will conform to our approved specifications and be free from defects in material and workmanship under normal use and conditions for one year. Subject to certain exceptions, we also offer a three-year limited warranty to end users for those CPU and APU products purchased as individually packaged products, commonly referred to as “processors in a box” (PIB) and for PC workstation products. We have also offered extended limited warranties to certain customers of “tray” microprocessor products and/or workstation graphics or server products who have written agreements with us and target their computer systems at the commercial and/or embedded markets.

We market and sell our latest products under the AMD trademark. Our desktop PC product brands for microprocessors are AMD Ryzen™, AMD Ryzen™ Pro, AMD Ryzen™, Threadripper™, AMD A-Series, AMD E-Series, AMD FX™ CPU, AMD Athlon™ CPU and APU, AMD Sempron™ APU and CPU and AMD Pro A-Series APU. Our notebook and 2-in-1s for microprocessors are AMD Ryzen™ processors with Radeon™ Vega GPUs, AMD A-Series, AMD E-Series, AMD C-Series, AMD Z-Series, AMD FX™ APU, AMD Phenom™, AMD Athlon CPU and APU, AMD Turion™ and AMD Sempron APU and CPU. Our server brands for microprocessors are AMD EPYC™ and AMD Opteron™. We also sell low-power versions of our AMD Opteron, AMD Athlon and AMD Sempron, as well as AMD Geode™, AMD R-Series and G-Series processors as embedded processor solutions. Our product brand for the consumer graphics market is AMD Radeon™, and AMD Embedded Radeon™ is our product brand for the embedded graphics market. Our product brand for professional graphics products are AMD Radeon™ Pro and AMD FirePro™. We also market and sell our chipsets under the AMD trademark.

We market our products through direct marketing and co-marketing programs. In addition, we have cooperative advertising and marketing programs with customers and third parties, including market development programs, pursuant to which we may provide product information, training, marketing materials and funds. Under our co-marketing development programs, eligible customers can use market development funds as reimbursement for advertisements and marketing programs related to our products and third-party systems integrating our products, subject to meeting defined criteria.

Customers

Our microprocessor customers consist primarily of original equipment manufacturers (OEMs), large direct datacenters, original design manufacturers (ODMs), system integrators and independent distributors in both domestic and international markets. ODMs provide design and/or manufacturing services to branded and unbranded private label resellers, OEMs and system builders. Our graphics product customers include the foregoing as well as add-in-board manufacturers (AIBs). Large direct datacenters consists of both cloud service providers and mega datacenter customers.

Customers of our chipset products consist primarily of PC and server OEMs, often through ODMs or other contract manufacturers, who build the OEM motherboards, as well as desktop and server motherboard manufacturers who incorporate chipsets into their channel motherboards.

We work closely with our customers to define product features, performance and timing of new products so that the

products we are developing meet our customers' needs. We also employ application engineers to assist our customers in designing, testing and qualifying system designs that incorporate our products. We believe that our commitment to customer service and design support improves our customers' time-to-market and fosters relationships that encourage customers to use the next generation of our products.

We also work with our customers to create differentiated products that leverage our CPU, GPU and APU technology. Customers of our semi-custom products pay us non-recurring engineering fees for design and development services and a purchase price for the resulting semi-custom products.

Our major customers, Sony Interactive Entertainment LLC and Microsoft Corporation, each accounted for more than 10% of our consolidated net revenue for the year ended December 30, 2017. Sales to Sony Interactive Entertainment LLC and Microsoft Corporation consisted of products from our Enterprise, Embedded and Semi-Custom segment. A loss of any of these customers would have a material adverse effect on our business.

Original Equipment Manufacturers

We focus on three types of OEM customers: multi-nationals, selected regional accounts and target market customers. Large multi-nationals and regional accounts are our core OEM customers. Our OEM customers include numerous foreign and domestic manufacturers of servers and workstations, desktops, notebooks, PC motherboards and game consoles.

Third-Party Distributors

Our authorized channel distributors resell to sub-distributors and mid-sized and smaller OEMs and ODMs. Typically, distributors handle a wide variety of products, and may include those that compete with our products. Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions and provide return rights with respect to any product that we have removed from our price book that is not more than 12 months older than the manufacturing code date. In addition, some agreements with our distributors may contain standard stock rotation provisions permitting limited levels of product returns.

Add-in-Board (AIB) Manufacturers and System Integrators

We offer component-level graphics and chipset products to AIB manufacturers who in turn build and sell board-level products using our technology to system integrators (SIs), retail buyers and sub distributors. Our agreements with AIBs protect their inventory of our products against price reductions. We also sell directly to our SI customers. SIs typically sell from positions of regional or product-based strength in the market. They usually operate on short design cycles and can respond quickly with new technologies. SIs often use discrete graphics solutions as a means to differentiate their products and add value to their customers.

Competition in the Microprocessor and Chipset Market

Intel Corporation has been the market share leader for microprocessors for many years. Intel's market share, margins and significant financial resources enable it to market its products aggressively, to target our customers and our channel partners with special incentives and to influence customers who do business with us. These aggressive activities have in the past resulted in lower unit sales and a lower average selling price for many of our products and adversely affected our margins and profitability.

Intel exerts substantial influence over computer manufacturers and their channels of distribution through various brand and other marketing programs. As a result of Intel's position in the microprocessor market, Intel has been able to control x86 microprocessor and computer system standards and benchmarks and to dictate the type of products the microprocessor market requires of us. Intel also dominates the computer system platform, which includes core logic chipsets, graphics chips, motherboards and other components necessary to assemble a computer system. OEMs that purchase microprocessors for computer systems are highly dependent on Intel, which can make them less innovative on their own and, to a large extent, can become distributors of Intel technology. Additionally, Intel is able to drive de facto standards and specifications for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

As long as Intel remains in this dominant position, we may be materially adversely affected by Intel's:

- business practices, including rebating and allocation strategies and pricing actions which may limit our market share and margins;
- product mix and introduction schedules;
- product bundling, marketing and merchandising strategies;
- exclusivity payments to its current and potential customers, retailers and channel partners that require or result

in exclusive product arrangements;

- de facto control over industry standards, and heavy influence on PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system, or BIOS, suppliers and software companies as well as the graphics interface for Intel platforms; and
- marketing and advertising expenditures in support of positioning the Intel brand over the brand of its OEM customers and retailers.

Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on marketing and research and development than we do. We expect Intel to maintain its market position and to continue to invest heavily in marketing, research and development, new manufacturing facilities and other technology companies. To the extent Intel manufactures a significantly larger portion of its microprocessor products using more advanced process technologies, or introduces competitive new products into the market before we do, we may be more vulnerable to Intel's aggressive marketing and pricing strategies for microprocessor products.

Intel could take actions that place our discrete GPUs at a competitive disadvantage, including giving one or more of our competitors in the graphics market, such as Nvidia Corporation, preferential access to its proprietary graphics interface or other useful information. Also, Intel recently announced that it is developing their own high-end discrete GPUs. Intel's position in the microprocessor market and integrated graphics chipset market, its introduction of competitive new products, its existing relationships with top-tier OEMs and its aggressive marketing and pricing strategies could result in lower unit sales and lower average selling prices for our products, which could have a material adverse effect on us.

Other competitors include a variety of companies providing or developing ARM-based designs at relatively low cost and low power processors for the computing market including tablets and thin-client form factors, as well as dense servers, set-top boxes and gaming consoles. ARM Holdings designs and licenses its ARM cores and architecture to third parties, including us, and offers supporting software and services. Our ability to compete with companies who use ARM-based solutions depends on our ability to timely design and bring to market energy-efficient, high-performing products at an attractive price point.

In the chipset market, our competitors include suppliers of IGP chipsets. PC manufacturers use IGP chipsets because they typically cost less than traditional discrete GPUs while offering acceptable graphics performance for most mainstream PC users. Intel also leverages its dominance in the microprocessor market to sell its IGP chipsets. Intel manufactures and sells IGP chipsets bundled with their microprocessors and is our main competitor in this market.

Competition in the Graphics Markets

In the graphics market, our competitors include suppliers of discrete graphics, embedded graphics processors and IGP chipsets. Intel manufactures and sells embedded graphics processors and IGP chipsets, and is a dominant competitor with respect to this portion of our business. Higher unit shipments of our APUs and Intel's integrated graphics may drive computer manufacturers to reduce the number of systems they build paired with discrete graphics components, particularly for notebooks, because they may offer satisfactory graphics performance for most mainstream PC users, at a lower cost. Intel could take actions that place our discrete GPUs and IGP chipsets at a competitive disadvantage such as giving one or more of our competitors in the graphics market, such as Nvidia Corporation, preferential access to its proprietary graphics interface or other useful information. Also, Intel recently announced that it is developing its own high-end discrete GPUs.

Our principal competitor in the discrete graphics market is Nvidia. AMD and Nvidia are the two principal companies offering discrete graphics solutions. Other competitors include a number of smaller companies, which may have greater flexibility to address specific market needs, but less financial resources to do so, especially as we believe that the growing complexity of graphics processors and the associated research and development costs represent an increasingly higher barrier to entry in this market.

In the semi-custom game console products, where graphics performance is critical, we compete primarily against Nvidia.

Research and Development

We focus our research and development activities on improving product performance and enhancing product design. Our main area of focus is on delivering the next generation of CPU and GPU IP, and designing that IP into our SoCs for our next generation of products, with, in each case, improved system performance and performance-per-watt characteristics. For example, we are focusing on improving the battery life of our APU products for notebooks, the power efficiency of our microprocessors for servers and the performance and power efficiency of our discrete GPUs. We are also focusing on delivering a range of low-power integrated platforms to serve key markets, including commercial clients, mobile computing

and gaming. We believe that these platforms will bring customers increased performance and energy efficiency. We also work with industry leaders on process technology, software and other functional intellectual property and with others in the industry and industry consortia to conduct early stage research and development.

Our research and development expenses for 2017, 2016 and 2015 were approximately \$1.2 billion, \$1.0 billion and \$947 million, respectively. For more information, see “Part II, Item 7-Management’s Discussion and Analysis of Financial Condition and Results of Operations” below.

We conduct product and system research and development activities for our products in the United States with additional design and development engineering teams located in Australia, China, Canada, India, Singapore and Taiwan.

Manufacturing Arrangements and Assembly and Test Facilities

Third-Party Wafer Foundry Facilities

GLOBALFOUNDRIES Inc. On March 2, 2009, we entered into a Wafer Supply Agreement (WSA) with GLOBALFOUNDRIES Inc. (GF). The WSA governs the terms by which we purchase products manufactured by GF, a related party to us. Pursuant to the WSA, we are required to purchase all of our microprocessor and APU product requirements, and a certain portion of our GPU product requirements from GF with limited exceptions. For more information about the WSA, see “Part II, Item 7- Management’s Discussion and Analysis of Financial Condition and Results of Operations- GLOBALFOUNDRIES,” below.

Taiwan Semiconductor Manufacturing Company. We also have foundry arrangements with Taiwan Semiconductor Manufacturing Company (TSMC) for the production of wafers for certain products.

Other Third-Party Manufacturers. We outsource board-level graphics product manufacturing to third-party manufacturers.

Assembly, Test, Mark and Packaging Facilities

Wafers for our products are delivered from third-party foundries to our test, assembly and packaging partners located in the Asia-Pacific region who package and test our final semiconductor products.

On April 29, 2016, we and certain of our subsidiaries completed the sale of a majority of the equity interests in two of our assembly, test, mark and packaging facilities, Suzhou TF-AMD Semiconductor Co., Ltd. (formerly, AMD Technologies (China) Co., Ltd.) and TF AMD Microelectronics (Penang) Sdn. Bhd. (formerly, Advanced Micro Devices Export Sdn. Bhd.) to affiliates of Tongfu Fujitsu Microelectronics, Co., Ltd., or TFME (formerly, Nantong Fujitsu Microelectronics Co., Ltd.) to form two joint ventures (each an ATMP JV). As a result of the sale, TFME’s affiliates own 85% of the equity interests in each ATMP JV while certain of our subsidiaries own the remaining 15%.

Intellectual Property and Licensing

We rely on contracts and intellectual property rights to protect our products and technologies from unauthorized third-party copying and use. Intellectual property rights include copyrights, patents, patent applications, trademarks, trade secrets and mask work rights. As of December 30, 2017, we had approximately 5,033 patents in the United States and approximately 872 patent applications pending in the United States. In certain cases, we have filed corresponding applications in foreign jurisdictions. Including United States and foreign matters, we have approximately 10,564 patent matters worldwide consisting of approximately 7,955 issued patents and 2,609 patent applications pending. We expect to file future patent applications in both the United States and abroad on significant inventions, as we deem appropriate. We do not believe that any individual patent, or the expiration of any patent, is or would be material to our business.

As is typical in the semiconductor industry, we have numerous cross-licensing and technology exchange agreements with other companies under which we both transfer and receive technology and intellectual property rights. One such agreement is the cross-license agreement that we entered into with Intel on November 11, 2009. Under the cross-license agreement, we granted to Intel and Intel granted to us, non-exclusive, royalty-free licenses to all of each other’s patents that were first filed no later than November 11, 2014 and each party can exploit these patents anywhere in the world for making and selling certain semiconductor- and electronic-related products. Under the cross-license agreement, Intel has rights to make semiconductor products for third parties, but the third-party product designs are not licensed as a result of such manufacture. We have rights to perform assembly and testing for third parties but not rights to make semiconductor products for third parties. The term of the cross-license agreement continues until the expiration of the last to expire of the licensed patents, unless earlier terminated. A party can terminate the cross-license agreement or the rights and licenses of

the other party if the other party materially breaches the cross-license agreement and does not correct the noticed material breach within 60 days. Upon such termination, the terminated party's license rights terminate but the terminating party's license rights continue, subject to that party's continued compliance with the terms of the cross-license agreement. The cross-license agreement will automatically terminate if a party undergoes a change of control (as defined in the cross license agreement), and both parties' licenses will terminate. Upon the bankruptcy of a party, that party may assume, but may not assign, the cross-license agreement, and in the event that the cross-license agreement cannot be assumed, the cross-license agreement and the licenses granted will terminate.

Backlog

Sales are made primarily pursuant to purchase orders for current delivery or agreements covering purchases over a period of time. Some of these orders or agreements may be revised or canceled without penalty. Generally, in light of current industry practice, we do not believe that such orders or agreements provide meaningful backlog figures or are necessarily indicative of actual sales for any succeeding period. With respect to our semi-custom SoC products, our orders and agreements are more stringent resulting in meaningful backlog for the coming quarter.

Seasonality

Our operating results tend to vary seasonally. For example, historically, first quarter PC product sales are generally lower than fourth quarter sales and with respect to our semi-custom SoC products for game consoles, our sales patterns generally follow the seasonal trends of consumer business with sales in the first half of the year being lower than sales in the second half of the year. Following the adoption of the new revenue recognition standard (ASC606) effective in the first quarter of 2018, we expect our seasonality trends to be affected as we will recognize certain revenue earlier than prior to the adoption of the new revenue recognition standard. For example, we expect our second and third quarter sales to be higher than first and fourth quarter sales for our semi-custom SoC products for game consoles.

Employees

As of December 30, 2017, we had approximately 8,900 employees.

Environmental Regulations

Our operations and properties have in the past been and continue to be subject to various United States and foreign laws and regulations, including those relating to materials used in our products and manufacturing processes, discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination. These laws and regulations require our suppliers to obtain permits for operations making our products, 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 at all times 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. 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 facilities or other environmental or natural resource damage. While we have budgeted for foreseeable associated expenditures, we cannot assure you that future environmental legal requirements will not become more stringent or costly in the future. Therefore, we cannot assure you that our 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 will not have a material adverse effect on us.

Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the European Union (EU) and China are two among a growing number of jurisdictions that have enacted restrictions on the use of lead and other materials in electronic products. These regulations affect semiconductor devices and packaging. 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. A number of 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 specifications as well as additional energy consumption limits. There is the potential for certain of our products being excluded from some of these markets which could materially adversely affect us.

Certain environmental laws, including the U.S. Comprehensive, Environmental Response, Compensation and Liability

Act of 1980, or the Superfund Act, impose strict or, under certain circumstances, joint and several liability on current and previous owners or operators of real property for the cost of removal or remediation of hazardous substances and impose liability for damages to natural resources. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances. These environmental laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated. Such persons can be responsible for cleanup costs even if they never owned or operated the contaminated facility. We have been named as a responsible party at three Superfund sites in Sunnyvale, California. Although we have not yet been, we could be named a potentially responsible party at other Superfund or contaminated sites in the future. In addition, contamination that has not yet been identified could exist at our other facilities.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted disclosure and reporting requirements for companies that use “conflict” minerals originating from the Democratic Republic of Congo or adjoining countries. We continue to incur additional costs associated with complying with these requirements, such as costs related to developing internal controls for the due diligence process, determining the source of any conflict minerals used in our products, auditing the process and reporting to our customers and the SEC. In addition to the SEC regulation, the European Union, China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Also, since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of the subject minerals. Moreover, we are likely to encounter challenges to satisfy those customers who require that all of the components of our products are certified as “conflict free.” If we cannot satisfy these customers, they may choose a competitor’s products.

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.

Intel Corporation's dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively.

Intel Corporation has been the market share leader for microprocessors for many years. Intel's market share, margins and significant financial resources enable it to market its products aggressively, to target our customers and our channel partners with special incentives and to influence customers who do business with us. These aggressive activities have in the past and are likely in the future to result in lower unit sales and a lower average selling price for many of our products and adversely affect our margins and profitability.

Intel exerts substantial influence over computer manufacturers and their channels of distribution through various brand and other marketing programs. As a result of Intel's position in the microprocessor market, Intel has been able to control x86 microprocessor and computer system standards and benchmarks and to dictate the type of products the microprocessor market requires of us. Intel also dominates the computer system platform, which includes core logic chipsets, graphics chips, motherboards and other components necessary to assemble a computer system. Additionally, Intel is able to drive de facto standards and specifications for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on marketing and research and development than we do. We expect Intel to maintain its market position and to continue to invest heavily in marketing, research and development, new manufacturing facilities and other technology companies. To the extent Intel manufactures a significantly larger portion of its microprocessor products using more advanced process technologies, or introduces competitive new products into the market before we do, we may be more vulnerable to Intel's aggressive marketing and pricing strategies for microprocessor products. For example, Intel has introduced microprocessors for low-cost notebooks, similar to products that we offer for low-cost notebooks.

As long as Intel remains in this dominant position, we may be materially adversely affected by Intel's:

- business practices, including rebating and allocation strategies and pricing actions, designed to limit our market share and margins;
- product mix and introduction schedules;
- product bundling, marketing and merchandising strategies;
- exclusivity payments to its current and potential customers, retailers and channel partners;
- de facto control over industry standards, and heavy influence on PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system, or BIOS, suppliers and software companies as well as the graphics interface for Intel platforms; and
- marketing and advertising expenditures in support of positioning the Intel brand over the brand of its original equipment manufacturer OEM customers and retailers.

Intel could also take actions that place our discrete GPUs at a competitive disadvantage, including giving one or more of our competitors in the graphics market, such as Nvidia Corporation, preferential access to its proprietary graphics interface or other useful information. Also, Intel recently announced that it is developing their own high-end discrete GPUs. Intel's position in the microprocessor market and integrated graphics chipset market, its introduction of competitive new products, its existing relationships with top-tier OEMs and its aggressive marketing and pricing strategies could result in lower unit sales and a lower average selling price for our products, which could have a material adverse effect on us.

We have a wafer supply agreement with GF with obligations to purchase all of our microprocessor and APU product requirements, and a certain portion of our GPU product requirements from GF, with limited exceptions. If GF is not able to satisfy our manufacturing requirements, our business could be adversely impacted.

The WSA governs the terms by which we purchase products manufactured by GF. The WSA is in place until 2024. Pursuant to the WSA, we are required to purchase all of our microprocessor and APU product requirements, and a portion of our GPU product requirements from GF with limited exceptions. If GF is unable to achieve anticipated manufacturing yields, remain competitive using or implementing advanced leading-edge process technologies needed to manufacture future generations of our products, manufacture our products on a timely basis at competitive prices or meet our capacity requirements, then we may experience delays in product launches, supply shortages for certain products or increased costs and our business could be materially adversely affected. Moreover, if GF is unable to satisfy our manufacturing requirements and we are unable to secure from GF

additional exceptions allowing us to contract with another wafer foundry to satisfy those requirements, then our business could be materially adversely affected.

In August 2016, we entered into the sixth amendment to the WSA with GF (Sixth Amendment) pursuant to which we agreed to certain annual wafer purchase targets through 2020, and if we fail to meet the agreed wafer purchase target during a calendar year we will be required to pay to GF a portion of the difference between our actual wafer purchases and the applicable annual purchase target. 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.

In addition, GF has relied on Mubadala Technology Investments LLC (Mubadala Tech) for its funding needs. If Mubadala Tech fails to adequately fund GF on a timely basis, or at all, GF's ability to manufacture products for us could be materially adversely affected.

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 rely on third-party wafer foundries to fabricate the silicon wafers for all of our products. We also rely on third-party manufacturers to assemble, test, mark and pack (ATMP) 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 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.

We do not have long-term commitment contracts with some of our third-party manufacturing suppliers. We obtain some 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 or reduce or eliminate deliveries to us, which could have a material adverse effect on our business.

Other risks associated with our dependence on third-party manufacturers include limited control over delivery schedules and quality assurance, lack of capacity in periods of excess demand, misappropriation of our intellectual property, dependence on several small undercapitalized subcontractors and limited ability to manage inventory and parts. Moreover, if any of our third-party manufacturers suffer any damage to facilities, lose benefits under material agreements, experience power outages, lack sufficient capacity to manufacture our products, encounter financial difficulties, are unable to secure necessary raw materials from their suppliers or suffer any other disruption or reduction in efficiency, we may encounter supply delays or disruptions. If we are unable to secure sufficient or reliable supplies 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 suppliers, we may be unable to secure an alternative supply for any specific product in a short time frame. 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.

In April 2016, we consummated a transaction with Tongfu Fujitsu Microelectronics Co., Ltd. (formerly, Nantong Fujitsu Microelectronics Co., Ltd.) (TFME), under which we sold to TFME 85% of the equity interests in our ATMP facilities consisting of Suzhou TF-AMD Semiconductor Co., Ltd. (formerly AMD Technologies (China) Co., Ltd.) and TF-AMD Microelectronics (Penang) Sdn. Bhd. (formerly Advanced Micro Devices Export Sdn. Bhd.) thereby forming two joint ventures (collectively, the JVs). The majority of our ATMP services will be provided by the 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 JVs, it could result in lost sales and have a material adverse effect on our business.

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

Semiconductor manufacturing yields are a result of both product design and process technology, which is typically proprietary to the manufacturer, and low yields can result from design failures, process technology failures or a combination of both. Our third-party foundries, including GF, are responsible for the process technologies used to fabricate silicon wafers. If our third-party foundries experience manufacturing inefficiencies or encounter disruptions, errors or difficulties during production, we may fail to achieve acceptable yields or experience product delivery delays. We cannot be certain that our third-party foundries will be able to develop, obtain or successfully implement leading-edge process 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 foundries are implementing new process 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. 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.

The success of our business is dependent upon 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 develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis are significant factors in determining our competitiveness in our target markets. For example, a large portion of our Computing and Graphics revenue is focused on consumer desktop PC and notebook. While overall growth in Computing and Graphics is stabilizing, the areas within Computing and Graphics are changing. Our ability to take advantage of the opportunities within the areas of Computing and Graphics is based on foreseeing those changes and making timely investments in the form factors that serve those areas. As consumers adopt new form factors, have new product feature preferences or have different requirements than those consumers in the PC market, PC sales could be negatively impacted, which could adversely impact our business. Our product roadmap includes AMD Ryzen™ and AMD EPYC™ processors based on our new x86 processor core codenamed “Zen” to help drive our re-entry into high-performance and server computing. We cannot assure you that our efforts to execute our product roadmap and address markets beyond our core PC market will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in 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 consumers will adopt and adjust our business accordingly, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products. 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. Moreover, our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. New investments may not generate sufficient revenue, may incur unanticipated liabilities and may divert our limited resources and distract management from our current operations. We cannot be certain that our ongoing investments in new products and technologies will be successful, will meet our expectations and will not adversely affect our reputation, financial condition and operating results.

Delays in developing, qualifying or shipping new products can also cause us to miss our customers’ product design windows or, in some cases, breach contractual obligations or cause us to pay penalties. If our customers do not include our products in the initial design of their computer systems or products, they will typically not use our products in their systems or products until at least the next design configuration. 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 also could result in a loss of market share and harm our business. In addition, market demand requires that products incorporate new features and performance standards on an industry-wide basis. Over the life of a specific product, the sale price is typically reduced over time. 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.

If we cannot generate sufficient revenue and operating cash flow or obtain external financing, we may face a cash shortfall and be unable to make all of our planned investments in research and development or other strategic investments.

Our ability to fund research and development expenditures depends on generating sufficient revenue and cash flow from operations and the availability of external financing, if necessary. Our research and development expenditures, together with ongoing operating expenses, will be a substantial drain on our cash flow and may decrease our cash balances. If new competitors, technological advances by existing competitors or other competitive factors require us to invest significantly greater resources

than anticipated in our research and development efforts, our operating expenses would increase. If we are required to invest significantly greater resources than anticipated in research and development efforts without an increase in revenue, our operating results could decline.

We regularly assess markets for external financing opportunities, including debt and equity financing. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. The health of the credit markets may adversely impact our ability to obtain financing when needed. Any downgrades from credit rating agencies such as Moody's or Standard & Poor's may adversely impact our ability to obtain external financing or the terms of such financing. Credit agency downgrades or concerns regarding our credit worthiness may impact relationships with our suppliers, who may limit our credit lines. Our inability to obtain needed financing or to generate sufficient cash from operations may require us to abandon projects or curtail planned investments in research and development or other strategic initiatives. If we curtail planned investments in research and development or abandon projects, our products may fail to remain competitive and our business would be materially adversely affected.

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

Collectively, Sony Interactive Entertainment LLC, Microsoft Corporation and HP Inc. accounted for approximately 44% of our consolidated net revenue for the year ended December 30, 2017. Sales to Sony and Microsoft consisted of products from our Enterprise, Embedded and Semi-Custom segment and sales to HP consisted primarily of products from our Computing and Graphics segment. We expect that a small number of customers will continue to account for a substantial part of revenue of our businesses in the future. If one of our key customers decides to stop buying our products, or if one of these customers materially reduces or reorganizes its operations or its demand for our products, our business would be materially adversely affected.

Our receipt of revenue from our semi-custom SoC products is dependent upon our technology being designed into third-party 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 customer's 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 may 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 also depend on third parties, such as customers, vendors and end users, to deploy our mitigations or create their own, 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 also are subject to claims and litigation related to the recently disclosed side-channel exploits, such as Spectre, and may face additional claims or litigation for future 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 financial results.

Global economic uncertainty may adversely impact our business and operating results.

Uncertain global economic conditions have in the past and may in the future adversely impact our business, including, without limitation, a slowdown in the Chinese economy, one of the largest global markets for desktop and notebook PCs. Uncertainty in the worldwide economic environment may negatively impact consumer confidence and spending causing our customers to postpone purchases. In addition, 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. The risk related to our customers' potentially defaulting on or delaying payments to us is increased because we expect that a small number of customers will continue to account for a substantial part of our revenue. Any inability of our current or potential future customers to pay us for our products may adversely affect our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting

our ability to manufacture our products. In addition, uncertain economic conditions may make it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities.

We may not be able to generate sufficient cash to service our debt obligations or meet our working capital requirements.

Our ability to make payments on and to refinance our debt will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter, and is subject to prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow or that we will be able to borrow funds, including under our secured revolving line of credit for a principal amount up to \$500 million (our Secured Revolving Line of Credit), in amounts sufficient to enable us to service our debt or to meet our working capital requirements. If we are not able to generate sufficient cash flow from operations or to borrow sufficient funds to service our debt, we may be required to sell assets or equity, reduce expenditures, refinance all or a portion of our existing debt or obtain additional financing. We cannot assure you that we will be able to refinance our debt, sell assets or equity, borrow funds under our Secured Revolving Line of Credit or borrow more funds on terms acceptable to us, if at all.

We have a large amount of indebtedness which could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations.

Our total debt as of December 30, 2017 was \$1.4 billion, net of unamortized debt issuance costs and unamortized debt discount associated with the 2.125% Notes. Our large indebtedness may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes;
- limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- place us at a competitive disadvantage compared to our competitors with relatively less debt; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

We enter into sale and factoring arrangements from time to time with respect to certain of our 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 could become obligated to repurchase such accounts receivables or otherwise incur liability to the counterparties under these arrangements under certain circumstances, such as where a commercial dispute arises between us and an account debtor.

The agreements governing our notes and our Secured Revolving Line of Credit impose restrictions on us that may adversely affect our ability to operate our business.

The indentures governing our 6.75% Senior Notes due 2019 (6.75% Notes), 7.50% Senior Notes due 2022 (7.50% Notes) and 7.00% Senior Notes due 2024 (7.00% Notes) contain various covenants which limit our ability to, among other things:

- incur additional indebtedness;
- pay dividends and make other restricted payments;
- make certain investments, including investments in our unrestricted subsidiaries;
- create or permit certain liens;
- create or permit restrictions on the ability of certain restricted subsidiaries to pay dividends or make other distributions to us;
- use the proceeds from sales of assets;
- enter into certain types of transactions with affiliates; and
- consolidate or merge or sell our assets as an entirety or substantially as an entirety.

In addition, the Amended and Restated Loan Agreement restricts our ability to make cash payments on the notes to the extent that, on the date of such payment, a default or event of default exists under the Amended and Restated Loan Agreement, or we have not had at all times during the 45 consecutive days immediately preceding such payment, or would not have, on a pro forma basis after giving effect to such payment, Excess Cash Availability (as defined in the Amended and Restated Loan Agreement) of at least \$50 million. Any of our future debt agreements may contain similar restrictions. If we fail to make any cash payment on a series of notes when required by the applicable indenture, it would constitute an event of default under such indenture, which, in turn, would constitute an event of default under the agreements governing our other indebtedness.

Our Secured Revolving Line of Credit also contains various covenants which limit our ability to, among other things, make certain investments, merge or consolidate with other entities and permit certain subsidiaries from incurring indebtedness. In addition, further restrictions apply when certain payment conditions (the Payment Conditions) are not satisfied with respect to specified transactions, events or payments. The Payment Conditions include that (i) no default or event of default exists and (ii) at all times during the 45 consecutive days immediately prior to such transaction, event or payment and on a pro forma basis after giving effect to such transaction, event or payment and any incurrence or repayment of indebtedness in connection therewith, the Excess Cash Availability (as defined in the Amended and Restated Loan Agreement) available cash is greater than the greater of 15% of the total commitment amount and \$75 million. If Payment Conditions are not satisfied under certain circumstances, we will become subject to various additional covenants which limit our ability to, among other things:

- create liens upon any of the Loan Parties' property (other than customary permitted liens and liens in respect of up to \$1.5 billion of secured credit facilities debt (which amount includes our Secured Revolving Line of Credit);
- declare or make cash distributions;
- create any encumbrance on the ability of a subsidiary to make any upstream payments;
- make asset dispositions other than certain ordinary course dispositions and certain supply chain finance arrangements;
- make certain loans, make payments with respect to subordinated debt or certain borrowed money prior to its due date; and
- enter into any non-arm's-length transaction with an affiliate (except for certain customary exceptions).

The agreements governing our notes and our Secured Revolving Line of Credit contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. For example, the occurrence of a default with respect to any indebtedness or any failure to repay debt when due in an amount in excess of \$50 million would cause a cross default under the indentures (to the extent such default would result in the acceleration of such indebtedness) governing our 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes, as well as under our Secured Revolving Line of Credit. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders or the lenders under our Secured Revolving Line of Credit to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable. If the note holders or the trustee under the indentures governing our 6.75% Notes, 7.50% Notes, 7.00% Notes or 2.125% Notes or the lenders under our Secured Revolving Line of Credit accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings.

The markets in which our products are sold are highly competitive.

The markets in which our products are sold are very competitive and delivering the latest and best products to market on a timely basis is critical to achieving revenue growth. We believe that the main factors that determine our product competitiveness are timely product introductions, product quality, product features and capabilities (including enabling state-of-the-art visual and virtual reality experience), energy efficiency (including power consumption and battery life), reliability, processor clock speed, performance, 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, security and stability, brand recognition and availability.

We expect that competition will continue to be intense due to rapid technological changes, frequent product introductions by our competitors or new competitors of products that may provide better performance/experience or may include additional features that render our products uncompetitive. We may also face aggressive pricing by competitors, especially during challenging economic times. Some competitors may have greater access or rights to complementary technologies, including interface, processor and memory technical information. For instance, with the introduction of our APU products and other competing solutions with integrated graphics, we believe that demand for additional discrete graphics chips and cards may decrease in the future due to improvements in the quality and performance of integrated graphics. In addition, our competitors have significant marketing and sales resources which could increase the competitive environment in such a declining market, leading to lower prices and margins. If competitors introduce competitive new products into the market before us, demand for our products could be adversely impacted and our business could be adversely affected.

In addition, we are entering markets with current and new competitors who may be able to adapt more quickly to customer requirements and emerging technologies. We cannot assure you that we will be able to compete successfully against current or new competitors who may have stronger positions in these new markets or superior ability to anticipate customer requirements and emerging industry trends. We may face delays or disruptions in research and development efforts, or we may be required to invest significantly greater resources in research and development than anticipated.

Our issuance to West Coast Hitech L.P. (WCH) of warrants to purchase 75 million shares of our common stock, if and when exercised, will dilute the ownership interests of our existing stockholders, and the conversion of the 2.125% Notes may dilute the ownership interest of our existing stockholders, or may otherwise depress the price of our common stock.

In consideration for the limited waiver and rights under the Sixth Amendment, we issued warrants to WCH to purchase 75 million shares of our common stock. Any issuance by us of shares of our common stock to WCH upon exercise of the warrants will dilute the ownership interests of our existing stockholders. Any sales in the public market by WCH of any shares owned by WCH could adversely affect prevailing market prices of our common stock, and the anticipated exercise by WCH of the warrants could depress the price of our common stock.

Also, the conversion of some or all of the 2.125% Notes may dilute the ownership interests of our existing stockholders. All of the 2.125% Notes were convertible at the option of their holders prior to their scheduled term from October 1, 2017 until December 31, 2017. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2.125% Notes may encourage short selling by market participants because the conversion thereof could be used to satisfy short positions, or the anticipated conversion of the 2.125% Notes into cash and/or shares of our common stock could depress the price of our common stock.

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 even 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.

PC and consumer markets are characterized by short product lifecycles, which can lead to rapid obsolescence and price erosion. 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 an adverse effect on gross margins.

Factors that may result in excess or obsolete inventory, which could result in write-downs of the value of our 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.

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. A large portion of our Computing and Graphics revenue is focused on the consumer desktop PC and notebook segments, which have experienced and continue to experience 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 is dependent on securing customers for our semi-custom design pipeline and consumer market conditions, including the success of the Sony PlayStation[®]4, Sony PlayStation[®]4 Pro, Microsoft Xbox One, Microsoft Xbox One S and Microsoft Xbox One X game console systems worldwide. In addition, the GPU market has seen elevated demand due to the application of GPU products to cryptocurrency mining. For example, our GPU revenue has been driven in part due to an increased interest in cryptocurrency mining. The cryptocurrency market is unstable and demand could change quickly. For example, China and South Korea have recently instituted restrictions on cryptocurrency trading. If we are unable to manage the risks related to a decrease in the demand for cryptocurrency mining, our GPU business could be materially adversely affected.

Our ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property.

In the design and development of new and enhanced products, we rely on third-party intellectual property such as software development tools and hardware testing tools. Furthermore, certain product features may rely on intellectual property acquired from third parties. 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 tools available to us. If the third-party intellectual property that we use becomes unavailable, is not available with required functionality and performance in the time frame or price point needed for our new products or fails to produce designs that meet customer demands, our business could be materially adversely affected.

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

We depend on third-party companies for the design, manufacture and supply of motherboards, graphics cards, software (e.g. BIOS, operating systems, drivers) and other components that our customers utilize to support and/or use our microprocessor, GPU and APU offerings. We also rely on AIBs to support our GPU and APU products. In addition, our microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. If the designers, manufacturers, AIBs and suppliers of motherboards, graphics cards, software and other components decrease their support for our product offerings, our business could be materially adversely affected.

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 products. In addition, some software drivers licensed for use with our 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 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 to the other party. These agreements are non-exclusive and permit both our distributors and AIBs to offer our competitors' products. We are dependent on our distributors and AIBs to supplement our direct marketing and sales efforts. If any significant distributor or AIB or a substantial number of our distributors or AIBs 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. 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 AIBs 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 and that is not more than 12 months older than the manufacturing code date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIBs 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 inability to continue to attract and retain qualified personnel may hinder our business.

Much of our future success depends upon the continued service of numerous qualified engineering, marketing, sales and executive personnel. Competition for highly skilled employees and executives in the technology industry is intense. If we are not able to continue to attract, train and retain qualified personnel necessary for our business, the progress of our product development programs could be hindered, and we could be materially adversely affected. To help attract, retain and motivate qualified personnel, we use share-based incentive awards such as employee stock options and non-vested share units (restricted stock units). 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 personnel could be weakened, which could harm our results of operations. Also, if the value of our stock awards increases substantially, this could potentially create great personal wealth for our employees and affect our ability to retain these employees. In addition, our current and any future restructuring plans may adversely impact our ability to attract and retain key employees.

In the event of a change of control, we may not be able to repurchase our outstanding debt as required by the applicable indentures and our Secured Revolving Line of Credit, which would result in a default under the indentures and our Secured Revolving Line of Credit.

Upon a change of control, we will be required to offer to repurchase all of our 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes then outstanding at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date. In addition, a change of control would be an event of default under our Secured Revolving Line of Credit. As of December 30, 2017, \$70 million borrowings were outstanding under the Secured Revolving Line of Credit, \$19 million related to letters of credit under the Secured Revolving Line of Credit remained outstanding and \$1.6 billion principal amount was outstanding under our notes. Future debt agreements may contain similar provisions. We may not have the financial resources to repurchase our outstanding notes and prepay all of our outstanding obligations under our 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, our business in the future.

The semiconductor industry is highly cyclical and has experienced significant downturns, often in conjunction with constant and rapid technological change, wide fluctuations in supply and demand, continuous new product introductions, price erosion and declines in general economic conditions. We have incurred substantial losses in recent 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 (such as PCs) that incorporate our products; and
- excess inventory levels.

Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. For example, a large portion of our Computing and Graphics revenue is focused on consumer desktop PC and notebook segments. While the overall growth in these segments is stabilizing, the sub-segments of these markets are changing. Our ability to take advantage of the growth in these sub-segments is based on foreseeing those changes and making timely investments in the form factors that serve those growing sub-segments.

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.

Acquisitions, divestitures and/or joint ventures could disrupt our business, harm our financial condition and operating results or dilute, or adversely affect the price of, our common stock.

Our success will depend, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may pursue growth through the acquisition of complementary businesses, solutions or technologies or through divestitures or joint ventures rather than through internal development. The identification of suitable acquisition or joint venture candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions or joint ventures. Moreover, if such acquisitions or joint ventures require us to seek additional debt or equity financing, we may not be able to obtain such financing on terms favorable to us or at all. Even if we successfully complete an acquisition or a joint venture, we may not be able to assimilate and integrate effectively or efficiently the acquired business, technologies, solutions, assets, personnel or operations, particularly if key personnel of the acquired company decide not to work for us. Acquisitions and joint ventures may also involve the entry into geographic or business markets in which we have little or no prior experience. Consequently, we may not achieve anticipated benefits of the acquisitions or joint ventures which could harm our operating results. In addition, 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, as well as incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets,

which could adversely affect our results of operations. Acquisitions and joint ventures may also reduce our cash available for operations and other uses, which could harm our business. Also, any failure on our part to effectively evaluate and execute new business initiatives could adversely affect our business. We may not adequately assess the risk of new business initiatives and subsequent events may arise that alter the risks that were initially considered.

Furthermore, we may not achieve the objectives and expectations with respect to future operations, products and services. In 2016, we consummated the transaction with TFME, under which we sold to TFME 85% of the equity interests in our JVs. Going forward, we expect the majority of our ATMP services will be provided by the 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 JVs, it could result in lost sales and have a material adverse effect on our business.

In addition, we may not realize the anticipated benefits from any new business initiatives. For example, in connection with our strategy of licensing portions of our intellectual property portfolio, in 2016, we entered into a joint venture with Tianjin Haiguang Advanced Technology Investment Co., Ltd. (THATIC), comprised of two separate legal entities, China JV1 and China JV2 (collectively, the THATIC JV). The primary purpose of the THATIC JV is to support our expansion into the server and workstation product market in China. We also licensed certain of our intellectual property (Licensed IP) to the THATIC JV for license fees payable over several years contingent upon achievement of certain milestones. We also expect to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such Licensed IP. We may not realize the expected benefits from this joint venture, including the THATIC JV's expected future performance, the receipt of any future milestone payments from the Licensed IP, and the receipt of any royalty payments from future sales of products by the THATIC JV.

Our business is dependent upon 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, cyber-attacks, 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.

Data breaches and cyber-attacks could compromise our intellectual property or other sensitive information, be costly to remediate and cause significant damage to our business and reputation.

In the ordinary course of our business, we maintain sensitive data on our networks, and also may maintain sensitive information on our business partners' and third party providers' networks, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. The secure maintenance of this information is critical to our business and reputation. We believe that companies have been increasingly subject to a wide variety of security incidents, cyber-attacks, hacking and phishing attacks, and other attempts to gain unauthorized access. These threats can come from a variety of sources, all ranging in sophistication from an individual hacker to a state-sponsored attack. Cyber threats may be generic, or they may be custom-crafted against our information systems. Cyber-attacks have become increasingly more prevalent and much harder to detect and defend against. 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. It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. These data breaches and any unauthorized access, misuse or disclosure of our information or intellectual property could compromise our intellectual property and expose sensitive business information. Cyber-attacks on

us or our customers, business partners or third party providers could also cause us to incur significant remediation costs, result in product development delays, disrupt key business operations and divert attention of management and key information technology resources. These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business. In addition, we are currently subject to claims and could be subject to additional claims in the future for damages resulting from loss of data from alleged vulnerabilities in the security of our processors. We also maintain confidential and personally identifiable information about our workers. The integrity and protection of our worker data is critical to our business and our workers have a high expectation that we will adequately protect their personal information. We anticipate an increase in costs related to:

- implementing new data security procedures, including costs related to upgrading computer and network security;
- training workers to maintain and monitor our security measures;
- remediating any data security breach and addressing the related litigation; and
- mitigating reputational harm.

We often partner with third-party providers for certain worker services and we may provide certain limited worker information to such third parties based on the scope of the services provided to us. However, if these third parties fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, our workers' data may be improperly accessed, used or disclosed. A breach of data privacy is likely to cause significant disruption of our business operations. Failure to adequately maintain and update our security systems could materially adversely affect our operations and our ability to maintain worker confidence. Failure to prevent unauthorized access to electronic and other confidential information and data breaches could materially adversely affect our financial condition, our competitive position and operating results.

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

A large portion of our quarterly sales have historically been made in the last month of the quarter. This uneven sales pattern makes prediction of revenue for each financial period difficult and increases the risk of unanticipated variations in quarterly results and financial condition. In addition, our operating results tend to vary seasonally with the markets in which our products are sold. For example, historically, first quarter PC product sales are generally lower than fourth quarter sales and with respect to our semi-custom SoC products for game consoles, our sales patterns generally follow the seasonal trends of consumer business with sales in the first half of the year being lower than sales in the second half of the year. Following the adoption of the new revenue recognition standard (ASC 606) effective in the first quarter of 2018, we expect our seasonality trends to be affected as we will recognize certain revenue earlier than prior to the adoption of the new revenue recognition standard. For example, we expect our second and third quarter sales to be higher than first and fourth quarter sales for our semi-custom SoC products for game consoles. Many of the factors that create and affect quarterly and seasonal trends are beyond our control.

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

We may purchase equipment and materials for our back-end manufacturing operations from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials on a timely basis. Our third-party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials 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 integrated circuit 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 sources. Because some of the equipment and materials that we and our third-party manufacturing suppliers purchase are complex, it is sometimes difficult to substitute one supplier for another. 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 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 foundries or manufacturing suppliers are unable to procure materials for manufacturing our products, 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. 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, and specific time-frames 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 manufacturing suppliers 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, datacenter 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.

We may incur future impairments of goodwill.

We perform our annual goodwill impairment analysis as of the first day of the fourth quarter of each year. Subsequent to our annual goodwill impairment analysis, we monitor for any events or changes in circumstances, such as 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 or significant declines in our stock price, which may represent an indicator of impairment. The occurrence of any of these events may require us to record future goodwill impairment charges.

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, changes in financial estimates by us or securities analysts, changes in our capital structure, including issuance of additional debt or equity to the public, interest rate changes, news regarding our products or products of our competitors, and broad market and industry fluctuations. 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.

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 and Asia. We rely on third-party wafer foundries in Europe and Asia. Nearly all product assembly and final testing of our products is performed at manufacturing facilities, operated by third-party manufacturing facilities, in China, Malaysia and Taiwan. We also have international sales operations. International sales, as a percent of net revenue, were 74% in 2017. 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 operations in foreign countries 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;
- difficulties in protecting our intellectual property;
- difficulties in managing staffing and exposure to different employment practices and labor laws;
- changes in foreign currency exchange rates;
- restrictions on transfers of funds and other assets of our subsidiaries between jurisdictions;
- changes in freight and interest rates;
- disruption in air transportation between the United States and our overseas facilities;
- 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.

In addition, our worldwide operations (or those of our business partners) could be subject to natural disasters such as earthquakes, tsunamis, flooding, typhoons and volcanic eruptions that disrupt manufacturing or other operations. For example, our Sunnyvale operations are located near major earthquake fault lines in California. Any conflict or uncertainty in the countries in which we operate, including public health issues (for example, an outbreak of a contagious disease such as Avian Influenza, measles or Ebola), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors. For example, the United Kingdom's 2016 referendum, commonly referred to as "Brexit," has created economic and political uncertainty in the European Union. Also the new U.S. administration has called for changes to domestic and foreign policy. We cannot predict the impact, if any, of the policies adopted by the new administration will have on our business. Until we know what changes are enacted, we will not know whether in total we benefit from, or are negatively affected by, the changes. Any of the above risks, should they occur, could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, 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, any of which could ultimately have a material adverse effect on our business.

Worldwide political conditions may adversely affect demand for our products.

Worldwide political conditions may create uncertainties that could adversely affect our business. The United States 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 United States economy and worldwide financial markets.

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 short-term 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 can cause increases or decreases in the cost of our products in the local currency of such customers. An appreciation of the U.S. dollar relative to the local currency could reduce sales of our products.

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 directly to OEMs and through authorized third-party distributors. From time to time, our products are diverted from our authorized distribution channels and are sold on the “gray market.” Gray market products result in shadow inventory that is not visible to us, thus making it difficult to forecast demand accurately. Also, 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 impact our margins. In addition, our inability to control 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 are used products represented as new.

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 or circumvented or rights granted there under 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. 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 United States and abroad, our technology or other intellectual property may be compromised, and our business would be materially adversely affected.

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. For example, as described in Note 17 of our consolidated financial statements, 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, including those described in Note 17 of our consolidated financial statements. 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, including the claims described in Note 17 of our consolidated financial statements, 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. 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.

Our business is subject to potential tax liabilities.

We are subject to income taxes in the United States, Canada and other foreign jurisdictions. 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. The U.S. recently enacted significant tax reform, and certain provisions of the new law may adversely affect us. The Tax Cuts and Job Act of 2017 (Tax Reform Act) has resulted in significant changes to the U.S. corporate income tax system. These changes include a federal statutory rate reduction from 35% to 21%, the elimination or reduction of certain domestic deductions and credits and limitations on the deductibility of interest expense. The Tax Reform Act also transitions international taxation from a worldwide system to a modified territorial system and includes base erosion prevention measures on non-U.S. earnings, which has the effect of subjecting certain earnings of our foreign subsidiaries to U.S. taxation. These changes are effective beginning in 2018. We recorded preliminary estimates of the impact of the Tax Reform Act in accordance with Staff Accounting Bulletin No.118 (SAB 118). These estimates are subject to further analysis and review which may result in material adjustments in 2018.

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

We are 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.

Our operations and properties have in the past been and continue to be subject to various United States and foreign laws and regulations, including those relating to materials used in our products and manufacturing processes, discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination. These laws and regulations require our suppliers to obtain permits for operations making our products, 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 at all times 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.

Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the European Union (EU) and China are two among a growing number of jurisdictions that have enacted restrictions on the use of lead and other materials in electronic products. These regulations affect semiconductor devices and packaging. 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. A number of 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 specifications as well as additional energy consumption limits. There is the potential for certain of our products being excluded from some of these markets which could materially adversely affect us.

Certain environmental laws, including the U.S. Comprehensive, Environmental Response, Compensation and Liability Act of 1980, or the Superfund Act, impose strict or, under certain circumstances, joint and several liability on current and previous owners or operators of real property for the cost of removal or remediation of hazardous substances and impose liability for damages to natural resources. These laws often impose liability even if the owner or operator did not know of, or was not

responsible for, the release of such hazardous substances. These environmental laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated. Such persons can be responsible for cleanup costs even if they never owned or operated the contaminated facility. We have been named as a responsible party at three Superfund sites in Sunnyvale, California. Although we have not yet been, we could be named a potentially responsible party at other Superfund or contaminated sites in the future. In addition, contamination that has not yet been identified could exist at our other facilities.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted disclosure and reporting requirements for companies that use “conflict” minerals originating from the Democratic Republic of Congo or adjoining countries. We continue to incur additional costs associated with complying with these requirements, such as costs related to developing internal controls for the due diligence process, determining the source of any conflict minerals used in our products, auditing the process and reporting to our customers and the SEC. In addition to the SEC regulation, the European Union, China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Also, since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of the subject minerals. Moreover, we are likely to encounter challenges to satisfy those customers who require that all of the components of our products are certified as “conflict free.” If we cannot satisfy these customers, they may choose a competitor’s products.

The U.S. federal government has issued new policies for federal procurement focused on eradicating the practice of forced labor and human trafficking. In addition, the United Kingdom and the State of California have issued laws that require us to disclose our policy and practices for identifying and eliminating forced labor and human trafficking in our supply chain. Several customers as well as the Electronic Industry Citizenship Coalition (EICC) have also issued expectations to eliminate these practices that may impact us. While we have a 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 to these laws and expectations. We may face enforcement liability and reputational challenges if we are unable to sufficiently meet these expectations. Moreover, we are likely to encounter challenges with customers if we cannot satisfy their forced and trafficked labor polices and they may choose a competitor’s product.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of December 30, 2017, we leased approximately 2.42 million square feet of space for research and development, engineering, administrative and warehouse use, including our headquarters in Santa Clara, California, our principal administrative facilities in Austin, Texas, our main facility with respect to graphics and chipset products located in Markham, Ontario, Canada and a number of smaller regional sales offices located in commercial centers near customers, principally in the United States, Latin America, Europe and Asia. These leases expire at varying dates through 2028, although some of these leases include optional renewals. During the third quarter of 2016, we entered into a 10-year operating lease to occupy 220,156 square feet of our new headquarters in Santa Clara, California. The lease commenced in August 2017. We have the option to extend the term of the lease for two additional 5-year periods. The lease for our principal administrative facilities in Austin, Texas expires in March 2025, and provides for one 10-year optional renewal. The lease for our facilities in Markham, Ontario, Canada expires in February 2028, and provides for one 5-year optional renewal.

We currently do not anticipate difficulty in either retaining occupancy of any of our facilities through lease renewals prior to expiration or through month-to-month occupancy, or replacing them with equivalent facilities.

We believe that our existing facilities are suitable and adequate for our present purposes, and that, the productive capacity of such facilities is substantially being utilized or we have plans to utilize such capacity.

ITEM 3. LEGAL PROCEEDINGS

Hatamian Securities Litigation

On January 15, 2014, a class action lawsuit captioned *Hatamian v. AMD, et al.*, C.A. No. 3:14-cv-00226 (the Hatamian Lawsuit) was filed against us in the United States District Court for the Northern District of California. The complaint purports to assert claims against us and certain individual officers for alleged violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Rule 10b-5 of the Exchange Act. The plaintiffs seek to represent a proposed class of all persons who purchased or otherwise acquired our common stock during the period April 4, 2011 through October 18,

2012. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by us and the individual officers regarding our 32nm technology and “Llano” product, which statements and omissions, the plaintiffs claim, allegedly operated to artificially inflate the price paid for our common stock during the period. The complaint seeks unspecified compensatory damages, attorneys’ fees and costs. On July 7, 2014, we filed a motion to dismiss plaintiffs’ claims. On March 31, 2015, the Court denied the motion to dismiss. On May 14, 2015, we filed our answer to plaintiffs’ corrected amended complaint. On September 4, 2015, plaintiffs filed their motion for class certification, and on March 16, 2016, the Court granted plaintiffs’ motion. A court-ordered mediation held in January 2016 did not result in a settlement of the lawsuit. The discovery process was concluded. The plaintiffs and defendants filed cross-motions for summary judgment, and briefing on those motions was completed in July 2017. On October 9, 2017, the parties signed a definitive settlement agreement resolving this matter and submitted it to the Court for approval. Under the terms of this agreement, the settlement will be funded entirely by certain of AMD’s insurance carriers and the defendants will continue to deny any liability or wrongdoing. The final settlement hearing is scheduled for February 27, 2018.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Shareholder Derivative Lawsuits

On March 20, 2014, a purported shareholder derivative lawsuit captioned *Wessels v. Read, et al.*, Case No. 1:14 cv-262486 (Wessels) was filed against us (as a nominal defendant only) and certain of our directors and officers in the Santa Clara County Superior Court of the State of California. The complaint purports to assert claims against us and certain individual directors and officers for breach of fiduciary duty, waste of corporate assets and unjust enrichment. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by us and the individual directors and officers regarding our 32nm technology and “Llano” product, which statements and omissions, the plaintiffs claim, allegedly operated to artificially inflate the price paid for our common stock during the period. On April 27, 2015, a similar purported shareholder derivative lawsuit captioned *Christopher Hamilton and David Hamilton v. Barnes, et al.*, Case No. 5:15-cv-01890 (Hamilton) was filed against us (as a nominal defendant only) and certain of our directors and officers in the United States District Court for the Northern District of California. The case was transferred to the judge handling the Hatamian Lawsuit and is now Case No. 4:15-cv-01890.

On September 29, 2015, a similar purported shareholder derivative lawsuit captioned *Jake Ha v Caldwell, et al.*, Case No. 3:15-cv-04485 (Ha) was filed against us (as a nominal defendant only) and certain of our directors and officers in the United States District Court for the Northern District of California. The lawsuit also seeks a court order voiding the stockholder vote on our 2015 proxy. The case was transferred to the judge handling the Hatamian Lawsuit and is now Case No. 4:15-cv-04485. The Wessels, Hamilton, and Ha shareholder derivative lawsuits were stayed pending resolution of the Hatamian Lawsuit. On January 30, 2018, the Wessels and Hamilton plaintiffs amended their complaints. On February 2, 2018, the Ha plaintiff filed his amended complaint. On February 22, 2018, we filed motions to dismiss the Hamilton and Ha plaintiffs' amended complaints.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Dickey Litigation

On October 26, 2015, a putative class action complaint captioned *Dickey et al. v. AMD, No. 15-cv-04922* was filed against us in the United States District Court for the Northern District of California. The plaintiffs allege that we misled consumers by using the term “eight cores” in connection with the marketing of certain AMD FX CPUs that are based on our “Bulldozer” core architecture. The plaintiffs allege these products cannot perform eight calculations simultaneously, without restriction. The plaintiffs seek to obtain damages under several causes of action for a nationwide class of consumers who allegedly were deceived into purchasing certain Bulldozer-based CPUs that were marketed as containing eight cores. The plaintiffs also seek attorneys’ fees. On December 21, 2015, we filed a motion to dismiss the complaint, which was granted on April 7, 2016. The plaintiffs then filed an amended complaint with a narrowed putative class definition, which the Court dismissed upon our motion on October 31, 2016. The plaintiffs subsequently filed a second amended complaint, and we filed a motion to dismiss the second amended complaint. On June 14, 2017, the Court issued an order granting in part and denying in part our motion to dismiss, and allowing the plaintiffs to move forward with a portion of their complaint. Discovery is underway. The putative class definition does not encompass our Ryzen™ or EPYC™ processors.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Kim Securities Litigation

On January 16, 2018, a putative class action lawsuit captioned *Kim et al. v. AMD, et al.*, Case No. 3:18-cv-00321 was filed against us in the United States District Court for the Northern District of California. The complaint purports to assert claims against us and certain individual officers for alleged violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 of the Exchange Act. The plaintiff seeks to represent a proposed class of all persons who purchased or otherwise acquired our common stock during the period February 21, 2017 through January 11, 2018. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by us and the individual officers regarding a security vulnerability (Spectre), which statements and omissions, the plaintiff claims, allegedly caused our common stock price to be artificially inflated during the purported class period. The complaint seeks unspecified compensatory damages, attorneys' fees and costs.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Hauck Litigation

On January 19, 2018, a putative class action complaint captioned *Diana Hauck et al. v. AMD, Inc.*, Case No. 5:18-cv-0047 was filed against us in the United States District Court for the Northern District of California. The plaintiff alleges that we misled consumers in connection with the marketing of AMD processors. Specifically, the plaintiff alleges that AMD's processors cannot perform at their advertised processing speeds without exposing consumers to the Spectre security vulnerability. The plaintiff seeks to obtain damages under several causes of action for a nationwide class of consumers who allegedly were misled into purchasing or leasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, punitive damages, and restitution.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Speck Litigation

On February 4, 2018, a putative class action complaint captioned *Brian Speck et al. v. AMD, Inc.*, Case No. 5:18-cv-0744 was filed against us in the United States District Court for the Northern District of California. The plaintiff alleges that we misled consumers in connection with the design and marketing of AMD processors. Specifically, the plaintiff alleges that AMD's processors are subject to the Spectre security vulnerability, and that any "patches" to remedy this security vulnerability will result in degradation of processor performance. The plaintiff seeks to obtain damages under several causes of action for a nationwide class of consumers and a subclass of Ohio residents who allegedly were misled into purchasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, equitable relief, and restitution.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Barnes and Caskey-Medina Litigation

On February 9, 2018, a putative class action complaint captioned *Nathan Barnes and Jonathan Caskey-Medina, et al. v. AMD, Inc.*, Case No. 5:18-cv-00883, was filed against us in the United States District Court for the Northern District of California. The plaintiffs allege that we misled consumers in connection with the marketing of AMD processors. Specifically, the plaintiffs allege that AMD touted the speed and reliability of its processors even though these processors are subject to the Spectre security vulnerability. The plaintiffs seek to obtain damages under several causes of action for a nationwide class of consumers who allegedly were misled into purchasing or leasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, equitable relief, and restitution.

Based upon information presently known to management, we believe that the potential liability, if any, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Environmental Matters

We are named as a responsible party on Superfund clean-up orders for three sites in Sunnyvale, California that are on the National Priorities List. Since 1981, we have discovered hazardous material releases to the groundwater from former underground tanks and proceeded to investigate and conduct remediation at these three sites. The chemicals released into the groundwater were commonly used in the semiconductor industry in the United States in the wafer fabrication process prior to 1979.

In 1991, we received Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites. 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.

To address anticipated future remediation costs under the orders, we have computed and recorded an estimated environmental liability of approximately \$3 million and have not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. Costs could also increase as a result of additional test and remediation obligations imposed by the Environmental Protection Agency or California Regional Water Quality Control Board. The progress of future remediation efforts cannot be predicted with certainty and these costs may change. We believe that the potential liability, if any, in excess of amounts already accrued, will not have a material adverse effect on our financial condition, cash flows or results of operations.

Other Matters

We are a defendant or plaintiff in various actions that arose in the normal course of business. With respect to these matters, based on our management's current knowledge, we believe 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 our business, financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

PART II
ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on The NASDAQ Capital Market (NASDAQ) under the symbol “AMD”. On February 23, 2018, there were 5,962 registered holders of our common stock, and the closing price of our common stock was \$12.07 per share as reported on NASDAQ.

The following table sets forth on a per share basis the high and low intra-day sales prices on NASDAQ for our common stock for the periods indicated:

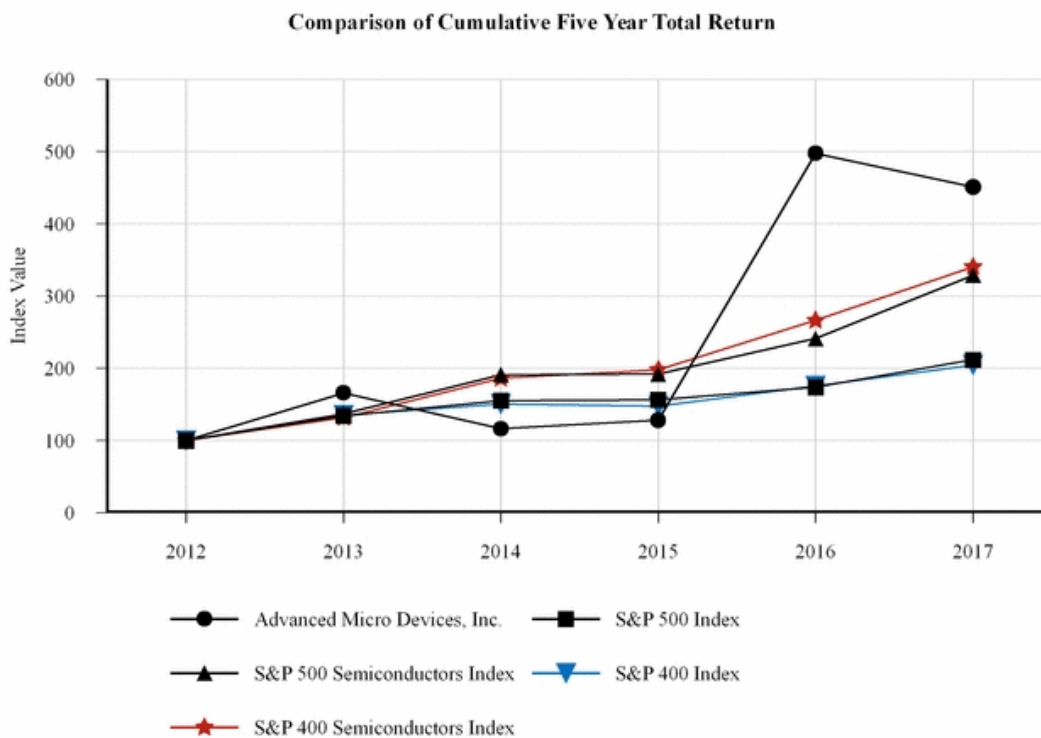
	High	Low
Fiscal Year 2017 Quarters Ended:		
April 1, 2017	\$ 15.55	\$ 9.42
July 1, 2017	\$ 14.74	\$ 9.85
September 30, 2017	\$ 15.65	\$ 11.86
December 30, 2017	\$ 14.41	\$ 9.70
	High	Low
Fiscal Year 2016 Quarters Ended:		
March 26, 2016	\$ 3.06	\$ 1.75
June 25, 2016	\$ 5.52	\$ 2.60
September 24, 2016	\$ 8.00	\$ 4.65
December 31, 2016	\$ 12.42	\$ 6.22

Currently, we do not have any plans to pay dividends on our common stock. Under the terms of our indentures for our 6.75% Senior Notes due 2019 (6.75% Notes), 7.50% Senior Notes due 2022 (7.50% Notes) and 7.00% Senior Notes due 2024 (7.00% Notes), we are prohibited from paying cash dividends if the aggregate amount of dividends and other restricted payments made by us since entering into each indenture would exceed the sum of specified financial measures including fifty percent of consolidated net income as that term is defined in the indentures. We are prohibited from paying cash dividends on our common stock when certain payment conditions (Payment Conditions) are not satisfied. The Payment Conditions include that (i) no default or event of default exists and (ii) at all times during the 45 consecutive days immediately prior to such transaction, event or payment and on a pro forma basis after giving effect to such transaction, event or payment and any incurrence or repayment of indebtedness in connection therewith, the Loan Parties’(as defined in the Amended and Restated Loan Agreement) excess available cash is greater than the greater of 20% of the total commitment amount and \$100 million.

For information about our equity compensation plans, see Part III, Item 11, below.

Performance Graph
Comparison of Five-Year Cumulative Total Returns
Advanced Micro Devices, S&P 500 and 400 Indices and S&P 500 and 400 Semiconductor Indices

The following graph shows a five-year comparison of cumulative total return on our common stock, the S&P 500 and 400 Indices and the S&P 500 and 400 Semiconductor Indices from December 29, 2012 through December 30, 2017. The past performance of our common stock is no indication of future performance.



Company / Index	Base Period		Years Ending			
	12/29/2012	12/28/2013	12/27/2014	12/26/2015	12/31/2016	12/30/2017
Advanced Micro Devices, Inc.	100	165.79	116.23	128.07	497.37	450.88
S&P 500 Index	100	134.11	155.24	156.43	173.74	211.67
S&P 500 Semiconductors Index	100	137.05	190.98	191.87	241.07	328.63
S&P 400 Index	100	134.98	150.40	147.40	175.86	204.43
S&P 400 Semiconductors Index	100	131.78	185.99	198.09	266.20	340.33

ITEM 6. SELECTED FINANCIAL DATA

	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾	2013 ⁽¹⁾
	In millions except per share amounts				
Net revenue	\$ 5,329	\$ 4,272	\$ 3,991	\$ 5,506	\$ 5,299
Net income (loss) ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	43	(497)	(660)	(403)	(83)
Earnings (loss) per common share					
Basic	\$ 0.04	\$ (0.60)	\$ (0.84)	\$ (0.53)	\$ (0.11)
Diluted	\$ 0.04	\$ (0.60)	\$ (0.84)	\$ (0.53)	\$ (0.11)
Shares used in per share calculation					
Basic	952	835	783	768	754
Diluted	1,039	835	783	768	754
Long-term debt, net and other long term liabilities ⁽⁹⁾⁽¹⁰⁾	\$ 1,443	\$ 1,559	\$ 2,093	\$ 2,110	\$ 2,153
Total assets ⁽¹⁰⁾	\$ 3,540	\$ 3,321	\$ 3,084	\$ 3,737	\$ 4,315

⁽¹⁾ 2017, 2015, 2014 and 2013 each consisted of 52 weeks, whereas 2016 consisted of 53 weeks.

⁽²⁾ In 2013, we entered into licenses and settlements regarding patent-related matters. Pursuant to these licenses and settlements, we received in aggregate, \$48 million, net, which we recorded within net legal settlements in 2013.

⁽³⁾ During the third quarter of 2016, we entered into a Sixth Amendment to the WSA with GLOBALFOUNDRIES (GF) to modify certain terms of the WSA 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. Pursuant to the Sixth Amendment to the WSA, GF agreed to provide 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 our product portfolio. In consideration for these rights, we agreed to pay GF \$100 million in installments starting in the fourth fiscal quarter of 2016 through the third fiscal quarter of 2017. As of December 30, 2017, the Company had paid GF \$100 million in aggregate. Starting in 2017 and continuing through 2020, the Company agreed to make quarterly payments to GF based on the volume of certain wafers purchased from another wafer foundry. In addition, in consideration for the limited waiver and rights under the sixth amendment, we entered into a warrant agreement (the Warrant Agreement) with West Coast Hitech L.P. (WCH), a wholly-owned subsidiary of Mubadala Investment Company PJSC (Mubadala). Accordingly, in 2016, we recorded a charge of \$340 million in Cost of sales, consisting of the \$100 million payment under the sixth amendment and the \$240 million value of the warrant under the Warrant Agreement issued in consideration of the sixth amendment.

⁽⁴⁾ In 2015, 2014 and 2012, we implemented restructuring plans and incurred net charges of \$53 million, \$58 million and \$6 million in 2015, 2014 and 2013, respectively, which primarily consisted of severance and related employee benefits.

⁽⁵⁾ In 2015, we exited the dense server systems business, formerly SeaMicro resulting in a charge of \$76 million in restructuring and other special charges, net. In 2014, we incurred other special charges of \$13 million primarily related to the departure of a former CEO. In 2013, we sold and leased back buildings in various locations and land in Austin, Texas, for which we recorded a net charge of \$24 million in other special charges.

⁽⁶⁾ In 2014, we recorded a goodwill impairment charge of \$233 million related to our Computing and Graphics segment. Also in 2014, we recorded a \$58 million lower of cost or market inventory adjustment related to our second generation APU products. In 2015, we recorded an inventory write-down of \$65 million, which was primarily the result of lower anticipated demand for older-generation APUs, and a technology node transition charge of \$33 million.

⁽⁷⁾ In 2016, we and certain of our subsidiaries completed the sale of a majority of the equity interests in Suzhou TF-AMD Semiconductor Co., Ltd., (formerly AMD Technologies (China) Co., Ltd.), and TF AMD Microelectronics (Penang) Sdn. Bhd. (formerly Advanced Micro Devices Export Sdn. Bhd.), to affiliates of Tongfu Microelectronics Co., Ltd. (formerly Nantong Fujitsu Microelectronics Co., Ltd.) (TFME), a Chinese joint stock company, to form two joint ventures (collectively, the ATMP JV). As a result of the sale, TFME's affiliates own 85% of the equity interests in each ATMP JV while certain of our subsidiaries own the remaining 15%. We have no obligations to fund the ATMP JV. As the result of the transaction, we recorded a cumulative pre-tax gain on the sale of our 85% equity interest in ATMP JV of \$146 million which was recognized in Other income (expense), net on our consolidated statements of operations. In addition, during 2017 and 2016, we recorded \$7 million and \$10 million, respectively, of Equity loss in investee on our consolidated statements of operations, which includes certain expenses incurred by us on behalf of the ATMP JV. During 2017, we recorded a \$3 million pre-tax gain for final settlement related to the sale of 85% of the equity interest in ATMP facilities in Other income (expense), net on our consolidated statements of operations.

- (8) In 2017 and 2016, we recognized \$52 million and \$88 million, respectively, of licensing gain related to the licensing of certain of our intellectual property (Licensed IP) to two joint ventures formed with Tianjin Haiguang Advanced Technology Investment Co., Ltd. (collectively, the THATIC JV).
- (9) Total long-term debt and other long term liabilities decreased by \$116 million from 2016 to 2017, primarily due to \$110 million decrease in the long term debt mainly due to principal debt reduction from debt buyback. Total long-term debt and other long term liabilities decreased by \$534 million from 2015 to 2016, primarily due to \$1,048 million of net debt reduction, partially offset by the issuance of \$805 million in principal amount of 2.125% Notes net of unamortized discount of \$308 million and unamortized financing cost of \$14 million, and \$38 million increase in other long-term liabilities mainly due to higher technology licenses payable. See Note 11 of our consolidated financial statements and Senior Notes section of Management's Discussion and Analysis for additional information.
- (10) Amounts retrospectively reflected adoption of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-03, Simplifying the Presentation of Debt Issuance Costs beginning in the first quarter of 2016. We reclassified debt issuance costs from long-term assets to long-term debt, net by \$25 million, \$30 million and \$22 million for 2015, 2014 and 2013, respectively, on our consolidated balance sheets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements as of December 30, 2017 and December 31, 2016 and for each of the three years in the period ended December 30, 2017 and related notes, which are included in this Annual Report on Form 10-K as well as with the other sections of this Annual Report on Form 10-K, including "Part I, Item 1: Business," "Part II, Item 6: Selected Financial Data" and "Part II, Item 8: Financial Statements and Supplementary Data."

Introduction

We are a global semiconductor company primarily offering:

- x86 microprocessors, as standalone devices or as incorporated into an accelerated processing unit (APU), chipsets, discrete and integrated graphics processing units (GPUs), and professional GPUs; and
- server and embedded processors, semi-custom System-on-Chip (SoC) products and technology for game consoles.

We also license portions of our intellectual property (IP) portfolio.

In this management's discussion and analysis (MD&A), we will describe the results of operations and the financial condition for us and our consolidated subsidiaries, including a discussion of our results of operations for 2017 compared to 2016 and 2016 compared to 2015, an analysis of changes in our financial condition and a discussion of our contractual obligations and off balance sheet arrangements.

Overview

2017 was an important year for AMD as we launched a number of new high-performance products that re-shaped our product portfolio and improved our technology competitiveness. We launched more than 40 new high-performance CPUs and GPUs and experienced strong customer acceptance of our new products.

We launched our first-generation AMD Ryzen™ desktop CPUs based on our entirely new "Zen" x86 CPU core architecture. We released our AMD Ryzen™ 7 desktop processors designed for PC gamers, creators and the enthusiast market. We also launched our high performance AMD Ryzen™ 5 desktop processors at a variety of price points with up to 6 cores and 12 threads of CPU processing in April 2017. We released our AMD Ryzen™ 3 desktop processors in July 2017 designed to bring "Zen" processing power to mainstream price points. In August 2017, we launched the Ryzen™ Threadripper™ family of high-end desktop processors. For the commercial market, we launched AMD Ryzen™ PRO desktop processors, based on the same "Zen" x86 core architecture. In October 2017, we announced AMD Ryzen 7 2700U and AMD Ryzen 5 2500U, our first mobile processors with Radeon™ Vega graphics, previously codenamed the "Raven Ridge" mobile APUs, for premium 2-in-1s, convertibles and ultra-thin notebook computers. AMD Ryzen 7 2700U and AMD Ryzen 5 2500U processors combine the "Zen" x86 core architecture with Radeon™ Vega graphics in an SoC design.

We also expanded our consumer and professional graphics offerings with new graphics solutions. We introduced the Radeon™ RX 500 series in April 2017, a new line of graphics cards based on second-generation "Polaris" architecture that provides additional performance. We also announced the "Polaris" architecture-based Radeon™ Pro Duo card designed for media and entertainment, broadcast, and design and manufacturing workflows. We launched our new "Vega" GPU architecture for the high-end gaming, professional, and datacenter markets. We introduced our Radeon™ RX Vega family of GPUs for enthusiast gamers, Radeon™ Pro SSG for up to 8K video production, and Radeon™ Instinct MI25 for machine intelligence and datacenter markets.

We also focused on improving our competitive position in the server and datacenter markets. In June 2017, we launched the AMD EPYC™ 7000 Series of high performance processors that have up to 32 high-performance "Zen" compute cores and are designed to support a full range of integer, floating point, memory bandwidth and I/O workloads. Customer engagement with our EPYC™ processors continued to grow during the year. In October 2017, we announced the AMD Embedded Radeon™ E9170 Series GPU. The new processor is the first "Polaris" architecture-based AMD Embedded discrete GPU available in multi-chip module (MCM) format with integrated memory for smaller, power-efficient custom designs.

Our financial results improved in 2017 compared to 2016 primarily as the demand for our Computing and Graphics segment products increased. Net revenue for 2017 was \$5.3 billion, an increase of 25% compared to 2016. Our operating income for 2017 improved to \$204 million compared to an operating loss of \$372 million for 2016. Our net income for 2017 improved to \$43 million compared to a net loss of \$497 million in the prior year. Cash and cash equivalents as of December 30, 2017 were

\$1.18 billion, down from \$1.26 billion at the end of 2016. Principal amount of total debt as of December 30, 2017 was \$1.70 billion, compared to \$1.77 billion as of December 31, 2016.

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 Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our 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 on-going basis, including those related to our revenue, inventories, goodwill impairments 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.

Management believes the following critical accounting estimates are the most significant to the presentation of our financial statements and require the most difficult, subjective and complex judgments.

Revenue Allowances. We record a provision for estimated sales returns and allowances on product sales for estimated future price reductions and other customer incentives in the same period that the related revenues are recorded. We base these estimates on actual historical sales returns, historical allowances, historical price reductions, market activity and other known or anticipated trends and factors. These estimates are subject to management's judgment and actual provisions could be different from our estimates and current provisions, resulting in future adjustments to our revenue and operating results.

Inventory Valuation. At each balance sheet date, we evaluate our ending inventories for excess quantities and obsolescence based on projected sales outlook. This evaluation includes analysis of historical sales levels by product and projections of future demand. These projections assist us in determining the carrying value of our inventory. In addition, we write off inventories that we consider obsolete. We adjust the remaining specific inventory balances to approximate the lower of our standard manufacturing cost or net realizable value. Among other factors, management considers forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining obsolescence and realizable value. If in any period we anticipate future demand or market conditions to be less favorable than our previous estimates, additional inventory write-downs may be required and would be reflected in cost of sales in the period the revision is made. This would have a negative impact on our gross margin in that period. If in any period we are able to sell inventories that were not valued or that had been written down in a previous period, related revenues would be recorded without any offsetting charge to cost of sales resulting in a net benefit to our gross margin in that period.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Goodwill is not amortized, but rather is tested for impairment at least annually, or more frequently if there are indicators of impairment present.

We perform an annual goodwill impairment analysis as of the first day of the fourth quarter of each year. In the third fiscal quarter of 2017, we adopted ASU 2017-04, *Intangibles - Goodwill and Other: Topic 350 Simplifying the Test for Goodwill Impairment*. We therefore applied a different impairment analysis for 2017 than was performed in 2016 and 2015.

In assessing impairment of goodwill prior to our adoption of ASU 2017-04, we first analyzed qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The qualitative factors we assessed included long-term prospects of our performance, share price trends, market capitalization and company-specific events. If we concluded it was more likely than not that the fair value of a reporting unit exceeded its carrying amount, we needed not perform the two-step impairment test. If based on that assessment we believed it was more likely than not that the fair value of the reporting units was less than its carrying value, a two-step goodwill impairment test would be performed.

The first step of the two-step test measures for impairment by applying fair value-based tests at the reporting unit level. We evaluate whether goodwill has been impaired at the reporting unit level by first determining whether the estimated fair value of the reporting unit is less than its carrying value and, if so, by determining whether the implied fair value of goodwill within the reporting unit is less than the carrying value. The implied fair value of a reporting unit is determined through the application of

one or more valuation models common to our industry including income, market and cost approaches. While market valuation data for comparable companies is gathered and analyzed, we believe that there has not been sufficient comparability between the peer groups and the specific reporting units to allow for the derivation of reliable indications of value using the market approach. Therefore, we have ultimately employed the income approach which requires estimates of present value of estimated future cash flows. Cash flow projections are based on management's estimates of revenue growth rates and operating margins taking into consideration industry and market condition. The discount rate used is based on the weighted-average cost of capital adjusted for the relevant risk associated with business-specific characteristics and the uncertainty related to the reporting unit's ability to execute on the projected cash flows. A variance in the discount rate could have a significant impact on the amount of the goodwill impairment charge recorded, if any. The second step (if necessary) measures the amount of impairment by applying fair value-based tests to the individual assets and liabilities within each reporting unit.

In the third quarter of 2017, we adopted ASU 2017-04 which eliminated step two from the goodwill impairment test. In assessing impairment of goodwill, if we conclude that it is more likely than not that the carrying amount of a reporting unit exceeds its fair value during our qualitative assessment, a one-step goodwill impairment test will be performed. During the quantitative test, if it is concluded that the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Based on the results of our annual qualitative analysis of goodwill in 2017, we determined that it was more likely than not that the fair value of our reporting units exceeded their carrying amount and, as such, we did not need to perform the quantitative impairment test and there was no goodwill impairment.

Based on the results of our annual qualitative analysis of goodwill in 2016, we determined that it was more likely than not that the fair value of our reporting units exceeded their carrying amount and, as such, we did not need to perform the two-step impairment test and there was no goodwill impairment.

Estimates of fair value for all of our reporting units can be affected by a variety of external and internal factors. Potential events or circumstances that could reasonably be expected to negatively affect the key assumptions we used in estimating the fair value of our reporting units include adverse changes in our industry, increased competition, an inability to successfully introduce new products in the marketplace or to achieve internal forecasts, and a decline in our stock price. If the estimated fair value of our reporting units declines due to any of these factors, we may be required to record future goodwill impairment.

Income Taxes. In determining taxable income for financial statement reporting purposes, we must make certain estimates and judgments. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our charge to income tax expense in the form of a valuation allowance for the deferred tax assets that we estimate will not ultimately be recoverable. We consider past performance, future expected taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the Internal Revenue Service or other taxing authorities. If our estimates of these taxes are greater or less than actual results, an additional tax benefit or charge will result. We recognize the interest and penalties related to unrecognized tax benefits as interest expense and income tax expense, respectively.

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (Tax Reform Act). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a modified territorial tax system and imposing a transition tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. The SEC staff issued Staff Accounting Bulletin No. 118 (SAB 118) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. We have recognized the provisional tax impacts related to deemed repatriated earnings and the revaluation of deferred tax assets and liabilities and included these amounts in our consolidated financial statements for the year ended December 30, 2017. The ultimate impact may differ from these provisional amounts due to, among other things, additional analysis, changes in interpretations and assumptions we have made, additional regulatory guidance that may be issued, and actions we may take as a result of the Tax Reform Act. The accounting is expected to be complete within one year of the date of enactment.

In January 2018, the FASB released guidance on the accounting for tax on the global intangible low-taxed income (GILTI) provisions of the Tax Reform Act. The GILTI provisions impose a tax on foreign income in excess of a deemed return on tangible assets of foreign corporations. Because of the complexity of the new provisions, we are continuing to evaluate how the provisions will be accounted for under U.S. GAAP wherein companies are allowed to make an accounting policy election of either (i) account for GILTI as a component of tax expense in the period in which we are subject to the rules (the period cost method), or (ii) account for GILTI in the Company's measurement of deferred taxes (the deferred method). Currently, we have not elected a method and will only do so after we complete the analysis of the GILTI provisions and our election method will depend, in part, on analyzing our global income to determine whether we expect to have future U.S. inclusions in our taxable income related to GILTI and, if so, the impact that is expected.

Results of Operations

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

We use a 52 or 53 week fiscal year ending on the last Saturday in December. The years ended December 30, 2017, December 31, 2016 and December 26, 2015 included 52 weeks, 53 weeks and 52 weeks, respectively. The extra week in 2016 did not have a material impact on our results of operations. References in this report to 2017, 2016 and 2015 refer to the fiscal year unless explicitly stated otherwise.

Management, including the Chief Operating Decision Maker who is our Chief Executive Officer, reviews and assesses our operating performance using segment net revenue and operating income (loss) before interest, other income (expense), net, income taxes and equity loss in investee. These performance measures include the allocation of expenses to the operating segments based on management's judgment. We have the following two reportable segments:

- the Computing and Graphics segment, which primarily includes desktop and notebook processors and chipsets, graphics processing units (GPUs), professional GPUs and licensing portions of our intellectual property (IP) portfolio; and
- the Enterprise, Embedded and Semi-Custom segment, which primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services, technology for game consoles and licensing portions of our IP portfolio.

In addition to these reportable segments, we have 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 management does not consider these expenses and credits in evaluating the performance of the reportable segments. Also included in this category are employee stock-based compensation expense, the charge related to the Sixth Amendment to the WSA with GLOBALFOUNDRIES (GF), restructuring and other special charges, net and amortization of acquired intangible assets. We also reported the results of former businesses in the All Other category because the operating results were not material.

The following table provides a summary of net revenue and operating income (loss) by segment for 2017, 2016 and 2015.

	2017	2016	2015
	(In millions)		
Net revenue:			
Computing and Graphics	\$ 3,029	\$ 1,967	\$ 1,805
Enterprise, Embedded and Semi-Custom	2,300	2,305	2,186
Total net revenue	\$ 5,329	\$ 4,272	\$ 3,991
Operating income (loss):			
Computing and Graphics	\$ 147	\$ (238)	\$ (502)
Enterprise, Embedded and Semi-Custom	154	283	215
All Other	(97)	(417)	(194)
Total operating income (loss)	\$ 204	\$ (372)	\$ (481)

Computing and Graphics

Computing and Graphics net revenue of \$3.0 billion in 2017 increased by 54% compared to \$2.0 billion in 2016 as a result of a 47% increase in average selling price and a 2% increase in unit shipments. The increase in the average selling price was primarily due to a favorable shift in product mix as we transitioned to our new Radeon™ GPU and Ryzen™ desktop processor products. The increase in unit shipments was primarily attributable to higher demand for our GPU products.

Computing and Graphics net revenue of \$2.0 billion in 2016 increased by 9% compared to \$1.8 billion in 2015 as a result of a 9% increase in unit shipments, offset by a 2% decrease in average selling price. The increase in unit shipments was primarily attributable to higher unit shipments of our GPU products, partially offset by lower unit shipments of our microprocessor products. The increase of unit shipments of our GPU products was primarily driven by demand for our Polaris architecture-based GPU products. The decrease in unit shipments of our microprocessor products was primarily due to lower unit shipments of our desktop microprocessor products due to lower demand, partially offset by higher shipments of notebook microprocessor products driven by higher demand for our 7th Generation A-Series notebook processors. The decrease in average selling price was primarily attributable to a decrease in average selling price of our desktop microprocessor and notebook GPU products due to a shift in our product mix, partially offset by an increase in average selling price of our channel GPU products primarily due to strong demand for our Polaris architecture-based GPU products.

Computing and Graphics operating income was \$147 million in 2017 compared to an operating loss of \$238 million in 2016. The improvement in operating results was primarily due to the increase in net revenue referenced above, partially offset by the related increase in cost of sales and an \$84 million increase in operating expenses. Operating expenses increased for the reasons set forth under “Expenses” below.

Computing and Graphics operating loss was \$238 million in 2016 compared to an operating loss of \$502 million in 2015. The improvement in operating results was primarily due to the increase in net revenue referenced above and a decrease in operating expenses, partially offset by an increase in cost of sales primarily due to higher sales in 2016 compared to 2015. In 2015, cost of sales included an inventory write-down of \$52 million as a result of lower than anticipated demand for primarily older-generation APU products. Operating expenses decreased for the reasons set forth under “Expenses” below.

Enterprise, Embedded and Semi-Custom

Enterprise, Embedded and Semi-Custom net revenue of \$2.3 billion in 2017 was flat compared to 2016. IP related revenue and sales of our AMD EPYC™ datacenter processors, which were launched in June of 2017, were mostly offset by a decrease in non-recurring engineering (NRE) revenue and lower sales of our semi-custom SoC products.

Enterprise, Embedded and Semi-Custom net revenue of \$2.3 billion in 2016 increased by 5% compared to net revenue of \$2.2 billion in 2015. The increase in net revenue was primarily due to an increase in unit shipments of our semi-custom SoC products and NRE revenue. The increase in unit shipments was primarily driven by increased demand.

Enterprise, Embedded and Semi-Custom operating income was \$154 million in 2017 compared to operating income of \$283 million in 2016. The decline in operating results was primarily due to a \$108 million increase in operating expenses driven primarily by datacenter-related operating expenses, and costs associated with the WSA for certain wafers purchased at another foundry, partially offset by IP related revenue. The decline in operating results was also due to \$36 million less licensing gain recorded in

2017 related to the licensed IP to the THATIC JV compared to 2016. Operating expenses increased for the reasons set forth under “Expenses” below.

Enterprise, Embedded and Semi-Custom operating income was \$283 million in 2016 compared to operating income of \$215 million in 2015. The improvement in operating results was primarily due to the increase in net revenue referenced above, an \$88 million licensing gain recorded in 2016 related to the Licensed IP to the THATIC JV, and a decrease in cost of sales, in part due to the absence of a technology node transition charge of \$33 million recorded in 2015, partially offset by an increase in operating expenses. Operating expenses increased for the reasons set forth under “Expenses” below.

All Other

All Other operating loss of \$97 million in 2017 was related to stock-based compensation expense.

All Other operating loss of \$417 million in 2016 included a charge of \$340 million, which was comprised of the \$100 million payment under the Sixth Amendment and the \$240 million value of the warrant under the Warrant Agreement, and stock-based compensation expense of \$86 million, partially offset by restructuring reversals of \$10 million.

All Other operating loss of \$194 million in 2015 included restructuring and other special charges, net of \$129 million and stock-based compensation expense of \$63 million. Restructuring and other special charges, net of \$129 million included \$76 million related to our decision to exit from the dense server systems business, \$37 million related to our 2015 Restructuring Plan and \$16 million related to our 2014 Restructuring Plan.

Comparison of Gross Margin, Expenses, Interest Expense, Other Income (Expense), Net Income Taxes and Equity Loss in investee

The following is a summary of certain consolidated statement of operations data for 2017, 2016 and 2015:

	2017	2016	2015
	(In millions, except for percentages)		
Cost of sales	\$ 3,506	\$ 3,274	\$ 2,911
Gross margin	1,823	998	1,080
Gross margin percentage	34%	23%	27%
Research and development	1,160	1,008	947
Marketing, general and administrative	511	460	482
Amortization of acquired intangible assets	—	—	3
Restructuring and other special charges, net	—	(10)	129
Licensing gain	(52)	(88)	—
Interest expense	(126)	(156)	(160)
Other income (expense), net	(9)	80	(5)
Provision for income taxes	19	39	14
Equity loss in investee	\$ (7)	\$ (10)	\$ —

Gross Margin

Gross margin as a percentage of net revenue was 34% in 2017 compared to 23% in 2016. Gross margin improved in 2017 primarily due to the absence of the charge of \$340 million recorded in 2016, described below, which accounted for eight gross margin percentage points. In addition, the increase in gross margin percentage for 2017 compared to 2016 was due to a favorable shift in product mix to new Radeon™ GPU and Ryzen™ desktop processor products in the Computing and Graphics segment.

Gross margin as a percentage of net revenue was 23% in 2016 compared to 27% in 2015. Gross margin in 2016 was adversely impacted by a charge of \$340 million, comprised of a \$100 million payment under the Sixth Amendment and the value of the warrant of \$240 million under the Warrant Agreement. The impact of the charge accounted for eight gross margin percentage points. Gross margin in 2015 was adversely impacted by an inventory write-down of \$65 million, which was primarily the result of lower anticipated demand for older-generation APUs, and a technology node transition charge of \$33 million. The impact of the inventory write-down and the technology node transition charge accounted for approximately two percentage points. In the absence of these charges, the gross margin would have increased by two percentage points, primarily driven by improved product mix.

Expenses

Research and Development Expenses

Research and development expenses of \$1.2 billion in 2017 increased by \$152 million, or 15%, compared to \$1.0 billion in 2016. The increase was primarily due to a \$92 million increase in product engineering and design related costs, driven by strategic investments in datacenter and other high performance products attributable to both segments, and also due to higher annual employee incentives driven by improved financial performance.

Research and development expenses of \$1.0 billion in 2016 increased by \$61 million, or 6%, compared to \$947 million in 2015. The increase was primarily due to a \$138 million increase in research and development expenses attributable to our Enterprise, Embedded and Semi-Custom segment and a \$13 million increase attributable to our All Other category, partially offset by a \$90 million decrease in research and development expenses attributable to our Computing and Graphics segment. Research and development expenses attributable to our Enterprise, Embedded and Semi-Custom segment increased primarily due to a \$128 million increase in product engineering and design costs. Research and development expenses attributable to our All Other category increased primarily due to a \$13 million increase in stock-based compensation expense. Research and development expenses attributable to our Computing and Graphics segment decreased primarily due to a \$108 million decrease in product engineering and design costs.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses of \$511 million in 2017 increased by \$51 million, or 11%, compared to \$460 million in 2016. The increase was primarily due to a \$30 million increase in sales and marketing activities attributable to both segments and also due to higher annual employee incentives driven by our improved financial performance.

Marketing, general and administrative expenses of \$460 million in 2016 decreased by \$22 million, or 5%, compared to \$482 million in 2015. The decrease was primarily due to a \$40 million decrease in marketing, general and administrative expenses attributable to our Computing and Graphics segment primarily due to an \$18 million decrease in sales and marketing activities and a \$22 million decrease in other general and administrative expenses, partially offset by a \$6 million increase in other general and administrative expenses attributable to our Enterprise, Embedded and Semi-Custom segment and a \$12 million increase attributable to our All Other category primarily due to an \$11 million increase in stock-based compensation expense.

Restructuring and Other Special Charges, Net

2015 Restructuring Plan

In the third quarter of 2015, we implemented a restructuring plan (2015 Restructuring Plan) focused on our ongoing efforts to simplify our business and better align resources around our priorities and business outlook. The 2015 Restructuring Plan involved a reduction of global headcount by approximately 5% and included organizational actions such as outsourcing certain IT services and application development. During 2015, we recorded a \$37 million restructuring charge which consisted of \$27 million for severance and benefit costs, \$1 million for facilities-related costs and \$9 million for intangible asset-related charges. The actions associated with the 2015 Restructuring Plan were completed during the first quarter of 2017. The liabilities related to the 2015 Restructuring Plan recorded in Other current liabilities and Other long-term liabilities on our consolidated balance sheets as of December 30, 2017 and December 31, 2016 were zero and \$3 million, respectively.

2014 Restructuring Plan

In the fourth quarter of 2014, we implemented a restructuring plan (2014 Restructuring Plan) designed to improve operating efficiencies. The 2014 Restructuring Plan involved a reduction of global headcount by approximately 6% and an alignment of our real estate footprint with our reduced headcount. We recorded a \$57 million restructuring charge in the fourth quarter of 2014, which consisted of \$44 million for severance and costs related to the continuation of certain employee benefits, \$6 million for contract or program termination costs, \$1 million for facilities-related costs and \$6 million for asset impairments, a non-cash charge. During 2015, we recorded a \$16 million restructuring charge which consisted of \$5 million non-cash charge related to asset impairments, \$2 million for severance and related benefits and \$9 million for facilities-related costs. The 2014 Restructuring Plan was completed during the third quarter of 2015. The liabilities related to the 2014 Restructuring Plan recorded in Other current liabilities and Other long-term liabilities on our consolidated balance sheets as of December 30, 2017 and December 31, 2016 were zero and \$4 million, respectively.

Dense Server Systems Business Exit

As a part of our strategy to simplify and sharpen our investment focus, we exited the dense server systems business, formerly SeaMicro, in the first quarter of 2015. As a result, we recorded a charge of \$76 million in “Restructuring and other special charges, net” on our consolidated statements of operations during 2015. This charge consisted of an impairment charge of \$62 million related to the acquired intangible assets. We concluded that the carrying value of the acquired intangible assets associated with our dense server systems business was fully impaired as we did not have plans to utilize the related freedom fabric technology in any of our future products nor did we have any plans at that time to monetize the associated intellectual property. In addition, the exit charge consisted of a \$7 million non-cash charge related to asset impairments, \$4 million of severance and related benefits and \$3 million for contract or program termination costs. We substantially completed this exit activity during the second quarter of 2016.

Interest Expense

Interest expense of \$126 million in 2017 decreased by \$30 million compared to \$156 million in 2016, primarily due to lower weighted average interest rates and lower debt balances.

Interest expense of \$156 million in 2016 decreased by \$4 million compared to \$160 million in 2015, primarily due to the repurchases of debt bearing higher interest rates and issuance of new debt at a lower interest rate in late 2016.

Other Income (Expense), Net

Other expense, net of \$9 million in 2017 changed by \$89 million compared to \$80 million Other income, net in 2016. Other expense, net in 2017 consisted of \$12 million total loss on debt redemption partially offset by a \$3 million gain for final settlement related to the sale of 85% of the equity interest in the ATMP facilities. The change from 2016 to 2017 was primarily the result of the absence in 2017 of the substantial gain on sale of equity interests in ATMP JV that was partially offset by debt repurchases which was realized in 2016.

Other income, net of \$80 million in 2016 changed by \$85 million compared to \$5 million Other expense, net in 2015, primarily due to net gain on sale of equity interests in the ATMP JV of \$146 million partially offset by the \$68 million total loss on debt repurchases in 2016.

Income Taxes

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (Tax Reform Act). The Tax Reform Act includes significant changes to the U.S. corporate income tax system which reduces the U.S. federal corporate tax rate from 35% to 21% as of January 1, 2018, shifts to a modified territorial tax regime which requires companies to pay a transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign-sourced earnings.

We recorded an income tax provision of \$19 million, \$39 million and \$14 million in 2017, 2016 and 2015, respectively.

The income tax provision in 2017 was primarily due to \$39 million of foreign taxes in profitable locations including \$27 million of withholding taxes on cross-border transactions where no foreign tax credit is expected to be realizable, offset by \$1 million of tax benefits for Canadian tax credits and \$19 million primarily attributable to the reversal of the valuation allowance on Alternate Minimum Tax (AMT) credit carryovers due to the Tax Reform Act.

The income tax provision in 2016 was primarily due to \$41 million of foreign taxes in profitable locations including \$27 million attributable to gain on the sale of 85% of the ownership interest in the subsidiary operating a factory in Suzhou and \$9 million of withholding taxes on cross-border transactions where no foreign tax credit is expected to be realizable, offset by \$2 million of tax benefits for Canadian tax credits and the monetization of certain U.S. tax credits.

The income tax provision in 2015 was primarily due to \$16 million of foreign taxes in profitable locations, offset by \$2 million of tax benefits for Canadian tax credits and the monetization of certain U.S. tax credits.

As of December 26, 2015, the Italian tax authorities had concluded their audit of our subsidiaries' activities in Italy for the years 2003 through 2013. We entered into a settlement for \$11 million in taxes and penalties, which was reflected in full in the 2015 tax provision and \$2 million in interest.

As of December 30, 2017, substantially all of our U.S. and foreign deferred tax assets, net of deferred tax liabilities, continued to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which in management's estimate at December 30, 2017 is not more likely than not to be achieved.

Stock-Based Compensation Expense

We allocated stock-based compensation expense related to employee stock options and restricted stock units for the years ended December 30, 2017, December 31, 2016 and December 26, 2015 in our consolidated statements of operations as follows:

	2017	2016	2015
	(In millions)		
Cost of sales	\$ 2	\$ 2	\$ 3
Research and development	57	49	36
Marketing, general and administrative	38	35	24
Total stock-based compensation expense, net of tax of \$0	\$ 97	\$ 86	\$ 63

During 2017, we did not realize any excess tax benefits related to stock-based compensation and therefore we did not record any effects relating to operating cash flows. During 2016 and 2015, we did not realize any excess tax benefits related to stock-based compensation and therefore we did not record any effects relating to financing cash flows.

Stock-based compensation expense of \$97 million in 2017 increased by \$11 million as compared to \$86 million in 2016. The increase was primarily due to a higher weighted average grant date fair value of unvested restricted stock units in 2017 compared to 2016. The increase was also driven by fewer actual forfeitures in 2017 compared to 2016.

Stock-based compensation expense of \$86 million in 2016 increased by \$23 million as compared to \$63 million in 2015. The increase was primarily due to a higher weighted average grant date fair value and higher number of shares related to restricted stock units granted in 2016 compared to the restricted stock units granted in 2015, which became fully amortized in 2016. The increase was also driven by performance-based restricted stock units with market conditions granted in 2015 and 2016.

GLOBALFOUNDRIES

Formation and Accounting

On March 2, 2009, we consummated the transactions contemplated by the Master Transaction Agreement among us, Mubadala Technology Investments LLC, or Mubadala Tech (formerly, Advanced Technology Investment Company LLC) and WCH, pursuant to which we formed GLOBALFOUNDRIES Inc. (GF). In connection with the consummation of the transactions contemplated by the Master Transaction Agreement, AMD, Mubadala Tech and GF entered into a Wafer Supply Agreement (the WSA), a Funding Agreement (the Funding Agreement) and a Shareholders' Agreement (the Shareholders' Agreement) on March 2, 2009.

On March 4, 2012, as partial consideration for certain rights received under a second amendment to the WSA, we transferred to GF all of the remaining capital stock of GF that we owned. In addition, as of March 4, 2012, the Funding Agreement was terminated and we were no longer party to the Shareholders' Agreement. As a result of these transactions, we no longer owned any GF capital stock as of March 4, 2012.

GF continues to be a related party of ours because Mubadala and Mubadala Tech are affiliated with WCH, a significant stockholder of ours. WCH and Mubadala Tech are wholly-owned subsidiaries of Mubadala.

Wafer Supply Agreement

The WSA governs the terms by which we purchase products manufactured by GF. Pursuant to the WSA, we are required to purchase from GF all of our microprocessor and APU product requirements and a certain portion of our GPU product requirements, with limited exceptions. If we acquire a third-party business that manufactures microprocessor and APU products, we will have up to two years to transition the manufacture of such microprocessor and APU products to GF.

The WSA terminates no later than March 2, 2024. GF has agreed to use commercially reasonable efforts to assist us to transition the supply of products to another provider and to continue to fulfill purchase orders for up to two years following the termination or expiration of the WSA. During the transition period, pricing for microprocessor and APU products will remain as set forth in the WSA, but our purchase commitments to GF will no longer apply.

Sixth Amendment to Wafer Supply Agreement

On August 30, 2016, we entered into a sixth amendment (the Sixth Amendment) to the WSA with GF. The Sixth Amendment modified certain terms of the WSA 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 agreed to establish with GF 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 our product portfolio. In consideration for these rights, we agreed to pay GF \$100 million in installments starting in the fourth fiscal quarter of 2016 through the third fiscal quarter of 2017. From the fourth fiscal quarter of 2016 to the third fiscal quarter of 2017, we paid GF \$25 million each quarter and as of December 30, 2017, we had paid GF \$100 million in aggregate. Starting in 2017 and continuing through 2020, we agreed to make quarterly payments to GF based on the volume of certain wafers purchased from another wafer foundry.

Further, for each calendar year during the term of the Sixth Amendment, we agreed with GF 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 business and market expectations and took into account the limited waiver we received for certain products. We met our 2017 annual wafer purchase target.

We agreed with GF on fixed pricing for wafers purchased during 2016 and established a framework to agree on annual wafer pricing for the years 2017 to 2020. AMD and GF had agreed on pricing for wafer purchases for 2017.

Our total purchases from GF related to wafer manufacturing, research and development activities and other for 2017, 2016 and 2015 were \$1.1 billion, \$0.7 billion and \$0.9 billion, respectively. Included in the total purchases for the year ended December 30, 2017 are amounts related to the volume of certain wafers purchased from another wafer foundry, as agreed to by us and GF under the Sixth Amendment. As of December 30, 2017 and December 31, 2016, the amount of prepayment and other receivables related to GF was \$27 million and \$32 million, respectively, included in Prepayment and other receivables - related parties on our consolidated balance sheets. As of December 30, 2017 and December 31, 2016, the amount of payable to GF was \$241 million and \$255 million, respectively, included in Payables to related parties on our consolidated balance sheets.

Warrant Agreement

Also on August 30, 2016, in consideration of the limited waiver and rights under the Sixth Amendment, we entered into a warrant agreement (the Warrant Agreement) with WCH, a wholly-owned subsidiary of 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 under the Warrant Agreement is exercisable in whole or in part until February 29, 2020. Notwithstanding the foregoing, the Warrant Agreement will only be exercisable to the extent that Mubadala does not beneficially own, either directly or 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.

Equity Interest Purchase Agreement - ATMP Joint Venture

In April 2016, we and certain of our subsidiaries completed the sale of a majority of the equity interests in Suzhou TF-AMD Semiconductor Co., Ltd. (formerly, AMD Technologies (China) Co., Ltd.), and TF AMD Microelectronics (Penang) Sdn. Bhd. (formerly, Advanced Micro Devices Export Sdn. Bhd.), to affiliates of Tongfu Microelectronics Co., Ltd. (formerly, Nantong Fujitsu Microelectronics Co., Ltd.) (TFME), a Chinese joint stock company, to form two joint ventures (collectively, the ATMP JV). As a result of the sale, TFME's affiliates own 85% of the equity interests in the ATMP JV while certain of our subsidiaries own the remaining 15%. We have no obligations to fund the ATMP JV.

As the result of the transaction, we received approximately \$342 million, including purchase price adjustments, in net cash proceeds for selling 85% of the equity interest in each of Suzhou TF-AMD Semiconductor Co., Ltd. and TF AMD Microelectronics (Penang) Sdn. Bhd. These proceeds, net of certain transaction costs, were included in investing activities on our consolidated statements of cash flows for the year ended December 31, 2016.

We recognized a net pre-tax gain on the sale of the 85% equity interest in ATMP JV of \$146 million for the year ended December 31, 2016, which was recognized in Other income (expense), net on our consolidated statements of operations. The net pre-tax gain reflects the excess of the sum of net cash proceeds and fair value of our retained 15% equity interests in the ATMP JV over the sum of the net book values of our former subsidiaries and other closing costs directly attributed to the divestiture. The above gain includes \$11 million in excess of fair value of our retained interest over the corresponding net book values. During

2017, we recorded a \$3 million pre-tax gain for final settlement related to the sale of 85% of the equity interest in ATMP facilities in Other income (expense), net on our consolidated statements of operations.

We account for our equity interests in the ATMP JV under the equity method of accounting due to our significant influence over the ATMP JV. As of December 30, 2017 and December 31, 2016, the carrying value of our investment in the ATMP JV was \$58 million and \$59 million, respectively.

Following the deconsolidation, the ATMP JV is our related party. The ATMP JV provides assembly, test, mark and packaging (ATMP) services to us. We currently pay the ATMP JV for ATMP services on a cost-plus basis. Our total purchases from the ATMP JV during 2017 and 2016 amounted to approximately \$438 million and \$265 million, respectively. As of December 30, 2017 and December 31, 2016, the amount payable to the ATMP JV was \$171 million and \$128 million, respectively, included in Payables to related parties on our consolidated balance sheets.

During 2017 and 2016, we recorded losses of \$7 million and \$10 million, respectively, in Equity loss in investee on our consolidated statements of operations, which included certain expenses incurred by us on behalf of the ATMP JV.

Equity Joint Venture

In February 2016, we and Tianjin Haiguang Advanced Technology Investment Co., Ltd. (THATIC), a third-party Chinese entity (JV Partner), formed a joint venture comprised of two separate legal entities, China JV1 and China JV2 (collectively, the THATIC JV). Our equity share in China JV1 and China JV2 is a majority and minority interest, respectively, funded by our contribution of certain of our patents. The JV Partner is responsible for the initial and on-going financing of the THATIC JV's operations. We have no obligations to fund the THATIC JV.

We concluded the China JV1 and China JV2 are not operating joint ventures and are variable interest entities due to their reliance on on-going financing by JV Partner. We determined that we are not the primary beneficiary of either China JV1 or China JV2, as we do not have unilateral power to direct selling and marketing, manufacturing and product development activities related to the THATIC JV's products. Accordingly, we do not consolidate either of these entities and therefore account for our investments in the THATIC JV under the equity method of accounting. The THATIC JV is a related party of ours.

In February 2016, we licensed certain of our intellectual property (Licensed IP) to the THATIC JV for a total of approximately \$293 million in license fees payable over several years contingent upon achievement of certain milestones. We also expect to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such Licensed IP. We also provided certain engineering and technical support to the THATIC JV in connection with the product development. In March 2017, we entered into a development and intellectual property agreement (Development and IP) with THATIC JV, and also expect to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such agreement. In addition, from time to time, we enter into certain agreements with the THATIC JV to provide other services primarily related to research and development.

We recognized income related to the Licensed IP over the period commencing upon delivery of the first Licensed IP milestone through the date of the milestone that required our continuing involvement in the product development process, which was completed at the end of the second quarter of 2017. Royalty payments will be recognized in income once earned. We classify Licensed IP income and royalty income associated with the February 2016 agreement as other operating income. During 2017, we recognized a \$52 million licensing gain associated with the Licensed IP. In addition, during 2017 we recognized \$36 million of Development and IP fees and other services fees of \$12 million as credits to research and development expenses. During 2016, we recognized an \$88 million licensing gain. No credits for the Development and IP agreement and other services was recognized as credits to research and development by us during 2016. No royalty income was recognized by us during 2017 and 2016.

Our total exposure to losses through our investment in the THATIC JV is limited to our investments in the THATIC JV, which was zero as of December 30, 2017. Our share in the net losses of the THATIC JV for 2017 was not material and is not recorded in our consolidated statement of operations since we are not obligated to fund the THATIC JV's losses in excess of our investment in the THATIC JV. Our receivable from the THATIC JV for these agreements was \$3 million and zero as of December 30, 2017 and December 31, 2016, respectively, included in Prepayment and other receivables - related parties on our consolidated balance sheets. As of December 30, 2017 and December 31, 2016, the total assets and liabilities of the THATIC JV were not material.

International Sales

International sales as a percentage of net revenue were 74% in 2017 and 78% in 2016. The decrease in international sales as a percentage of net revenue in 2017 compared to 2016 was primarily driven by a higher proportion of revenue from domestic sales of our desktop processors, graphics processors and semi-custom SoC products.

International sales as a percentage of net revenue were 78% in 2016 and 75% in 2015. The increase in international sales as a percentage of net revenue in 2016 compared to 2015 was primarily driven by higher proportion of revenue from international sales of our semi-custom SoC products.

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.

FINANCIAL CONDITION

Liquidity

As of December 30, 2017, our cash and cash equivalents consisted of cash, government money market funds and commercial paper. Our cash and cash equivalents as of December 30, 2017 were \$1.2 billion compared to \$1.3 billion as of December 31, 2016. The decrease during the year was due to net cash used in our investing and financing activities, partially offset by net cash provided by our operating activities discussed below. The percentage of cash and cash equivalents held domestically was 95% as of December 30, 2017, and 98% as of December 31, 2016.

Our cash flows for fiscal 2017, 2016 and 2015 were as follows:

	2017	2016	2015
	(In millions)		
Net cash provided by (used in):			
Operating activities	\$ 68	\$ 90	\$ (226)
Investing activities	(114)	267	147
Financing activities	(33)	122	59
Net increase (decrease) in cash and cash equivalents	\$ (79)	\$ 479	\$ (20)

Our debt obligations of \$1.40 billion, net of unamortized debt discount of \$286 million, associated with the 2.125% Notes, as of December 30, 2017 decreased compared to \$1.44 billion as of December 31, 2016.

We believe our cash and cash equivalents balance along with our Secured Revolving Line of Credit will be sufficient to fund operations, including capital expenditures, over the next 12 months. We believe that in the event we decide to obtain external funding, we may be able to access the capital markets on terms and in amounts adequate to meet our objectives.

Should we require additional funding such as to meet payment obligations of our long-term debt when due, we may need to raise the required funds through borrowings or public or private sales of debt or equity securities, which may be issued from time to time under an effective registration statement, through the issuance of securities in a transaction exempt from registration under the Securities Act of 1933, as amended, or a combination of one or more of the foregoing. Uncertain global economic conditions have in the past adversely impacted, and may in the future adversely impact, our business. If market conditions deteriorate, we may be limited in our ability to access the capital markets to meet liquidity needs on favorable terms or at all, which could adversely affect our liquidity and financial condition including our ability to refinance maturing liabilities.

Operating Activities

Net cash provided by operating activities was \$68 million in 2017 compared to net cash provided by operating activities of \$90 million in 2016. The decrease in cash inflows from operating activities was primarily due to higher operating costs including higher wafer purchases, higher labor costs and payments to GF in aggregate of \$50 million of a limited waiver of rights under the Sixth Amendment, partially offset by higher cash collection primarily due to higher revenue and lower interest payments resulting from debt reductions.

Net cash provided by operating activities was \$90 million in 2016 compared to net cash used in operating activities of \$226 million in 2015. The increase in cash flows from operating activities was primarily due to lower operating expenses including lower labor costs and lower restructuring-related payments, the receipt of \$97 million associated with the licensing agreement with THATIC JV and higher sales and timing of related collections, partially offset by timing of accounts payable payments.

During 2017, we did not realize any excess tax benefit related to stock-based compensation. Therefore, we did not record any effects relating to operating cash flows for these periods.

Investing Activities

Net cash used in investing activities was \$114 million in 2017, which consisted primarily of a cash outflow of \$113 million for purchases of property, plant and equipment.

Net cash provided by investing activities was \$267 million in 2016, which consisted of a net cash inflow of \$342 million from sale of equity interests in the ATMP JV, partially offset by a cash outflow of \$77 million for purchases of property, plant and equipment.

Net cash provided by investing activities was \$147 million in 2015, which consisted of a net cash inflow of \$235 million from purchases, sales and maturities of available for sale securities, partially offset by a net cash outflow of \$88 million for purchases and sales of property, plant and equipment.

Financing Activities

Net cash used in financing activities was \$33 million in 2017, primarily due to the repurchases of an aggregate principal amount of \$103 million of our outstanding 6.75% Notes and 7.00% Notes for \$110 million in cash and \$13 million for tax withholding on the vesting of restricted stock, partially offset by the \$70 million net proceeds from our Secured Revolving Line of Credit and the \$20 million proceeds from issuance of common stock under stock-based compensation equity plans.

Net cash provided by financing activities was \$122 million in 2016, primarily due to the \$782 million net proceeds from the issuance of our 2.125% Notes, the \$667 million net proceeds from selling 115 million shares of our common stock and the \$20 million proceeds from issuance of common stock under stock-based compensation equity plans, partially offset by the repurchases of an aggregate principal amount of \$1.1 billion of our outstanding 6.75% Notes, 7.75% Notes, 7.50% Notes and 7.00% Notes for \$1.1 billion in cash and repayments in aggregate of \$230 million of our Secured Revolving Line of Credit.

Net cash provided by financing activities was \$59 million in 2015, primarily due to net proceeds from borrowings pursuant to our Secured Revolving Line of Credit of \$100 million, of which \$42 million was used to repay the remaining aggregate principal amount of our 6.00% Convertible Senior Notes due 2015 (6.00% Notes) during the second quarter of 2015. In addition, during 2015, we received \$5 million from the exercise of employee stock options.

During 2016 and 2015, we did not realize any excess tax benefit related to stock-based compensation. Therefore, we did not record any effects relating to financing cash flows for these periods.

Contractual Obligations

The following table summarizes our consolidated principal contractual cash obligations, as of December 30, 2017, and is supplemented by the discussion following the table:

(In millions)	Payment due by period						
	Total	2018	2019	2020	2021	2022	2023 and thereafter
Senior Notes							
6.75% Notes	\$ 166	\$ —	\$ 166	\$ —	\$ —	\$ —	\$ —
7.50% Notes	347	—	—	—	—	347	—
7.00% Notes	311	—	—	—	—	—	311
2.125% Notes	805	—	—	—	—	—	805
Secured Revolving Line of Credit	70	70	—	—	—	—	—
Other long-term liabilities ⁽¹⁾	109	51	45	8	3	—	2
Aggregate interest obligation ⁽²⁾	459	78	72	66	66	65	112
Operating leases	255	40	35	31	29	28	92
Purchase obligations ⁽³⁾	513	346	65	40	33	29	—
Obligations to GF ⁽⁴⁾	2,841	1,297	764	780	—	—	—
Total contractual obligations ⁽⁵⁾	\$ 5,876	\$ 1,882	\$ 1,147	\$ 925	\$ 131	\$ 469	\$ 1,322

(1) Amounts largely represent future fixed and non-cancellable cash payments associated with software technology and licenses and IP licenses, including the payments due within the next 12 months.

(2) Represents estimated aggregate interest obligations for our outstanding debt obligations that are payable in cash, excluding non-cash amortization of debt issuance costs and debt discount.

(3) We have purchase obligations for goods and services where payments are based, in part, on the volume or type of services we acquire. In those cases, we only included the minimum volume of purchase obligations in the table above. Purchase orders for goods and services that are cancellable upon notice and without significant penalties are not included in the amounts above.

(4) These minimum purchase obligations are our contractual minimums and do not necessarily reflect our actual expected expenditures, which could be significantly different. We cannot meaningfully quantify or estimate our future purchase obligations to GF beyond 2020 but expect that our future purchases from GF will continue to be material.

(5) Total amount excludes contractual obligations already recorded on our condensed consolidated balance sheets except for debt obligations and other liabilities related to software and technology licenses and IP licenses.

Senior Notes

6.75% Senior Notes Due 2019

On February 26, 2014, we issued \$600 million of our 6.75% Notes. Our 6.75% Notes are our general unsecured senior obligations. Interest is payable on March 1 and September 1 of each year beginning September 1, 2014 until the maturity date of March 1, 2019. Our 6.75% Notes are governed by the terms of an indenture (the 6.75% Indenture) dated February 26, 2014 between us and Wells Fargo Bank, N.A., as trustee.

At any time before March 1, 2019, we may redeem some or all of our 6.75% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a “make whole” premium (as set forth in the 6.75% Indenture).

In 2016, we repurchased \$404 million in aggregate principal amount of our 6.75% Notes pursuant to a partial tender offer for \$442 million. During 2017, we settled \$30 million in aggregate principal amount of our 6.75% Notes for \$26 million in cash and \$5 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of our 6.75% Notes was \$166 million.

See Note 11 of “Notes to Consolidated Financial Statements” below, for additional information regarding our 6.75% Notes.

7.50% Senior Notes Due 2022

On August 15, 2012, we issued \$500 million of our 7.50% Notes. Our 7.50% Notes are our general unsecured senior obligations. Interest is payable on February 15 and August 15 of each year beginning February 15, 2013 until the maturity date of August 15, 2022. The 7.50% Notes are governed by the terms of an indenture (the 7.50% Indenture) dated August 15, 2012 between us and Wells Fargo Bank, N.A., as trustee.

Prior to August 15, 2022, we may redeem some or all of our 7.50% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a “make whole” premium (as set forth in the 7.50% Indenture).

In 2014, we repurchased \$25 million in aggregate principal amount of our 7.50% Notes. In 2016, we repurchased \$125 million in aggregate principal amount of our 7.50% Notes. During 2017, we settled \$3 million in aggregate principal amount of its 7.50% Notes for \$3 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of our 7.50% Notes was \$347 million.

See Note 11 of “Notes to Consolidated Financial Statements” below, for additional information regarding our 7.50% Notes.

7.00% Senior Notes Due 2024

On June 16, 2014, we issued \$500 million of our 7.00% Notes. The 7.00% Notes are our general unsecured senior obligations. Interest is payable on January 1 and July 1 of each year beginning January 1, 2015 until the maturity date of July 1, 2024. The 7.00% Notes are governed by the terms of an indenture (the 7.00% Indenture) dated June 16, 2014 between us and Wells Fargo Bank, N.A., as trustee.

Prior to July 1, 2019, we may redeem some or all of the 7.00% Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest and a “make whole” premium (as set forth in the 7.00% Indenture).

Starting July 1, 2019, we may redeem our 7.00% Notes for cash at the following specified prices plus accrued and unpaid interest:

Period	Price as Percentage of Principal Amount
Beginning on July 1, 2019 through June 30, 2020	103.500%
Beginning on July 1, 2020 through June 30, 2021	102.333%
Beginning on July 1, 2021 through June 30, 2022	101.167%
On July 1, 2022 and thereafter	100.000%

In 2016, we settled \$84 million in aggregate principal amount of our 7.00% Notes for \$77 million in cash and \$8 million in treasury stock. During 2017, we settled \$105 million in aggregate principal amount of our 7.00% Notes for \$84 million in cash and \$26 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of the 7.00% Notes was \$311 million.

See Note 11 of “Notes to Consolidated Financial Statements” below, for additional information regarding our 7.00% Notes.

2.125% Convertible Senior Notes Due 2026

On September 14, 2016, we issued \$700 million in aggregate principal amount of our 2.125% Notes. We also granted an option to the underwriters to purchase up to an additional \$105 million aggregate principal amount of our 2.125% Notes. On September 28, 2016, this option was exercised in full and we issued an additional \$105 million aggregate principal amount of our 2.125% Notes.

Our 2.125% Notes are our general unsecured senior obligations and will mature on September 1, 2026, unless earlier repurchased or converted. Interest is payable in arrears on March 1 and September 1 of each year beginning on March 1, 2017. Our 2.125% Notes are governed by the terms of a base indenture and a supplemental indenture (together the 2.125% Indentures) dated September 14, 2016 between us and Wells Fargo Bank, N.A., as trustee.

Holder 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 10 consecutive trading day period (the “measurement period”) in which the trading price 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 and 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. During the fourth quarter of 2017, none of the conversion conditions were satisfied and as a result, the 2.125% Notes are not eligible for conversion during the first calendar quarter of 2018. We may not redeem the notes prior to the maturity date, and no sinking fund is provided for the notes.

The conversion rate is initially 125.0031 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$8.00 per share of common stock). The conversion rate is 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.

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.

As of December 30, 2017, the outstanding aggregate principal amount of our 2.125% Notes was \$805 million. See Note 11 of “Notes to Consolidated Financial Statements” below for additional information regarding our 2.125% Notes.

Potential Repurchase of Outstanding Notes

We may elect to purchase or otherwise retire all or a portion of our 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries or by tender offer when we believe the market conditions are favorable to do so.

Secured Revolving Line of Credit

Loan and Security Agreement

We and our subsidiary, AMD International Sales & Service, Ltd. (together, the Borrowers), entered into a loan and security agreement on November 12, 2013, as amended on December 11, 2014 (the Loan Agreement), for our secured revolving line of credit for a principal amount of up to \$500 million (the Secured Revolving Line of Credit), with up to \$75 million available for issuance of letters of credit, with a group of lenders and Bank of America, N.A., acting as agent for the lenders (the Agent). Our Secured Revolving Line of Credit had a maturity date of November 12, 2018. Borrowings under our Secured Revolving Line of Credit were limited to up to 85% of eligible account receivable minus certain reserves and may be used for general corporate purposes including working capital needs.

Amended and Restated Loan and Security Agreement

On April 14, 2015, the Borrowers and ATI Technologies ULC (collectively, the Loan Parties), amended and restated the Loan Agreement (the Amended and Restated Loan Agreement) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders (the Lenders) and the Agent.

The Amended and Restated Loan Agreement provides for a Secured Revolving Line of Credit for a principal amount up to \$500 million with up to \$75 million available for issuance of letters of credit, which remained unchanged from the Loan Agreement. Borrowings under the Secured Revolving Line of Credit are limited to up to 85% of eligible accounts receivable (90% for certain qualified eligible accounts receivable) minus specified reserves. The size of the commitments under the Secured Revolving Line of Credit may be increased by up to an aggregate amount of \$200 million.

The Secured Revolving Line of Credit matures on April 14, 2020 and is secured by a first priority security interest in the Loan Parties' accounts receivable, inventory, deposit accounts maintained with the Agent and other specified assets including books and records.

First Amendment to the Amended and Restated Loan and Security Agreement

On June 10, 2015, the Loan Parties entered into a first amendment to the Amended and Restated Loan and Security Agreement (the First Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. Amendments to the Amended and Restated Loan Agreement effected by the First Amendment included the addition of exceptions to the liens and asset sale covenants to permit the Loan Parties to enter into certain supply chain finance arrangements, as well as the addition of certain definitions related thereto.

Second Amendment to the Amended and Restated Loan and Security Agreement

On April 29, 2016, the Loan Parties entered into a second amendment to the Amended and Restated Loan and Security Agreement (the Second Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. The primary amendment to the Amended and Restated Loan Agreement effected by the Second Amendment related to the expansion of the definition of the term "Permitted Asset Dispositions" to include the sale or transfer of inventory to the ATMP JV pursuant to the Equity Interest Purchase Agreement between us and TFME.

Third Amendment to the Amended and Restated Loan and Security Agreement

On June 21, 2016, the Loan Parties entered into a third amendment to the Amended and Restated Loan and Security Agreement (the Third Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. Amendments to the Amended and Restated Loan Agreement effected by the Third Amendment included the further expansion of the asset sale covenants to permit the Loan Parties to enter into certain supply chain finance arrangements.

Fourth Amendment to the Amended and Restated Loan and Security Agreement

On September 7, 2016, the Loan Parties entered into a fourth amendment to the Amended and Restated Loan and Security Agreement (the Fourth Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. The primary amendment to the Amended and Restated Loan agreement effected by the Fourth Amendment increased the dollar limit as set forth the definition related to certain supply chain finance arrangements.

Fifth Amendment to the Amended and Restated Loan and Security Agreement

On March 21, 2017, the Loan Parties entered into a fifth amendment to the Amended and Restated Loan Agreement (the Fifth Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Fifth Amendment amends the Amended and Restated Loan Agreement by, among other things, extending the maturity date of the Secured Revolving Line of Credit from April 14, 2020 to March 21, 2022, reducing the Applicable Margin (as defined in the Amended and Restated Loan Agreement), reducing the commitment fee, lowering the minimum threshold of Availability (as defined in the Amended and Restated Loan Agreement) required to be maintained by the Company and AMDISS in order to avoid cash dominion, amending the borrowing base reporting requirement, amending maximum dollar limits related to supply chain finance arrangements, increasing the LC Facility Fees (as defined in the Amended and Restated Loan Agreement) and reducing the amount of the Secured Revolving Line of Credit available for the issuance for letters of credit from \$75 million to \$45 million.

The Amended and Restated Loan Agreement provides for a Secured Revolving Line of Credit for a principal amount up to \$500 million with up to \$45 million available for issuance of letters of credit. Borrowings under the Secured Revolving Line of Credit are limited to up to 85% of eligible accounts receivable (90% for certain qualified eligible accounts receivable), minus specified reserves. The size of the commitments under the Secured Revolving Line of Credit may be increased by up to an aggregate amount of \$200 million.

The Secured Revolving Line of Credit is secured by a first priority security interest in the Loan Parties' accounts receivable, inventory, deposit accounts maintained with the Agent and other specified assets, including books and records.

Sixth Amendment to the Amended and Restated Loan and Security Agreement

On September 19, 2017, the Loan Parties entered into a sixth amendment to the Amended and Restated Loan Agreement (the Sixth Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Sixth Amendment amends the definition of the term "Qualified Factor Arrangement" to state that the amount held or owing or subject to repurchase is limited to (i) during the Company's first fiscal quarter of each of its fiscal years, \$220 million in the aggregate, (ii) during the Company's second and third fiscal quarter of each of its fiscal years, \$300 million in the aggregate, and (iii) (x) from the first day of the Company's fourth fiscal quarter of each of its fiscal years to December 20 of each of its fiscal years, \$300 million in the aggregate (provided, that not more than \$220 million of such amount may consist of Qualified Factor Accounts (as defined in the Sixth Amendment) sold in such period) and (y) from December 21 of each of the Company's fiscal years to and including the last day of the Company's fourth fiscal quarter of each of its fiscal years, \$220 million in the aggregate.

Seventh Amendment to the Amended and Restated Loan and Security Agreement

On November 14, 2017, the Loan Parties entered into a seventh amendment to the Amended and Restated Loan Agreement (the Seventh Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Seventh Amendment amends the definition of the term “Qualified Factor Arrangement” to state that the amount held or owing to Qualified Factor or subject to repurchase shall not exceed \$300 million in the aggregate.

As of December 30, 2017, the Secured Revolving Line of Credit had an outstanding loan balance of \$70 million at an interest rate of 4.75%. As of December 31, 2016, we had repaid an aggregate of \$230 million of the Secured Revolving Line of Credit and we had no borrowings outstanding. As of December 30, 2017, the Secured Revolving Line of Credit had \$19 million related to outstanding letters of credit and up to \$92 million available for future borrowings. We report intra-period changes in revolving credit balance on a net basis in our condensed consolidated statement of cash flows as we intend the period of the borrowings to be brief, repaying borrowed amounts within 90 days. As of December 30, 2017, we were in compliance with all required covenants stated in the Loan Agreement.

The agreements governing our 6.75% Notes, 7.50% Notes, 7.00% Notes, 2.125% Notes and our Secured Revolving Line of Credit contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders or the lenders under the Secured Revolving Line of Credit to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable.

Operating Leases

We lease certain of our facilities and in some jurisdictions we lease the land on which our facilities are built under non-cancellable lease agreements that expire at various dates through 2028. We lease certain office equipment for terms ranging from one to five years. Total future non-cancellable lease obligations as of December 30, 2017 were \$255 million, including \$217 million of future lease payments that occurred in Austin, Texas, Santa Clara, California, Markham, Canada, and Singapore. During the second quarter of 2016, we signed an amendment to the lease agreement associated with our former headquarters in Sunnyvale, California so that the lease expired in December 2017. In connection with the amendment, the lease payments were reduced for 2017. During the third quarter of 2016, we entered into a 10-year operating lease to occupy 220,000 square feet of new office space in Santa Clara. The base rent obligation commenced in August 2017. As of December 30, 2017, the total estimate of future base rent over the life of the lease is approximately \$103 million, included in amounts above. In addition to the base rent payments, we will be obligated to pay certain customary amounts for our share of operating expenses and tax obligation. We will also incur costs for capital projects on the new office space. We have the option to extend the term of the lease for two additional five-year periods.

Purchase Obligations

Our purchase obligations primarily include our obligations to purchase wafers and substrates from third parties, excluding our wafer purchase commitments to GF under the WSA. As of December 30, 2017, total non-cancellable purchase obligations were \$513 million.

Obligations to GF

As of December 30, 2017, our minimum wafer purchase obligations for the years 2018 through 2020 are approximately \$2.8 billion. We cannot meaningfully quantify or estimate our future purchase obligations to GF beyond this amount but expect that our future purchases from GF will continue to be material.

Off-Balance Sheet Arrangements

As of December 30, 2017, we had no off-balance sheet arrangements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt. We usually invest our cash in investments with short maturities or with frequent interest reset terms. Accordingly, our interest income fluctuates with short-term market conditions. As of December 30, 2017, our investment portfolio consisted primarily of commercial paper. These investments were highly liquid. Due to the relatively short, weighted-average maturity of our investment portfolio and the current low interest rate environment, our exposure to interest rate risk is minimal.

As of December 30, 2017, all of our outstanding long term debt had fixed interest rates. Consequently, our exposure to market risk for changes in interest rates on reported interest expense and corresponding cash flows is minimal.

We will continue to monitor our exposure to interest rate risk.

Default Risk. We mitigate default risk in our investment portfolio by investing in only high credit quality securities and by constantly positioning our portfolio to respond to a significant reduction in a credit rating of any investment issuer or guarantor. Our portfolio includes investments in debt and marketable equity securities with active secondary or resale markets to ensure portfolio liquidity. We are averse to principal loss and strive to preserve our invested funds by limiting default risk and market risk.

We actively monitor market conditions and developments specific to the securities and security classes in which we invest. We believe that we take a conservative approach to investing our funds in that we invest only in highly-rated debt securities with relatively short maturities and do not invest in securities which we believe involve a higher degree of risk. As of December 30, 2017, substantially all of our investments in debt securities were A-rated by at least one of the rating agencies. While we believe we take prudent measures to mitigate investment-related risks, such risks cannot be fully eliminated as there are circumstances outside of our control.

There were no significant sales of available-for-sale securities during 2017.

The following table presents the cost basis, fair value and related weighted-average interest rates by year of maturity for our investment portfolio and debt obligations as of December 30, 2017:

	2018	2019	2020	2021	2022	2023 and thereafter	Total	2017 Fair Value
(In millions, except for percentages)								
Investment Portfolio								
Cash equivalents:								
Fixed rate amounts	\$ 682	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 682	\$ 682
Weighted-average rate	1.47%	—	—	—	—	—	1.47%	1.47%
Variable rate amounts	\$ 395	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 395	\$ 395
Weighted-average rate	1.19%	—	—	—	—	—	1.19%	1.19%
Total Investment Portfolio	\$ 1,077	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,077	\$ 1,077
Debt Obligations								
Fixed rate amounts	\$ —	\$ 166	\$ —	\$ —	\$ 347	\$ 1,116	\$ 1,629	\$ —
Weighted-average effective interest rate	—%	6.75%	—%	—%	7.00%	3.48%	4.67%	—%
Variable rate amounts	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Weighted-average effective interest rate	—%	—%	—%	—%	—%	—%	—%	—%
Total Debt Obligations	\$ —	\$ 166	\$ —	\$ —	\$ 347	\$ 1,116	\$ 1,629	\$ —

Foreign Exchange Risk. As a result of our foreign operations, we incur costs and we carry assets and liabilities that are denominated in foreign currencies, while sales of products are primarily denominated in U.S. dollars.

We maintain a foreign currency hedging strategy which uses derivative financial instruments to mitigate the risks associated with changes in foreign currency exchange rates. This strategy takes into consideration all of our exposures. We do not use derivative financial instruments for trading or speculative purposes.

In applying our strategy, from time to time we use foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies. We designate these contracts as cash flow hedges of forecasted expenses to the extent eligible under the accounting rules and evaluate hedge effectiveness prospectively and retrospectively. As such, the effective portion of the gain or loss on these contracts is reported as a component of accumulated other comprehensive income (loss) and reclassified

to earnings in the same line item as the associated forecasted transaction and in the same period during which the hedged transaction affects earnings. Any ineffective portion is immediately recorded in earnings.

We also use, from time to time, foreign currency forward contracts to economically hedge recognized foreign currency exposures on the balance sheets of various subsidiaries. We do not designate these forward contracts as hedging instruments. Accordingly, the gain or loss associated with these contracts is immediately recorded in earnings.

The following table provides information about our foreign currency forward contracts as of December 30, 2017 and December 31, 2016. All of our foreign currency forward contracts mature within 12 months.

	December 30, 2017			December 31, 2016		
	Notional Amount	Average Contract Rate	Estimated Fair Value Gain (Loss)	Notional Amount	Average Contract Rate	Estimated Fair Value Gain (Loss)
(In millions except contract rates)						
Foreign currency forward contracts:						
Canadian Dollar	\$ 111	1.2751	\$ 2	\$ 77	1.3189	\$ (1)
Indian Rupee	33	66.1548	1	25	69.8639	—
Singapore Dollar	23	1.3553	—	18	1.3740	(1)
Taiwan Dollar	18	29.6586	—	16	31.9829	—
Chinese Renminbi	115	6.7972	4	2	6.9904	—
Total	\$ 300		\$ 7	\$ 138		\$ (2)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Advanced Micro Devices, Inc.
Consolidated Statements of Operations

	Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
	(In millions, except per share amounts)		
Net revenue	\$ 5,329	\$ 4,272	\$ 3,991
Cost of sales	3,506	3,274	2,911
Gross margin	1,823	998	1,080
Research and development	1,160	1,008	947
Marketing, general and administrative	511	460	482
Amortization of acquired intangible assets	—	—	3
Restructuring and other special charges, net	—	(10)	129
Licensing gain	(52)	(88)	—
Operating income (loss)	204	(372)	(481)
Interest expense	(126)	(156)	(160)
Other income (expense), net	(9)	80	(5)
Income (loss) before equity loss and income taxes	69	(448)	(646)
Provision for income taxes	19	39	14
Equity loss in investee	(7)	(10)	—
Net income (loss)	\$ 43	\$ (497)	\$ (660)
Earnings (loss) per share			
Basic	\$ 0.04	\$ (0.60)	\$ (0.84)
Diluted	\$ 0.04	\$ (0.60)	\$ (0.84)
Shares used in per share calculation			
Basic	952	835	783
Diluted	1,039	835	783

See accompanying notes to consolidated financial statements.

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

	Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
	(In millions)		
Net income (loss)	\$ 43	\$ (497)	\$ (660)
Other comprehensive income (loss):			
Unrealized gains (losses) on available-for-sale securities:			
Unrealized gains (losses) arising during period, net of tax effects of \$0, \$1, and \$0	1	—	(2)
Unrealized gains (losses) on cash flow hedges:			
Unrealized gains (losses) arising during period, net of tax effects of \$0, \$2, and \$0	17	1	(22)
Reclassification adjustment for (gains) losses realized and included in net income (loss), net of tax effect of \$1, \$0, and \$0	(7)	2	21
Total change in unrealized gains (losses) on cash flow hedges, net of tax	10	3	(1)
Total other comprehensive income (loss)	11	3	(3)
Total comprehensive income (loss)	\$ 54	\$ (494)	\$ (663)

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.
Consolidated Balance Sheets ^{(1) (2)}

	December 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,185	\$ 1,264
Accounts receivable, net	400	311
Inventories, net	739	751
Prepayment and other receivables - related parties	33	32
Prepaid expenses	77	63
Other current assets	188	109
Total current assets	2,622	2,530
Property, plant and equipment, net	261	164
Goodwill	289	289
Investment: equity method	58	59
Other assets	310	279
Total assets	\$ 3,540	\$ 3,321
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 70	\$ —
Accounts payable	384	440
Payables to related parties	412	383
Accrued liabilities	541	391
Other current liabilities	57	69
Deferred income on shipments to distributors	22	63
Total current liabilities	1,486	1,346
Long-term debt, net	1,325	1,435
Other long-term liabilities	118	124
Commitments and contingencies (see Notes 16 and 17)		
Stockholders' equity:		
Capital stock:		
Common stock, par value \$0.01; 1,500 shares authorized on December 30, 2017 and December 31, 2016; shares issued: 979 shares on December 30, 2017 and 949 shares on December 31, 2016; shares outstanding: 967 shares on December 30, 2017 and 935 shares on December 31, 2016	9	9
Additional paid-in capital	8,464	8,334
Treasury stock, at cost (12 shares on December 30, 2017 and 14 shares on December 31, 2016)	(108)	(119)
Accumulated deficit	(7,760)	(7,803)
Accumulated other comprehensive income (loss)	6	(5)
Total stockholders' equity	611	416
Total liabilities and stockholders' equity	\$ 3,540	\$ 3,321

(1) Amounts reflected adoption of FASB ASU 2015-17, Balance Sheet Classification of Deferred Taxes beginning in the first quarter of 2016.

(2) Amounts reflected adoption of FASB ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs beginning in the first quarter of 2016.

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.
Consolidated Statements of Stockholders' Equity (Deficit)
Three Years Ended December 30, 2017
(In millions)

	Number of shares	Common Stock	Additional paid-in capital	Treasury stock	Accumulated deficit	Accumulated other comprehensive income (loss)	Total stockholders' equity (deficit)
December 27, 2014	776	\$ 8	\$ 6,949	\$ (119)	\$ (6,646)	\$ (5)	\$ 187
Net loss	—	—	—	—	(660)	—	(660)
Other comprehensive loss	—	—	—	—	—	(3)	(3)
Common stock issued under stock-based compensation plans, net of tax withholding	16	—	5	(4)	—	—	1
Stock-based compensation	—	—	63	—	—	—	63
December 26, 2015	792	8	7,017	(123)	(7,306)	(8)	(412)
Net loss	—	—	—	—	(497)	—	(497)
Other comprehensive income	—	—	—	—	—	3	3
Common stock issued under stock-based compensation plans, net of tax withholding	27	—	20	(4)	—	—	16
Stock-based compensation	—	—	86	—	—	—	86
Equity component of the 2.125% Notes, net	—	—	305	—	—	—	305
Warrant issued related to sixth amendment to the WSA	—	—	240	—	—	—	240
Issuance of common stock, net of issuance costs	115	1	666	—	—	—	667
Issuance of common stock to partially settle the 7.00% Notes	1	—	—	8	—	—	8
December 31, 2016	935	9	8,334	(119)	(7,803)	(5)	416
Net income	—	—	—	—	43	—	43
Other comprehensive income	—	—	—	—	—	11	11
Common stock issued under stock-based compensation plans, net of tax withholding	32	—	20	(13)	—	—	7
Stock-based compensation	—	—	97	—	—	—	97
Issuance of treasury stock to partially settle the 6.75% notes and the 7.00% notes	—	—	13	24	—	—	37
December 30, 2017	967	\$ 9	\$ 8,464	\$ (108)	\$ (7,760)	\$ 6	\$ 611

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.
Consolidated Statements of Cash Flows

	Year Ended		
	December 30, 2017	December 31, 2016	December 26, 2015
	(In millions)		
Cash flows from operating activities:			
Net income (loss)	\$ 43	\$ (497)	\$ (660)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Net gain on sale of equity interests in ATMP JV	(3)	(146)	—
Depreciation and amortization	144	133	167
Provision for deferred income taxes	—	11	—
Stock-based compensation expense	97	86	63
Amortization of debt discount and issuance costs	36	21	11
Restructuring and other special charges, net	—	—	83
Net loss on debt redemption	12	68	—
Fair value of warrant issued related to sixth amendment to the WSA	—	240	—
Other	3	(6)	(3)
Changes in operating assets and liabilities:			
Accounts receivable	(89)	222	280
Inventories	12	(73)	(11)
Prepayment and other receivables - related parties	(1)	1	84
Prepaid expenses and other assets	(140)	(166)	(111)
Payable to related parties	29	138	27
Accounts payable, accrued liabilities and other	(75)	58	(156)
Net cash provided by (used in) operating activities	68	90	(226)
Cash flows from investing activities:			
Net proceeds from sale of equity interests in ATMP JV	1	342	—
Purchases of available-for-sale securities	(222)	—	(227)
Purchases of property, plant and equipment	(113)	(77)	(96)
Proceeds from maturities of available-for-sale securities	222	—	462
Proceeds from sale of property, plant and equipment	—	—	8
Other	(2)	2	—
Net cash provided by (used in) investing activities	(114)	267	147
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issuance costs	—	667	—
Proceeds from issuance of convertible senior notes, net of issuance costs	—	782	—
Proceeds from issuance of common stock under stock-based compensation equity plans	20	20	5
Proceeds from (repayments of) short-term borrowings, net	70	(230)	100
Repayments of long-term debt and capital lease obligations	(110)	(1,113)	(44)
Other	(13)	(4)	(2)
Net cash provided by (used in) financing activities	(33)	122	59
Net increase (decrease) in cash and cash equivalents	(79)	479	(20)
Cash and cash equivalents at beginning of year	1,264	785	805
Cash and cash equivalents at end of year	\$ 1,185	\$ 1,264	\$ 785
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 88	\$ 149	\$ 149
Income taxes	\$ 20	\$ 20	\$ 3
Non-cash investing and financing activities:			
Purchases of property, plant and equipment, accrued but not paid	\$ 50	\$ —	\$ —
Issuance of common stock to partially settle long-term debt	\$ 38	\$ 8	\$ —
Non-cash acquisition of property and equipment	\$ 12	\$ —	\$ —

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.

Notes to Consolidated Financial Statements

December 30, 2017, December 31, 2016 and December 26, 2015

NOTE 1: Nature of Operations

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. The Company primarily offers:

- (i) x86 microprocessors, as standalone devices or as incorporated into an accelerated processing unit (APU), chipsets, discrete and integrated graphics processing units (GPUs), and professional GPUs; and
- (ii) server and embedded processors, semi-custom System-on-Chip (SoC) products and technology for game consoles.

We also license portions of our intellectual property (IP) portfolio.

NOTE 2: Summary of Significant Accounting Policies

Fiscal Year. The Company uses a 52 or 53 week fiscal year ending on the last Saturday in December. Fiscal 2017, 2016 and 2015 ended December 30, 2017, December 31, 2016 and December 26, 2015, respectively. Fiscal 2017, 2016 and 2015 consisted of 52, 53 and 52 weeks, respectively.

Principles of Consolidation. The consolidated financial statements include the Company's accounts and those of its wholly-owned subsidiaries. Upon consolidation, all significant inter-company accounts and transactions are eliminated.

Use of Estimates. The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (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 and impairment of goodwill, valuation of investments in marketable securities, deferred income taxes and restructuring charges.

Revenue Recognition. The Company recognizes revenue from products sold directly to customers, including original equipment manufacturers (OEMs), when persuasive evidence of an arrangement exists, the price is fixed or determinable, delivery has occurred and collectability is reasonably assured. Estimates of product returns, allowances and future price reductions based on actual historical experience and other known or anticipated trends and factors are recorded at the time revenue is recognized. The Company sells to distributors under terms allowing the majority of distributors certain rights of return and price protection on unsold merchandise held by them. The distributor agreements, which may be canceled by either party upon specified notice, generally contain a provision for the return of those of the Company's products that the Company has removed from its price book and that are not more than 12 months older than the manufacturing code date. In addition, some agreements with distributors may contain standard stock rotation provisions permitting limited levels of product returns. Consequently, the Company is unable to readily estimate the product returns and pricing when the product is sold to the distributors. Accordingly, the Company defers the gross margin resulting from the deferral of both revenue and related product costs from sales to distributors with agreements that have the aforementioned terms until the merchandise is resold by the distributors and reports such deferred amounts as Deferred income on shipments to distributors on its consolidated balance sheet. Products are sold to distributors at standard published prices that are contained in price books that are broadly provided to the Company's various distributors. Distributors are then required to pay for these products within the Company's standard contractual terms, which are typically net 60 days. The Company records allowances for price protection given to distributors and customer rebates in the period of distributor re-sale. The Company determines these allowances based on specific contractual terms with its distributors. Price reductions generally do not result in sales prices that are less than the Company's product cost. Deferred income on shipments to distributors is revalued at the end of each period based on the change in inventory units at distributors, on the latest published prices and on the latest product costs.

The Company records estimated reductions to revenue under distributor and customer incentive programs, including certain cooperative advertising and marketing promotions and volume-based incentives and special pricing arrangements, at the time the related revenues are recognized. For transactions where the Company reimburses a customer for a portion of the customer's cost to perform specific product advertising or marketing and promotional activities, such amounts are recorded as a reduction of revenue unless they qualify for expense recognition. Shipping and handling costs associated with product sales are included in cost of sales.

Deferred revenue and related product costs were as follows:

	December 30, 2017	December 31, 2016
	(In millions)	
Deferred revenue	\$ 55	\$ 124
Deferred cost of sales	(33)	(61)
Deferred income on shipments to distributors	\$ 22	\$ 63

Inventories. Inventories are stated at standard cost adjusted to approximate the lower of actual cost (first-in, first-out method) or net realizable value. The Company adjusts inventory carrying value for estimated obsolescence equal to the difference between the cost of inventory and the estimated net realizable value based upon assumptions about future demand and market conditions. The Company fully reserves for inventories and non-cancellable purchase orders for inventory deemed obsolete. The Company performs periodic reviews of inventory items to identify excess inventories on hand by comparing on-hand balances to anticipated usage using recent historical activity as well as anticipated or forecasted demand. If estimates of customer demand diminish further or market conditions become less favorable than those projected by the Company, additional inventory adjustments may be required.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. In accordance with Accounting Standards Codification (ASC) 350, "Goodwill and Other Intangible Assets", goodwill is not amortized, but rather is tested for impairment at least annually or more frequently if indicators of impairment are present. The Company performs its annual goodwill impairment analysis as of the first day of the fourth quarter of each year and, if certain events or circumstances indicate that an impairment loss may have been incurred, on an interim basis. The Company adopted ASU 2017-04, "Intangibles - Goodwill and Other: Topic 350: Simplifying the Test for Goodwill Impairment", which eliminated step two from the goodwill impairment test. In assessing impairment on goodwill, the Company first analyzes qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the quantitative goodwill impairment test. The qualitative factors the Company assesses include long-term prospects of its performance, share price trends and market capitalization and Company-specific events. If the Company concludes it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, the Company does not need to perform the quantitative impairment test. If based on that assessment, the Company believes it is more likely than not that the fair value of the reporting unit is less than its carrying value, a quantitative goodwill impairment test will be performed by comparing the fair value of each reporting unit to its carrying value. A goodwill impairment charge is recognized for the amount by which the reporting unit's fair value is less than its carrying value. Any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

Commitments and Contingencies. From time to time the Company is a defendant or plaintiff in various legal actions that arise in the normal course of business. The Company is also a party to environmental matters including local, regional, state and federal government clean-up activities at or near locations where the Company currently or has in the past conducted business. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of reasonably possible losses. A determination of the amount of reserves required for these commitments and contingencies that would be charged to earnings, if any, includes assessing the probability of adverse outcomes and estimating the amount of potential losses. The required reserves, if any, may change in the future due to new developments in each matter or changes in circumstances such as a change in settlement strategy. Changes in required reserves could increase or decrease the Company's earnings in the period the changes are made (See Notes 16 and 17).

Restructuring Charges. Restructuring charges are primarily comprised of severance costs, contract and program termination costs, asset impairments and costs of facility consolidation and closure. Restructuring charges are recorded upon approval of a formal management plan and are included in the operating results of the period in which such plan is approved and the expense becomes estimable. To estimate restructuring charges, management utilizes assumptions of the number of employees that would be involuntarily terminated and the amount of future costs to operate and eventually vacate duplicate facilities. Severance and other employee separation costs are accrued when it is probable that benefits will be paid and the amount is reasonably estimable. The rates used in determining severance accruals are based on the Company's policies and practices and negotiated settlements.

Cash Equivalents. Cash equivalents consist of financial instruments that are readily convertible into cash and have original maturities of three months or less at the time of purchase.

Accounts Receivable. The Company maintains an allowance for doubtful accounts based on its assessment of the collectability of amounts owed by customers. The allowance consists of known specific troubled accounts as well as an amount based on overall estimated potential uncollectible accounts receivable based on historical experience.

Investments in Certain Debt and Equity Securities. The Company classifies its investments in debt and marketable equity securities at the date of acquisition as available-for-sale. Available-for-sale securities are reported at fair value with the related unrealized gains and losses included, net of tax, in accumulated other comprehensive income (loss), a component of stockholders' equity. Realized gains and losses and declines in the value of available-for-sale securities determined to be other than temporary are included in other income (expense), net. The cost of securities sold is determined based on the specific identification method.

The Company classifies investments in debt securities with maturities of more than three months at the time of purchase as marketable securities on its consolidated balance sheet. Classification of these securities as current is based on the Company's intent and belief in its ability to sell these securities and use the proceeds from sale in operations within 12 months.

Derivative Financial Instruments. The Company maintains a foreign currency hedging strategy which uses derivative financial instruments to mitigate the risks associated with changes in foreign currency exchange rates. This strategy takes into consideration all of the Company's consolidated exposures. The Company does not use derivative financial instruments for trading or speculative purposes.

In applying its strategy, the Company uses foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies. The Company designates these contracts as cash flow hedges of forecasted expenses, to the extent eligible under the accounting rules, and evaluates hedge effectiveness prospectively and retrospectively. As such, the effective portion of the gain or loss on these contracts is reported as a component of accumulated other comprehensive income (loss) and is reclassified to earnings in the same line item as the associated forecasted transaction and in the same period during which the hedged transaction affects earnings. Any ineffective portion is immediately recorded in earnings.

The Company also uses, from time to time, foreign currency forward contracts to economically hedge recognized foreign currency exposures on the balance sheets of various subsidiaries. The Company does not designate these forward contracts as hedging instruments. Accordingly, the gain or loss associated with these contracts is immediately recorded in earnings.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets for financial reporting purposes. Estimated useful lives for financial reporting purposes are as follows: equipment uses two to six years, buildings and building improvements uses up to 40 years and leasehold improvements are measured by the shorter of the remaining terms of the leases or the estimated useful economic lives of the improvements.

Product Warranties. The Company generally warrants that its products sold to its customers will conform to the Company's approved specifications and be free from defects in material and workmanship under normal use and conditions for one year. Subject to certain exceptions, the Company also offers a three-year limited warranty to end users for those central processing unit (CPU) and AMD A-Series accelerated processing unit (APU) products purchased as individually packaged products, commonly referred to as "processors in a box", and for PC workstation products. The Company also has offered extended limited warranties to certain customers of "tray" microprocessor products and/or workstation graphics or server products who have written agreements with the Company and target their computer systems at the commercial and/or embedded markets. The Company accrues warranty costs at the time of sale of warranted products.

Foreign Currency Translation/Transactions. The functional currency of all of the Company's foreign subsidiaries is the U.S. dollar. Assets and liabilities denominated in non-U.S. dollars have been remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and historical exchange rates for non-monetary assets and liabilities. Non-U.S. dollar denominated transactions have been remeasured at average exchange rates in effect during each period, except for those cost of sales and expense transactions related to non-monetary balance sheet amounts which have been remeasured at historical exchange rates. The gains or losses from foreign currency remeasurement are included in earnings.

Subsidies. The Company received investment grants in connection with the construction and operation of certain facilities in Asia. Generally, such grants are subject to forfeiture in declining amounts over the life of the agreement if the Company does not maintain certain levels of employment or meet other conditions specified in the relevant grant documents. Accordingly, amounts granted are initially recorded as a receivable until cash proceeds are received. In the period the grant receivable is recorded, a current and long-term liability is also recorded which is subsequently amortized as a reduction to cost of sales.

The Company also received grants relating to certain research and development projects. These research and development funds are generally recorded as a reduction of research and development expenses when all conditions and requirements set forth in the underlying grant agreement are met.

Marketing, Communications and Advertising Expenses. Marketing, communications and advertising expenses for 2017, 2016 and 2015 were approximately \$156 million, \$131 million and \$154 million, respectively. Cooperative advertising funding obligations under customer incentive programs are accrued and the costs are recorded upon agreement with customers and vendor

partners. Cooperative advertising expenses are recorded as marketing, general and administrative expense to the extent the cash paid does not exceed the estimated fair value of the advertising benefit received. Any excess of cash paid over the estimated fair value of the advertising benefit received is recorded as a reduction of revenue.

Earnings (Loss) Per Share. Basic earnings (loss) per share is computed based on the weighted-average number of shares outstanding.

Diluted net income (loss) per share is computed based on the weighted average number of shares outstanding plus potentially dilutive shares outstanding during the period. Potentially dilutive shares are determined by applying treasury stock method to assumed exercise of outstanding stock options, the assumed vesting of outstanding RSUs, the assumed issuance of common stock under the employee stock purchase plan (ESPP) and the assumed exercise of the warrant under the warrant agreement (the Warrant Agreement) with West Coast Hitech L.P. (WCH), a wholly-owned subsidiary of Mubadala Investment Company PJSC (Mubadala). Potentially dilutive shares shares issuable upon conversion of the 2.125% Convertible Senior Notes due 2026 (2.125% Notes) are calculated using the if-converted method.

The following table sets forth the components of basic and diluted income (loss) per share:

	2017		2016		2015
(In millions, except per share amounts)					
Numerator—Net income (loss):					
Numerator for basic and diluted net income (loss) per share	\$ 43		\$ (497)		\$ (660)
Denominator—Weighted average shares:					
Denominator for basic earnings (loss) per share	952		835		783
Effect of potentially dilutive shares:					
Employee stock options, restricted stock units, and warrants	87		—		—
Denominator for diluted earnings (loss) per share	1,039		835		783
Earnings (loss) per share:					
Basic	\$ 0.04		\$ (0.60)		\$ (0.84)
Diluted	\$ 0.04		\$ (0.60)		\$ (0.84)

Potential shares from certain employee stock options, restricted stock units, ESPP and the conversion of the 2.125% Notes totaling 102 million shares for 2017 and potential shares from certain stock options, restricted stock units, the conversion of the 2.125% Notes and the warrants under the Warrant Agreement totaling 231 million and 52 million shares for 2016 and 2015, respectively, were not included in the diluted net loss per share calculations as their inclusion would have been anti-dilutive.

Accumulated Other Comprehensive Income (Loss). Unrealized holding gains or losses on the Company's available-for-sale securities and unrealized holding gains and losses on derivative financial instruments qualifying as cash flow hedges are included in other comprehensive income (loss).

The table below summarizes the changes in accumulated other comprehensive income (loss) by component for the years ended December 30, 2017 and December 31, 2016:

	December 30, 2017			December 31, 2016		
	Unrealized gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Total	Unrealized gains (losses) on available-for-sale securities	Unrealized gains (losses) on cash flow hedges	Total
	(In millions)					
Beginning balance	\$ (1)	\$ (4)	\$ (5)	\$ (1)	\$ (7)	\$ (8)
Unrealized gains arising during the period, net of tax effects	1	17	18	—	1	1
Reclassification adjustment for (gains) losses realized and included in net income (loss), net of tax effects	—	(7)	(7)	—	2	2
Total other comprehensive income	1	10	11	—	3	3
Ending balance	\$ —	\$ 6	\$ 6	\$ (1)	\$ (4)	\$ (5)

Stock-Based Compensation. The Company estimates stock-based compensation cost for stock options at the grant date based on the option's fair-value as calculated by the lattice-binomial option-pricing model. For restricted stock units, including performance-based restricted stock units (PRSUs), fair value is based on the closing price of the Company's common stock on the grant date. The Company estimates the grant-date fair value of restricted stock units that involve a market condition using the Monte Carlo simulation model. The Company estimates the grant-date fair value of the ESPP using the Black-Scholes model. Compensation expense is recognized over the vesting period of the applicable award using the straight-line method, except for the compensation expense related to PRSUs, which are recognized ratably for each vesting tranche from the service inception date to the end of the requisite service period.

The application of the lattice-binomial option-pricing model requires the use of extensive actual employee exercise behavior data and the use of a number of complex assumptions including expected volatility of the Company's common stock, risk-free interest rate and expected dividends. Significant changes in any of these assumptions could materially affect the fair value of stock options granted in the future.

Forfeiture rates are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates in order to derive the Company's best estimate of awards ultimately expected to vest.

Recently Adopted Accounting Standards

Goodwill Impairment. In January 2017, the Financial Accounting Standards Board (FASB) issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04), which eliminates step two from the goodwill impairment test. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual and any interim impairment tests performed for periods beginning after December 15, 2019 on a prospective basis, and earlier adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. The Company early adopted this accounting standard update in the third quarter of 2017 on a prospective basis and did not have an impact on its consolidated financial statements. The adoption of this update is to simplify its annual goodwill impairment testing process by eliminating the need to estimate the implied fair value of a reporting unit's goodwill if its respective carrying value exceeds fair value.

Stock Compensation. In March 2016, the FASB issued ASU 2016-09, *Compensation-Stock Compensation (Topic 718) Improvements to Employee Share-Based Payment Accounting* (ASU 2016-09), which is intended to simplify several aspects of the accounting for share-based payment award transactions. The Company adopted this guidance in the first quarter of 2017 and elected to continue to estimate forfeitures expected to occur to determine the amount of compensation cost to be recognized in each period. In the first quarter of 2017, the Company recorded a \$96 million cumulative-effect adjustment in accumulated deficit and an offsetting increase in deferred tax assets for previously unrecognized excess tax benefits that existed as of December 31, 2016. Since substantially all of the Company's U.S. and foreign deferred tax assets, net of deferred tax liabilities, are subject to a valuation allowance and the realization of these assets is not more likely than not to be achieved, the Company recorded a \$96 million valuation allowance against these deferred tax assets with an offsetting adjustment in accumulated deficit. The Company elected to report cash flows related to excess tax benefits as an operating activity on a prospective basis. The presentation requirement

for cash flows related to employee taxes paid for withheld shares did not impact the statements of cash flows because such cash flows have historically been presented as a financing activity.

Investments. In March 2016, the FASB issued ASU 2016-07, *Investments – Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting* (ASU 2016-07), which requires the equity method investor to add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment qualifies for equity method accounting. The Company adopted this guidance in the first quarter of 2017, and it did not have an impact on its consolidated financial statements.

Inventory. In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11), which requires entities to measure inventory at the lower of cost or net realizable value. This ASU simplifies the subsequent measurement of inventory by replacing the lower of cost or market test with a lower of cost or net realizable value test. The Company adopted this guidance in the first quarter of 2017, and it did not have an impact on its consolidated financial statements.

Recently Issued Accounting Standards

Derivatives and Hedging. In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* (ASU 2017-12), which amends and simplifies existing guidance in order to allow companies to more accurately present the economic effects of risk management activities in the financial statements. ASU 2017-12 is effective for fiscal years beginning after December 15, 2018, including interim periods therein with early adoption permitted. The Company will adopt this guidance in the first quarter of 2019 and does not expect a significant impact on its consolidated financial statements.

Stock Compensation. In May 2017, the FASB issued ASU 2017-09, *Compensation-Stock Compensation (Topic 718): Scope of Modification Accounting* (ASU 2017-09) to provide clarity and reduce both the (1) diversity in practice and (2) cost and complexity when changing the terms or conditions of share-based payment awards. Under ASU 2017-09, modification accounting is required to be applied unless all of the following are the same immediately before and after the change:

1. The award's fair value (or calculated value or intrinsic value, if those measurement methods are used);
2. The award's vesting conditions; and
3. The award's classification as an equity or liability instrument.

ASU 2017-09 is effective for annual and interim periods beginning after December 15, 2017 on a prospective basis, and early adoption is permitted. The Company will adopt this guidance in the first quarter of 2018 and does not expect an impact on its financial statements.

Income Taxes. In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory* (ASU 2016-16), which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This amends current GAAP which prohibits recognition of current and deferred income taxes for all types of intra-entity asset transfers until the asset has been sold to an outside party. ASU 2016-16 is effective for fiscal years beginning after December 15, 2017, including interim periods therein. Upon adoption, the Company must apply a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Statement of Cash Flows. In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15), which is intended to reduce the existing diversity in practice in how certain cash receipts and cash payments are classified in the statement of cash flows. In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows, Restricted Cash (Topic 230)* (ASU 2016-18), which requires the inclusion of restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-15 and ASU 2016-18 are both effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, provided that all of the amendments are adopted in the same period. The amendments will be applied using a retrospective transition method to each period presented. The Company will adopt these guidances in the first quarter of 2018 and does not expect a significant impact on its financial statements.

Financial Instruments. In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2019. Early adoption is permitted for fiscal years, and interim

periods within those years, beginning after December 15, 2018. The Company will adopt this guidance in the first quarter of 2020 and is currently evaluating the impact of this new standard on its consolidated financial statements.

Leases. In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. Upon adoption, lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company will not early adopt the new standard and therefore the new standard will be effective for the Company in the first quarter of its fiscal 2019. The Company expects that upon adoption the most significant impact will be the recognition of right-of-use assets and lease liabilities on our consolidated balance sheets for our operating leases. The Company has established a cross-functional team of key stakeholders for implementing the new standard and has begun to inventory its real estate and equipment leases. As part of the Company's assessment and implementation plan, the Company is evaluating and implementing changes to its policies, procedures and controls.

Financial Instruments. In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall: Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01), which requires that most equity investments be measured at fair value, with subsequent changes in fair value recognized in net income. The ASU also impacts financial liabilities under the fair value option and the presentation and disclosure requirements for financial instruments. In addition, the FASB clarified guidance related to the valuation allowance assessment when recognizing deferred tax assets resulting from unrealized losses on available-for-sale debt securities. Entities will have to assess the realizability of such deferred tax assets in combination with the entities other deferred tax assets. ASU 2016-01 is effective for fiscal years beginning after December 15, 2017 and for interim periods within that reporting period. In the first quarter of 2018, the Company will elect to adopt the measurement alternative, which will apply this ASU prospectively, for its equity investments that do not have readily determinable fair values. In addition, the Company will record a cumulative effect adjustment to retained earnings for its equity securities that have readily determinable fair values. The Company does not expect the effects of either to have a material impact on its consolidated financial statements.

Revenue Recognition. In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASC 606), which creates a single source of revenue guidance under U.S. GAAP for all companies in all industries and replaces most existing revenue recognition guidance in U.S. GAAP. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the new standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The FASB has issued several amendments to the new standard, including clarification on accounting for licenses of intellectual property and identifying performance obligations.

The new standard is effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company did not early adopt the new standard, and therefore the new standard will be effective for the Company in the first quarter of its fiscal 2018.

The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or prospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application and providing additional disclosures comparing results to the previous rules in the year of adoption of the new standard (the modified retrospective method or the cumulative catchup method). The Company will adopt the standard using the full retrospective method to adjust each prior reporting period presented. The Company has implemented changes to its policies, procedures and controls, and finalized the assessment of the accounting impact resulting from the new standard.

See Note 19 Impact to Reported Results for the impact of the adoption of ASC 606 on the Company's consolidated financial statements.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its consolidated financial position, operating results or statements of cash flows.

NOTE 3: GLOBALFOUNDRIES

Formation and Accounting

On March 2, 2009, the Company consummated the transactions contemplated by the Master Transaction Agreement among the Company, Mubadala Technology Investments LLC, or Mubadala Tech (formerly, Advanced Technology Investment Company LLC) and WCH, pursuant to which the Company formed GLOBALFOUNDRIES Inc. (GF). In connection with the consummation of the transactions contemplated by the Master Transaction Agreement, the Company, Mubadala Tech and GF entered into a Wafer Supply Agreement (the WSA), a Funding Agreement (the Funding Agreement) and a Shareholders' Agreement (the Shareholders' Agreement) on March 2, 2009.

On March 4, 2012, as partial consideration for certain rights received under a second amendment to the WSA, the Company transferred to GF all of the remaining capital stock of GF that the Company owned. In addition, as of March 4, 2012, the Funding Agreement was terminated and the Company was no longer party to the Shareholders' Agreement. As a result of these transactions, the Company no longer owned any GF capital stock as of March 4, 2012.

GF continues to be a related party of the Company because Mubadala and Mubadala Tech are affiliated with WCH, a significant stockholder of the Company. WCH and Mubadala Tech are wholly-owned subsidiaries of Mubadala.

Wafer Supply Agreement

The WSA governs the terms by which the Company purchases products manufactured by GF. Pursuant to the WSA, the Company is required to purchase from GF all of its microprocessor and APU product requirements and a certain portion of its GPU product requirements with limited exceptions. If the Company acquires a third party business that manufactures microprocessor and APU products, the Company will have up to two years to transition the manufacture of such microprocessor and APU products to GF.

The WSA terminates no later than March 2, 2024. GF has agreed to use commercially reasonable efforts to assist the Company to transition the supply of products to another provider and to continue to fulfill purchase orders for up to two years following the termination or expiration of the WSA. During the transition period, pricing for microprocessor and APU products will remain as set forth in the WSA, but the Company's purchase commitments to GF will no longer apply.

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

The Sixth Amendment also provides the Company 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 the Company greater flexibility in sourcing foundry services across its product portfolio. In consideration for these rights, the Company agreed to pay GF \$100 million in installments starting in the fourth fiscal quarter of 2016 through the third fiscal quarter of 2017. From the fourth fiscal quarter of 2016 to the third fiscal quarter of 2017, the Company paid GF \$25 million each quarter and as of December 30, 2017, the Company had paid GF \$100 million in aggregate. Starting in 2017 and continuing through 2020, the Company agreed to make quarterly payments to GF based on the volume of certain wafers purchased from another wafer foundry.

Further, for each calendar year during the term of the Sixth Amendment, the Company and GF agreed to annual wafer purchase targets that increase from 2016 through 2020. If the Company does not meet the annual wafer purchase target for any calendar year, the Company will be required to pay to GF a portion of the difference between the Company's actual wafer purchases and the wafer purchase target for that year. The annual targets were established based on the Company's business and market expectations and took into account the limited waiver it received for certain products. The Company met its 2017 annual wafer purchase target.

The Company and GF also agreed on fixed pricing for wafers purchased during 2016 and established a framework to agree on annual wafer pricing for the years 2017 to 2020. The Company and GF had agreed on pricing for wafer purchases for 2017.

The Company's total purchases from GF related to wafer manufacturing, research and development activities and other for 2017, 2016 and 2015 were \$1.1 billion, \$0.7 billion and \$0.9 billion, respectively. Included in the total purchases for the year ended December 30, 2017 are amounts related to the volume of certain wafers purchased from another wafer foundry, as agreed to by the Company and GF under the Sixth Amendment. As of December 30, 2017 and December 31, 2016, the amount of prepayment and other receivables related to GF was \$27 million and \$32 million, respectively, included in Prepayment and other

receivables - related parties on the Company's consolidated balance sheets. As of December 30, 2017 and December 31, 2016, the amount of payable to GF was \$241 million and \$255 million, respectively, included in Payables to related parties on the Company's consolidated balance sheets.

Warrant Agreement. Also on August 30, 2016, in consideration of the limited waiver and rights under the Sixth Amendment, the Company entered into a warrant agreement (the Warrant Agreement) with WCH, a wholly-owned subsidiary of Mubadala. Under the Warrant Agreement, WCH and its permitted assigns are entitled to purchase 75 million shares of the Company's common stock (the Warrant Shares) at a purchase price of \$5.98 per share. The warrant under the Warrant Agreement is exercisable in whole or in part until February 29, 2020. Notwithstanding the foregoing, the Warrant Agreement will only be exercisable to the extent that Mubadala does not beneficially own, either directly or through any other entities directly and indirectly owned by Mubadala or its subsidiaries, an aggregate of more than 19.99% of the Company's outstanding capital stock after any such exercise.

NOTE 4: Equity Interest Purchase Agreement - ATMP Joint Venture

In April 2016, the Company and certain of its subsidiaries completed the sale of a majority of the equity interests in Suzhou TF-AMD Semiconductor Co., Ltd. (formerly, AMD Technologies (China) Co., Ltd.), and TF AMD Microelectronics (Penang) Sdn. Bhd. (formerly, Advanced Micro Devices Export Sdn. Bhd.), to affiliates of Tongfu Microelectronics Co., Ltd. (formerly, Nantong Fujitsu Microelectronics Co., Ltd.) (TFME), a Chinese joint stock company, to form two joint ventures (collectively, the ATMP JV). As a result of the sale, TFME's affiliates own 85% of the equity interests in the ATMP JV while certain of the Company's subsidiaries own the remaining 15%. The Company has no obligations to fund the ATMP JV.

As a result of the transaction, the Company received approximately \$342 million, including purchase price adjustments, in net cash proceeds for selling 85% of the equity interest in each of Suzhou TF-AMD Semiconductor Co., Ltd. and TF AMD Microelectronics (Penang) Sdn. Bhd. These proceeds, net of certain transaction costs, were included in investing activities on the Company's consolidated statements of cash flows for the year ended December 31, 2016.

The Company recognized a net pre-tax gain on the sale of its 85% equity interest in ATMP JV of \$146 million for the year ended December 31, 2016, which was recognized in Other income (expense), net on the Company's consolidated statements of operations. The net pre-tax gain reflects the excess of the sum of net cash proceeds and fair value of the Company's retained 15% equity interests in the ATMP JV over the sum of the net book values of the Company's former subsidiaries and other closing costs directly attributed to the divestiture. The above gain includes \$11 million in excess of fair value of the Company's retained interest over the corresponding net book values. During 2017, the Company recorded a \$3 million pre-tax gain for final settlement related to the sale of 85% of the equity interest in ATMP facilities in Other income (expense), net on its consolidated statements of operations.

The Company accounts for its equity interests in the ATMP JV under the equity method of accounting due to its significant influence over the ATMP JV. As of December 30, 2017 and December 31, 2016, the carrying value of the Company's investment in the ATMP JV was \$58 million and \$59 million, respectively.

Following the deconsolidation, the ATMP JV is a related party of the Company. The ATMP JV provides assembly, test, mark and packaging (ATMP) services to the Company. The Company currently pays the ATMP JV for ATMP services on a cost-plus basis. The Company's total purchases from the ATMP JV during 2017 and 2016 amounted to approximately \$438 million and \$265 million, respectively. As of December 30, 2017 and December 31, 2016, the amount payable to the ATMP JV was \$171 million and \$128 million, respectively, included in Payables to related parties on the Company's consolidated balance sheets.

During 2017 and 2016, the Company recorded losses of \$7 million and \$10 million, respectively, in Equity loss in investee on its consolidated statements of operations, which included certain expenses incurred by the Company on behalf of the ATMP JV.

NOTE 5. Equity Joint Venture

In February 2016, the Company and Tianjin Haiguang Advanced Technology Investment Co., Ltd. (THATIC), a third-party Chinese entity (JV Partner), formed a joint venture comprised of two separate legal entities, China JV1 and China JV2 (collectively, the THATIC JV). The Company's equity share in China JV1 and China JV2 is a majority and minority interest, respectively, funded by the Company's contribution of certain of its patents. The JV Partner is responsible for the initial and on-going financing of the THATIC JV's operations. The Company has no obligations to fund the THATIC JV.

The Company concluded the China JV1 and China JV2 are not operating joint ventures and are variable interest entities due to their reliance on on-going financing by JV Partner. The Company determined that it is not the primary beneficiary of either China JV1 or China JV2, as the Company does not have unilateral power to direct selling and marketing, manufacturing and product development activities related to the THATIC JV's products. Accordingly, the Company does not consolidate either of these entities and therefore accounts for its investments in the THATIC JV under the equity method of accounting. The THATIC JV is a related party of the Company.

In February 2016, the Company licensed certain of its intellectual property (Licensed IP) to the THATIC JV for a total of approximately \$293 million in license fees payable over several years contingent upon achievement of certain milestones. The Company also expects to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such Licensed IP. The Company also provided certain engineering and technical support to the THATIC JV in connection with the product development. In March 2017, the Company entered into a development and intellectual property agreement (Development and IP) with THATIC JV, and also expects to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such agreement. In addition, from time to time the Company enters into certain agreements with the THATIC JV to provide other services primarily related to research and development.

The Company recognized income related to the Licensed IP over the period commencing upon delivery of the first Licensed IP milestone through the date of the milestone that required the Company's continuing involvement in the product development process, which was completed at the end of the second quarter of 2017. Royalty payments will be recognized in income once earned. The Company classifies Licensed IP income and royalty income associated with the February 2016 agreement as other operating income. During 2017, the Company recognized a \$52 million licensing gain associated with the Licensed IP. In addition, during 2017, the Company recognized \$36 million of Development and IP fees and other services fees of \$12 million as credits to research and development expenses. During 2016, the Company recognized an \$88 million licensing gain. No credits for the Development and IP agreement and other services was recognized as credits to research and development by the Company during 2016. No royalty income was recognized by the Company during 2017 and 2016.

The Company's total exposure to losses through its investment in the THATIC JV is limited to the Company's investment in the THATIC JV, which was zero as of December 30, 2017. The Company's share in the net losses of the THATIC JV for 2017 was not material and is not recorded in the Company's consolidated statement of operations since the Company is not obligated to fund the THATIC JV's losses in excess of the Company's investment in the THATIC JV. The Company's receivable from the THATIC JV for these agreements was \$3 million and zero as of December 30, 2017 and December 31, 2016, respectively, included in Prepayment and other receivables - related parties on its consolidated balance sheets. As of December 30, 2017 and December 31, 2016, the total assets and liabilities of the THATIC JV were not material.

NOTE 6: Supplemental Balance Sheet Information

Accounts Receivable

As of December 30, 2017 and December 31, 2016, Accounts receivable, net included unbilled accounts receivable of \$16 million and \$37 million, respectively. Unbilled accounts receivable represent revenue recognized but not billed as payments are deferred by customers until certain contractual milestones are met. All unbilled accounts receivable are expected to be billed and collected within twelve months.

Inventories

	December 30, 2017	December 31, 2016
	(In millions)	
Raw materials	\$ 34	\$ 11
Work in process	468	564
Finished goods	237	176
Total inventories, net	\$ 739	\$ 751

Property, plant and equipment

	December 30, 2017	December 31, 2016
	(In millions)	
Leasehold improvements	\$ 187	\$ 148
Equipment	758	714
Construction in progress	56	19
Property, plant and equipment, gross	1,001	881
Accumulated depreciation and amortization	(740)	(717)
Total property, plant and equipment, net	\$ 261	\$ 164

The Company incurs costs for the fabrication of mask sets used by its foundry partners to manufacture its products. Beginning the first quarter of 2017, the Company capitalizes mask set costs that are expected to be utilized in production manufacturing as the Company's product development process has become more predictable and thus supports capitalization of the mask set. The capitalized mask set costs begin depreciating to Cost of sales once the products go into production on a straight-line basis over the estimated useful life of two years. Previously, mask sets were expensed to research and development.

Depreciation expense for 2017, 2016 and 2015 was \$77 million, \$71 million and \$94 million, respectively.

Other assets

	December 30, 2017	December 31, 2016
	(In millions)	
Software and technology licenses, net	\$ 239	\$ 234
Other	71	45
Total other assets	\$ 310	\$ 279

Accrued liabilities

	December 30, 2017	December 31, 2016
	(In millions)	
Accrued compensation and benefits	\$ 206	\$ 116
Marketing programs and advertising expenses	150	102
Software technology and licenses payable	41	24
Other accrued and current liabilities	144	149
Total accrued liabilities	\$ 541	\$ 391

NOTE 7: Goodwill and Acquired Intangible Assets**Goodwill**

The carrying amounts of goodwill as of December 30, 2017 and December 31, 2016 were as follows:

	Computing and Graphics	Enterprise, Embedded and Semi-Custom	All Other	Total
(In millions)				
Initial goodwill due to ATI acquisition	\$ 1,194	\$ 255	\$ 745	\$ 2,194
Initial goodwill due to SeaMicro acquisition	165	65	—	230
	1,359	320	745	2,424
Accumulated impairment losses	(1,359)	—	(745)	(2,104)
Assets held-for-sale (sold to ATMP JV during 2016)	—	(42)	—	(42)
Balance as of December 26, 2015	—	278	—	278
Adjustment to assets sold to ATMP JV	—	11	—	11
Balance as of December 31, 2016	—	289	—	289
Balance as of December 30, 2017	—	289	—	289
Goodwill, gross	1,359	289	745	2,393
Accumulated impairment losses	\$ (1,359)	\$ —	\$ (745)	\$ (2,104)

As a result of the decision to form the JVs with TFME in 2015, the balance sheet as of December 26, 2015 reflects held-for-sale accounting of the ATMP assets and liabilities which required reclassification of such financial amounts to current assets and current liabilities. Asset balances reclassified into other current assets included goodwill of \$42 million. During 2016, the formation of ATMP JV was completed and the actual goodwill assigned to ATMP JV was approximately \$31 million.

In the fourth quarters of 2017 and 2016, the Company conducted its annual impairment tests of goodwill. The Company determined that the estimated fair value exceeded the carrying value of the reporting units, indicating that there was no goodwill impairment with respect to these reporting units.

Acquisition-Related Intangible Assets

As a part of the Company's strategy to simplify and sharpen its investment focus, the Company decided to exit the dense server systems business, formerly SeaMicro, in the first quarter of 2015. As a result, the Company recorded a charge of \$76 million in Restructuring and other special charges, net on the Company's consolidated statements of operations during 2015. This charge consisted of an impairment charge of \$62 million related to the acquired intangible assets. The Company concluded that the carrying value of the acquired intangible assets associated with its dense server systems business was fully impaired as the Company did not have plans to utilize the related freedom fabric technology in any of its future products nor did it have any plans at that time to monetize the associated intellectual property.

There were no unamortized balances of acquisition-related intangible assets as of December 30, 2017 and December 31, 2016. Amortization expense for acquisition-related intangible assets was zero, zero, and \$3 million for the years 2017, 2016 and 2015, respectively.

NOTE 8: Financial Instruments

Cash and Cash Equivalents

Cash and cash equivalents measured and recorded at fair value on a recurring basis, which approximates amortized cost, as of December 30, 2017 and December 31, 2016 are summarized below:

	December 30, 2017	December 31, 2016
(In millions)		
Cash and cash equivalents		
Cash	\$ 108	\$ 67
Level 1 ⁽¹⁾⁽²⁾		
Government money market funds	395	50
Total level 1	395	50
Level 2 ⁽¹⁾⁽³⁾		
Commercial paper	682	1,147
Total level 2	682	1,147
Total	\$ 1,185	\$ 1,264

(1) The Company did not have any transfers between Level 1 and Level 2 during 2017 and 2016.

(2) The Company's Level 1 assets are valued using quoted prices for identical instruments in active markets.

(3) The Company's Level 2 assets are valued using broker reports that utilize quoted prices for identical instruments in markets that are not active or comparable instruments in active markets. Brokers gather observable inputs for all of the Company's fixed income securities from a variety of industry data providers and other third-party sources.

In addition to those amounts presented above, as of December 30, 2017 and December 31, 2016, the Company had approximately \$2 million and \$2 million, respectively, of investments in money market funds used as collateral for letters of credit deposits which were included in Other current assets and Other assets, respectively, on the Company's consolidated balance sheets. These money market funds are classified within Level 1 because they are valued using quoted prices for identical instruments in active markets. Their amortized costs are the same as the fair value for all periods presented. The Company is restricted from accessing these deposits.

As of December 30, 2017 and December 31, 2016, the Company also had approximately \$18 million and \$15 million, respectively, of investments in mutual funds held in a Rabbi trust established for the Company's deferred compensation plan which were also included in Other assets on the Company's consolidated balance sheets. These mutual funds are classified within Level 1 because they are valued using quoted prices for identical instruments in active markets. Their amortized cost approximates the fair value for all periods presented. The Company is restricted from accessing these investments.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis. The Company carries its financial instruments at fair value with the exception of its debt. Financial instruments that are not recorded at fair value are measured at fair value on a quarterly basis for disclosure purposes. The carrying amounts and estimated fair values of financial instruments not recorded at fair value are as follows:

	December 30, 2017		December 31, 2016	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
(In millions)				
Short-term debt	\$ 70	\$ 70	\$ —	\$ —
Long-term debt, net ⁽¹⁾	\$ 1,324	\$ 2,103	\$ 1,434	\$ 2,313

(1) Carrying amounts of long-term debt are net of unamortized debt issuance costs of \$19 million and \$25 million as of December 30, 2017 and December 31, 2016, respectively, based on the adoption of ASU 2015-03, and net of \$286 million and \$308 million unamortized debt discount associated with the 2.125% Notes as of December 30, 2017 and December 31, 2016, respectively.

The Company's short-term and long-term debt, net are classified within Level 2. The fair value of the debt was estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's accounts receivable, accounts payable and other short-term obligations approximate their carrying value based on existing payment terms.

Hedging Transactions and Derivative Financial Instruments

Cash Flow Hedges

The following table shows the amount of gain (loss) included in accumulated other comprehensive income (loss), the amount of gain (loss) reclassified from accumulated other comprehensive income (loss) and included in earnings related to the foreign currency forward contracts designated as cash flow hedges and the amount of gain (loss) included in other income (expense), net, related to contracts not designated as hedging instruments which was allocated in the consolidated statements of operations:

	2017		2016
	(In millions)		
Foreign Currency Forward Contracts - gains (losses)			
Contracts designated as cash flow hedging instruments			
Other comprehensive income (loss)	\$	9	\$ 4
Research and development		7	(1)
Marketing, general and administrative		1	—
Contracts not designated as hedging instruments			
Other income (expense), net	\$	(3)	\$ 3

The Company's foreign currency derivative contracts are classified within Level 2 because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets such as currency spot and forward rates.

The following table shows the fair value amounts included in Other current assets should the foreign currency forward contracts be in a gain position or included in Other current liabilities should these contracts be in a loss position. These amounts were recorded in the Company's consolidated balance sheets as follows:

	December 30, 2017		December 31, 2016
	(In millions)		
Foreign Currency Forward Contracts - gains (losses)			
Contracts designated as cash flow hedging instruments	\$	7	\$ (2)

For the foreign currency contracts designated as cash flow hedges, the ineffective portions of the hedging relationship and the amounts excluded from the assessment of hedge effectiveness were immaterial.

As of December 30, 2017 and December 31, 2016, the notional values of the Company's outstanding foreign currency forward contracts were \$300 million and \$138 million, respectively. All the contracts mature within 12 months and, upon maturity, the amounts recorded in accumulated other comprehensive income (loss) are expected to be reclassified into earnings. The Company hedges its exposure to the variability in future cash flows for forecasted transactions over a maximum of 12 months.

Fair Value Hedges

In the third quarter of 2014, the Company entered into fixed-to-floating interest rate swaps on a notional amount of \$250 million to hedge a portion of the Company's 6.75% Senior Notes due 2019 (6.75% Notes). The purpose of these swaps was to manage a portion of the Company's exposure to interest rate risk by converting fixed rate interest payments to floating rate interest payments. The swaps effectively converted a portion of the fixed interest payments payable on the 6.75% Notes into variable interest payments based on LIBOR. The interest rate swaps were designated as a fair value hedge. Because the specific terms and notional amount of the swaps were intended to match the portion of the 6.75% Notes being hedged, it was assumed to be a highly effective hedge. Accordingly, changes in the fair value of the interest rate swaps were exactly offset by changes in the fair value of the 6.75% Notes. All changes in fair value of the swaps were recorded on the Company's consolidated balance sheets with no net impact to the Company's consolidated statements of operations.

During 2016, the Company terminated the above fair value hedges. In connection with the repurchase of a portion of the principal amount of the 6.75% Notes during the third quarter of 2016, the Company canceled one of its interest rate swap contracts and recorded a gain of approximately \$2 million in Other income (expense), net on the Company's consolidated statement of operations. Additionally, during the fourth quarter of 2016, the Company canceled its remaining interest rate swap contract on the remaining portion of the outstanding 6.75% Notes. For this cancellation, the Company recorded a deferred gain which is recognized as interest income over the remaining life of the 6.75% Notes. The total amount of interest income recognized from the deferred

gain during 2017 and 2016 was immaterial. As of both December 30, 2017 and December 31, 2016, the balance of the deferred gain included in Long-term debt, net on the Company's consolidated balance sheet was approximately \$1 million.

The Company's fair value hedge derivative contracts were classified within Level 2 because the valuation inputs were based on quoted prices and market observable data of similar instruments in active markets.

NOTE 9: Concentrations of Credit and Operation Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of investments in debt securities, trade receivables and derivative financial instruments used in hedging activities.

The Company places its investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. The Company invests in time deposits and certificates of deposit from banks having combined capital, surplus and undistributed profits of not less than \$200 million. At the time an investment is made, investments in commercial paper of industrial firms and financial institutions are rated A1, P1 or better. The Company invests in tax-exempt securities including municipal notes and bonds that are rated A, A2 or better and repurchase agreements, each of which have securities of the type and quality listed above as collateral.

The Company believes that concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the Company's customer base, thus diluting the trade credit risk. Accounts receivable from the Company's top three customers accounted for approximately 15%, 13% and 11% of the total consolidated accounts receivable balance as of December 30, 2017 and 12%, 11% and 10% of the total consolidated accounts receivable balance as of December 31, 2016. However, the Company does not believe the receivable balance from these customers represents a significant credit risk based on past collection experience and review of their current credit quality. The Company manages its exposure to customer credit risk through credit limits, credit lines, ongoing monitoring procedures and credit approvals. Furthermore, the Company performs in-depth credit evaluations of all new customers and, at intervals, for existing customers. From this, the Company may require letters of credit, bank or corporate guarantees or advance payments if deemed necessary.

The Company's existing derivative financial instruments are with large international financial institutions of investment grade credit rating. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company monitors their credit rating on an ongoing basis. By using derivative instruments, the Company is subject to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Company's credit risk will equal the fair value of the derivative instrument. Generally, when the fair value of a derivative contract is positive, the counterparty owes the Company, thus creating a receivable risk for the Company. Based upon certain factors including a review of the credit default swap rates for the Company's counterparties, the Company determined its counterparty credit risk to be immaterial. At December 30, 2017, counterparties' obligations under the contracts exceeded the Company's obligations by \$7 million.

The Company is dependent on certain equipment and materials from a limited number of suppliers and relies on a limited number of foreign companies to supply the majority of certain types of integrated circuit packages for back-end manufacturing operations. Similarly, certain non-proprietary materials or components such as memory, PCBs, substrates and capacitors used in the manufacture of the Company's graphics products are currently available from only a limited number of sources. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. If the Company or its third-party manufacturing suppliers are unable to procure certain of these materials or its foundries are unable to procure materials for manufacturing its products, its business would be materially adversely affected.

NOTE 10: Income Taxes

The provision for income taxes consists of:

	2017	2016	2015
	(In millions)		
Current:			
U.S. Federal	\$ (3)	\$ (2)	\$ (1)
U.S. State and Local	—	—	—
Foreign National and Local	38	21	16
Total	35	19	15
Deferred:			
U.S. Federal	(15)	(1)	—
Foreign National and Local	(1)	21	(1)
Total	(16)	20	(1)
Provision for income taxes	\$ 19	\$ 39	\$ 14

Income (loss) before income taxes consists of the following:

	2017	2016	2015
	(In millions)		
U.S.	\$ 108	\$ (604)	\$ (1,100)
Foreign	(46)	146	454
Total pre-tax income (loss) including equity loss in investee	\$ 62	\$ (458)	\$ (646)

Deferred income taxes reflect the net tax effects of tax carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the balances for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 30, 2017 and December 31, 2016 are as follows:

	December 30, 2017	December 31, 2016
	(In millions)	
Deferred tax assets:		
Net operating loss carryovers	\$ 1,551	\$ 2,480
Deferred distributor income	7	26
Inventory valuation	20	26
Accrued expenses not currently deductible	61	65
Acquired intangibles	102	213
Tax deductible goodwill	56	146
Federal and state tax credit carryovers	546	427
Foreign research and development ITC credits	391	341
Other	55	83
Total deferred tax assets	2,789	3,807
Less: valuation allowance	(2,621)	(3,526)
Total deferred tax assets, net of valuation allowance	168	281
Deferred tax liabilities:		
Discount of convertible notes	(58)	(105)
Undistributed foreign earnings	(97)	(158)
Other	(13)	(18)
Total deferred tax liabilities	(168)	(281)
Net deferred tax assets	\$ —	\$ —

The breakdown between current and non-current deferred tax assets and deferred tax liabilities as of December 30, 2017 and December 31, 2016 is as follows:

	December 30, 2017	December 31, 2016
	(In millions)	
Current deferred tax assets	\$ —	\$ —
Non-current deferred tax assets	11	11
Current deferred tax liabilities	—	—
Non-current deferred tax liabilities	\$ (11)	\$ (11)
Net deferred tax assets	\$ —	\$ —

Non-current deferred tax assets are included in the caption Other assets on the consolidated balance sheets. Non-current deferred tax liabilities are included in the caption Other long-term liabilities on the consolidated balance sheets.

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (Tax Reform Act). The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a modified territorial tax system and imposing a transition tax on deemed repatriated earnings of foreign subsidiaries. The Tax Reform Act permanently reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. ASC 740: *Income Taxes*, requires companies to recognize the effect of the tax law changes in the period of enactment. However, the SEC staff issued Staff Accounting Bulletin 118 which will allow companies to record provisional amounts during a measurement period that is similar to the measurement period used when accounting for business combinations. The Company has adjusted its deferred tax assets and liabilities based on the reduction of the U.S. federal corporate tax rate from 35% to 21% and assessed the realizability of our deferred tax assets based on our current understanding of the provisions of the new law. The Company considers its accounting for the impacts of the Tax Reform Act to be incomplete and the Company will continue to assess the impact of the Tax Reform Act (and expected further guidance from federal and state tax authorities as well as further guidance for the associated income tax accounting) on its business and consolidated financial statements over the next 12 months.

The Tax Reform Act eliminated the corporate alternative minimum tax (AMT) for tax years commencing on or after January 1, 2018. As a result, AMT credit carryforwards may be utilized to reduce future income tax liabilities. In addition, excess AMT credits are refundable in any taxable year beginning after 2017 and before 2022 in an amount equal to 50% (100% in the case of taxable years beginning in 2021) of the excess of the minimum tax credit for the taxable year over the amount of the credit allowable for the year against regular tax liability. Accordingly, the Company has reclassified \$16 million of AMT credit carry forwards as a non-current tax receivable.

As of December 30, 2017, substantially all of the Company's U.S. and foreign deferred tax assets, net of deferred tax liabilities, continued to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which at December 30, 2017, in management's estimate, is not more likely than not to be achieved. In 2017, gross deferred tax assets decreased by \$1,018 million primarily for provisional decreases related to the remeasurement of deferred tax assets due to the 21% tax rate under the Tax Reform Act, as well as decreases related to acquired intangibles and goodwill, offset by a decrease in the gross deferred tax liability balance of \$112 million primarily for provisional decreases related to the remeasurement of deferred tax liabilities due to the 21% tax rate under the Tax Reform Act, and a decrease in the gross valuation allowance of \$905 million. In 2016, the net valuation allowance decreased by \$143 million primarily for decreases in deferred tax assets related to foreign capitalized research costs, acquired intangibles and goodwill. In 2015, the net valuation allowance increased by \$174 million primarily for increases in deferred tax assets related to the net operating losses generated from pre-tax book losses in the U.S.

The following is a summary of the Company's various tax attribute carryforwards as of December 30, 2017.

Carryforward	Federal		State / Provincial		Expiration
			(In millions)		
U.S.-net operating loss carryovers	\$ 7,254	\$ 309			2018 to 2037
U.S.-credit carryovers	\$ 394	\$ 213			2018 to 2037
Canada-credit carryovers	\$ 369	\$ 42			2021 to 2037
Other foreign net operating loss carryovers	\$ 37		N/A		various

Utilization of \$8 million of the Company's U.S. federal net operating loss carryforwards are subject to annual limitations as a result of the ATI Technologies ULC (ATI) acquisition.

The table below displays reconciliation between statutory federal income taxes and the total provision (benefit) for income taxes.

	2017	2016	2015
	(In millions)		
Statutory federal income tax expense (benefit) at 35% rate	\$ 22	\$ (160)	\$ (226)
State taxes, net of federal benefit	1	1	1
Foreign (income) expense at other than U.S. rates	—	(1)	9
U.S. valuation allowance generated	16	201	232
Credit monetization	(20)	(2)	(2)
Provision for income taxes	\$ 19	\$ 39	\$ 14

As part of the transition from a world-wide tax system to a territorial (dividend exemption) system, the Tax Reform Act imposes a one-time transition tax on the cumulative undistributed post-1986 earnings and profits of certain foreign subsidiaries. The transition tax applies at a rate of 15.5% for earnings held as liquid assets and 8.0% for earnings held as illiquid assets by the foreign subsidiaries. The Company is currently estimating that it will not be subject to the transition tax because of the aggregate cumulative post-1986 earnings and profits of its foreign subsidiaries are in an overall deficit, however the Company has not yet completed its calculations of the total post-1986 earnings and profits and associated tax pools for its foreign subsidiaries. Additionally, the Company understands that there could be further interpretations from U.S. federal and state governments and regulatory organizations that may impact its final calculation.

Because of the transition to a territorial system under the Tax Reform Act, the taxation of future dividend distributions by foreign subsidiaries is expected to be limited to withholding taxes which may apply based on the jurisdiction of the subsidiary. The Company has made no provision for taxes on approximately \$117 million of cumulative undistributed earnings of certain foreign subsidiaries through December 30, 2017 based on the Company's intention to indefinitely reinvest such earnings (2016: approximately \$82 million). However, if such earnings were distributed, the Company would incur additional withholding taxes.

The Company's operations in Malaysia currently operate under a tax holiday, which will expire in 2018. This tax holiday may be extended if specific conditions are met. The net impact of the tax holiday did not increase the Company's net income in 2017 because the Company's operations in Malaysia were immaterial. The net impact of tax holidays did not decrease the Company's net loss in 2016 and 2015 because the Company's operations in Malaysia operated at a loss.

A reconciliation of the gross unrecognized tax benefits is as follows:

	2017	2016	2015
	(In millions)		
Balance at beginning of year	\$ 42	\$ 38	\$ 28
Increases for tax positions taken in prior years	7	3	11
Decreases for tax positions taken in prior years	(2)	—	(1)
Increases for tax positions taken in the current year	3	2	2
Decreases for settlements with taxing authorities	—	—	(2)
Decreases for lapsing of the statute of limitations	(1)	(1)	—
Balance at end of year	\$ 49	\$ 42	\$ 38

The amount of unrecognized tax benefits that would impact the effective tax rate was \$9 million, \$4 million and \$4 million as of December 30, 2017, December 31, 2016 and December 26, 2015, respectively. The Company had no or immaterial amounts of accrued interest and no accrued penalties related to unrecognized tax benefits as of December 30, 2017, December 31, 2016 and December 26, 2015. The Company recognizes the accrued interest and penalties to unrecognized tax benefits as interest expense and income tax expense, respectively.

During the 12 months beginning December 31, 2017, the Company expects to reduce its unrecognized tax benefits by \$1 million primarily as a result of the lapse of statute with certain tax authorities. The Company does not believe it is reasonably possible that other unrecognized tax benefits will materially change in the next 12 months. However, the resolutions and/or closure of open audits are highly uncertain.

As of December 26, 2015, the Italian tax authorities had concluded their audit of the Company's subsidiaries' activities in Italy for the years 2003 through 2013. The Company entered into a settlement for \$11 million in taxes and penalties and \$2 million in interest. The Company and its subsidiaries have several foreign, foreign provincial, and U.S. state audits in process at any one point in time. The Company has provided for uncertain tax positions that require a liability under the adopted method to account for uncertainty in income taxes.

NOTE 11: Debt and Other Obligations

Total Debt

The Company's total debt as of December 30, 2017 and December 31, 2016 consisted of:

	December 30, 2017	December 31, 2016
	(In millions)	
6.75% Notes	\$ 166	\$ 196
7.50% Notes	347	350
7.00% Notes	311	416
2.125% Notes	805	805
Secured Revolving Line of Credit	70	—
Total debt (principal amount)	1,699	1,767
Unamortized debt discount associated with 2.125% Notes	(286)	(308)
Unamortized debt issuance costs	(19)	(25)
Other	1	1
Total debt (net)	1,395	1,435
Less: current portion	(70)	—
Total debt, less current portion	\$ 1,325	\$ 1,435

2.125% Convertible Senior Notes Due 2026

On September 14, 2016, the Company issued \$700 million in aggregate principal amount of 2.125% Convertible Senior Notes due 2026 (2.125% Notes). The Company also granted an option to the underwriters to purchase an additional \$105 million aggregate principal amount of the 2.125% Notes. On September 28, 2016, this option was exercised in full and the Company issued an additional \$105 million aggregate principal amount of the 2.125% Notes.

The 2.125% Notes are general unsecured senior obligations of the Company and will mature on September 1, 2026 unless earlier repurchased or converted. Interest is payable in arrears on March 1 and September 1 of each year beginning on March 1, 2017. The 2.125% Notes are governed by the terms of a base indenture and a supplemental indenture (together the 2.125% Indentures) dated September 14, 2016 between the Company and Wells Fargo Bank, N.A., as trustee.

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 the Company's 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 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 the Company's 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 and 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, the Company will pay or deliver, as the case may be, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock at the Company's election. During the fourth quarter of 2017, none of the conversion conditions were satisfied and as a result, the 2.125% Notes are not eligible for conversion during the first calendar quarter of 2018. The Company's current intent is to deliver shares of its common stock upon conversion of the 2.125% Notes.

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

The conversion rate is initially 125.0031 shares of common stock per \$1,000 principal amount of notes (equivalent to an initial conversion price of approximately \$8.00 per share of common stock). The conversion rate is 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, the Company will increase the conversion rate for a holder who elects to convert its notes in connection with such a corporate event in certain circumstances.

If the Company undergoes a fundamental change prior to the maturity date of the notes, holders may require the Company 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.

In accounting for the issuance of the 2.125% Notes, the Company separated the 2.125% Notes into liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have associated conversion features. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2.125% Notes as a whole. The excess of the principal amount of the liability component over its book value (debt discount) is accreted to interest expense over the term of the 2.125% Notes. The equity component is not remeasured as long as it continues to meet the conditions for equity classification.

In accounting for the issuance costs related to the 2.125% Notes, the Company allocated the total amount of issuance costs incurred to the liability and equity components based on their relative fair values. Issuance costs attributable to the liability component are being amortized to interest expense over the term of the 2.125% Notes, and the issuance costs attributable to the equity component are netted against the equity component in additional paid-in capital. During 2016, the Company recorded issuance costs of \$15 million and \$9 million for the liability and equity portions, respectively.

The determination of whether or not the 2.125% Notes are convertible is performed on a calendar-quarter basis.

The 2.125% Notes consisted of the following:

	December 30, 2017	December 31, 2016
(In millions)		
Principal amounts:		
Principal	\$ 805	\$ 805
Unamortized debt discount ⁽¹⁾	(286)	(308)
Unamortized debt issuance costs	(12)	(14)
Net carrying amount	\$ 507	\$ 483
Carrying amount of the equity component, net ⁽²⁾	\$ 305	\$ 305

⁽¹⁾ Included in the consolidated balance sheets within Long-term debt, net and amortized over the remaining life of the notes using the effective interest rate method.

⁽²⁾ Included in the consolidated balance sheets within additional paid-in capital, net of \$9 million in equity issuance costs.

As of December 30, 2017, the remaining life of the 2.125% Notes was approximately 105 months.

Based on the closing price of the Company's common stock of \$10.28 on December 29, 2017, the last business day of 2017, the if-converted value of the 2.125% Notes exceeded its principal amount by approximately \$229 million.

The effective interest rate of the liability component of the 2.125% Notes is 8%. This interest rate was based on the interest rates of similar liabilities at the time of issuance that did not have associated conversion features. The following table sets forth total interest expense recognized related to the 2.125% Notes for the year ended December 30, 2017:

	December 30, 2017	December 31, 2016
(In millions)		
Contractual interest expense	\$ 17	\$ 5
Interest cost related to amortization of debt issuance costs	2	—
Interest cost related to amortization of the debt discount	\$ 22	\$ 6

6.75% Senior Notes Due 2019

On February 26, 2014, the Company issued \$600 million of its 6.75% Senior Notes due 2019 (6.75% Notes). The 6.75% Notes are general unsecured senior obligations of the Company. Interest is payable on March 1 and September 1 of each year beginning September 1, 2014 until the maturity date of March 1, 2019. The 6.75% Notes are governed by the terms of an indenture (the 6.75% Indenture) dated February 26, 2014 between the Company and Wells Fargo Bank, N.A., as trustee.

In 2016, the Company repurchased \$404 million in aggregate principal amount of its 6.75% Notes pursuant to a partial tender offer for \$442 million.

During 2017, the Company settled \$30 million in aggregate principal amount of its 6.75% Notes for \$26 million in cash and \$5 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of the 6.75% Notes was \$166 million.

Subsequent to the end of 2017 and through February 27, 2018, the Company repurchased \$13.6 million in aggregate principal amount of its 6.75% Notes in cash.

At any time before March 1, 2019, the Company may redeem some or all of the 6.75% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a “make whole” premium (as set forth in the 6.75% Indenture).

Holder have the right to require the Company to repurchase all or a portion of the 6.75% Notes in the event that the Company undergoes a change of control, as defined in the 6.75% Indenture, at a price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 6.75% Indenture) may result in the acceleration of the maturity of the 6.75% Notes.

The 6.75% Indenture contains certain covenants that limit, among other things, the Company’s ability and the ability of its subsidiaries, to:

- incur additional indebtedness, except specified permitted debt;
- pay dividends and make other restricted payments;
- make certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- create or permit certain liens;
- create or permit restrictions on the ability of its subsidiaries to pay dividends or make other distributions to the Company;
- use the proceeds from sales of assets;
- enter into certain types of transactions with affiliates; and
- consolidate, merge or sell its assets as entirety or substantially as an entirety.

7.50% Senior Notes Due 2022

On August 15, 2012, the Company issued \$500 million of its 7.50% Senior Notes due 2022 (7.50% Notes). The 7.50% Notes are general unsecured senior obligations of the Company. Interest is payable on February 15 and August 15 of each year beginning February 15, 2013 until the maturity date of August 15, 2022. The 7.50% Notes are governed by the terms of an indenture (the 7.50% Indenture) dated August 15, 2012 between the Company and Wells Fargo Bank, N.A., as trustee.

In 2014, the Company repurchased \$25 million in aggregate principal amount of its 7.50% Notes in open market transactions for \$24 million. In 2016, the Company repurchased \$125 million in aggregate principal amount of its 7.50% Notes pursuant to a partial tender offer for \$135 million. During 2017, the Company settled \$3 million in aggregate principal amount of its 7.50% Notes for \$3 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of the 7.50% Notes was \$347 million.

Prior to August 15, 2022, the Company may redeem some or all of the 7.50% Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest and a “make whole” premium (as defined in the 7.50% Indenture). Holders have the right to require the Company to repurchase all or a portion of the 7.50% Notes in the event that the Company undergoes a change of control as defined in the 7.50% Indenture, at a repurchase price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 7.50% Indenture) may result in the acceleration of the maturity of the 7.50% Notes.

The 7.50% Indenture contains certain covenants that limit, among other things, the Company’s ability and the ability of its subsidiaries, to:

- incur additional indebtedness, except specified permitted debt;
- pay dividends and make other restricted payments;
- make certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- create or permit certain liens;
- create or permit restrictions on the ability of its subsidiaries to pay dividends or make other distributions to the Company;
- use the proceeds from sales of assets;
- enter into certain types of transactions with affiliates; and
- consolidate, merge or sell its assets as entirety or substantially as an entirety.

7.00% Senior Notes Due 2024

On June 16, 2014, the Company issued \$500 million of its 7.00% Senior Notes due 2024 (7.00% Notes). The 7.00% Notes are general unsecured senior obligations of the Company. Interest is payable on January 1 and July 1 of each year beginning January 1, 2015 until the maturity date of July 1, 2024. The 7.00% Notes are governed by the terms of an indenture (the 7.00% Indenture) dated June 16, 2014 between the Company and Wells Fargo Bank, N.A., as trustee.

In 2016, the Company settled \$84 million in aggregate principal amount of its 7.00% Notes for \$77 million in cash and \$8 million in treasury stock.

During 2017, the Company settled \$105 million in aggregate principal amount of its 7.00% Notes for \$84 million in cash and \$26 million in treasury stock. As of December 30, 2017, the outstanding aggregate principal amount of the 7.00% Notes was \$311 million.

Prior to July 1, 2019, the Company may redeem some or all of the 7.00% Notes at a price equal to 100% of the principal amount plus accrued and unpaid interest and a “make whole” premium (as set forth in the 7.00% Indenture).

Starting July 1, 2019, the Company may redeem the 7.00% Notes for cash at the following specified prices plus accrued and unpaid interest:

Period	Price as Percentage of Principal Amount
Beginning on July 1, 2019 through June 30, 2020	103.500%
Beginning on July 1, 2020 through June 30, 2021	102.333%
Beginning on July 1, 2021 through June 30, 2022	101.167%
On July 1, 2022 and thereafter	100.000%

Holders have the right to require the Company to repurchase all or a portion of the 7.00% Notes in the event that the Company undergoes a change of control as defined in the 7.00% Indenture at a repurchase price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 7.00% Indenture) may result in the acceleration of the maturity of the 7.00% Notes.

The 7.00% Indenture contains certain covenants that limit, among other things, the Company’s ability and the ability of its subsidiaries, to:

- incur additional indebtedness, except specified permitted debt;
- pay dividends and make other restricted payments;
- make certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- create or permit certain liens;
- create or permit restrictions on the ability of its subsidiaries to pay dividends or make other distributions to the Company;
- use the proceeds from sales of assets;
- enter into certain types of transactions with affiliates; and

- consolidate, merge or sell its assets as entirety or substantially as an entirety.

The 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes rank equally with the Company's existing and future senior debt and are senior to all of the Company's future subordinated debt. The 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes rank junior to all of the Company's future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of the Company's subsidiaries.

Potential Repurchase of Outstanding Notes

The Company may elect to purchase or otherwise retire the 6.75% Notes, 7.50% Notes, 7.00% Notes and 2.125% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions either directly or through intermediaries or by tender offer when the Company believes the market conditions are favorable to do so.

Secured Revolving Line of Credit

Loan and Security Agreement

The Company and its subsidiary, AMD International Sales & Service, Ltd. (together, the Borrowers), entered into a loan and security agreement on November 12, 2013, as amended on December 11, 2014 (the Loan Agreement), for a secured revolving line of credit for a principal amount of up to \$500 million (the Secured Revolving Line of Credit) with up to \$75 million available for issuance of letters of credit with a group of lenders and Bank of America, N.A., acting as agent for the lenders (the Agent). The Secured Revolving Line of Credit had a maturity date of November 12, 2018. Borrowings under the Secured Revolving Line of Credit were limited to up to 85% of eligible account receivable minus certain reserves. The borrowings of the Secured Revolving Line of Credit may be used for general corporate purposes, including working capital needs.

Amended and Restated Loan and Security Agreement

On April 14, 2015, the Borrowers and ATI Technologies ULC (collectively, the Loan Parties) amended and restated the Loan Agreement (the Amended and Restated Loan Agreement) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders (the Lenders) and the Agent. The Amended and Restated Loan Agreement provides for a Secured Revolving Line of Credit for a principal amount of up to \$500 million with up to \$75 million available for issuance of letters of credit, which remained unchanged from the Loan Agreement. Borrowings under the Secured Revolving Line of Credit are limited to up to 85% of eligible accounts receivable (90% for certain qualified eligible accounts receivable) minus specified reserves. The size of the commitments under the Secured Revolving Line of Credit may be increased by up to an aggregate amount of \$200 million.

The Secured Revolving Line of Credit matures on April 14, 2020 and is secured by a first priority security interest in the Loan Parties' accounts receivable, inventory, deposit accounts maintained with the Agent and other specified assets including books and records.

The Borrowers may elect a per annum interest rate equal to (a) the London Interbank Offered Rate (LIBOR) plus the applicable margin set forth in the chart below (the Applicable Margin) as determined by the average availability under the Secured Revolving Line of Credit and the fixed charge coverage ratio for the most recently ended four-fiscal-quarter period; or (b) (i) the greatest of (x) the Agent's prime rate, (y) the federal funds rate as published by the Federal Reserve Bank of New York plus 0.50%, and (z) LIBOR for a one-month period plus 1.00%, plus (ii) the Applicable Margin. Applicable Margin, if average availability is equal to or greater than 66.66% of the total commitment amount and the fixed charge coverage ratio for the most recently ended four-fiscal quarter period is greater than or equal to 1.25 to 1.00, is 0.25% for Base Rate Revolver Loans and 1.25% for LIBOR Revolver Loans. Otherwise, Applicable Margin is determined in accordance with the below table:

Level	Average Availability for Last Fiscal Month	Base Rate Revolver Loans: Applicable Margin	LIBOR Revolver Loans: Applicable Margin
I	greater than or equal to 66.66% of the Revolver Commitment	0.25%	1.25%
II	greater than or equal to 33.33% of the Revolver Commitment, less than 66.66%	0.5%	1.5%
III	less than 33.33% of the Revolver Commitment	0.75%	1.75%

The Secured Revolving Line of Credit may be optionally prepaid or terminated and unutilized commitments may be reduced at any time, in each case without premium or penalty. In connection with the Secured Revolving Line of Credit, the Borrowers will pay an unused line fee equal to 0.25% per annum payable monthly on the unused amount of the commitments under the

Secured Revolving Line of Credit. The Borrowers will pay (i) a monthly fee on all letters of credit outstanding under the Secured Revolving Line of Credit equal to the applicable LIBOR margin and (ii) a fronting fee to the Agent equal to 0.25% of all such letters of credit payable monthly in arrears.

The Amended and Restated Loan Agreement contains covenants that place certain restrictions on the Loan Parties' ability to, among other things, allow certain of the Company's subsidiaries that manufacture or process inventory for the Loan Parties to borrow secured debt or unsecured debt beyond a certain amount, amend or modify certain terms of any debt of \$50 million or more or subordinated debt, create or suffer to exist any liens upon accounts or inventory, sell or transfer any of Loan Parties' accounts or inventory other than certain ordinary-course transfers and certain supply chain finance arrangements, make certain changes to any Loan Party's name or form or state of organization without notifying the Agent, liquidate, dissolve, merge, amalgamate, combine or consolidate, or become a party to certain agreements restricting the Loan Parties' ability to incur or repay debt, grant liens, make distributions, or modify loan agreements.

Further restrictions apply when certain payment conditions (the Payment Conditions) are not satisfied with respect to specified transactions, events or payments. The Payment Conditions include that (i) no default or event of default exists and (ii) at all times during the 45 consecutive days immediately prior to such transaction, event or payment and on a pro forma basis after giving effect to such transaction, event or payment and any incurrence or repayment of indebtedness in connection therewith, the Loan Parties' Excess Cash Availability (as defined in the Amended and Restated Loan Agreement) is greater than the greater of 20% of the total commitment amount and \$100 million. Such restrictions limit the Loan Parties' ability to, among other things, create any liens upon any of the Loan Parties' property other than customary permitted liens and liens on up to \$1.5 billion of secured credit facilities debt (which amount includes the Secured Revolving Line of Credit), declare or make cash distributions, create any encumbrance on the ability of a subsidiary to make any upstream payments, make asset dispositions other than certain ordinary course dispositions and certain supply chain finance arrangements, make certain loans, make payments with respect to subordinated debt or certain borrowed money prior to its due date or become a party to certain agreements restricting the Loan Parties' ability to enter into any non-arm's-length transaction with an affiliate.

The Loan Parties are required to repurchase, redeem, defease, repay, create a segregated account for the repayment of, or request Agent to reserve a sufficient available amount under the Secured Revolving Line of Credit for the repayment of, all debt for borrowed money exceeding \$50 million by no later than 60 days prior to its maturity date (not including the Secured Revolving Line of Credit). Any reserved funds for this purpose would not be included in domestic cash calculations.

In addition, if at any time the Loan Parties' Excess Cash Availability is less than the greater of 15% of the total commitment amount and \$75 million, the Loan Parties must maintain a minimum fixed charge coverage ratio of 1.00 to 1.00 until (i) no event of default exists and (ii) the Loan Parties' Excess Cash Availability is greater than the greater of 15% of the total commitment amount and \$75 million for 45 consecutive days.

The events of default under the Amended and Restated Loan Agreement include, among other things, payment defaults, the inaccuracy of representations or warranties, defaults in the performance of affirmative and negative covenants, bankruptcy and insolvency related defaults, a cross-default related to indebtedness in an aggregate amount in excess of \$50 million, judgments entered against a Loan Party in an amount that exceeds cumulatively \$50 million, certain ERISA events and events related to Canadian defined benefits plans and a change of control. When a Payment Condition has not been satisfied, additional events of default include, among other things, a loss, theft damage or destruction with respect to any collateral if the amount not covered by insurance exceeds \$50 million.

First Amendment to the Amended and Restated Loan and Security Agreement

On June 10, 2015, the Loan Parties entered into a first amendment to the Amended and Restated Loan and Security Agreement (the First Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. Amendments to the Amended and Restated Loan Agreement effected by the First Amendment included the addition of exceptions to the liens and asset sale covenants to permit the Loan Parties to enter into certain supply chain finance arrangements, as well as the addition of certain definitions related thereto.

Second Amendment to the Amended and Restated Loan and Security Agreement

On April 29, 2016, the Loan Parties entered into a second amendment to the Amended and Restated Loan and Security Agreement (the Second Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. The primary amendment to the Amended and Restated Loan Agreement effected by the Second Amendment related to the expansion of the definition of permitted asset dispositions to include the sale or transfer of inventory to the ATMP JV pursuant to the Equity Interest Purchase Agreement between AMD and TFME.

Third Amendment to the Amended and Restated Loan and Security Agreement

On June 21, 2016, the Loan Parties entered into a third amendment to the Amended and Restated Loan and Security Agreement (the Third Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. Amendments to the Amended and Restated Loan Agreement effected by the Third Amendment included the further expansion of the asset sale covenants to permit the Loan Parties to enter into certain supply chain finance arrangements.

Fourth Amendment to the Amended and Restated Loan and Security Agreement

On September 7, 2016, the Loan Parties entered into a fourth amendment to the Amended and Restated Loan and Security Agreement (the Fourth Amendment) by and among the Loan Parties, the Lenders and the Agent, which modifies the Amended and Restated Loan and Security Agreement. The primary amendment to the Amended and Restated Loan agreement effected by the Fourth Amendment was to increase the dollar limit as set forth the definition related to certain supply chain finance arrangements.

Fifth Amendment to the Amended and Restated Loan and Security Agreement

On March 21, 2017, the Loan Parties entered into a fifth amendment to the Amended and Restated Loan Agreement (the Fifth Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Fifth Amendment amends the Amended and Restated Loan Agreement by, among other things, extending the maturity date of the Secured Revolving Line of Credit from April 14, 2020 to March 21, 2022, reducing the Applicable Margin (as defined in the Amended and Restated Loan Agreement), reducing the commitment fee, lowering the minimum threshold of Availability (as defined in the Amended and Restated Loan Agreement) required to be maintained by the Company and AMDISS in order to avoid cash dominion, amending the borrowing base reporting requirement, amending maximum dollar limits related to supply chain finance arrangements, increasing the LC Facility Fees (as defined in the Amended and Restated Loan Agreement) and reducing the amount of the Secured Revolving Line of Credit available for the issuance for letters of credit from \$75 million to \$45 million.

The Amended and Restated Loan Agreement provides for a Secured Revolving Line of Credit for a principal amount up to \$500 million with up to \$45 million available for issuance of letters of credit. Borrowings under the Secured Revolving Line of Credit are limited to up to 85% of eligible accounts receivable (90% for certain qualified eligible accounts receivable), minus specified reserves. The size of the commitments under the Secured Revolving Line of Credit may be increased by up to an aggregate amount of \$200 million.

The Secured Revolving Line of Credit is secured by a first priority security interest in the Loan Parties' accounts receivable, inventory, deposit accounts maintained with the Agent and other specified assets including books and records.

Sixth Amendment to the Amended and Restated Loan and Security Agreement

On September 19, 2017, the Loan Parties entered into a sixth amendment to the Amended and Restated Loan Agreement (the Sixth Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Sixth Amendment amends the definition of the term "Qualified Factor Arrangement" to state that the amount held or owing or subject to repurchase is limited to (i) during the Company's first fiscal quarter of each of its fiscal years, \$220 million in the aggregate, (ii) during the Company's second and third fiscal quarter of each of its fiscal years, \$300 million in the aggregate, and (iii) (x) from the first day of the Company's fourth fiscal quarter of each of its fiscal years to December 20 of each of its fiscal years, \$300 million in the aggregate (provided, that not more than \$220 million of such amount may consist of Qualified Factor Accounts (as defined in the Sixth Amendment) sold in such period) and (y) from December 21 of each of the Company's fiscal years to and including the last day of the Company's fourth fiscal quarter of each of its fiscal years, \$220 million in the aggregate.

Seventh Amendment to the Amended and Restated Loan and Security Agreement

On November 14, 2017, the Loan Parties entered into a seventh amendment to the Amended and Restated Loan Agreement (the Seventh Amendment) by and among the Loan Parties, the financial institutions party thereto from time to time as lenders and the Agent, which modifies the Amended and Restated Loan Agreement. The Seventh Amendment amends the definition of the term "Qualified Factor Arrangement" to state that the amount held or owing to Qualified Factor or subject to repurchase shall not exceed \$300 million in the aggregate at any time.

As of December 30, 2017, the Secured Revolving Line of Credit had an outstanding loan balance of \$70 million at an interest rate of 4.75%. As of December 31, 2016, the Company had repaid an aggregate of \$230 million of the Secured Revolving Line

of Credit and had no borrowings outstanding. As of December 30, 2017, the Secured Revolving Line of Credit had \$19 million related to outstanding letters of credit and up to \$92 million available for future borrowings. The Company reports its intra-period changes in its revolving credit balance on a net basis in its condensed consolidated statement of cash flows as the Company intends the period of the borrowings to be brief, repaying borrowed amounts within 90 days. As of December 30, 2017, the Company was in compliance with all required covenants stated in the Loan Agreement.

The agreements governing the 6.75% Notes, 7.50% Notes, 7.00% Notes, 2.125% Notes and the Secured Revolving Line of Credit contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders or the lenders under the Secured Revolving Line of Credit to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable.

Future Payments on Total Debt

As of December 30, 2017, the Company's future debt payment obligations for the respective fiscal years were as follows:

	Long Term Debt (Principal only)	
	(In millions)	
2018	\$	—
2019		166
2020		—
2021		—
2022		347
2023 and thereafter		1,116
Total	\$	1,629

NOTE 12: Other Income (Expense), Net

The following table summarizes the components of Other income (expense), net:

	2017		2016		2015	
	(In millions)					
Interest income	\$	6	\$	2	\$	—
Gain on sale of 85% ATMP JV		3		146		—
Loss on debt redemption		(12)		(68)		—
Other		(6)		—		(5)
Other income (expense), net	\$	(9)	\$	80	\$	(5)

NOTE 13: Segment Reporting

Management, including the Chief Operating Decision Maker, who is the Company's Chief Executive Officer, reviews and assesses operating performance using segment net revenue and operating income (loss) before interest, other income (expense), net, income taxes and equity loss of investee. These performance measures include the allocation of expenses to the operating segments based on management's judgment. The Company has the following two reportable segments:

- the Computing and Graphics segment, which primarily includes desktop and notebook processors and chipsets, discrete and integrated graphics processing units (GPUs), professional GPUs and licensing portions of its IP portfolio; and
- the Enterprise, Embedded and Semi-Custom segment, which primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services, technology for game consoles and licensing 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 management does not consider these expenses and credits in evaluating the performance of the reportable segments. Also included in this category are employee stock-based compensation expense, the charge related to the Sixth Amendment, restructuring and other special charges, net and amortization of acquired intangible assets. The Company also reported the results of former businesses in the All Other category because the operating results were not material.

The following table provides a summary of net revenue and operating income (loss) by segment for 2017, 2016 and 2015.

	2017	2016	2015
	(In millions)		
Net revenue:			
Computing and Graphics	\$ 3,029	\$ 1,967	\$ 1,805
Enterprise, Embedded and Semi-Custom	2,300	2,305	2,186
Total net revenue	\$ 5,329	\$ 4,272	\$ 3,991
Operating income (loss):			
Computing and Graphics	\$ 147	\$ (238)	\$ (502)
Enterprise, Embedded and Semi-Custom	154	283	215
All Other	(97)	(417)	(194)
Total operating income (loss)	\$ 204	\$ (372)	\$ (481)

The following table provides major items included in All Other category:

	2017	2016	2015
	(In millions)		
Operating loss:			
Stock-based compensation expense	\$ (97)	\$ (86)	\$ (63)
Restructuring and other special charges, net	—	10	(129)
Amortization of acquired intangible assets	—	—	(3)
Charge related to the Sixth Amendment to the WSA with GF	—	(340)	—
Other	—	(1)	1
Total operating loss	\$ (97)	\$ (417)	\$ (194)

The Company does not discretely allocate assets to its operating segments, nor does management evaluate operating segments using discrete asset information.

The Company's operations outside the United States include research and development activities and sales, marketing and administrative activities. The Company conducts product and system research and development activities for its products in the United States with additional design and development engineering teams located in China, Canada, India, Singapore, Australia and Taiwan. The Company's ATMP facilities located in Malaysia and China were sold in the second quarter of 2016 (see Note 4: Equity Interest Agreement - ATMP Joint Venture). The Company's material sales and marketing offices are located in the United States, Latin America, Europe and Asia.

The following table summarizes sales to external customers by geographic regions based on billing location of the customer:

	2017	2016	2015
	(In millions)		
United States	\$ 1,364	\$ 923	\$ 984
Europe	263	155	168
China (including Taiwan)	1,747	1,108	1,145
Singapore	551	571	356
Japan	1,242	1,443	1,254
Other countries	162	72	84
Total sales to external customers	\$ 5,329	\$ 4,272	\$ 3,991

The following table summarizes long-lived assets by geographic areas:

	2017	2016
	(In millions)	
United States	\$ 200	\$ 104
Malaysia	5	9
China	7	7
Singapore	22	24
Other countries	27	20
Total long-lived assets	\$ 261	\$ 164

The following table summarizes sales to major customers that accounted for at least 10% of the Company's consolidated net revenue for the respective years:

	2017	2016	2015
Customer A	23%	33%	31%
Customer B	15%	16%	18%
Customer C	6%	10%	8%

Sales to customers A and B consisted of products from the Company's Enterprise, Embedded and Semi-Custom segment and sales to customer C consisted primarily of products from the Company's Computing and Graphics segment.

NOTE 14: Common Stock and Stock-Based Incentive Compensation Plans

Common Stock

During the third quarter of 2016, the Company completed its registered underwritten public offering of 115 million shares of the Company's common stock, par value \$0.01 per share, at a public offering price of \$6.00 per share pursuant to an underwriting agreement with J.P. Morgan Securities LLC, Barclays Capital Inc. and Credit Suisse Securities (USA) LLC as representatives of the several underwriters named therein. The resulting aggregate net proceeds to the Company from the common stock offering were approximately \$667 million, after deducting underwriting discounts and offering expenses totaling approximately \$23 million.

Stock-Based Incentive Compensation Plans

The Company's stock-based incentive programs are intended to attract, retain and motivate highly qualified employees. On April 29, 2004, the Company's stockholders approved the 2004 Equity Incentive Plan (the 2004 Plan). Shares reserved for future grants under the Company's prior equity compensation plans were consolidated into the 2004 Plan.

Under the 2004 Plan, stock options generally vest and become exercisable over a three-year period from the date of grant and expire within ten years after the grant date. Unvested shares that are reacquired by the Company from forfeited outstanding equity awards become available for grant and may be reissued as new awards.

Under the 2004 Plan, the Company can grant fair market value awards or full value awards. Fair market value awards are awards granted at or above the fair market value of the Company's common stock on the date of grant. Full value awards are awards granted at less than the fair market value of the Company's common stock on the date of grant. Awards can consist of (i) stock options granted at the fair market value of the Company's common stock on the date of grant and (ii) restricted stock units as full value awards. The following is a description of the material terms of the awards that may be granted under the 2004 Plan.

Stock Options. A stock option is the right to purchase shares of the Company's common stock at a fixed exercise price for a fixed period of time. Under the 2004 Plan, nonstatutory and incentive stock options may be granted. The exercise price of the shares subject to each nonstatutory stock option and incentive stock option cannot be less than 100% of the fair market value of the Company's common stock on the date of the grant. The exercise price of each option granted under the 2004 Plan must be paid in full at the time of the exercise.

Restricted Stock Units. Restricted stock units (RSUs) are awards that can be granted to any employee, director or consultant and that obligate the Company to issue a specific number of shares of the Company's common stock in the future if the vesting terms and conditions are satisfied. The purchase price for the shares is \$0.00 per share.

Performance-based Restricted Stock Units. Performance-based Restricted Stock Units (PRSUs) can be granted to certain of the Company's senior executives. The performance metrics can be financial performance, non-financial performance and/or market condition. Each PRSU award reflects a target number of shares (Target Shares) that may be issued to an award recipient before adjusting based on the Company's financial performance, non-financial performance and/or market conditions. The actual number of shares that a grant recipient receives at the end of the period may range from 0% to 250% of the Target Shares granted, depending upon the degree of achievement of the performance target designated by each individual award.

Employee Stock Purchase Plan. The Company has introduced the Employee Stock Purchase Plan (ESPP) in the fourth quarter of 2017. Under the ESPP, eligible employees who participate in an offering period may have up to 10% of their earnings withheld, up to certain limitations, to purchase shares of common stock at 85% of the lower of the fair market value on the first or the last business day of the six-month offering period. The offering periods commence in November and May of each year with the first offering period under the ESPP commencing in November 2017.

As of December 30, 2017, the Company had 49 million shares of common stock that were available for future grants and 52 million shares reserved for issuance upon the exercise of outstanding stock options or the vesting of unvested restricted stock units. In addition, the Company had 50 million shares of common stock that were available for issuance under the ESPP.

Stock options, RSUs and PRSUs granted after April 29, 2015, generally may not vest in less than one year following the date of grant.

Valuation and Expense Information

Stock-based compensation expense related to employee stock options, restricted stock units, including PRSUs and the ESPP, was allocated in the consolidated statements of operations as follows:

	2017		2016		2015	
	(In millions)					
Cost of sales	\$	2	\$	2	\$	3
Research and development		57		49		36
Marketing, general, and administrative		38		35		24
Total stock-based compensation expense, net of tax of \$0	\$	97	\$	86	\$	63

During 2017, the Company did not realize any excess tax benefits related to stock-based compensation and therefore the Company did not record any effects relating to operating cash flows. During 2016 and 2015, the Company did not realize any excess tax benefits related to stock-based compensation and therefore the Company did not record any effects relating to financing cash flows. The Company did not capitalize stock-based compensation cost as part of the cost of an asset because the cost was immaterial.

Stock Options. The Company uses the lattice-binomial model in determining the fair value of the employee stock options.

The weighted-average estimated fair value of employee stock options granted for the years ended December 30, 2017, December 31, 2016 and December 26, 2015 was \$5.46, \$3.10 and \$1.02 per share, respectively, using the following weighted-average assumptions:

	2017	2016	2015
Expected volatility	57.26%	62.33%	60.14%
Risk-free interest rate	1.68%	1.02%	1.29%
Expected dividends	—%	—%	—%
Expected life (in years)	3.92	3.98	3.91

The Company uses a combination of the historical volatility of its common stock and the implied volatility for publicly traded options on the Company's common stock as the expected volatility assumption required by the lattice-binomial model. The risk-free interest rate is based on the rate for a U.S. Treasury zero-coupon yield curve with a term that approximates the expected life of the option grant at the date closest to the option grant date. The expected dividend yield is zero as the Company does not expect to pay dividends in the future. The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding and is a derived output of the lattice-binomial model.

The following table summarizes stock option activity and related information:

	2017		2016		2015	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
(In millions, except share price)						
Stock options:						
Outstanding at beginning of year	20	\$ 4.15	32	\$ 4.44	36	\$ 4.78
Granted	1	\$ 12.83	2	\$ 6.98	8	\$ 2.12
Canceled	— *	\$ 7.69	(9)	\$ 5.53	(9)	\$ 4.91
Exercised	(4)	\$ 5.19	(5)	\$ 4.75	(3)	\$ 1.61
Outstanding at end of year	17	\$ 4.32	20	\$ 4.15	32	\$ 4.44
Exercisable at end of year	13	\$ 3.82	13	\$ 4.32	21	\$ 5.34

*: Less than 1 million shares.

As of December 30, 2017, the weighted-average remaining contractual life of outstanding stock options was 3.75 years and their aggregate intrinsic value was \$104 million. As of December 30, 2016, the weighted-average remaining contractual life of exercisable stock options was 3.30 years and their aggregate intrinsic value was \$87 million. The total intrinsic value of stock options exercised for 2017, 2016 and 2015 was \$27 million, \$10 million and \$2 million, respectively.

As of December 30, 2017, the Company had \$9 million of total unrecognized compensation expense related to stock options that will be recognized over the weighted-average period of 1.43 years.

RSUs. RSUs vest in accordance with the terms and conditions established by the Compensation and Leadership Resources Committee of the Board of Directors, and are based either on continued service or continued service and performance. The cost of RSUs is determined using the fair value of the Company's common stock on the date of the grant, and the compensation expense is recognized over the service period.

The summary of the changes in RSUs outstanding, including the PRSUs, during 2017, 2016 and 2015 is presented below:

	2017		2016		2015	
	Number of Shares	Weighted-Average Fair Value	Number of Shares	Weighted-Average Fair Value	Number of Shares	Weighted-Average Fair Value
	(In millions except share price)					
Unvested balance at beginning of period	52	\$ 3.73	51	\$ 2.61	43	\$ 4.05
Granted	12	\$ 11.63	29	\$ 4.72	38	\$ 2.03
Forfeited	(3)	\$ 5.83	(5)	\$ 2.95	(15)	\$ 3.71
Vested	(26)	\$ 3.81	(23)	\$ 2.56	(15)	\$ 4.13
Unvested balance at end of period	35	\$ 6.60	52	\$ 3.73	51	\$ 2.61

The total fair value of RSUs vested during 2017, 2016 and 2015 was \$328 million, \$151 million and \$33 million, respectively. Compensation expense recognized for the RSUs for 2017, 2016 and 2015 was approximately \$93 million, \$80 million and \$57 million, respectively.

As of December 30, 2017, the Company had \$184 million of total unrecognized compensation expense related to RSUs that will be recognized over the weighted-average period of 1.55 years.

PRSUs. The Company estimated the fair value for the PRSUs with a market condition using the Monte Carlo simulation model on the date of grant. During 2017, 2016 and 2015, the Company granted 0.8 million, 2.0 million and 3.9 million, respectively, PRSUs with a market condition to certain of the Company's senior executives. The weighted-average grant date fair values of the 2017 and 2016 PRSUs were \$17.18 and \$9.00, respectively. The weighted-average date fair values of the two grants in 2015 were \$0.85 and \$0.91 per share, using the following assumptions:

	2017	2016	2015
Stock price at valuation date	\$12.83	\$5.14	\$1.85 - \$1.99
Expected volatility	64.39%	57.83%	48.88% - 51.69%
Risk-free interest rate	1.50%	0.88%	1.08% - 1.12%
Expected dividends	—%	—%	—%
Expected term (in years)	3.0	3.07	2.76 - 3.0

The summary of the changes in the PRSUs during 2017, 2016 and 2015 is presented below.

	2017	2016	2015
	(Shares in millions)		
Unvested shares at beginning of period	5	7	9
Granted	2	5	5
Forfeited	(1)	(2)	(7)
Vested	(3)	(5)	—
Unvested shares at end of period	3	5	7

ESPP. The Company uses the Black-Scholes model in determining the fair value of ESPP. The weighted-average grant date fair value for the ESPP during fiscal 2017 was \$3.46 per share using the following assumptions:

	2017
Expected volatility	56.07%
Risk-free interest rate	1.36%
Expected dividends	—%
Expected term (in years)	0.49
Forfeiture rate	7.8%

The Company recognized \$2.3 million of stock-based compensation expense in 2017 related to the ESPP.

NOTE 15: Defined Contribution Plans

The Company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating employees in the United States to contribute up to 100% of their pre-tax salary subject to Internal Revenue Service limits. The Company matched 75% of employees' contributions up to 6% of their compensation to a maximum per employee match of \$12,150, \$11,925 and \$11,925 for 2017, 2016 and 2015, respectively. The Company's contributions to the 401(k) plan for 2017, 2016 and 2015 were approximately \$18 million, \$16 million and \$16 million, respectively.

NOTE 16: Commitments and Guarantees**Operating Leases**

As of December 30, 2017, the Company's future non-cancellable operating lease commitments were as follows:

Year	Operating leases (In millions)	
2018	\$	40
2019		35
2020		31
2021		29
2022		28
2023 and thereafter		92
Total non-cancellable operating lease commitments	\$	255

The Company leases certain of its facilities and in some jurisdictions the Company leases the land on which these facilities are built under non-cancellable lease agreements that expire at various dates through 2028. The Company also leases certain manufacturing and office equipment for terms ranging from one to five years. Rent expense for 2017, 2016 and 2015 was \$44 million, \$39 million and \$47 million, respectively.

In December 1998, the Company arranged for the sale of its marketing, general and administrative facility in Sunnyvale, California and leased it back for a period of 20 years. The Company recorded a deferred gain of \$37 million on the sale and is amortizing it over the life of the lease. During the second quarter of 2016, the Company signed an amendment to the lease agreement associated with this facility in Sunnyvale, California so that the lease expired in December 2017. In connection with the amendment, the lease payments were reduced for 2017. During the third quarter of 2016, the Company entered into a 10-year operating lease to occupy 220,000 square feet of new office space in Santa Clara. The base rent obligation commenced in August 2017. As of December 30, 2017, the total estimate of future base rent payments over the life of the lease was approximately \$103 million. In addition to the base rent payments, the Company will be obligated to pay certain customary amounts for its share of operating expenses and tax obligation. The Company has the option to extend the term of the lease for two additional five-year periods.

In September 2013, the Company sold a light industrial building in Singapore and leased back a portion of the original space. The Company recorded a deferred gain of \$14 million on the sale and is amortizing it over the initial lease term. The initial operating lease term expires in September, 2023 and provides for options to extend the lease for 4 years at the end of the initial lease term and for an additional 3.5 years thereafter.

Certain other operating leases contain provisions for escalating lease payments subject to changes in the consumer price index. Total future lease obligations as of December 30, 2017 were \$255 million.

Purchase and Other Contractual Obligations

The Company's purchase obligations primarily include the Company's obligations to purchase wafers and substrates from third parties. As of December 30, 2017, total non-cancellable purchase obligations excluding the Company's wafer purchase commitments to GF under the WSA were \$406 million.

The Company also had other contractual obligations, primarily included in Other long-term liabilities and Accrued liabilities on its consolidated balance sheet, which primarily consisted of \$107 million of payments due under certain software and technology licenses and IP licenses that will be paid through 2021.

Future unconditional purchase obligations as of December 30, 2017 were as follows:

Year	Unconditional purchase obligations (In millions)	
2018	\$	346
2019		65
2020		40
2021		33
2022		29
2023 and thereafter		—
Total unconditional purchase commitments	\$	513

Obligations to GF

As of December 30, 2017, the Company's minimum purchase obligations for wafer purchases for the years 2018 through 2020 are approximately \$2.8 billion.

Warranties and Indemnities

The Company generally warrants that its products sold to its customers will conform to the Company's approved specifications and be free from defects in material and workmanship under normal use and conditions for one year. Subject to certain exceptions, the Company also offers a three-year limited warranty to end users for those CPU and APU products purchased as individually packaged products, commonly referred to as "processors in a box", and for PC workstation products. The Company also offered extended limited warranties to certain customers of "tray" microprocessor products and/or workstation graphics or server products who have written agreements with the Company and target their computer systems at the commercial and/or embedded markets.

Changes in the Company's estimated liability for product warranty during the years ended December 30, 2017 and December 31, 2016 are as follows:

	December 30, 2017	December 31, 2016
	(In millions)	
Beginning balance	\$ 12	\$ 15
New warranties issued during the period	25	21
Settlements during the period	(21)	(19)
Changes in liability for pre-existing warranties during the period, including expirations	(4)	(5)
Ending balance	\$ 12	\$ 12

In addition to product warranties, the Company from time to time in its normal course of business indemnifies other parties with whom it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company, with respect to certain matters. In these limited matters, the Company has agreed to hold certain third parties harmless against specific types of claims or losses such as those arising from a breach of representations or covenants, third-party claims that the Company's products when used for their intended purpose(s) and under specific conditions infringe the intellectual property rights of a third party, or other specified claims made against the indemnified party. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company under these obligations have not been material.

NOTE 17: Contingencies

Hatamian Securities Litigation

On January 15, 2014, a class action lawsuit captioned *Hatamian v. AMD, et al.*, C.A. No. 3:14-cv-00226 (the Hatamian Lawsuit) was filed against the Company in the United States District Court for the Northern District of California. The complaint purports to assert claims against the Company and certain individual officers for alleged violations of Section 10(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and Rule 10b-5 of the Exchange Act. The plaintiffs seek to represent a proposed class of all persons who purchased or otherwise acquired our common stock during the period April 4, 2011 through October 18, 2012. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by the Company and the individual officers regarding its 32nm technology and “Llano” product, which statements and omissions, the plaintiffs claim, allegedly operated to artificially inflate the price paid for the Company’s common stock during the period. The complaint seeks unspecified compensatory damages, attorneys’ fees and costs. On July 7, 2014, the Company filed a motion to dismiss plaintiffs’ claims. On March 31, 2015, the Court denied the motion to dismiss. On May 14, 2015, the Company filed its answer to plaintiffs’ corrected amended complaint. On September 4, 2015, plaintiffs filed their motion for class certification, and on March 16, 2016, the Court granted plaintiffs’ motion. A court-ordered mediation held in January 2016 did not result in a settlement of the lawsuit. The discovery process was concluded. The plaintiffs and defendants filed cross-motions for summary judgment, and briefing on those motions was completed in July 2017. On October 9, 2017, the parties signed a definitive settlement agreement resolving this matter and submitted it to the Court for approval. Under the terms of this agreement, the settlement will be funded entirely by certain of the Company’s insurance carriers and the defendants will continue to deny any liability or wrongdoing. The final settlement hearing is scheduled for February 27, 2018.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Shareholder Derivative Lawsuit

On March 20, 2014, a purported shareholder derivative lawsuit captioned *Wessels v. Read, et al.*, Case No. 1:14-cv-262486 (Wessels) was filed against the Company (as a nominal defendant only) and certain of the Company’s directors and officers in the Santa Clara County Superior Court of the State of California. The complaint purports to assert claims against the Company and certain individual directors and officers for breach of fiduciary duty, waste of corporate assets and unjust enrichment. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by the Company and the individual directors and officers regarding its 32nm technology and “Llano” product, which statements and omissions, the plaintiffs claim, allegedly operated to artificially inflate the price paid for the Company’s common stock during the period. On April 27, 2015, a similar purported shareholder derivative lawsuit captioned *Christopher Hamilton and David Hamilton v. Barnes, et al.*, Case No. 5:15-cv-01890 (Hamilton) was filed against the Company (as a nominal defendant only) and certain of the Company’s directors and officers in the United States District Court for the Northern District of California. The case was transferred to the judge handling the Hatamian Lawsuit and is now Case No. 4:15-cv-01890.

On September 29, 2015, a similar purported shareholder derivative lawsuit captioned *Jake Ha v Caldwell, et al.*, Case No. 3:15-cv-04485 (Ha) was filed against the Company (as a nominal defendant only) and certain of its directors and officers in the United States District Court for the Northern District of California. The lawsuit also seeks a court order voiding the shareholder vote on AMD’s 2015 proxy. The case was transferred to the judge handling the Hatamian Lawsuit and is now Case No. 4:15-cv-04485. The Wessels, Hamilton, and Ha shareholder derivative lawsuits were stayed pending resolution of the Hatamian Lawsuit. On January 30, 2018, the Wessels and Hamilton plaintiffs amended their complaints. On February 2, 2018, the Ha plaintiff filed his amended complaint. On February 22, 2018, the Company filed motions to dismiss the Hamilton and Ha plaintiffs’ amended complaints.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Dickey Litigation

On October 26, 2015, a putative class action complaint captioned *Dickey et al. v. AMD*, No. 15-cv-04922 was filed against the Company in the United States District Court for the Northern District of California. Plaintiffs allege that the Company misled consumers by using the term "eight cores" in connection with the marketing of certain AMD FX CPUs that are based on the Company's "Bulldozer" core architecture. The plaintiffs allege these products cannot perform eight calculations simultaneously, without restriction. The plaintiffs seek to obtain damages under several causes of action for a nationwide class of consumers who allegedly were deceived into purchasing certain Bulldozer-based CPUs that were marketed as containing eight cores. The plaintiffs also seek attorneys' fees. On December 21, 2015, the Company filed a motion to dismiss the complaint, which was granted on April 7, 2016. The plaintiffs then filed an amended complaint with a narrowed putative class definition, which the Court dismissed upon the Company's motion on October 31, 2016. The plaintiffs subsequently filed a second amended complaint, and the Company filed a motion to dismiss the second amended complaint. On June 14, 2017, the Court issued an order granting in part and denying in part the Company's motion to dismiss, and allowing the plaintiffs to move forward with a portion of their complaint. Discovery is underway. The putative class definition does not encompass the Company's Ryzen™ or EPYC™ processors.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Kim Securities Litigation

On January 16, 2018, a putative class action lawsuit captioned *Kim et al. v. AMD, et al.*, Case No. 3:18-cv-00321 was filed against the Company in the United States District Court for the Northern District of California. The complaint purports to assert claims against the Company and certain individual officers for alleged violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 of the Exchange Act. The plaintiff seeks to represent a proposed class of all persons who purchased or otherwise acquired the Company's common stock during the period February 21, 2017 through January 11, 2018. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by the Company and the individual officers regarding a security vulnerability (Spectre), which statements and omissions, the plaintiff claims, allegedly caused the Company's common stock price to be artificially inflated during the purported class period. The complaint seeks unspecified compensatory damages, attorneys' fees and costs.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Hauck Litigation

On January 19, 2018, a putative class action complaint captioned *Diana Hauck et al. v. AMD, Inc.*, Case No. 5:18-cv-0047 was filed against the Company in the United States District Court for the Northern District of California. The plaintiff alleges that the Company misled consumers in connection with the marketing of AMD processors. Specifically, the plaintiff alleges that the Company's processors cannot perform at their advertised processing speeds without exposing consumers to the Spectre security vulnerability. The plaintiff seeks to obtain damages under several causes of action for a nationwide class of consumers who allegedly were misled into purchasing or leasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, punitive damages, and restitution.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Speck Litigation

On February 4, 2018, a putative class action complaint captioned *Brian Speck et al. v. AMD, Inc.*, Case No. 5:18-cv-0744 was filed against the Company in the United States District Court for the Northern District of California. The plaintiff alleges that the Company misled consumers in connection with the design and marketing of AMD processors. Specifically, the plaintiff alleges that the Company's processors are subject to the Spectre security vulnerability, and that any "patches" to remedy this security vulnerability will result in degradation of processor performance. The plaintiff seeks to obtain damages under several causes of action for a nationwide class of consumers and a subclass of Ohio residents who allegedly were misled into purchasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, equitable relief, and restitution.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Barnes and Caskey-Medina Litigation

On February 9, 2018, a putative class action complaint captioned *Nathan Barnes and Jonathan Caskey-Medina, et al. v. AMD, Inc.*, Case No. 5:18-cv-00883, was filed against the Company in the United States District Court for the Northern District of California. The plaintiffs allege that the Company misled consumers in connection with the marketing of AMD processors. Specifically, the plaintiffs allege that the Company touted the speed and reliability of its processors even though these processors are subject to the Spectre security vulnerability. The plaintiffs seek to obtain damages under several causes of action for a nationwide class of consumers who allegedly were misled into purchasing or leasing AMD processors (and devices containing AMD processors), as well as attorneys' fees, equitable relief, and restitution.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

Environmental Matters

The Company is named as a responsible party on Superfund clean-up orders for three sites in Sunnyvale, California that are on the National Priorities List. Since 1981, the Company has discovered hazardous material releases to the groundwater from former underground tanks and proceeded to investigate and conduct remediation at these three sites. The chemicals released into the groundwater were commonly used in the semiconductor industry in the United States in the wafer fabrication process prior to 1979.

In 1991, the Company received Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites. The Company has 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. The Company remains 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.

To address anticipated future remediation costs under the orders, the Company has computed and recorded an estimated environmental liability of approximately \$3 million and has not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. The progress of future remediation efforts cannot be predicted with certainty and these costs may change. The Company believes that any amount in addition to what has already been accrued would not be material.

Other Legal Matters

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 the 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 18: Restructuring and Other Special Charges, Net

2015 Restructuring Plan

In the third quarter of 2015, the Company implemented a restructuring plan (2015 Restructuring Plan) focused on its ongoing efforts to simplify its business and better align resources around its priorities and business outlook. The 2015 Restructuring Plan involved a reduction of global headcount by approximately 5% and included organizational actions such as outsourcing certain IT services and application development. During 2015, the Company recorded a \$37 million restructuring charge, which consisted of \$27 million for severance and benefit costs, \$1 million for facilities-related costs and \$9 million for intangible asset-related charges. The actions associated with the 2015 Restructuring Plan were completed during the first quarter of 2017. The liabilities related to the 2015 Restructuring Plan recorded in Other current liabilities and Other long-term liabilities on the Company's consolidated balance sheets as of December 30, 2017 and December 31, 2016 were zero and \$3 million, respectively.

2014 Restructuring Plan

In the fourth quarter of 2014, the Company implemented a restructuring plan (2014 Restructuring Plan) designed to improve operating efficiencies. The 2014 Restructuring Plan involved a reduction of global headcount by approximately 6% and an alignment of its real estate footprint with its reduced headcount. The Company recorded a \$57 million restructuring charge in the fourth quarter of 2014, which consisted of \$44 million for severance and costs related to the continuation of certain employee benefits, \$6 million for contract or program termination costs, \$1 million for facilities-related costs and \$6 million for asset impairments, a non-cash charge. During 2015, the Company recorded a \$16 million restructuring charge which consisted of \$5 million non-cash charge related to asset impairments, \$2 million for severance and related benefits and \$9 million for facilities-related costs.

The 2014 Restructuring Plan was completed during the third quarter of 2015. The liabilities related to the 2014 Restructuring Plan recorded in Other current liabilities and Other long-term liabilities on the Company's consolidated balance sheets as of December 30, 2017 and December 31, 2016 were zero and \$4 million, respectively.

Dense Server Systems Business Exit

As a part of the Company's strategy to simplify and sharpen its investment focus, the Company exited the dense server systems business, formerly SeaMicro, in the first quarter of 2015. As a result, the Company recorded a charge of \$76 million in Restructuring and other special charges, net on the Company's consolidated statements of operations during 2015. This charge consisted of an impairment charge of \$62 million related to the acquired intangible assets. The Company concluded that the carrying value of the acquired intangible assets associated with its dense server systems business was fully impaired as the Company did not have plans to utilize the related freedom fabric technology in any of its future products nor did it have any plans at that time to monetize the associated intellectual property. In addition, the exit charge consisted of a \$7 million non-cash charge related to asset impairments, \$4 million of severance and related benefits and \$3 million for contract or program termination costs. The Company substantially completed this exit activity during the second quarter of 2016.

NOTE 19: Impact to Reported Results of the Adoption of ASC 606, Revenue from Contracts with Customers

As discussed in Note 2, the Company elected to adopt ASC 606, using the full retrospective method, which requires retrospective application of the standard to prior reporting periods. The most significant impacts of the adoption of ASC 606 to the Company relate to (1) the acceleration of revenue recognition for sales of custom products subject to a non-cancellable customer purchase order, (2) the acceleration of revenue recognition for sales to distributors, and (3) the timing and financial statement classification of certain development and intellectual property licensing agreements.

Custom products which are associated with the Company's Enterprise, Embedded, and Semi-Custom segment (semi-custom products), under non-cancellable purchases orders, which are manufactured to customers' specifications, and cannot be re-sold to another customer, will be recognized as revenue, based on the value of the inventory and expected margin, over the time of production of the products by the Company, rather than upon shipment. Revenue from sales to the Company's distributors will be recognized as revenue upon shipment of the product to the distributors (sell-in), instead of the current revenue recognition upon reported resale of the product by the distributors to their customers (sell-through). For a development and intellectual property licensing agreement executed in 2017, the Company will recognize revenue for the entire consideration upon transfer of control of the intellectual property (IP) license to the customer in a future period. Previously, the agreement resulted in the reduction to research and development expenses in 2017 for development work as the expenses were incurred and would have resulted in licensing revenue to be recognized in periods beyond 2017 upon completion of the deliverables, based on a fair value allocation of the consideration received. Revenue recognition related to the Company's other revenue streams will remain substantially unchanged.

The adoption of the new standard has an impact on the Company's Consolidated Statements of Operations and Consolidated Balance Sheets, but has no impact on cash provided by or used in operating, financing, or investing activities on the Consolidated Statements of Cash Flows.

The impact on the Company's 2017 and 2016 Consolidated Statement of Operations as a result of the adoption of the new standard is as follows:

	Year Ended					
	December 30, 2017			December 31, 2016		
	As reported	Adjustment	As adjusted	As reported	Adjustment	As adjusted
	(In millions, except per share amounts)					
Net revenue ⁽¹⁾	\$ 5,329	\$ (76)	\$ 5,253	\$ 4,272	\$ 47	\$ 4,319
Cost of sales ⁽¹⁾	3,506	(40)	3,466	3,274	42	3,316
Gross margin	1,823	(36)	1,787	998	5	1,003
Research and development ⁽²⁾	1,160	36	1,196	1,008	—	1,008
Marketing, general and administrative	511	5	516	460	6	466
Restructuring and other special charges, net	—	—	—	(10)	—	(10)
Licensing gain	(52)	—	(52)	(88)	—	(88)
Operating income (loss)	204	(77)	127	(372)	(1)	(373)
Interest expense	(126)	—	(126)	(156)	—	(156)
Other income (expense), net	(9)	—	(9)	80	—	80
Income (loss) before equity loss and income taxes	69	(77)	(8)	(448)	(1)	(449)
Provision for income taxes	19	(1)	18	39	—	39
Equity loss in investee	(7)	—	(7)	(10)	—	(10)
Net income (loss)	\$ 43	\$ (76)	\$ (33)	\$ (497)	\$ (1)	\$ (498)
Earnings (loss) per share						
Basic	\$ 0.04	\$ (0.07)	\$ (0.03)	\$ (0.60)	\$ —	\$ (0.60)
Diluted	\$ 0.04	\$ (0.07)	\$ (0.03)	\$ (0.60)	\$ —	\$ (0.60)
Shares used in per share calculation						
Basic	952		952	835		835
Diluted	1,039		952	835		835

⁽¹⁾ 2017 and 2016 revenue and cost of sales changes were due to a net drain (decrease in revenue) or net build (increase in revenue) in channel and semi-custom product inventories.

⁽²⁾ 2017 Research and development expenses increased due to the absence of credits to research and development expenses recognized for a development and intellectual property licensing agreement under the "As reported" standard, which will be recognized as revenue for the entire consideration upon transfer of control of the IP license to the customer under the new standard.

The impact on the Company's affected 2017 and 2016 Consolidated Balance Sheets line items, as a result of the adoption of the new standard is as follows:

	Year Ended					
	December 30, 2017			December 31, 2016		
	As reported	Adjustment	As adjusted	As reported	Adjustment	As adjusted
	(In millions)					
Accounts receivable, net ⁽¹⁾	\$ 400	\$ 54	\$ 454	\$ 311	\$ 61	\$ 372
Inventories, net ⁽²⁾	739	(45)	694	751	(60)	691
Other current assets	188	3	191	109	6	115
Accrued liabilities	541	14	555	391	9	400
Other current liabilities ⁽³⁾	57	35	92	69	—	69
Deferred income on shipments to distributors ⁽⁴⁾	22	(22)	—	63	(63)	—
Accumulated deficit	(7,760)	(15)	(7,775)	(7,803)	61	(7,742)

- (1) 2017 and 2016 Accounts receivable, net increased primarily due to the acceleration in timing of semi-custom product revenue.
- (2) 2017 and 2016 Inventories, net decreased primarily due to the acceleration in timing of semi-custom product revenue.
- (3) 2017 Other current liabilities adjusted primarily due to the absence of credits to research and development expenses recognized for a development and intellectual property licensing agreement under the “As reported” standard, which will be recognized as revenue for the entire consideration upon transfer of control of the IP license to the customer under the new standard. The credits are recorded as deferred revenue under the new standard.
- (4) 2017 and 2016 deferred income on shipments to distributors is eliminated due to the change in the revenue recognition model for sales to distributors, whereby revenue is recognized upon the shipment of the product to the distributors (sell-in), instead of upon reported resale of the product by the distributors to their customers (sell-through).

The impact on the Company’s 2017 and 2016 net revenue and operating income (loss) by segments as a result of the adoption of the new standard is as follows:

	Year Ended					
	December 30, 2017			December 31, 2016		
	As reported	Adjustment	As adjusted	As reported	Adjustment	As adjusted
	(In millions)					
Net revenue:						
Computing and Graphics ⁽¹⁾	\$ 3,029	\$ (52)	\$ 2,977	\$ 1,967	\$ 21	\$ 1,988
Enterprise, Embedded and Semi-Custom ⁽²⁾	2,300	(24)	2,276	2,305	26	2,331
Total net revenue	\$ 5,329	\$ (76)	\$ 5,253	\$ 4,272	\$ 47	\$ 4,319
Operating income (loss):						
Computing and Graphics ⁽³⁾	\$ 147	\$ (55)	\$ 92	\$ (238)	\$ (5)	\$ (243)
Enterprise, Embedded and Semi-Custom ⁽⁴⁾	154	(22)	132	283	4	287
All Other	(97)	—	(97)	(417)	—	(417)
Total operating income (loss)	\$ 204	\$ (77)	\$ 127	\$ (372)	\$ (1)	\$ (373)

- (1) 2017 and 2016 Computing and Graphics revenue changes were due to a net drain (decrease in revenue) or net build (increase in revenue) in channel inventory.
- (2) 2017 and 2016 Enterprise, Embedded and Semi-Custom revenue changes were due to a net drain (decrease in revenue) or net build (increase in revenue) in semi-custom product inventory.
- (3) 2017 Computing and Graphics operating income decreased primarily due to the lower revenue from sales to distributors. In addition, 2017 is lower due to the absence of credits to research and development expenses recognized for a development and intellectual property licensing agreement under the “As Reported” standard, which will be recognized as revenue for the entire consideration upon transfer of control of the IP license to the customer under the new standard. 2016 Computing and Graphics operating loss increased due to slightly higher operating expenses.
- (4) 2017 Enterprise, Embedded and Semi-Custom operating income decreased primarily due to lower revenue from sales of semi-custom products. In addition, 2017 is lower due to the absence of credits to research and development expenses recognized for a certain development and intellectual property licensing agreement under the “As reported” standard, which will be recognized as revenue for the entire consideration upon transfer of control of the IP license to the customer under the new standard. 2016 Enterprise, Embedded and Semi-Custom operating income increased due to higher revenue from sales of semi-custom products.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Advanced Micro Devices, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Advanced Micro Devices, Inc. (the Company) as of December 30, 2017 and December 31, 2016, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 30, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2017 and December 31, 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2017, in conformity with U.S. generally accepted accounting principles.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 30, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1970.

Redwood City, California
February 27, 2018

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Advanced Micro Devices, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Advanced Micro Devices, Inc.'s internal control over financial reporting as of December 30, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Advanced Micro Devices, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 30, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 30, 2017 and December 31, 2016, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 30, 2017, and the related notes and our report dated February 27, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Redwood City, California
February 27, 2018

Supplementary Financial Information (unaudited)

The Company uses a 52 or 53 week fiscal year ending on the last Saturday in December. All quarters of 2017 and 2016 except the fourth quarter of 2016 consisted of 13 weeks; the fourth quarter of 2016 consisted of 14 weeks.

(In millions, except per share amounts)

	2017				2016			
	Dec. 30	Sep. 30	July 1	April 1	Dec. 31	Sep. 24	Jun. 25	Mar. 26
Net revenue	\$ 1,480	\$ 1,643	\$ 1,222	\$ 984	\$ 1,106	\$ 1,307	\$ 1,027	\$ 832
Cost of sales ⁽¹⁾	965	1,070	818	653	755	1,248	708	563
Gross margin	515	573	404	331	351	59	319	269
Research and development	300	315	279	266	264	259	243	242
Marketing, general and administrative	133	132	125	121	121	117	117	105
Restructuring and other special charges (reversals), net	—	—	—	—	—	—	(7)	(3)
Licensing gain	—	—	(25)	(27)	(31)	(24)	(26)	(7)
Operating income (loss)	82	126	25	(29)	(3)	(293)	(8)	(68)
Interest expense	(31)	(31)	(32)	(32)	(34)	(41)	(41)	(40)
Other income (expense), net ⁽²⁾	2	(3)	(3)	(5)	(7)	(63)	150	—
Income (loss) before income taxes	53	92	(10)	(66)	(44)	(397)	101	(108)
Provision for income taxes	(8)	19	3	5	5	4	29	1
Equity loss in investee	—	(2)	(3)	(2)	(2)	(5)	(3)	—
Net income (loss)	61	71	(16)	(73)	(51)	(406)	69	(109)
Earnings (loss) per share								
Basic	\$ 0.06	\$ 0.07	\$ (0.02)	\$ (0.08)	\$ (0.06)	\$ (0.50)	\$ 0.09	\$ (0.14)
Diluted	\$ 0.06	\$ 0.07	\$ (0.02)	\$ (0.08)	\$ (0.06)	\$ (0.50)	\$ 0.08	\$ (0.14)
Shares used in per share calculation								
Basic	965	957	945	939	931	815	794	793
Diluted	1,037	1,042	945	939	931	815	821	793

- (1) During the third quarter of 2016, the Company recorded a charge of \$340 million, consisting of the \$100 million payment under the Sixth Amendment and the \$240 million value of the warrant under the Warrant Agreement issued in consideration of the Sixth Amendment.
- (2) The Company recorded a pre-tax gain of \$150 million on the sale of its 85% equity interest in ATMP JV during the second quarter of 2016. During the third quarter of 2016, as a result of certain purchase price adjustments, the Company recognized a charge of \$4 million. During the fourth quarter of 2017, the Company recorded a \$3 million pre-tax gain for final settlement related to the sale of 85% of the equity interest in ATMP facilities.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed with the objective of providing reasonable assurance that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report on Form 10-K is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow 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 December 30, 2017, 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 Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e). This type of evaluation is performed on a quarterly basis so that conclusions of management, including our Chief Executive Officer and Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-Q and Form 10-K. The overall goals of these evaluation activities are to monitor our disclosure controls and to modify them as necessary. We intend to maintain the disclosure controls as dynamic systems that we adjust as circumstances merit. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that:

- (1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the 2013 framework set forth in the report entitled "Internal Control—Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of December 30, 2017 at the reasonable assurance level. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting as of December 30, 2017, which is included in Part II, Item 8, above.

Changes in Internal Control over Financial Reporting

There has been no change in our internal controls over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the captions “Item 1—Election of Directors” (including “Consideration of Stockholder Nominees for Director”), “Corporate Governance,” “Meetings and Committees of the Board of Directors,” “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance” in our proxy statement for our 2018 annual meeting of stockholders (our 2018 Proxy Statement) is incorporated herein by reference. There were no material changes to the procedures by which stockholders may recommend nominees to our board of directors. See also, “Part 1, Item 1-Website Access to Company Reports and Corporate Governance Documents,” above.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions “Directors’ Compensation and Benefits” (including “2017 Non-Employee Director Compensation”), “Compensation Discussion and Analysis,” “Compensation Policies and Practices,” “Executive Compensation” (including “2017 Summary Compensation Table,” “2017 Nonqualified Deferred Compensation,” “Outstanding Equity Awards at 2017 Fiscal Year-End,” “Grants of Plan-Based Awards in 2017” and “Option Exercises and Stock Vested in 2017”) and “Severance and Change in Control Arrangements” in our 2018 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the captions “Principal Stockholders,” “Security Ownership of Directors and Executive Officers” and “Equity Compensation Plan Information” in our 2018 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information under the captions “Corporate Governance—Independence of Directors” and “Certain Relationships and Related Transactions” in our 2018 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information under the captions “Item 2—Ratification of Appointment of Independent Registered Public Accounting Firm—Independent Registered Public Accounting Firm’s Fees” in our 2018 Proxy Statement is incorporated herein by reference.

With the exception of the information specifically incorporated by reference in Part III of this Annual Report on Form 10-K from our 2018 Proxy Statement, our 2018 Proxy Statement will not be deemed to be filed as part of this report. Without limiting the foregoing, the information under the captions “Compensation Committee Report” and “Audit Committee Report” in our 2018 Proxy Statement is not incorporated by reference in this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The financial statements of AMD are set forth in Item 8 of this Annual Report on Form 10-K.

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules or because the information required is included in the Consolidated Financial Statements or related notes.

2. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K. The following is a list of such Exhibits:

Exhibit	Description of Exhibits
3.1	<u>Amended and Restated Certificate of Incorporation of Advanced Micro Devices, Inc., dated May 8, 2007, filed as Exhibit 3.1 to AMD's Quarterly Report on Form 10-Q for the period ended March 31, 2007, is hereby incorporated by reference.</u>
3.2	<u>Advanced Micro Devices, Inc. Amended and Restated Bylaws, as amended on July 30, 2009, filed as Exhibit 3.1 to AMD's Current Report on Form 8-K dated July 30, 2009, are hereby incorporated by reference.</u>
4.1	AMD hereby agrees to file on request of the SEC a copy of all instruments not otherwise filed with respect to AMD's long-term debt or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10 percent of the total assets of AMD and its subsidiaries on a consolidated basis.
4.2	<u>Indenture governing 6.00% Convertible Senior Notes due 2015, including the Form of 6.00% Senior Note due 2015, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., dated April 27, 2007, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated April 24, 2007, is hereby incorporated by reference.</u>
4.3	<u>Indenture governing 7.75% Senior Notes due 2020, including the Form of 7.75% Note, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., dated August 4, 2010, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated August 4, 2010, is hereby incorporated by reference.</u>
4.4	<u>Indenture governing 7.50% Senior Notes due 2022, including the Form of 7.50% Note, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., dated as of August 15, 2012, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated August 15, 2012, is hereby incorporated by reference.</u>
4.5	<u>Indenture governing the 6.75% Senior Notes due 2019, including the form of the 6.75% Note, between Advanced Micro Devices, Inc. and Wells Fargo, N.A., as Trustee, dated February 26, 2014, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated February 26, 2014 is hereby incorporated by reference.</u>
4.6	<u>Indenture governing 7.00% Senior Notes due 2024, including the Form of 7.00% Senior Note due 2024, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., dated June 16, 2014, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated June 16, 2014, is hereby incorporated by reference.</u>
4.7	<u>First Supplemental Indenture by and among Advanced Micro Devices, Inc. and Wells Fargo Bank N.A., dated June 20, 2014, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated June 23, 2014, is hereby incorporated by reference.</u>
4.8	<u>Amendment to Indenture governing 6.75% Senior Notes due 2019, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., dated September 22, 2014, filed as Exhibit 4.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2014, is hereby incorporated by reference.</u>

- 4.9 [Indenture by and among Advanced Micro Devices, Inc. and Wells Fargo Bank N.A., dated September 14, 2016, filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated September 14, 2016, is hereby incorporated by reference.](#)
- 4.10 [First Supplemental Indenture governing 2.125% Convertible Senior Notes due 2026, including Form of 2.125% Note, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A. dated September 14, 2016, filed as Exhibit 4.2 to AMD's Current Report on Form 8-K dated September 14, 2016, is hereby incorporated by reference.](#)
- 4.11 [First Supplemental Indenture by and among Advanced Micro Devices, Inc. and Wells Fargo Bank N.A., dated September 23, 2016, filed as Exhibit 4.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 24, 2016, is hereby incorporated by reference.](#)
- *10.1 [1996 Stock Incentive Plan, as amended, filed as Exhibit 10.58 to AMD's Quarterly Report on Form 10-Q for the period ended June 29, 2003, is hereby incorporated by reference.](#)
- *10.2 [1998 Stock Incentive Plan, as amended, filed as Exhibit 10.32 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, is hereby incorporated by reference.](#)
- *10.3 [2000 Stock Incentive Plan, as amended, filed as Exhibit 10.12 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, is hereby incorporated by reference.](#)
- *10.4 [2004 Equity Incentive Plan, as amended and restated, filed as Exhibit 10.1 to AMD's Registration Statement on Form S-8 filed with the SEC on May 15, 2014, is hereby incorporated by reference.](#)
- *10.5 [2011 Executive Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended April 2, 2011, is hereby incorporated by reference.](#)
- *10.6 [1995 Stock Plan of NexGen, Inc., as amended, filed as Exhibit 10.37 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1996, is hereby incorporated by reference.](#)
- *10.7 [ATI Technologies Inc. Share Option Plan, as amended effective January 25, 2005, filed as Exhibit 99.3 to AMD's Registration Statement on Form S-8 filed with the SEC on October 30, 2006, is hereby incorporated by reference.](#)
- *10.8 [SeaMicro, Inc. Amended and Restated 2007 Equity Incentive Plan, filed as Exhibit 10.1 on AMD's Registration Statement on Form S-8, filed with the SEC on March 23, 2012, is hereby incorporated by reference.](#)
- *10.9 [AMD's U.S. Stock Option Program for Options Granted after April 25, 2000, filed as Exhibit 10.14 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, is hereby incorporated by reference.](#)
- *10.10 [AMD's Stock Option Program for Employees Outside the U.S. for Options Granted after April 25, 2000, filed as Exhibit 10.24 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, is hereby incorporated by reference.](#)
- *10.11 [AMD's U.S. Stock Option Program for Options Granted after April 24, 2001, filed as Exhibit 10.23\(a\) to AMD's Annual Report on Form 10-K for the fiscal year ended December 30, 2001, is hereby incorporated by reference.](#)
- *10.12 [Form of Stock Option Agreement \(U.S.\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.](#)
- *10.13 [Form of Stock Option Agreement \(Non-U.S.\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.](#)
- *10.14 [Form of Stock Option Agreement \(U.S. Senior Vice Presidents and Above\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.](#)
- *10.15 [Form of Stock Option Agreement \(Non-U.S. Senior Vice Presidents and Above\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.](#)

- *10.16 [Form of Restricted Stock Unit Agreement \(U.S.\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2006, is hereby incorporated by reference.](#)
- *10.17 [Form of Restricted Stock Unit Agreement \(Non-U.S.\) under the 2004 Equity Incentive Plan, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.](#)
- *10.18 [Form of Restricted Stock Unit Agreement \(U.S. Senior Vice Presidents and Above\) under the 2004 Equity Plan, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.](#)
- *10.19 [Form of Restricted Stock Unit Agreement \(Non-U.S. Senior Vice Presidents and Above\) under the 2004 Equity Plan, filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.](#)
- *10.20 [Outside Director Equity Compensation Policy, amended and restated as of May 8, 2014, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2014, is hereby incorporated by reference.](#)
- *10.21 [AMD Executive Severance Plan and Summary Plan Description for Senior Vice Presidents, effective June 1, 2013, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated June 7, 2013, is hereby incorporated by reference.](#)
- *10.22 [Guidelines for Business Aircraft Usage And Commercial Travel By Personal Guests, revised as of May 16, 2013, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 29, 2013, is hereby incorporated by reference.](#)
- *10.23 [AMD Deferred Income Account Plan, as amended and restated, effective January 1, 2008, filed as Exhibit 10.18 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 2007, is hereby incorporated by reference.](#)
- *10.24 [Amendment No. 1 to the AMD Deferred Income Account Plan, as amended and restated, effective July 1, 2012, filed as Exhibit 10.16\(a\) to AMD's Annual Report on Form 10-K for the period ended December 29, 2012, is hereby incorporated by reference.](#)
- *10.25 [Form of Indemnity Agreement, between Advanced Micro Devices, Inc. and its officers and directors, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 6, 2008, is hereby incorporated by reference.](#)
- *10.26 [Form of Management Continuity Agreement, as amended and restated, filed as Exhibit 10.13\(b\) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 2007, is hereby incorporated by reference.](#)
- *10.27 [Form of Change in Control Agreement, filed as Exhibit 10.11 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2009, is hereby incorporated by reference.](#)
- *10.28 [Amended and Restated Management Continuity Agreement, between Advanced Micro Devices, Inc. and Devinder Kumar, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended September 29, 2012, is hereby incorporated by reference.](#)
- *10.29 [Executive Resignation Agreement and General Release, between Advanced Micro Devices, Inc., its subsidiaries, joint ventures or other affiliates and Emilio Ghilardi, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K/A dated April 30, 2012, is hereby incorporated by reference.](#)
- *10.30 [Employment Agreement, between Rory P. Read and Advanced Micro Devices, Inc., effective August 25, 2011, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated August 25, 2011, is hereby incorporated by reference.](#)
- *10.31 [Relocation Expenses Agreement, between Advanced Micro Devices, Inc. and Rory P. Read, dated September 8, 2011, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)
- *10.32 [Sign-On Restricted Stock Unit Grant Notice, between Advanced Micro Devices, Inc. and Rory P. Read, dated August 25, 2011, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)

- *10.33 [Sign-On Performance Restricted Stock Unit Grant Notice, between Advanced Micro Devices, Inc. and Rory P. Read, dated August 25, 2011, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)
- *10.34 [Special Sign-On Restricted Stock Unit Grant Notice, between Advanced Micro Devices, Inc. and Rory P. Read, dated August 25, 2011, filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)
- *10.35 [Sign-On Stock Option Grant Notice, between Advanced Micro Devices, Inc. and Rory P. Read, dated August 25, 2011, filed as Exhibit 10.5 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)
- *10.36 [Sign-On Performance Stock Option Grant Notice, between Advanced Micro Devices, Inc. and Rory P. Read, dated August 25, 2011, filed as Exhibit 10.6 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2011, is hereby incorporated by reference.](#)
- *10.37 [Sign-On Bonus Agreement, between Advanced Micro Devices, Inc. and Mark D. Papernmaster, dated October 7, 2011, filed as Exhibit 10.62 to AMD's Annual Report on Form 10-K for the period ended December 31, 2011, is hereby incorporated by reference.](#)
- *10.38 [Offer Letter, between Advanced Micro Devices, Inc. and Mark D. Papernmaster, dated October 7, 2011, filed as Exhibit 10.63 to AMD's Annual Report on Form 10-K for the period ended December 31, 2011, is hereby incorporated by reference.](#)
- *10.39 [Sign-On Bonus Agreement, between Advanced Micro Devices, Inc. and Dr. Lisa Su, dated December 14, 2011, filed as Exhibit 10.64 to AMD's Annual Report on Form 10-K for the period ended December 31, 2011, is hereby incorporated by reference.](#)
- *10.40 [Offer Letter, between Advanced Micro Devices, Inc. and Dr. Lisa Su, dated December 14, 2011, filed as Exhibit 10.65 to AMD's Annual Report on Form 10-K for the period ended December 31, 2011, is hereby incorporated by reference.](#)
- *10.41 [Summary of Terms for John Byrne, Senior Vice President, Chief Sales Officer, dated August 6, 2012, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended September 29, 2012, is hereby incorporated by reference.](#)
- *10.42 [Special Retention Bonus Award to John Byrne, dated October 25, 2011, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended September 29, 2012, is hereby incorporated by reference.](#)
- 10.43 [Stock Purchase Agreement, between West Coast Hitech L.P. and Advanced Micro Devices, Inc., dated as of November 15, 2007, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated November 15, 2007, is hereby incorporated by reference.](#)
- 10.44 [Master Transaction Agreement, among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and West Coast Hitech L.P., dated October 6, 2008, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 16, 2008, is hereby incorporated by reference.](#)
- 10.45 [Amendment to Master Transaction Agreement, among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and West Coast Hitech L.P., dated December 5, 2008, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated December 5, 2008, is hereby incorporated by reference.](#)
- **10.46 [Wafer Supply Agreement, among Advanced Micro Devices, Inc., The Foundry Company and AMD Fab Technologies US, Inc., dated March 2, 2009, filed as Exhibit 10.5 to AMD's Current Report on Form 8-K dated March 2, 2009, is hereby incorporated by reference.](#)
- **10.47 [Wafer Supply Agreement Amendment No. 1, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES U.S. Inc. and GLOBALFOUNDRIES Singapore. Pte. Ltd., dated March 29, 2011, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q/A for the period ended April 2, 2011, is hereby incorporated by reference.](#)

- **10.48 [Wafer Supply Agreement Amendment No. 2, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES U.S. Inc., Advanced Technology Investment Company LLC and ATIC International Investment Company LLC, dated March 4, 2012, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended March 31, 2012, is hereby incorporated by reference.](#)
- **10.49 [Wafer Supply Agreement Amendment No. 3, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated December 6, 2012, filed as Exhibit 10.34\(c\) to AMD's Annual Report on Form 10-K for the period ended December 29, 2012, is hereby incorporated by reference.](#)
- 10.50 [Settlement Agreement, between Advanced Micro Devices, Inc. and Intel Corporation, dated November 11, 2009, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated November 11, 2009, is hereby incorporated by reference.](#)
- **10.51 [Patent Cross License Agreement, between Advanced Micro Devices, Inc. and Intel Corporation filed, dated November 11, 2009, as Exhibit 10.2 to AMD's Current Report on Form 8-K dated November 17, 2009, is hereby incorporated by reference.](#)
- 10.52 [Loan and Security Agreement, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., the financial institutions party thereto from time to time as lenders and Bank of America, N.A., dated November 12, 2013, filed as Exhibit 1.01 to AMD's Current Report on Form 8-K dated November 12, 2013, is hereby incorporated by reference.](#)
- 10.53 [Lease Agreement, between AMD and Delaware Chip LLC, dated December 22, 1998, filed as Exhibit 10.27 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998, is hereby incorporated by reference.](#)
- 10.54 [Agreement of Purchase and Sale, between Advanced Micro Devices, Inc. and 7171 Southwest Parkway Holdings, LP, effective March 11, 2013, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 2013, is hereby incorporated by reference.](#)
- 10.55 [Sublease Agreement, between Lantana HP, LTD and Advanced Micro Devices, Inc., dated March 26, 2013, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 2013, is hereby incorporated by reference.](#)
- 10.56 [Master Landlord's Consent to Sublease, between 7171 Southwest Parkway Holdings, L.P., Lantana HP, Ltd. and Advanced Micro Devices, Inc., dated March 26, 2013, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 2013, is hereby incorporated by reference.](#)
- 10.57 [Lease Agreement, between 7171 Southwest Parkway Holdings, L.P. and Lantana HP, Ltd., dated March 26, 2013, filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended March 30, 2013, is hereby incorporated by reference.](#)
- **10.58 [Wafer Supply Agreement Amendment No. 4, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated March 30, 2014, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q/A for the fiscal quarter ended March 29, 2014, is hereby incorporated by reference.](#)
- *10.59 [Transition, Separation Agreement and Release by and between Rory P. Read and Advanced Micro Devices, Inc. effective October 8, 2014, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K/A dated October 14, 2014, is hereby incorporated by reference.](#)
- *10.60 [Employment Agreement by and between Lisa T. Su and Advanced Micro Devices, Inc. effective October 8, 2014, filed as Exhibit 10.2 to AMD's Current Report on Form 8-K/A dated October 14, 2014, is hereby incorporated by reference.](#)
- *10.61 [Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2014, is hereby incorporated by reference.](#)
- *10.62 [Form of Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2014, is hereby incorporated by reference.](#)

- *10.63 [Form of Performance-Based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 27, 2014, is hereby incorporated by reference.](#)
- 10.64 [First Amendment to Loan and Security Agreement, dated as of December 11, 2014, by and among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., the financial institutions party thereto as lenders and Bank of America, N.A., filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated December 11, 2014, is hereby incorporated by reference.](#)
- *10.65 [Offer Letter, between Advanced Micro Devices, Inc. and Forrest E. Norrod, dated October 20, 2014, filed as Exhibit 10.66 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 2014, is hereby incorporated by reference.](#)
- *10.66 [Sign-On Bonus Agreement, between Advanced Micro Devices, Inc. and Forrest E. Norrod, dated October 20, 2014, filed as Exhibit 10.67 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 2014, is hereby incorporated by reference.](#)
- *10.67 [Advanced Micro Devices, Inc. Executive Severance Plan and Summary Plan Description for Senior Vice Presidents effective December 31, 2014, filed as Exhibit 10.68 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 2014, is hereby incorporated by reference.](#)
- 10.68 [Amended and Restated Loan and Security Agreement dated as of April 14, 2015, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated April 14, 2015, is hereby incorporated by reference.](#)
- 10.69 [First Amendment to Amended and Restated Loan and Security Agreement dated as of June 10, 2015, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2015, is hereby incorporated by reference.](#)
- *10.70 [Offer Letter between Advanced Micro Devices, Inc. and Jim R. Anderson, dated April 17, 2015, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2015, is hereby incorporated by reference.](#)
- *10.71 [Sign-on Bonus Letter between Advanced Micro Devices, Inc. and Jim R. Anderson, dated May 27, 2015, filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2015, is hereby incorporated by reference.](#)
- *10.72 [Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 26, 2015, is hereby incorporated by reference.](#)
- *10.73 [Form of Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 26, 2015, is hereby incorporated by reference.](#)
- *10.74 [Form of Performance-Based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 26, 2015, is hereby incorporated by reference.](#)
- 10.75 [Equity Interest Purchase Agreement by and between Advanced Micro Devices, Inc. and Nantong Fujitsu Microelectronics Co., Ltd. dated as of October 15, 2015, filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 15, 2015, is hereby incorporated by reference.](#)
- **10.76 [Wafer Supply Agreement Amendment No. 5, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated as of April 16, 2015, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q/A for the fiscal quarter ended June 27, 2015, is hereby incorporated by reference.](#)
- *10.77 [Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.78 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2015, is hereby incorporated by reference.](#)

- *10.78 [Form of Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.79 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2015, is hereby incorporated by reference.](#)
- *10.79 [Form of Performance-Based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.80 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2015, is hereby incorporated by reference.](#)
- 10.80 [Second Amendment to Amended and Restated Loan and Security Agreement, dated as of April 29, 2016, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 25, 2016, is hereby incorporated by reference.](#)
- 10.81 [Third Amendment to Amended and Restated Loan and Security Agreement, dated as of June 21, 2016, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 25, 2016, is hereby incorporated by reference.](#)
- 10.82 [Warrant to Purchase Shares of Common Stock, dated August 30, 2016, between Advanced Micro Devices, Inc. and West Coast Hitech L.P., filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated August 31, 2016, is hereby incorporated by reference.](#)
- 10.83 [First Amended and Restated Registration Rights Agreement, dated as of August 30, 2016, between Advanced Micro Devices, Inc. and West Coast Hitech L.P., filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 24, 2016, is hereby incorporated by reference.](#)
- 10.84 [Fourth Amendment to Amended and Restated Loan and Security Agreement, dated as of September 7, 2016, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 24, 2016, is hereby incorporated by reference.](#)
- *10.85 [Wafer Supply Agreement Amendment No. 6, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES, Inc. and GLOBALFOUNDRIES U.S., Inc., dated August 30, 2016, filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 24, 2016, is hereby incorporated by reference.](#)
- 10.86 [Amendment to Master Transaction Agreement dated as of August 30, 2016 among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and West Coast Hitech L.P., filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 24, 2016, is hereby incorporated by reference.](#)
- *10.87 [Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.88 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, is hereby incorporated by reference.](#)
- *10.88 [Form of Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Plan, filed as Exhibit 10.89 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, is hereby incorporated by reference.](#)
- *10.89 [Form of Performance-Based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.90 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, is hereby incorporated by reference.](#)
- 10.90 [Fifth Amendment to Amended and Restated Loan and Security Agreement, dated as of March 21, 2017, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated March 21, 2017, is hereby incorporated by reference.](#)
- *10.91 [Outside Director Equity Compensation Policy, amended and restated as of April 26, 2017, filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended April 1, 2017, is hereby incorporated by reference.](#)
- *10.92 [Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended April 4, 2017, is hereby incorporated by reference.](#)

*10.93	<u>2004 Equity Incentive Plan, as amended and restated, filed as Exhibit 10.1 to AMD's Registration Statement on Form S-8 filed with the SEC on May 8, 2017, is hereby incorporated by reference.</u>
*10.94	<u>2017 Employee Stock Purchase Plan, filed as Exhibit 10.2 to AMD's Registration Statement on Form S-8 filed with the SEC on May 8, 2017, is hereby incorporated by reference.</u>
10.95	<u>Sixth Amendment to Amended and Restated Loan and Security Agreement, dated as of September 19, 2017, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A., filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017, is hereby incorporated by reference.</u>
10.96	<u>Outside Director Equity Compensation Policy, amended and restated as of October 31, 2017, filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017, is hereby incorporated by reference.</u>
10.97	<u>Seventh Amendment to Amended and Restated Loan and Security Agreement, dated as of November 14, 2017, among Advanced Micro Devices, Inc., AMD International Sales & Service, Ltd., ATI Technologies ULC, and Bank of America, N.A.</u>
*10.98	<u>2017 Employee Stock Purchase Plan, as amended and restated October 12, 2017.</u>
*10.99	<u>Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan.</u>
*10.100	<u>Form of Restricted Stock Unit Award Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan.</u>
*10.101	<u>Form of Performance-Based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan.</u>
21	<u>List of AMD subsidiaries.</u>
23	<u>Consent of Ernst & Young LLP, independent registered public accounting firm</u>
24	<u>Power of Attorney.</u>
31.1	<u>Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
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

* Management contracts and compensatory plans or arrangements.

** Portions of this exhibit have been omitted pursuant to a request for confidential treatment, which has been granted. These portions have been filed separately with the SEC.

AMD will furnish a copy of any exhibit on request and payment of AMD's reasonable expenses of furnishing such exhibit.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 27, 2018

ADVANCED MICRO DEVICES, INC.

By:

/s/ Devinder Kumar

Devinder Kumar

Senior Vice President, Chief Financial Officer, and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/Lisa T. Su</u> Lisa T. Su	President and Chief Executive Officer (Principal Executive Officer), Director	February 27, 2018
<u>/s/Devinder Kumar</u> Devinder Kumar	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	February 27, 2018
<u>/s/Darla Smith</u> Darla Smith	Corporate Vice President, Chief Accounting Officer (Principal Accounting Officer)	February 27, 2018
<u>*</u> John E. Caldwell	Director, Chairman of the Board	February 27, 2018
<u>*</u> Nora M. Denzel	Director	February 27, 2018
<u>*</u> Nicolas M. Donofrio	Director	February 27, 2018
<u>*</u> Mark Durcan	Director	February 27, 2018
<u>*</u> Michael J. Inglis	Director	February 27, 2018
<u>*</u> Joseph A. Householder	Director	February 27, 2018
<u>*</u> John W. Marren	Director	February 27, 2018
<u>*</u> Abhi Y. Talwalkar	Director	February 27, 2018
<u>*</u> Ahmed Yahia	Director	February 27, 2018

*By: /s/Devinder Kumar
Devinder Kumar, Attorney-in-Fact

SEVENTH AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS SEVENTH AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of November 14, 2017, is by and among **ADVANCED MICRO DEVICES, INC.**, a Delaware corporation ("Parent"), **AMD INTERNATIONAL SALES & SERVICE, LTD.**, a Delaware corporation ("AMDISS"); together with Parent each, individually, a "Borrower" and, collectively, the "Borrowers"), **ATI TECHNOLOGIES ULC**, an Alberta unlimited liability corporation (the "Canadian Guarantor" and together with the Borrowers, the "Obligors"), the Lenders (as defined below) party hereto, and **BANK OF AMERICA, N.A.**, as agent for the Lenders (in such capacity, the "Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement (defined below).

WITNESSETH

WHEREAS, the Obligors, certain banks and financial institutions from time to time party thereto (the "Lenders"), and the Agent are parties to that certain Amended and Restated Loan and Security Agreement dated as of April 14, 2015 (as amended by that certain First Amendment to Amended and Restated Loan and Security Agreement dated as of June 10, 2015, that certain Second Amendment to Amended and Restated Loan and Security Agreement dated as of April 29, 2016, that certain Third Amendment to Amended and Restated Loan and Security Agreement dated as of June 21, 2016, that certain Fourth Amendment to Amended and Restated Loan and Security Agreement dated as of September 7, 2016, that certain Fifth Amendment to Amended and Restated Loan and Security Agreement dated as of March 21, 2017, and that certain Sixth Amendment to Amended and Restated Loan and Security Agreement dated as of September 19, 2017, and as the same has been further amended, restated, supplemented, or otherwise modified until the date hereof, the "Loan Agreement"); and

WHEREAS, the Obligors have requested, and the Agent and Lenders party hereto have agreed to, subject to the terms and conditions hereof, an amendment of certain provisions of the Loan Agreement, as set forth herein.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE I
AMENDMENTS TO LOAN AGREEMENT**

1.1 Amendment to Definitions.

(a) The following definition in Section 1.1 of the Loan Agreement is hereby amended so that its reads, in its entirety, as follows:

"Qualified Factor Arrangement": a factoring, invoice discounting, supply chain finance arrangement or similar arrangement entered into by an Obligor and disclosed in writing to Agent, pursuant to which such Obligor agrees to assign from time to time to a Qualified Factor its right, title and interest in certain of such Obligor's Accounts owing from a Permitted Account Debtor, provided, that in connection therewith, the applicable agreements and other documentation entered into with respect to such arrangement satisfies all of the following conditions as determined by Agent in its Permitted Discretion: (a) such Obligor does not grant (and the Qualified Factor does not otherwise obtain) any Liens on any Collateral other than Qualified Factor Accounts; (b) the applicable agreements and other documentation entered into with respect to such arrangement are in form and substance satisfactory to Agent in its Permitted Discretion; (c) Accounts sold pursuant to the terms of a Qualified Factor Arrangement shall be identified as Accounts that are not Eligible Accounts on any Borrowing Base Certificate delivered to Agent until such Accounts are no longer outstanding; (d) the portion of the purchase price with respect to any Qualified Factor Account that must be paid in cash to a Subject Account at the time of such purchase shall not be less than 97% (or such lesser percentage as the Agent may determine from time to time in its Permitted Discretion, but in any event not less than 87.5%) of the original invoiced amount (net of any credit notes applied by the applicable Permitted Account Debtor) of such Qualified Factor Account, and to the extent so provided in the applicable agreements and other documentation entered into with respect to such arrangement, all or a portion of the remaining original invoiced amount may be payable to an Obligor as a deferred purchase price when the Account is paid by the applicable Permitted Account Debtor; (e) Agent and the Qualified Factor shall have entered into an agreement setting forth the conditions upon which Agent's liens in the Qualified Factor Account will be released or subordinated, which agreement shall be in form and substance satisfactory to Agent in its Permitted Discretion (each such agreement, an "Agent/Factor Agreement"); and (f) the aggregate face amount of outstanding Qualified Factor Accounts permitted to be held or owing to such Qualified Factor or subject to repurchase by an Obligor at any time, without duplication, shall be subject to a limit (the "Qualified Factor Maximum Amount"), which, together with the Qualified Factor Maximum Amount for each other Qualified Factor (if any) held or owing to such Qualified Factor or subject to repurchase by an Obligor at such time, without duplication, shall not exceed \$300,000,000 in the aggregate, provided that, with respect to any particular Permitted Account Debtor whose Qualified Factor Accounts are subject to a Qualified Factor Arrangement, the Agent may establish from time to time in its Permitted Discretion sublimits under such Qualified Factor Maximum Amount with respect to such Qualified Factor Accounts. In connection with any Qualified Factor Arrangement, in addition to any other Availability Reserves or eligibility criteria that Agent may from time to time establish hereunder in its Permitted Discretion, Borrowers agree that Agent may impose Availability Reserves or Eligible Account ineligibles with respect to Accounts owing to a Qualified Factor or its Affiliates. Anything in this Agreement to the contrary notwithstanding, effective immediately upon the occurrence of an Event of Default, Obligors shall no longer be able to sell or assign any Qualified Factor Accounts under any Qualified Factor Arrangements. For the avoidance of doubt, funds held in any deposit account maintained by or for the benefit of a Qualified Factor in connection with a Qualified Factor Arrangement shall not constitute Domestic Cash for the purposes of the Loan Documents, whether or not such deposit accounts are owned by an

Obligor. For purposes of this definition, a Qualified Factor Account in respect of which a Borrower is not the servicer for such Qualified Factor Account shall be considered held or owing to a Qualified Factor, or subject to repurchase by an Obligor, from the date of sale to such Qualified Factor until the earlier of (i) the date on which an Obligor repurchases such Qualified Factor Account and (ii) the scheduled due date thereof at the time of such sale.

ARTICLE II CONDITIONS TO EFFECTIVENESS

2.1 Closing Conditions. This Amendment shall become effective as of the day and year set forth above (the “Seventh Amendment Effective Date”) upon satisfaction of the following conditions (in each case, in form and substance reasonably acceptable to the Agent):

- (a) Executed Amendment. The Agent shall have received a copy of this Amendment duly executed by each of the Obligors, the Required Lenders and the Agent.
- (b) Default. Before and after giving effect to this Amendment, no Default or Event of Default shall exist.
- (c) Expenses. The Agent shall have received from the Borrowers (or shall be satisfied with arrangements made for the payment thereof) such fees and expenses that are payable in connection with the consummation of the transactions contemplated hereby pursuant to the terms of the Loan Agreement, provided that, neither Agent nor any Lender shall be entitled to a fee in respect of this Amendment.

ARTICLE III MISCELLANEOUS

3.1 Amended Terms. On and after the Seventh Amendment Effective Date, all references to the Loan Agreement in each of the Loan Documents shall hereafter mean the Loan Agreement as amended by this Amendment. Except as specifically amended hereby or otherwise agreed, the Loan Agreement is hereby ratified and confirmed and shall remain in full force and effect according to its terms.

3.2 Representations and Warranties of Obligors. Each of the Obligors represents and warrants as follows:

- (a) It has taken all necessary action to authorize the execution, delivery and performance of this Amendment.
- (b) This Amendment has been duly executed and delivered by such Obligor and constitutes such Obligor’s legal, valid and binding obligation, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors’ rights generally.
- (c) No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority or third party is required in connection with the execution, delivery or performance by such Obligor of this Amendment that has not already been obtained or made.
- (d) The representations and warranties set forth in Section 9 of the Loan Agreement are true and correct in all material respects as of the date hereof (except for those which expressly relate to an earlier date).
- (e) Immediately before and after giving effect to this Amendment, no event has or will have occurred and be continuing which constitutes a Default or an Event of Default.

3.3 Reaffirmation of Obligations. Each Obligor hereby ratifies the Loan Agreement and acknowledges and reaffirms (a) that it is bound by all terms of the Loan Agreement and the other Loan Documents applicable to it and (b) that it is responsible for the observance and full performance of its respective Obligations pursuant to the terms of the Loan Documents.

3.4 Loan Document. This Amendment shall constitute a Loan Document under the terms of the Loan Agreement.

3.5 Expenses. The Borrowers agree to pay costs and expenses of the Agent in connection with the preparation, execution and delivery of this Amendment pursuant to the terms of the Loan Agreement.

3.6 Further Assurances. The Obligors agree to promptly take such action, upon the reasonable request of the Agent, as is necessary to carry out the provisions of this Amendment.

3.7 Entirety. This Amendment and the other Loan Documents embody the entire agreement among the parties hereto and supersede all prior agreements and understandings, oral or written, if any, relating to the subject matter hereof.

3.8 Counterparts; Telecopy. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

3.9 No Actions, Claims, Etc. As of the date hereof, each of the Obligors hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against the Agent, the Lenders, or the Agent's or the Lenders' respective officers, employees, representatives, agents, counsel or directors arising from any action by such Persons, or failure of such Persons to act, under the Loan Agreement on or prior to the date hereof.

3.10 GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES EXCEPT FEDERAL LAWS RELATING TO NATIONAL BANKS.

3.11 Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.12 Consent to Forum; Service of Process; Waiver of Jury Trial. The provisions set forth in Sections 14.15 and 14.16 of the Loan Agreement are hereby incorporated by reference, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have caused this Amendment to be duly executed on the date first above written.

OBLIGORS:

ADVANCED MICRO DEVICES, INC., a Delaware corporation

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

AMD INTERNATIONAL SALES & SERVICE, LTD., a Delaware corporation

By: /s/Devinder Kumar
Name: Devinder Kumar
Title: Chief Financial Officer

ATI TECHNOLOGIES ULC, an Alberta unlimited liability corporation

By: /s/Devinder Kumar
Name: Devinder Kumar
Title: President & Chief Executive Officer

AGENT AND LENDERS:

BANK OF AMERICA, N.A., as Agent and a Lender

By: /s/Ron Bornstein

Name: Ron Bornstein
Title: Senior Vice President
WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/Maria Quintanilla
Name: Maria Quintanilla
Title: Authorized Signatory
BARCLAYS BANK PLC, as a Lender

By: /s/Marguerite Sutton
Name: Marguerite Sutton
Title: Vice President
JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/John G. Kowalczyk
Name: John G. Kowalczyk
Title: Executive Director

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as a Lender

By: /s/John D. Toronto
Name: John D. Toronto
Title: Authorized Signatory

By: /s/Lingzi Huang
Name: Lingzi Huang
Title: Authorized Signatory

GOLDMAN SACHS BANK USA, as a Lender

By: /s/Chris Lam
Name: Chris Lam
Title: Authorized Signatory

Advanced Micro Devices, Inc.
2017 Employee Stock Purchase Plan

(Amended and Restated on October 12, 2017)

1. Purposes of the Plan

The purposes of this Advanced Micro Devices, Inc. 2017 Employee Stock Purchase Plan (as it may be amended or restated from time to time, the “Plan”) are to assist Eligible Employees of Advanced Micro Devices, Inc., a Delaware corporation (the “Company”), and its Designated Subsidiaries in acquiring a stock ownership interest in the Company pursuant to a plan that is intended, for Eligible Employees subject to U.S. federal income tax, to qualify as an “employee stock purchase plan” within the meaning of Section 423(b) of the Code, and to help Eligible Employees provide for their future security and to encourage them to remain in the employment of the Company and its Designated Subsidiaries.

The Plan is comprised of two components: (a) the “423 Component,” pursuant to which rights to purchase Common Stock that satisfy the requirements for an “employee stock purchase plan” within the meaning of Section 423(b) of the Code (a “Qualified ESPP”) may be granted to Eligible Employees, and (b) the “Non-423 Component,” pursuant to which rights to purchase Common Stock under the Plan that are not intended to satisfy such requirements may be granted to Eligible Employees. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as a Qualified ESPP. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Administrator, the Non-423 Component will operate and be administered in the same manner as the 423 Component. In addition, the Company may make separate Offerings under the 423 Component which vary in terms (provided that such terms are not inconsistent with the provisions of the Plan, the Offering Document or the requirements of a Qualified ESPP), and the Company will designate which Designated Subsidiary is participating in each separate Offering.

2. Definitions and Construction

Wherever the following terms are used in the Plan they will have the meanings specified below, unless the context clearly indicates otherwise.

- (a) “Administrator” means the Compensation and Leadership Resources Committee of the Board or any of its delegates, including committees, administering the Plan, in accordance with Section 11 of the Plan.
- (b) “Affiliate” means any corporation, partnership, joint venture or other entity in which the Company holds an equity, profit or voting interest of more than fifty percent (50%).
- (c) “Applicable Law” means the requirements relating to the administration of equity incentive plans under U.S. federal and state securities, tax and other applicable laws, rules and regulations, the applicable rules of any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws and rules of any foreign country or other jurisdiction where rights under this Plan are granted.
- (d) “Board” means the Board of Directors of the Company.
- (e) “Change of Control” means any of the following events, as determined by the Administrator in its discretion:
 - (i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including the securities beneficially owned by such person any securities acquired directly from the Company or any of its Affiliates) representing more than twenty percent (20%) of either the then outstanding shares of the Common Stock of the Company or the combined voting power of the Company’s then outstanding voting securities;
 - (ii) During any period of two consecutive years, individuals who at the beginning of such period constituted the Board and any new director (other than a director designated by a person who has entered into an agreement or arrangement with the Company to effect a transaction described in clause (i) or (ii) of this sentence) whose appointment, election, or nomination for election by the Company’s stockholders, was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose appointment, election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board;
 - (iii) There is consummated a merger or consolidation of the Company or Subsidiary with or into any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding securities which represent immediately after such merger or consolidation more than 50% of the combined voting power of the voting securities of either the Company or the other entity which survives such merger or consolidation or the parent of the entity which survives such merger or consolidation; or

- (iv) The stockholders of the Company approve a plan of complete liquidation of the Company and such plan of complete liquidation of the Company is consummated or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 80% of the combined voting power of the voting securities of which are owned by persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing: (y) no "Change of Control" will be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately prior to such transaction or series of transactions and (z) "Change of Control" excludes the acquisition of securities representing more than twenty percent (20%) of either the then outstanding shares of the Common Stock or the combined voting power of the Company's then outstanding voting securities by the Company or any of its wholly owned Subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

(g) "Common Stock" means the common stock of the Company and such other securities of the Company that may be substituted therefor pursuant to Section 8.

(h) "Company" means Advanced Micro Devices, Inc., a Delaware corporation, or any successor.

(i) "Compensation" of an Eligible Employee means the gross base compensation received by such Eligible Employee as compensation for services to the Company or any Designated Subsidiary, but excluding overtime payments, sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments. The Administrator, in its sole discretion, may, on a uniform and nondiscriminatory basis for each Offering, establish a different definition of Compensation. Further, the Administrator shall have the discretion to determine the application of this definition to Participants on payrolls outside of the United States.

(j) "Designated Subsidiary" means any Subsidiary designated by the Administrator as participating in either the 423 Component or the Non-423 Component in accordance with Section 11(c)(ii).

(k) "Effective Date" means the date the Plan is adopted by the Board; provided, however, that no Employee will have any rights under the Plan before the first Offering Period, which will be determined by the Administrator in its sole discretion.

(l) "Eligible Employee" means an Employee (i) who does not, immediately after any rights under this Plan are granted, own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of Common Stock and other stock of the Company, a Parent or a Subsidiary (as determined under Section 423(b)(3) of the Code) and (ii) whose customary employment is for five months or more in any calendar year. For purposes of the foregoing sentence, the rules of Section 424(d) of the Code with regard to the attribution of stock ownership will apply in determining the stock ownership of an individual, and stock that an Employee may purchase under outstanding options will be treated as stock owned by the Employee; provided, however, that the Administrator may determine in its discretion that an Employee will not be eligible to participate in an Offering if: (x) such Employee is a highly compensated employee within the meaning of Section 423(b)(4)(D) of the Code; and/or (y) such Employee has not met a service requirement designated by the Administrator pursuant to Section 423(b)(4)(A) of the Code (which service requirement may not exceed two years); and/or (z) such Employee is a citizen or resident of a foreign jurisdiction and the grant of a right to purchase Common Stock under the Plan to such Employee would be prohibited under the laws of such foreign jurisdiction or the grant of a right to purchase Common Stock under the Plan to such Employee in compliance with the laws of such foreign jurisdiction would cause the Plan to violate the requirements of Section 423 of the Code, as determined by the Administrator in its sole discretion; provided, further, that any exclusion in clauses (x), (y) or (z) will be applied in an identical manner to all Participants of each Offering under the 423 Component, in accordance with Treasury Regulation Section 1.423-2(e). In the case of individuals who perform services for the Company or a Designated Subsidiary in jurisdictions in which local law prohibits the Company from discriminating in its granting of benefits on the basis of number of hours worked, the determination of who is an Eligible Employee will be made without regard to the number of hours worked.

(m) "Employee" means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Designated Subsidiary. "Employee" does not include any director of the Company or a Designated Subsidiary who does not render services to the Company or a Designated Subsidiary as an employee within the meaning of Section 3401(c) of the Code. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company or Designated Subsidiary and meeting the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated on the first day immediately following such three (3)-month period, unless provided otherwise under Applicable Law.

(n) "Enrollment Date" means the first Trading Day of each Offering Period.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(p) "Fair Market Value" means the value of a Share on a particular date determined by such methods or procedures as may be established by the Administrator. Unless otherwise determined by the Administrator, the Fair Market Value of Common Stock as of any

date is the closing price for the Common Stock as reported on the Nasdaq Stock Market (or on any other national securities exchange on which the Common Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the immediately preceding date for which a closing price was reported.

(q) “Offering” has the meaning given to such term in Section 4(a).

(r) “Offering Document” has the meaning given to such term in Section 4(a).

(s) “Offering Period” has the meaning given to such term in Section 4(a).

(t) “Parent” means any corporation, other than the Company, in an unbroken chain of corporations ending with the Company if, at the time of the determination, each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(u) “Participant” means any Eligible Employee who has executed a subscription agreement and been granted rights to purchase Common Stock pursuant to the Plan.

(v) “Plan” means this Advanced Micro Devices, Inc. 2017 Employee Stock Purchase Plan, as it may be amended from time to time.

(w) “Purchase Date” means the last Trading Day of each Offering Period.

(x) “Purchase Price” means the purchase price designated by the Administrator in the applicable Offering Document (which purchase price will not be less than 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower); provided, however, that, in the event no purchase price is designated by the Administrator in the applicable Offering Document, the purchase price for the Offering Periods covered by such Offering Document will be 85% of the Fair Market Value of a Share on the Enrollment Date or on the Purchase Date, whichever is lower; provided, further, that the Purchase Price may be adjusted by the Administrator pursuant to Section 8(a) and will not be less than the par value of a Share.

(y) “Qualified ESPP” has the meaning given to such term in Section 1.

(z) “Securities Act” means the Securities Act of 1933, as amended.

(aa) “Share” means a share of Common Stock.

(bb) “Subsidiary” means any corporation, other than the Company, in an unbroken chain of corporations beginning with the Company if, at the time of the determination, each of the corporations other than the last corporation in an unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain; provided, however, that a limited liability company or partnership may be treated as a subsidiary to the extent either (i) such entity is treated as a disregarded entity under Treasury Regulation Section 301.7701-3(a) by reason of the Company or any other Subsidiary that is a corporation being the sole owner of such entity, or (ii) such entity elects to be classified as a corporation under Treasury Regulation Section 301.7701-3(a) and such entity would otherwise qualify as a Subsidiary.

(cc) “Trading Day” means a day on which national stock exchanges in the United States are open for trading.

3. Shares Subject to the Plan

(a) Number of Shares. Subject to Section 8, the aggregate number of Shares that may be issued pursuant to rights granted under the Plan is fifty million (50,000,000) Shares. If any right granted under the Plan terminates for any reason without having been exercised, the Common Stock not purchased under such right will again become available for issuance under the Plan.

(b) Stock Distributed. Any Common Stock distributed pursuant to the Plan may consist, in whole or in part, of authorized and unissued Common Stock, treasury stock or Common Stock purchased on the open market.

4. Offering Periods; Offering Documents; Purchase Dates

(a) Offering Periods. The Administrator may from time to time grant or provide for the grant of rights to purchase Common Stock under the Plan to Eligible Employees (an “Offering”) during one or more periods (each, an “Offering Period”) selected by the Administrator. The terms and conditions applicable to each Offering Period will be set forth in an “Offering Document” adopted by the Administrator, which Offering Document will be in such form and will contain such terms and conditions as the Administrator will deem appropriate and will be incorporated by reference into and made part of the Plan and will be attached hereto as part of the Plan. The provisions of separate Offering Periods under the Plan need not be identical.

(b) Offering Documents. Each Offering Document with respect to an Offering Period will specify (through incorporation of the provisions of this Plan by reference or otherwise):

(i) the length of the Offering Period, which period will not exceed twenty-seven (27) months;

(ii) the maximum number of Shares that may be purchased by any Eligible Employee during such Offering Period, to be determined by the Administrator as set forth in Section 5(e); and

(iii) such other provisions as the Administrator determines are appropriate, subject to the Plan.

5. Eligibility and Participation

(a) Eligibility. Any Eligible Employee who is employed by the Company or a Designated Subsidiary on a given Enrollment Date for an Offering Period is eligible to participate in the Plan during such Offering Period, subject to the requirements of this Section 5 and the limitations imposed by Section 423(b) of the Code.

(b) Enrollment in Plan.

(i) Except as otherwise set forth in an Offering Document or determined by the Administrator, an Eligible Employee may become a Participant in the Plan for an Offering Period by delivering a subscription agreement to the Company by such time prior to the Enrollment Date for such Offering Period (or such other date specified in the Offering Document) designated by the Administrator and in such form as the Company provides.

(ii) Each subscription agreement will designate a whole percentage of such Eligible Employee's Compensation to be withheld by the Company or the Designated Subsidiary employing such Eligible Employee on each payday during the Offering Period as payroll deductions under the Plan. The percentage of Compensation designated by an Eligible Employee as payroll deductions may not be less than one percent (1%) and may not be more than twenty five percent (25%), or such lower limit as may be set by the Administrator for the Offering Period. The payroll deductions made for each Participant will be credited to an account for such Participant under the Plan and will be deposited with the general funds of the Company, unless required otherwise under Applicable Law.

(iii) A Participant may decrease (but not increase) the percentage of Compensation designated in his or her subscription agreement, subject to the limits of this Section 5(b), or may suspend his or her payroll deductions, at any time during an Offering Period; provided, however, that the Administrator may limit the number of changes a Participant may make to his or her payroll deduction elections during each Offering Period in the applicable Offering Document (and in the absence of any specific designation by the Administrator, a Participant will be allowed one (1) decrease to or suspension of his or her payroll deduction elections during each Offering Period). Any such decrease or suspension of payroll deductions will be effective with the first full payroll period following five (5) business days after the Company's receipt of the new subscription agreement (or such shorter or longer period as may be specified by the Administrator in the applicable Offering Document) but no later than fifteen (15) calendar days prior to the end of the Offering Period. In the event a Participant suspends his or her payroll deductions, such Participant's cumulative payroll deductions prior to the suspension will remain in his or her account and will be applied to the purchase of Shares on the next occurring Purchase Date and will not be paid to such Participant unless he or she withdraws from participation in the Plan pursuant to Section 7.

(i) Except as otherwise set forth in an Offering Document or determined by the Administrator, a Participant may participate in the Plan only by means of payroll deduction and may not make contributions by lump sum payment for any Offering Period, unless required otherwise under Applicable Law.

(c) Payroll Deductions. Except as otherwise provided in the applicable Offering Document, payroll deductions for a Participant will commence on the first payroll following the Enrollment Date and will end on the last payroll in the Offering Period to which the Participant's authorization is applicable, unless sooner terminated by the Participant as provided in Section 7 or suspended by the Participant or the Administrator as provided in Section 5(b) and Section 5(e), respectively.

(d) Effect of Enrollment. A Participant's completion of a subscription agreement will enroll such Participant in the Plan for each subsequent Offering Period on the terms contained therein until the Participant either submits a new subscription agreement, withdraws from participation under the Plan as provided in Section 7 or otherwise becomes ineligible to participate in the Plan.

(e) Limitation on Purchase of Common Stock. In connection with each Offering Period, the Administrator, in its sole discretion, may, on a uniform and nondiscriminatory basis, specify:

(i) A maximum number of Shares that may be purchased by any Participant on any Purchase Date during such Offering Period, which, in the absence of a lower specification by the Administrator, will be fifteen thousand (15,000) Shares; and

(ii) A maximum aggregate number of Shares that may be purchased by all Participants on any Purchase Date during an Offering Period, which, in the absence of a lower specification by the Administrator, will be ten million (10,000,000) Shares.

If the aggregate number of Shares issuable upon exercise of purchase rights during the Offering Period would exceed any such maximum aggregate number, then, in the absence of any Administrator action otherwise, the maximum aggregate number of Shares will be allocated on a pro rata basis according to each Participant's accumulated payroll deduction (rounded down to the nearest whole Share). An Eligible Employee may be granted rights under the Plan only if such rights, together with any other rights granted to such Eligible Employee under "employee stock purchase plans" of the Company, any Parent or any Subsidiary, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or any Parent or Subsidiary to accrue at a rate that exceeds twenty five thousand dollars (US\$25,000) of the Fair Market Value of such stock (determined as of the first day of the Offering Period during which such rights are granted) for each calendar year in which such rights are outstanding at any time. This

limitation will be applied in accordance with Section 423(b)(8) of the Code.

(f) **Decrease or Suspension of Payroll Deductions.** Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 5(e) or the other limitations set forth in this Plan, a Participant's payroll deductions may be suspended by the Administrator at any time during an Offering Period. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares by reason of Section 423(b)(8) of the Code, Section 5(e) or the other limitations set forth in this Plan will be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

(g) **Foreign Employees.** In order to facilitate participation in the Plan, the Administrator may provide for such special terms applicable to Participants who are citizens or residents of a foreign jurisdiction, or who are employed by a Designated Subsidiary outside of the United States, as the Administrator may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. For an Offering under the 423 Component, such special terms may not be more favorable than the terms of rights granted under the Plan to Eligible Employees who are residents of the United States. Moreover, the Administrator may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose. No such special terms, supplements, amendments or restatements will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

(h) **Leave of Absence.** If a Participant ceases active service by reason of a leave of absence, then the Participant shall have the election, exercisable up until no later than 15 calendar days prior to the end of the Offering Period in which such leave of absence commences (or, if earlier, the date immediately preceding the date on which the Participant ceases to be an Eligible Employee), to (i) withdraw all the funds in the Participant's account at the commencement of such leave or (ii) have such funds held for the purchase of Shares at the end of such Offering Period. If no such election is made, then such funds shall automatically be held for the purchase of Shares at the end of such Offering Period. In no event, however, shall any further payroll deductions be added to the Participant's account following the commencement of such leave of absence, unless otherwise required by Applicable Law. Should the Participant return to active service (x) within 3 months following the commencement of his or her leave of absence or (y) prior to the expiration of any longer period for which such Participant's right to reemployment with the Company is guaranteed by statute or contract, then his or her payroll deductions under the Plan shall automatically resume upon his or her return at the rate in effect at the time the leave began, and if a new Offering Period begins during the period of the leave, then the Participant will automatically be enrolled in that purchase period at the rate of payroll deduction in effect for him or her at the time the leave commenced, but payroll deductions for that Offering Period shall not actually begin until the Participant returns to active service, unless otherwise required by Applicable Law. However, an individual who returns to active employment following a leave of absence that exceeds in duration the applicable (x) or (y) time period will be treated as a new Employee for purposes of subsequent participation in the Plan and must accordingly re-enroll in the Plan (by making a timely filing of the prescribed enrollment forms) on or before the start date of any subsequent Offering Period in which he or she wishes to participate.

6. Grant and Exercise of Rights

(a) **Grant of Rights.** On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted a right to purchase the maximum number of Shares specified under Section 4(b), subject to the limits in Section 5(e), and will have the right to buy, on each Purchase Date during such Offering Period (at the applicable Purchase Price), such number of whole Shares as is determined by dividing (A) such Participant's payroll deductions accumulated prior to such Purchase Date and retained in the Participant's account as of the Purchase Date, by (B) the applicable Purchase Price (rounded down to the nearest Share). The right will expire on the earlier of: (x) the last Purchase Date of the Offering Period, (y) the last day of the Offering Period and (z) the date on which the Participant withdraws in accordance with Section 7(a) or Section 7(c).

(b) On each Purchase Date, each Participant's accumulated payroll deductions and any other additional payments specifically provided for in the applicable Offering Document will be applied to the purchase of whole Shares, up to the maximum number of Shares permitted pursuant to the terms of the Plan and the applicable Offering Document, at the Purchase Price. Unless the Offering Document specifically provides otherwise, no fractional Shares will be issued upon the exercise of rights granted under the Plan and any cash in lieu of fractional Shares remaining after the purchase of whole Shares upon exercise of a purchase right will be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date. Shares issued pursuant to the Plan may be evidenced in such manner as the Administrator may determine and may be issued in certificated form or issued pursuant to book-entry procedures.

(c) **Pro Rata Allocation of Shares.** If the Administrator determines that, on a given Purchase Date, the number of Shares with respect to which rights are to be exercised may exceed (i) the number of Shares that were available for issuance under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of Shares available for issuance under the Plan on such Purchase Date, the Administrator may in its sole discretion provide that the Company will make a pro rata allocation of the Shares available for purchase on such Enrollment Date or Purchase Date, as applicable, in as uniform a manner as will be practicable and as it determines in its sole discretion to be equitable among all Participants for whom rights to purchase Common Stock are to be exercised pursuant to this Section 6 on such Purchase Date, and will either (i) continue all Offering Periods then in effect, or (ii) terminate any or all Offering Periods then in effect pursuant to Section 9. The Company may make pro rata allocation of the Shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional Shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date. The balance of the amount credited to the account of each Participant that has not been applied to the purchase of Shares will be paid to such Participant in one lump sum in cash as soon as reasonably practicable after the Purchase Date.

(d) **Withholding.** The Participant must make adequate provision for any federal, state, or other tax withholding obligations that arise in connection with the Participant's participation in the Plan. The Company and the Designated Subsidiaries are authorized to withhold any applicable taxes from the Participant's compensation, from the Shares purchased under the Plan, from the proceeds of the

sale of Shares purchased under the Plan or by such other means as permissible under Applicable Law.

(e) Conditions to Issuance of Common Stock. The Company is not required to issue or deliver any certificate or certificates for, or make any book entries evidencing, Shares purchased upon the exercise of rights under the Plan prior to fulfillment of all of the following conditions:

- (i) The admission of such Shares to listing on all stock exchanges, if any, on which the Common Stock is then listed;
- (ii) The completion of any registration or other qualification of such Shares under any state or federal law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Administrator will, in its absolute discretion, deem necessary or advisable;
- (iii) The obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator will, in its absolute discretion, determine to be necessary or advisable;
- (iv) The payment to the Company or a Designated Subsidiary of all amounts that the Company or the Designated Subsidiary is required to withhold under federal, state or local law as a result of the Participant's participation in the Plan; and
- (v) The lapse of such reasonable period of time following the exercise of the rights as the Administrator may from time to time establish for reasons of administrative convenience.

(f) ESPP Broker. If the Administrator designates or approves a stock brokerage or other financial services firm (the "ESPP Broker") to hold shares purchased under the Plan for the accounts of Participants, the following procedures will apply. Promptly following each Purchase Date, the number of shares of Common Stock purchased by each Participant will be deposited into an account established in the Participant's name with the ESPP Broker. Each Participant will be the beneficial owner of the Common Stock purchased under the Plan and will have all rights of beneficial ownership in such Common Stock. A Participant will be free to undertake a disposition of the shares of Common Stock in his or her account at any time, but, in the absence of such a disposition, the shares of Common Stock purchased under the Plan must remain in the Participant's account at the ESPP Broker until the holding period set forth in Section 423 of the Code has been satisfied, unless required otherwise by Applicable Law or by determination of the Administrator. With respect to shares of Common Stock purchased under the Plan for which the holding period set forth above has been satisfied, or otherwise permitted by Applicable Law or the Administrator, the Participant may move those shares of Common Stock to another brokerage account of the Participant's choosing or request that a stock certificate be issued and delivered to him or her. Dividends paid in the form of shares of Common Stock with respect to Common Stock in a Participant's account shall be credited to such account.

7. Withdrawal; Cessation of Eligibility

(a) Withdrawal. A Participant may withdraw all but not less than all of the payroll deductions credited to his or her account and not yet used to exercise his or her rights under the Plan at any time by giving written notice to the Company in a form acceptable to the Company no later than 15 calendar days prior to the end of the Offering Period. All of the Participant's payroll deductions credited to his or her account during an Offering Period will be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's rights for the Offering Period will be automatically terminated, and no further payroll deductions for the purchase of Shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, payroll deductions will not resume at the beginning of the next Offering Period unless the Participant timely delivers to the Company a new subscription agreement.

(b) Future Participation. A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or a Designated Subsidiary or in subsequent Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

(c) Cessation of Eligibility. Upon a Participant's ceasing to be an Eligible Employee for any reason, he or she will be deemed to have elected to withdraw from the Plan pursuant to this Section 7 and the payroll deductions credited to such Participant's account during the Offering Period will be paid to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 12(d), as soon as reasonably practicable, and such Participant's rights for the Offering Period will automatically terminate.

8. Adjustments Upon Changes in Stock

(a) Changes in Capitalization. Subject to Section 8(c), in the event that the Administrator determines that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), Change of Control, reorganization, merger, amalgamation, consolidation, combination, repurchase, recapitalization, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or sale or exchange of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event, as determined by the Administrator, affects the Common Stock such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any outstanding purchase rights under the Plan, the Administrator will make equitable adjustments, if any, to reflect such change with respect to (i) the aggregate number and type of Shares (or other securities or property) that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3(a) and the limitations established in each Offering Document pursuant to Section 4(b) on the maximum number of Shares that may be purchased); (b) the class(es) and number of Shares and price per Share subject to outstanding rights; and (c) the Purchase Price with respect to any outstanding rights.

- (b) Subject to Section 8(c), in the event of any transaction or event described in Section 8(a) or any unusual or nonrecurring

transactions or events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate (including without limitation any Change of Control), or of changes in Applicable Law or accounting principles, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(i) To provide for either (i) termination of any outstanding right in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such right had such right been currently exercisable or (ii) the replacement of such outstanding right with other rights or property selected by the Administrator in its sole discretion;

(ii) To provide that the outstanding rights under the Plan will be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or will be substituted for by similar rights covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iii) To make adjustments in the number and type of Shares (or other securities or property) subject to outstanding rights under the Plan and/or in the terms and conditions of outstanding rights and rights that may be granted in the future;

(iv) To provide that Participants' accumulated payroll deductions may be used to purchase Common Stock prior to the next occurring Purchase Date on such date as the Administrator determines in its sole discretion and the Participants' rights under the ongoing Offering Period(s) will be terminated; and

(v) To provide that all outstanding rights will terminate without being exercised.

(c) **No Adjustment Under Certain Circumstances.** No adjustment or action described in this Section 8 or in any other provision of the Plan is authorized to the extent that such adjustment or action would cause the Plan to fail to satisfy the requirements of Section 423 of the Code with respect to any offerings under the 423 Component.

(d) **No Other Rights.** Except as expressly provided in the Plan, no Participant will have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Administrator under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, will affect, and no adjustment by reason thereof will be made with respect to, the number of Shares subject to outstanding rights under the Plan or the Purchase Price with respect to any outstanding rights.

9. Amendment, Modification and Termination

(a) **Amendment, Modification and Termination.** The Administrator may amend, suspend or terminate the Plan at any time and from time to time; provided, however, that approval of the Company's stockholders will be required to amend the Plan to: (i) increase the aggregate number, or change the type, of shares that may be sold pursuant to rights under the Plan under Section 3(a) (other than an adjustment as provided by Section 8); (ii) change the corporations or classes of corporations whose employees may be granted rights under the Plan; or (iii) change the Plan in any manner that would cause the Plan to no longer be an "employee stock purchase plan" within the meaning of Section 423(b) of the Code for purposes of its 423 Component.

(b) **Certain Changes to Plan.** Without stockholder consent and without regard to whether any Participant rights may be considered to have been adversely affected, to the extent permitted by Section 423 of the Code for purposes of the 423 Component, the Administrator is entitled to change the Offering Periods, limit the frequency and/or number of changes in the amount withheld from Compensation during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of payroll withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Compensation, and establish such other limitations or procedures as the Administrator determines in its sole discretion to be advisable that are consistent with the Plan.

(c) **Actions In the Event of Unfavorable Financial Accounting Consequences.** In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable and permitted under Applicable Law, modify or amend the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) altering the Purchase Price for any Offering Period including an Offering Period underway at the time of the change in Purchase Price;

(ii) shortening any Offering Period so that the Offering Period ends on a new Purchase Date, including an Offering Period underway at the time of the Administrator action; and

(iii) allocating Shares.

Such modifications or amendments will not require stockholder approval or the consent of any Participant.

(d) Payments Upon Termination of Plan. Upon termination of the Plan, the balance in each Participant's Plan account will be refunded as soon as practicable after such termination, without any interest thereon, unless required otherwise by Applicable Law.

10. Term of Plan

The Plan is effective as of the Effective Date. The effectiveness of the Plan is subject to approval of the Plan by the stockholders of the Company within twelve months following the date the Plan is first approved by the Board. No right may be granted under the Plan prior to such stockholder approval. No rights may be granted under the Plan during any period of suspension of the Plan or after termination of the Plan.

11. Administration

(a) Administrator. Unless otherwise determined by the Board, the Administrator of the Plan will be the Compensation and Leadership Resources Committee of the Board (or another committee or subcommittee of the Board to which the Compensation and Leadership Resources Committee of the Board delegates administration of the Plan) (such committee, the "Committee"). Notwithstanding the immediately preceding sentence, the Board may at any time vest in the Board any authority or duties for administration of the Plan.

(b) Action by the Administrator. Unless otherwise established by the Board or in any charter of the Administrator, a majority of the members comprising the Administrator will constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present and, subject to Applicable Law and the Bylaws of the Company, acts approved in writing by a majority of the Administrator in lieu of a meeting, will be deemed the acts of the Administrator. Each member of the Administrator is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other Employee, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

(c) Authority of Administrator. The Administrator will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how rights to purchase Common Stock will be granted and the provisions of each offering of such rights (which need not be identical).

(ii) To designate, from time to time (A) which Subsidiaries will be Designated Subsidiaries participating in the 423 Component, (B) which Subsidiaries will be Designated Subsidiaries participating in the Non-423 Component, (C) which branches, representative offices or other disregarded entities of the Company or of any Designated Subsidiary may be excluded from participation in the Plan, in each case to the extent consistent with Section 423 of the Code or as implemented under the Non-423 Component, and (D) which Designated Subsidiaries will participate in each separate Offering (to the extent that the Company makes separate Offerings). Such designation may be made without the approval of the stockholders of the Company.

(iii) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it will deem necessary or expedient to make the Plan fully effective.

(iv) To amend, suspend or terminate the Plan as provided in Section 9.

(v) Generally, to exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and its Subsidiaries and to carry out the intent that the Plan be treated as a Qualified ESPP with respect to the 423 Component.

(d) Decisions Binding. The Administrator's interpretation of the Plan, any rights granted pursuant to the Plan, any subscription agreement and all decisions and determinations by the Administrator with respect to the Plan are final, binding, and conclusive on all parties.

12. Miscellaneous

(a) Restriction upon Assignment. A right granted under the Plan will not be transferable other than by will or the applicable laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant. Except as provided in Section 12(d) hereof, a right under the Plan may not be exercised to any extent except by the Participant. The Company will not recognize and will be under no duty to recognize any assignment or alienation of the Participant's interest in the Plan, the Participant's rights under the Plan or any rights thereunder.

(b) Rights as a Stockholder. With respect to Shares subject to a right granted under the Plan, a Participant will not be deemed to be a stockholder of the Company, and the Participant will not have any of the rights or privileges of a stockholder, until such Shares have been issued to the Participant or his or her nominee following exercise of the Participant's rights under the Plan. No adjustments will be made for dividends (ordinary or extraordinary, whether in cash securities, or other property) or distribution or other rights for which the record date occurs prior to the date of such issuance, except as otherwise expressly provided herein or as determined by the Administrator.

(c) Interest. No interest will accrue on the payroll deductions or contributions of a Participant under the Plan, unless otherwise required by Applicable Law.

(d) Designation of Beneficiary.

(i) A Participant may, if permitted by the Administrator, file a written designation of a beneficiary who is to receive any Shares and/or cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to a Purchase Date on which the Participant's rights are exercised but prior to delivery to such Participant of such Shares and cash. In addition, if permitted by the Administrator, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to exercise of the Participant's rights under the Plan. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary will not be effective without the prior written consent of the Participant's spouse.

(ii) Such designation of beneficiary may be changed by the Participant at any time by written notice to the Company. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such Shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator is appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such Shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(e) Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

(f) Equal Rights and Privileges. Subject to Section 5(g), all Eligible Employees in each Offering under the 423 Component will have equal rights and privileges under this Plan so that the Offering qualifies as an offering under a Qualified ESPP. Subject to Section 5(g), any provision of this Plan in connection with the 423 Component that is inconsistent with Section 423 of the Code will, without further act or amendment by the Company, the Board or the Administrator, be reformed to comply with the equal rights and privileges requirement of Section 423 of the Code.

(g) Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company will not be obligated to segregate such payroll deductions, unless required otherwise by Applicable Law.

(h) Reports. Statements of account will be given to Participants at least annually, which statements will set forth the amounts of payroll deductions, the Purchase Price, the number of Shares purchased and the remaining cash balance, if any.

(i) No Employment Rights. Nothing in the Plan will be construed to give any person (including any Eligible Employee or Participant) the right to remain in the employ of the Company or any Parent or Subsidiary or affect the right of the Company or any Parent or Subsidiary to terminate the employment of any person (including any Eligible Employee or Participant) at any time, with or without cause.

(j) Notice of Disposition of Shares. Each Participant participating in the 423 Component will give prompt notice to the Company of any disposition or other transfer of any Shares purchased upon exercise of a right under the Plan if such disposition or transfer is made: (a) within two years from the Enrollment Date of the Offering Period in which the Shares were purchased or (b) within one year after the Purchase Date on which such Shares were purchased. Such notice will specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the Participant in such disposition or other transfer.

(k) Governing Law. The Plan and any agreements hereunder will be administered, interpreted and enforced under the internal laws of the State of Delaware without regard to conflicts of laws thereof or of any other jurisdiction.

(l) Electronic Forms. To the extent permitted by Applicable Law and in the discretion of the Administrator, an Eligible Employee may submit any form or notice as set forth herein by means of an electronic form approved by the Administrator. Before the commencement of an Offering Period, the Administrator will prescribe the time limits within which any such electronic form will be submitted to the Administrator with respect to such Offering Period in order to be a valid election.

**FORM OF STOCK OPTION AGREEMENT
FOR SENIOR VICE PRESIDENTS AND ABOVE
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN**

**STOCK OPTION GRANT NOTICE
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN**

Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*”), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”), hereby grants to the holder listed below (“*Participant*”) an option to purchase the number of Shares (as defined in the Plan) set forth below (the “*Option*”). The Option is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the Option (the “*Terms and Conditions*”), including any applicable country-specific terms and conditions set forth in the appendix thereto (the “*Appendix*”), and in the Plan, each of which are incorporated herein by reference. Unless otherwise defined, the terms defined in the Plan shall have the same defined meanings in this Stock Option Grant Notice (the “*Grant Notice*”) and the Terms and Conditions.

Participant: _____

Employee ID: _____

Grant Date: _____

Exercise Price per Share: \$ _____

Total Exercise Price: \$ _____

Total Number of Shares Subject to the Option: _____

Expiration Date: _____

Type of Option: Non-Qualified Stock Option

Vesting Schedule: [To be specified in individual agreements], subject to Participant continuing to be an active Service Provider through each applicable vesting date.

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions (including the Appendix) and this Grant Notice; (b) acknowledges that he or she has reviewed the Plan, the Terms and Conditions, the Appendix, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice, and fully understands all provisions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Terms and Conditions, the Appendix, or this Grant Notice.

ADVANCED MICRO DEVICES, INC.

PARTICIPANT

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

**TERMS AND CONDITIONS
STOCK OPTION AWARD
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN**

These Terms and Conditions, together with the Plan, the Grant Notice, and any applicable country-specific terms and conditions contained in the Appendix hereto, comprise your agreement (the “*Agreement*”) with the Company regarding the grant of stock options under the Plan (the “*Options*”) to purchase the number of Shares set forth in the Grant Notice at the exercise price per share set forth in the Grant Notice (the “*Exercise Price*”).

1. **Vesting of Options.** The Options will vest on the date(s) shown on the Grant Notice provided that you continue to be an active Service Provider through each vesting date.

2. **Exercise of Options.**

(a) **Right to Exercise.** The Options are exercisable during their term in accordance with the vesting schedule set out in the Grant Notice and the applicable provisions of the Plan and the Agreement. The Options may only be exercised for whole Shares.

(b) **Method of Exercise.** Unless otherwise determined by the Administrator, the Options are exercisable during your lifetime only by you, and after your death only by your legal representative. The Options may only be exercised by the delivery to the Company of a properly completed written notice of exercise (the “*Notice of Exercise*”), in the form specified by the Administrator or its designee, which may be electronic or written. The Notice of Exercise must specify the number of Shares to be purchased and the Exercise Price for such Shares, together with payment in full of such aggregate Exercise Price and all applicable Tax-Related Items (as defined in Section 7). In the event the Options or a portion thereof are exercised by any person or persons other than you, the Options may only be exercised by the delivery to the Company of appropriate proof of the right of such person or persons to exercise the Options. Payment must be made in a manner permitted in Section 3 below or as authorized by the Administrator pursuant to the Plan and/or as specified in the Appendix. The Options may not be exercised unless you agree to be bound by such documents as the Administrator may require, including all Award Documentation. The Notice of Exercise must be received by the Company prior to the termination or expiration of the Option.

(c) **Exercise Price.** The Exercise Price shall be as set forth in the Grant Notice, without commission or other charge; *provided, however*, that the Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the Grant Date. Notwithstanding the foregoing, if these Options are designated as Incentive Stock Options and you own (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any “subsidiary corporation” of the Company or any “parent corporation” of the Company (each within the meaning of Section 424 of the Code), the Exercise Price shall not be less than 110% of the Fair Market Value of a Share on the Grant Date.

The Administrator may deny any exercise otherwise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of U.S. federal, state or foreign securities laws.

3. **Method of Payment.** Payment of the aggregate Exercise Price must be by any of the following, or a combination thereof, unless provided otherwise in the Appendix:

- (a) cash, certified cashier's check, or wire transfer;
- (b) as permitted by Applicable Laws, through a sale and remittance procedure pursuant to which you (or any other person or persons exercising the Option) provide irrevocable instructions (A) to a Company-designated brokerage firm to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the Exercise Price payable for the purchased Shares plus all applicable Tax-Related Items (as defined in Section 7 below) and (B) to the Company to deliver the certificates for the purchased Shares directly to such brokerage firm in order to complete the sale;
- (c) surrender of Shares held by you that have an aggregate Fair Market Value on the date of surrender equal to the aggregate Exercise Price; and/or
- (d) any other method authorized by the Administrator.

Notwithstanding the foregoing, the Company reserves the right to restrict the methods of payment of the Exercise Price if necessary to comply with local law, as determined by the Company in its discretion.

4. **Nontransferability of Options.** The Options may not be pledged, assigned, sold or otherwise transferred other than by will or by the laws of descent and distribution, unless and until the Shares underlying the Options have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Options nor any interest or right therein shall be liable for the debts, contracts or engagements of you or your successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. The terms of the Plan and the Agreement will be binding upon your executors, administrators, heirs, successors and assigns.

5. **Term of Option.** The Options may be exercised only within the term set out in the Grant Notice, which shall in no event be more than seven years from the Grant Date, and may be exercised during such term only in accordance with the Plan and the terms of the Agreement. If these Options are designated as Incentive Stock Options and you owned (within the meaning of Section 424(d) of the Code), at the time the Options were granted, more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the term shall be in no event more than five years from the Grant Date.

6. **Termination as a Service Provider.**

(a) **Termination Generally.** If your status as an active Service Provider terminates for any reason, other than death or Disability or for Misconduct, vested Options may be exercised at any time before the earlier of (i) the expiration date set forth in the Grant Notice or (ii) the date that is three (3) months after your date of termination,

whichever is the shorter period, but only to the extent you were entitled to exercise the Options at the date of termination, as described in Section 1 and 2 hereof.

(b) Termination Due to Death or Disability. If your status as an active Service Provider terminates due to your death or Disability, any Options that would have vested in the calendar year of your death or Disability are immediately vested. You (or your heirs, as applicable) will have twelve (12) months from the date your status as a Service Provider is terminated due to death or Disability to exercise any vested Options. In no case will the post-termination exercise period extend beyond the term limit for the Options as set out in the Grant Notice.

(c) Termination due to Misconduct. If your status as an active Service Provider terminates for Misconduct or if you engage in Misconduct while the Options are outstanding, then the Options shall terminate immediately and cease to be outstanding. If your employment or service is suspended pending an investigation of whether you will be terminated for Misconduct, all of your rights under the Options, including any right to exercise the Options, shall be suspended during the investigation period.

7. **Responsibility for Taxes**. Regardless of any action the Company or, if different, your employer (the “*Employer*”), takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“*Tax-Related Items*”), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant, vesting or exercise of the Options, the issuance of Shares upon exercise of the Options, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax amounts if you are covered under a Company tax equalization policy). In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;
- (b) withholding from the proceeds of the sale of Shares acquired upon exercise of the Option, either through a voluntary sale (specifically including where you exercise this Option in accordance with Section 3(b) above) or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization) without your further consent or direction;
- (c) withholding in Shares to be issued upon exercise of the Options; or
- (d) payment in cash, certified or cashier’s check, or wire transfer of the Tax-Related Items at the time of exercise.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the exercise, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company tax equalization policy, you agree to pay to the Company any additional hypothetical tax obligation calculated and paid under the terms and conditions of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. Other Terms and Conditions.

(a) The Plan. The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt and exercise of the Options, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.

(b) Stockholder Rights. Until the Shares are issued upon exercise, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the Options.

(c) Employment Relationship. Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to terminate your employment at any time.

(d) Change of Control. If your employment is terminated by the Company or the Employer for any reason other than for Misconduct or, if applicable, by you as a result of a Constructive Termination, within one year after a Change of Control, then the Options will become fully vested upon the date of termination.

(e) Declination of Options. If you wish to decline your Options, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits by the deadline for such declination. Your declination is non-revocable, and you will not receive any other benefits or compensation as replacement for the declined Options.

(f) Recovery in the Event of a Financial Restatement. In the event the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the Options) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by governing law and as appropriate under the circumstances, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancellation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; *provided, however*, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the “SEC”) (whichever first occurs) of the financial document embodying such financial reporting requirement. In determining

whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation.

(g) **Incentive Stock Options.** If you are a U.S. taxpayer and your Options are designated as Incentive Stock Options, you hereby acknowledge that, to the extent that the aggregate Fair Market Value (determined as of the time the Options are granted) of all Shares with respect to which Incentive Stock Options, including the Options (if applicable), are exercisable for the first time by you in any calendar year exceeds \$100,000, the Options and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. You further acknowledge that the rule set forth in the preceding sentence shall be applied by taking the Options and other “incentive stock options” into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. You acknowledge that an Incentive Stock Option exercised more than three months after your termination of employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

9. **Nature of Grant.** In accepting the grant, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past;
- (c) all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;
- (d) your participation in the Plan will not create a right to further employment or service with the Company or the Employer and will not interfere with the ability of the Company or the Employer to terminate your employment or service at any time;
- (e) you are voluntarily participating in the Plan;
- (f) the Options and the Shares subject to the Options, and the value of income of such Options and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (g) the Options and the Shares subject to the Options, and the value of income of such Options and Shares, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (h) the Option grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates;
- (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (j) if the underlying Shares do not increase in value, the Options will have no value;

(k) if you exercise the Options and obtain Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;

(l) no claim or entitlement to compensation or damages will arise from forfeiture of the Options resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the Options to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, the Employer, any Parent or any of their respective Parents, Subsidiaries or Affiliates, waive your ability, if any, to bring such claim against the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates, and release the Company, the Employer and any of their respective Parents, Subsidiaries or Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you will be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of such claims;

(m) in the event of termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), your right to vest in the Options under the Plan, if any, will, to the maximum extent permitted by Applicable Laws, terminate effective as of the date that you are no longer actively employed or providing services and will not be extended by any notice period mandated under applicable local laws (e.g., active employment or service would not include a period of “garden leave” or similar period pursuant to Applicable Laws); the Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your Options (including whether you may still be considered to be providing services while on a leave of absence);

(n) the Options and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and

(o) the following provisions apply only if you are providing services outside the United States:

(i) the Options and the Shares subject to the Options, and the value and income of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) none of the Company, the Employer, or any of their respective Parents, Subsidiaries or Affiliates will be liable for any foreign exchange rate fluctuation between any local currency and the United States Dollar that may affect the value of the Options, any amounts due to you pursuant to the exercise of the Options or the subsequent sale of any Shares acquired upon exercise.

10. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

11. **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company, and their respective Parents,*

Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).

You understand that Data may be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Company or Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Options or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

12. **Compliance with Laws and Regulations; Claw-Back Policy.** The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Shares may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares purchased upon the exercise of the Options or portion thereof prior to fulfillment of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company’s common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience. The Shares deliverable upon the exercise of the Options shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with Applicable Laws. Further, and notwithstanding the foregoing, the Options (including any proceeds, gains or other

economic benefit actually or constructively received by you under the Options or upon the receipt or resale of any Shares issued upon exercise of the Options) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Laws, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

13. **Successors and Assigns.** The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.

14. **Administrator Authority.** The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Options have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Agreement.

15. **Governing Law; Jurisdiction; Severability.** The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by any grant of Options or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

16. **Further Instruments.** The parties agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.

17. **Language.** If you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Headings.** The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.
21. **Appendix.** Notwithstanding any provisions in the Award Documentation, the Options are subject to any special terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements or undertakings that may be necessary to accomplish the forgoing. The Appendix constitutes part of the Agreement.
22. **Waiver.** You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.
23. **Entire Agreement.** The Plan, these Terms and Conditions, the Appendix and the Grant Notice constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.
24. **Insider Trading Restrictions/Market Abuse Laws.** You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.
25. **Notices.** Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company’s principal office, and any notice to be given to you shall be addressed to you at your last address reflected on the Company’s records. By a notice given pursuant to this Section 25, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to the person entitled to exercise the Option by written notice under this Section 25. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or similar local service in jurisdictions outside of the United States.
26. **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the Option and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.
27. **Section 409A.** The Options are not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other

interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “**Section 409A**”). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the Options (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the Options to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

28. **Limitation on Your Rights.** Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Options, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.

29. **Notification of Disposition.** If these Options are designated as Incentive Stock Options, you shall give prompt notice to the Company of any disposition or other transfer of any Shares acquired under the Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such Shares or (b) within one year after the transfer of such Shares to you. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by you in such disposition or other transfer.

30. **Termination, Rescission and Recapture.** The Options are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexercised, unexpired or unpaid Options (“**Termination**”), rescind any exercise, payment or delivery pursuant to the Options (“**Rescission**”) or recapture any cash or any Shares or proceeds from your sale of Shares acquired pursuant to the Options (“**Recapture**”), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 30, “**Competitive Organization or Business**” is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company’s most recently filed annual report on Form 10-K.

(a) You are acting contrary to the long-term interests of the Company if you fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.

(b) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:

(i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;

(ii) while employed by the Company or at any time thereafter, without the prior written consent of the Compensation Committee of the Board, you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or

(B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company's confidential information or trade secrets;

(iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a Competitive Organization or Business (as conducted now or during the term of this Agreement);

(iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or

(v) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business that is or is working to become competitive with the Company.

The activities described in this Section 30(b) are collectively referred to as "*Activities Against the Company's Interest.*"

(c) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 30(a) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "*Trigger Date*"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the Options, the Shares issued to you upon exercise of the Options or the proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the Options, the Shares issued to you upon exercise of Options, to the extent that such Options was exercised earlier than one (1) year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any Option, you shall deliver to the Company the Shares acquired pursuant to the Option, or, if you have sold such Common Stock, the gain realized, or payment received as a result of the rescinded exercise, payment, or delivery; provided, that if you return Common Stock that you purchased pursuant to the exercise of the Option (or the gains realized from the sale of such Common Stock), the Company shall promptly refund the exercise price, without earnings, that you paid for the Common Stock. Any payment by you to the Company pursuant to this Section 30(c) shall be made either in cash or by returning to the Company the number of shares of Common Stock that you received in connection with the rescinded exercise, payment, or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of an organization or business in competition with the Business of the Company, so long as (i) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (ii) such investment does not represent more than a one percent equity interest in the organization or business.

(d) Upon exercise of the Option or payment or delivery of Shares pursuant to the Option, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if you are no longer a Service Provider, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-one-percent equity interest.

(e) Notwithstanding the foregoing provisions of this Section 30, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the Options shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other stock options or awards.

(f) Nothing in this Section 30 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 30(f) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.

(g) All administrative and discretionary authority given to the Company under this Section 30 shall be exercised by the Compensation and Leadership Resources Committee of the Board, or an executive officer of the Company as the Compensation Committee may designate from time to time.

(h) Notwithstanding any provision of this Section 30, if any provision of this Section 30 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 30 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.

(i) Notwithstanding the foregoing, this Section 30 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.

By signing the Grant Notice or otherwise accepting the Option grant and any Shares acquired at exercise of the Options, you agree to be bound by terms of the Agreement and the Plan.

APPENDIX

Terms and Conditions Stock Option Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this “*Appendix*”) have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”) and/or the Terms and Conditions to which this Appendix is attached (the “*Terms and Conditions*”).

Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of Options in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting and/or exercise of the Options or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of September 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting or exercise of the Options, receipt of any dividends or the subsequent sale of the Shares.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the Options are granted to you or are considered a resident of another country for local law purposes, the information contained herein may not be applicable to you.

ARGENTINA

Notifications

Securities Law Information. Neither the Options nor the Shares underlying the Options are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. Depending upon the method of exercise, you may be subject to restrictions with respect to the purchase and/or transfer of U.S. dollars pursuant to Argentine currency exchange regulations. The Company reserves the right to restrict the methods of exercise if required under Argentine laws.

Exchange control regulations in Argentina are subject to frequent change. Prior to exercising the Options or transferring sale proceeds into Argentina, you should consult your local bank and/or personal legal advisor to confirm the applicable requirements. You are solely responsible for complying with the exchange control laws that may apply to you in connection with your participation in the Plan.

Foreign Asset/Account Reporting Information. You must report any equity interests you hold in a foreign company (*e.g.*, Shares acquired under the Plan) as of December 31 each year to the Argentine tax authorities on your annual tax return.

BELGIUM

Terms and Conditions

Taxation of Option. The Options must be accepted in writing either (i) within 60 days of the offer date (*i.e.*, the date the written grant terms are communicated to you) (for tax at offer), or (ii) after 60 days following the offer date (for tax at exercise). You have received a separate offer letter and undertaking form in addition to the Agreement and should refer to the offer letter for a more detailed description of the tax consequences corresponding with when you accept the Options. You should consult with your personal tax advisor regarding taxation of the Options and completion of the additional forms.

Notifications

Foreign Asset/Account Reporting Information. If you are a resident of Belgium, you are required to report any securities (*e.g.*, Shares acquired under the Plan) or bank accounts (including brokerage accounts) opened and maintained outside of Belgium, on your annual tax return. In a separate report, you are also required to provide the National Bank of Belgium with the account details of any foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the Kredietcentrales / Centrales des crédits caption. You should consult with your personal advisor to ensure compliance with applicable reporting obligations.

Stock Exchange Tax. Effective January 1, 2017, a stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares are sold. You should consult with your personal tax advisor for additional details on your obligations with respect to the stock exchange tax.

BRAZIL

Terms and Conditions

Nature of Grant. The following provisions supplement Section 9 of the Terms and Conditions:

By accepting and/or exercising the Options, you acknowledge, understand and agree that (i) you are making an investment decision, (ii) you will be entitled to exercise the Options, and receive Shares pursuant to the Options, only if the vesting conditions are met and any necessary services are rendered by you between the Grant Date and

the vesting date(s), and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to you.

Compliance with Laws. By accepting the Options, you agree that you will comply with Brazilian law when you exercise the Options and sell Shares. You also agree to report and pay applicable Tax-Related Items associated with the exercise of the Options, the receipt of any dividends and the subsequent sale of Shares acquired upon exercise.

Notifications

Exchange Control Information. If you are a resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Quarterly reporting is required if such amount exceeds US\$100,000,000. Assets and rights that must be reported include the Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

Tax on Financial Transactions (IOF). Funds remitted out of Brazil (*e.g.*, to pay the Exercise Price) and into Brazil (*e.g.*, proceeds from the sale of Shares and/or cash dividends), and the conversion of funds between Brazilian Real and U.S. dollars associated with such transfers, may be subject to the Tax on Financial Transactions. It is your responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan. You should consult with your personal tax advisor to determine your obligations in this regard.

CANADA

Terms and Conditions

Method of Payment. The following provision supplements Section 3 of the Terms and Conditions:

Due to regulatory requirements, you understand that you are prohibited from surrendering Shares that you already own to pay the Exercise Price or any Tax-Related Items in connection with the exercise of the Options. The Company reserves the right to permit this method of payment depending upon the development of local law.

Termination of Service. The following provision replaces Section 9(m) of the Terms and Conditions (but is not intended to derogate from Section 15 (“Governing Law; Jurisdiction; Severability”)):

For purposes of the Options, your status as a Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws), effective as of the date that is the earliest of:

- (1) the date your status as a Service Provider is terminated,
- (2) the date you receive notice of termination from the Employer, or
- (3) the date you are no longer actively employed or providing services to the Company or any Subsidiary or Affiliate, regardless of any notice period or period of pay in lieu of such notice required under Applicable Laws (including, but not limited to statutory law, regulatory law and/or common law).

The Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your Options (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions will apply if you are a resident of Quebec:

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 11 of the Terms and Conditions:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates and the Administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon exercise of the Options within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property (including cash held outside of Canada and Shares acquired under the Plan) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C\$100,000 at any time in the year. Options must be reported (generally, at nil cost) on form T1135 if the C\$100,000 cost threshold is exceeded due to other foreign specified property you hold. When Shares are acquired, their cost generally is the adjusted cost base ("**ACB**") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if you own other Shares of the Company, this ACB may have to be averaged with the ACB of the other Shares. The form T1135 must be filed with your annual tax return by April 30 of the following year for every year during which your foreign specified property exceeds C\$100,000. You should consult with your personal tax advisor to determine your reporting requirements.

CHINA

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange ("**SAFE**"), as determined by the Company in its sole discretion.

Terms and Conditions

Method of Payment and Sale of Shares. The following provision supplements Section 3 of the Terms and Conditions:

Due to local regulatory requirements, you understand that you will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, you understand that you must instruct the designated broker to: (i) sell all of the Shares issued upon exercise, (ii) use the proceeds to pay the Exercise Price, brokerage fees and any applicable Tax-Related Items, and (iii) remit the balance in cash to you. You will not be permitted to hold Shares after exercise. Depending upon the development of laws and your status as a national or permanent resident of a country other than China, the Company reserves the right to modify the methods of exercising the Options and to permit cash exercises, cashless sell-to-cover exercises or any other method of exercise and payment of Tax-Related Items permitted under the Plan. If the Company in its discretion does not require the immediate sale of the Shares issuable upon exercise of the Options, you understand and agree that any Shares acquired under the Plan must be sold within a period of time as may be permitted by the Company or required by SAFE. You understand that any Shares acquired under the Plan that have not been sold within such period as may be permitted by the Company or required by SAFE will be automatically sold by the designated broker pursuant to this authorization. You acknowledge that the broker is not required to sell the Shares at any particular price and that the Company, the

Employer or other Parents, Subsidiaries or Affiliates, as well as the broker, cannot be held responsible for any loss of Option proceeds due to the forced sale.

Termination as a Service Provider. The following provision supplements Section 6 of the Terms and Conditions:

Notwithstanding anything to the contrary in the Agreement, you understand and agree that, pursuant to local exchange control requirements, you will be required to exercise any outstanding Options (using the cashless sell-all method of exercise) within a certain period of time after termination of your status as Service Provider, as determined by the Company in its discretion. If you do not exercise the Options within this period, you acknowledge that the Company will instruct the designated broker to exercise the Options on your behalf pursuant to this authorization and subject to the terms of the preceding provision.

Exchange Control Requirements. You acknowledge and agree that you will be required to repatriate the cash proceeds from the immediate sale of the Shares upon exercise of the Options to China. You further understand that, under Applicable Laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or other Parents, Subsidiaries or Affiliates, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire may be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Notifications

Exchange Control Information. Chinese residents may be required to report to exchange control regulators all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with individuals who are not Chinese residents.

FRANCE

Terms and Conditions

French Language Provision. By accepting the Options, you confirm having read and understood the documents relating to the Plan which were provided to you in the English language and you accept the terms of those documents.

En acceptant les Options, vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise et vous en acceptez les termes en connaissance de cause.

Notifications

Tax Information. The Options are not intended to be French tax-qualified Awards.

Foreign Asset/Account Reporting Information. If you hold Shares outside of France or maintain a foreign bank or brokerage account, you are required to report such accounts (including any accounts that were closed during the year) to the French tax authorities when filing your annual tax return.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). If you make or receive a cross-border payment in excess of €12,500 in connection with the exercise of the Options or the sale of Shares acquired under the Plan or the receipt of dividends paid on such Shares, the report must be made electronically by the fifth day of the month following the month in which the payment was made or received. The form of report can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

HONG KONG

Terms and Conditions

Sale of Shares. The following provision supplements Section 2 of the Terms and Conditions:

In the event your Options vest and are exercised within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Notifications

Securities Law Warning: *The Options and Shares issued at exercise do not constitute a public offering of securities under Hong Kong law and are available only to Service Providers of the Company, the Employer or other Parents, Subsidiaries or Affiliates. The Agreement, the Plan and other Award Documentation have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the Agreement, the Plan or the other Award Documentation been reviewed by any regulatory authority in Hong Kong. The Options are intended only for the personal use of each eligible Service Provider and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, the Plan or the other Award Documentation, you should obtain independent professional advice.*

INDIA

Terms and Conditions

Method of Payment. The following provision supplements Section 3 of the Terms and Conditions:

Due to regulatory requirements you understand that you may not pay the Exercise Price by a sell-to-cover exercise (*i.e.*, whereby some, but not all, of the Shares subject to the Options will be sold immediately upon exercise and the proceeds from the sale will be remitted to the Company to cover the Exercise Price for the purchased shares and any Tax-Related Items withholding). The Company reserves the right to permit this method of payment depending upon the development of local law.

Notifications

Exchange Control Information. You understand that you must repatriate and convert into local currency any proceeds from the sale of Shares acquired under the Plan to India within 90 days of receipt and any cash dividends paid on such Shares to India within 180 days of receipt, or within such other period of time as may be required under applicable regulations. You must obtain a foreign inward remittance certificate (the "**FIRC**") from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, the Company or the Employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. You are required to declare your foreign bank accounts and any foreign financial assets (including Shares held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

ISRAEL

Terms and Conditions

The following terms and conditions apply to you only if you are an Israeli tax resident at the time of grant of the Options, which were made under the capital gains trustee track of Section 102 of the Israeli Income Tax Ordinance.

Israeli Subplan. By accepting the Options, you understand and agree that the Options are offered subject to and in accordance with the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan Israeli Subplan (the “**Israeli Subplan**”) and the Options are intended to qualify as a 102 Capital Gains Track Grant (as defined in the Israeli Subplan). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the Options, and you acknowledge that you will not be entitled to damages of any nature whatsoever if the Options become disqualified and no longer qualify as a 102 Capital Gains Track Grant. In the event of any inconsistencies between the Israeli Subplan, the Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Employer, you agree to execute any letter or other agreement in connection with the grant of the Options or any future awards granted under the Israeli Subplan. If you fail to comply with such request, the Options may not qualify as a 102 Capital Gains Track Grant.

Trust Arrangement. You acknowledge and agree that any Shares issued upon exercise of the Options will be subject to a supervisory trust arrangement with the Company’s designated trustee in Israel, ESOP Management and Trust Company Ltd., (the “**Trustee**”) in accordance with the terms of the trust agreement between the Company and the Trustee. You further agree that such Shares will be subject to the Required Holding Period (as defined in the Israeli Subplan), which shall be 24 months from the Grant Date. The Company may, in its sole discretion, replace the Trustee from time to time and instruct the transfer of all awards and Shares held and/or administered by such Trustee at such time to its successor. The provisions of the Agreement, including this Appendix, shall apply to the new Trustee *mutatis mutandis*.

Restriction on Sale. You acknowledge that any Shares underlying the Options may not be disposed of prior to the expiration of the Required Holding Period in order to qualify for tax treatment under the 102 Capital Gains Track. Accordingly, you shall not dispose of (or request the Trustee to dispose of) any such Shares prior to the expiration of the Required Holding Period, other than as permitted by Applicable Laws. For purposes of this Appendix for Israel, “dispose” shall mean any sale, transfer or other disposal of the Shares by you (including by means of an instruction by you to the designated broker) or the Trustee, including a release of such Shares from the Trustee to you.

Responsibility for Taxes. The following provisions supplement Section 7 of the Terms and Conditions:

You agree that the Trustee may act on behalf of the Company or the Employer, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to you in connection with the Options granted under the Israeli Subplan.

The following provision applies to you only if you were not an Israeli tax resident at the time of grant of the Options and the Options do not qualify as Section 102 capital gains trustee track grants:

Cashless Exercise Restriction. Unless otherwise determined by the Administrator, you will be required to exercise the Options using the cashless sell-all exercise method whereby all Shares subject to the exercised Options will be sold immediately upon exercise and the proceeds of sale, less the Exercise Price, any Tax-Related Items and broker’s fees or commissions, will be remitted to you in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold Shares after exercise. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

Notifications

Securities Law Information. An exemption from the requirement to file a prospectus with respect to the Plan has been granted to the Company by the Israeli Securities Authority. Copies of the Plan and Form S-8 registration statement for the Plan filed with the U.S. Securities and Exchange Commission are available free of charge upon request with your local human resources representative.

ITALY

Terms and Conditions

Method of Payment. The following provision supplements Section 3 of the Terms and Conditions:

Due to local regulatory requirements, you understand that you will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, you understand that you must instruct the Plan broker to: (i) sell all of the Shares issued upon exercise; (ii) use the proceeds to pay the Exercise Price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to you. You will not be permitted to hold Shares after exercise. Depending upon the development of laws and your status as a national of a country other than Italy, the Company reserves the right to modify the methods of exercising the Options and, in its sole discretion, to permit cash exercises, cashless sell-to-cover exercises or any other method of exercise and payment of Tax-Related Items permitted under the Plan.

Data Privacy. The following provision replaces in its entirety Section 11 of the Terms and Conditions:

You understand that the Employer and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address, and telephone number, email address, date of birth, social security number (to the extent permitted under Italian law), passport or any other identification number, salary, nationality, job title, number of Shares held and the details of all Options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (“Data”) for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You are aware that providing the Company with your Data is necessary for the performance of the Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The controller of personal data processing is Advanced Micro Devices, Inc., 2485 Augustine Drive, Santa Clara, CA, 95054, USA, and, pursuant to D.lgs 196/2003, its representative in Italy is: Advanced Micro Devices, Spa. Via Polidoro da Caravaggio 6, 20156, Milano, Italy. You understand that Data may be transferred to the Company, the Employer or other Parents, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to the vesting of the Options or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby acknowledge that the processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to Applicable Laws and regulations, does not require your consent because the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the above specified purposes will take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by Applicable Laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by Applicable Laws or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art.7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of Data and cease, for legitimate reasons, Data processing. Furthermore, you are aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: Advanced Micro Devices, Spa. Via Polidoro da Caravaggio 6, 20156, Milano, Italy.

Plan Document Acknowledgment. In accepting the Options, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix. You further

acknowledge that you have read and specifically and expressly approve the following sections of the Terms and Conditions: Section 1: Vesting of Options, Section 2: Exercise of Options; Section 6: Termination as a Service Provider; Section 7: Responsibility for Taxes; Section 9: Nature of Grant; and the Data Privacy and Method of Payment provisions above.

Notifications

Foreign Asset/Account Reporting Information. If you hold investments abroad or foreign financial assets (*e.g.*, cash, Shares, the Options) that may generate income taxable in Italy, you are required to report them on your annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due, irrespective of their value. The same reporting duties apply to you if you are beneficial owners of the investments, even if you do not directly hold investments abroad or foreign assets.

Foreign Asset Tax Information. The value of financial assets held outside of Italy by Italian residents is subject to a foreign asset tax, subject to an exemption on the first €6,000. The taxable amount will be the fair market value of the financial assets (*e.g.*, Shares) assessed at the end of the calendar year.

JAPAN

Notifications

Exchange Control Information. If you acquire Shares valued at more than ¥100 million in a single transaction, you must file a Securities Acquisition Report with the Ministry of Finance (the “*MOF*”) through the Bank of Japan within 20 days of the acquisition.

In addition, if you pay more than ¥30 million in a single transaction for the purchase of Shares when you exercise the Options, you must file a Payment Report with the MOF through the Bank of Japan within 20 days of the date that the payment is made. The precise reporting requirements vary depending on whether or not the relevant payment is made through a bank in Japan. Please note that a Payment Report is required independently from a Securities Acquisition Report. Therefore, you must file both a Payment Report and a Securities Acquisition Report if the total amount that you pay in a single transaction for exercising the Options and purchasing Shares exceeds ¥100 million.

Foreign Asset/Account Reporting Information. You are required to report details of any assets held outside of Japan (including Shares acquired under the Plan) as of December 31, to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due by March 15 each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of your outstanding Options, as well as Shares, in the report.

KOREA

Notifications

Exchange Control Information. To remit funds out of Korea to exercise the Options by a cash-exercise method, you must obtain a confirmation of the remittance by a foreign exchange bank in Korea. This is an automatic procedure (*i.e.*, the bank does not need to approve the remittance and the process should not take more than a single day). You likely will need to present the bank processing the transaction supporting documentation evidencing the nature of the remittance.

If you realize US\$500,000 or more from the sale of Shares or the receipt of any dividends in a single transaction before July 18, 2017, Korean exchange control laws require you to repatriate the proceeds to Korea within three years of the sale or receipt of such proceeds.

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to

such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine your personal reporting obligations.

MALAYSIA

Terms and Conditions

Data Privacy. The following provision replaces in its entirety Section 11 of the Terms and Conditions:

<p><i>You hereby explicitly, voluntarily and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, you, the Employer, the Company and other Parents, Subsidiaries and Affiliates or any third parties authorized by same in assisting in the implementation, administration or management of your participation in the Plan.</i></p>	<p><i>Anda dengan ini secara eksplisit, secara sukarela dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi anda seperti yang dinyatakan dalam Perjanjian dan apa-apa Dokumentasi Penganugerahan oleh dan di antara, sebagaimana yang berkenaan, Majikan, Syarikat dan Syarikat-syarikat Induk, Anak-anak Syarikat dan Syarikat-syarikat Sekutu masing masing, atau mana-mana pihak ketiga yang diberi kuasa oleh yang sama untuk membantu dalam pelaksanaan, pentadbiran dan pengurusan penyertaan anda dalam Pelan tersebut.</i></p>
<p><i>You may have previously provided the Company and the Employer with, and the Company and the Employer may hold, certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport, or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, the fact and conditions of your participation in the Plan, details of all options or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan.</i></p>	<p><i>Sebelum ini, andamungkin telah membekalkan Syarikat dan Majikan dengan, dan Syarikat dan Majikan mungkin memegang, maklumat peribadi tertentu tentang anda, termasuk, tetapi tidak terhad kepada, nama anda, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, insurans social, nombor pasport, atau pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang dalam Syarikat, fakta dan syarat-syarat penyertaan anda dalam Pelan, butir-butir semua opsyen atau apa-apa hak lain untuk syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun bagi faedah anda (“Data”), untuk tujuan yang eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut.</i></p>

You also authorize any transfer of Data, as may be required, to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan and/or with whom any shares acquired upon exercise of the Options are deposited. You acknowledge that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections to your country, which may not give the same level of protection to Data. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing your participation in the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing "Ask HR" at <http://AskHR on AMD Central>. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your employment status or service with the Employer will not be affected; the only consequence of refusing or withdrawing the consent is that the Company would not be able to grant future stock options or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Anda juga memberi kuasa untuk membuat apa-apa pemindahan Data, sebagaimana yang diperlukan, kepada broker Pelan yang ditetapkan oleh Syarikat, atau pembekal perkhidmatan pelan saham lain sebagaimana yang mungkin dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan dan/atau dengan sesiapa yang menandatangani Saham yang diperolehi melalui pelaksanaan Opsyen. Anda mengakui bahawa penerima-penerima ini mungkin berada di negara anda atau di tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara anda, yang mungkin tidak boleh memberi tahap perlindungan yang sama kepada Data. Anda faham bahawa anda boleh meminta senarai nama dan alamat mana-mana penerima Data dengan menghubungi wakil sumber manusia tempatan anda. Anda memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda memahamibahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda memahamibahawa anda boleh, pada bila-bila masa, melihat data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan anda, di mana butir-butir hubungannya adalah "Ask HR" at <http://AskHR on AMD Central>. Selanjutnya, anda memahami bahawa anda memberikan persetujuan di sini secara sukarela. Jika anda tidak bersetuju, atau jika anda kemudian membatalkan persetujuan anda, status pekerjaan atau perkhidmatan dan kerjaya anda dengan Majikan tidak akan terjejas; satunya akibat jika anda tidak bersetuju atau menarik balik persetujuan anda adalah bahawa Syarikat tidak akan dapat memberikan opsyen saham pada masa depan atau anugerah ekuiti lain kepada anda atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, anda memahami bahawa keengganan atau penarikan balik persetujuan anda boleh menjejaskan kemampuan anda untuk mengambil bahagian dalam Pelan tersebut. Untuk maklumat lanjut mengenai akibat keengganan anda untuk memberikan keizinan atau penarikan balik keizinan, anda memahamibahawa anda boleh menghubungi wakil sumber manusia tempatan anda.

Notifications

Director Notification Obligation. If you are a director of the Company's Malaysian Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Parent, Subsidiary or Affiliate in writing when you receive or dispose of an interest (e.g., an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within fourteen (14) days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. The following provisions supplement Sections 8 and 9 of the Terms and Conditions:

Modification. By accepting the Options, you understand and agree that any modification of the Plan or the Agreement or its termination will not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The Award of Options the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability. The Company, with principal executive offices at 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is AMD Latin America, Ltd. – Mexico City Branch, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 – México, nor does it establish any rights between you and the Employer.

Plan Document Acknowledgment. By accepting the Award of Options, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in Section 9 of the Terms and Conditions, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right, (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis, (iii) participation in the Plan is voluntary, and (iv) the Company, the Employer and other Parents, Subsidiaries or Affiliates are not responsible for any decrease in the value of the Shares underlying the Options.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company, the Employer or other Parents, Subsidiaries or Affiliates for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company, the Employer and other Parents, Subsidiaries and Affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Términos y Condiciones

Ausencia de derecho para reclamar compensaciones. Estas disposiciones complementan el apartado 8 y 9 de los Términos y Condiciones

Modificación. Al aceptar las Opciones, usted reconoce y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de empleo.

Declaración de Política. El Otorgamiento de las Opciones que hace la Compañía en virtud del Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier tiempo, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones no establece de forma alguna una relación de trabajo entre usted y la Compañía, ya que su participación en el Plan es completamente comercial y el único empleador es AMD Latin America, Ltd. – Mexico City Branch, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 – México, así como tampoco establece ningún derecho entre Usted y su Empleador.

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de las Opciones, usted reconoce que ha recibido copias del Plan, ha revisado el mismo, al igual que la totalidad del Acuerdo y, que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, al aceptar el Acuerdo, reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la sección 7 de los Términos y Condiciones Acuerdo, en el cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, su Empleador y cualquier empresa Matriz, Subsidiaria o Filiales no son responsables por cualquier disminución en el valor de las Acciones en relación a las Unidades de Acción Restringida.

Finalmente, declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía, su Matriz, Subsidiaria o Afiliada por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, en consecuencia, otorga el más amplio finiquito al Empleador, así como a la Compañía, su Matriz, Subsidiaria o Filiales con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

NETHERLANDS

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. If you transfer funds in excess of €15,000 (or PLN 15,000 if such transfer is connected with the business activity of an entrepreneur) into or out of Poland in connection with the payment of the Exercise Price and/or the sale of Shares or the receipt of dividends, the funds must be transferred via a bank account in Poland. You are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. If you hold Shares acquired under the Plan and/or maintain a bank account abroad, you will have reporting duties to the National Bank of Poland; specifically, if the aggregate value of Shares and cash held in such foreign accounts exceeds PLN7,000,000, you must file reports on the transactions and balances of the accounts on a quarterly basis. You should consult with your personal legal advisor to determine what you must do to fulfill any applicable reporting duties.

RUSSIA

Terms and Conditions

Method of Payment. The following provision supplements Section 3 of the Terms and Conditions:

Depending on the development of local regulatory requirements, the Company reserves the right to restrict you to the cashless sell-all method of exercise, whereby all Shares subject to the exercised Option will be sold immediately upon exercise and the proceeds of the sale, less the Exercise Price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with any Applicable Laws and regulations. If the Company restricts you to the cashless sell-all method of exercise, you will not be permitted to acquire and hold Shares after exercise. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

U.S. Transaction. You understand that the acceptance of the Options results in an agreement between you and the Company that is completed in the U.S. and that the Agreement is governed by the laws of the State of California, without giving effect to the conflict of law principles thereof.

Upon exercise of the Options, if the Company in its discretion allows you to hold Shares, such Shares must be held in the U.S. and will not be delivered to you in Russia. You acknowledge that you are not permitted to sell or otherwise transfer Shares directly to other individuals in Russia, nor are you permitted to bring any certificates representing the Shares (if any) into Russia.

Data Privacy. The following provision supplements Section 11 of the Terms and Conditions:

You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in Section 11 and, by participating in the Plan, you agree to such terms. In this regard, upon request of the Company or the Employer, you agree to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. You understand that you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

Notifications

Exchange Control Information. In order to perform a cash exercise of the Options, you must remit the funds from a foreign currency account at an authorized bank in Russia. This requirement does not apply if you use a cashless method of exercise, such that there is no remittance of funds out of Russia.

Upon the sale of Shares acquired under the Plan or the receipt of any cash dividends paid on such Shares, you must repatriate the proceeds back to Russia within a reasonably short time after receipt of the proceeds. You may remit proceeds to your foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to a foreign bank subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities and (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing. The repatriation requirement does not apply to dividends paid on Shares issued upon exercise of the Options deposited directly into a foreign bank or brokerage account opened with a foreign bank located in Organisation for Economic Cooperation Development (“*OECD*”) or Financial Action Task Force (“*FATF*”) countries. *You are strongly encouraged to contact your personal advisor to confirm the applicable Russian exchange control rules because significant penalties may apply in the case of non-compliance and because exchange control requirements may change.*

Foreign Asset / Account Reporting Information. As described above, Russian residents will be required to notify the Russian tax authorities within one month of opening or closing a foreign bank account or of changing any account details. Russian residents are also required to file reports of the beginning and ending balances in their foreign bank accounts with the Russian tax authorities on an annual basis. In addition, Russian residents are required to report any cash transactions with respect to foreign bank accounts to the Russian tax authorities. The tax authorities can require any supporting documents related to the transactions in a Russian resident’s foreign bank account.

Securities Law Information. The grant of the Options and the distribution of the Plan and all other materials you may receive regarding participation in the Plan do not constitute an offering or the advertising of securities in Russia. The issuance of Shares pursuant to the Plan has not and will not be registered in Russia and, therefore, the Shares may not be used for an offering or public circulation in Russia.

Labor Law Information. If you continue to hold Shares acquired at exercise of the Options after an involuntary termination of your service, you may not be eligible to receive unemployment benefits in Russia.

Anti-Corruption Legislation Information. Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). You should consult with your personal legal advisor to determine whether the restriction applies to you.

SINGAPORE

Term and Conditions

Sale of Shares. The Shares subject to the Options may not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Notifications

Securities Law Information. The Award of Options is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to the Options or underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

CEO and Director Notification Obligation. If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of the Company’s Singapore Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent, Subsidiary or Affiliate in writing when you receive an interest (e.g., an Award or Shares) in the Company, the Employer or other Parents, Subsidiaries or Affiliates. In addition, you must notify the Company’s Singapore Parent, Subsidiary or Affiliate when you sell Shares or shares of any Parent, Subsidiary or Affiliate (including when you sell Shares issued upon exercise of the Options). These notifications must be made within two (2) business days of acquiring or disposing of any interest in the Company, the Employer or other Parents, Subsidiaries or Affiliates. In addition, a notification of your interests in the Company, the Employer or other Parents, Subsidiaries or Affiliates must be made within two (2) business days of becoming the CEO or a director.

SWEDEN

There are no country-specific provisions.

TAIWAN

Notifications

Securities Law Information. The Options and the Shares to be issued upon exercise of the Options are available only for certain Service Providers. It is not a public offer of securities by a Taiwanese company. Therefore, it is exempt from registration in Taiwan.

Exchange Control Information. You may acquire and remit foreign currency (including proceeds from the sale of Shares or the receipt of any dividends) into and out of Taiwan up to US\$5,000,000 per year without justification. If the transaction amount is TWD\$500,000 or more in a single transaction, you must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more in a single transaction, you may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Please consult your personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. The following provisions supplement Section 7 of the Terms and Conditions:

Without limitation to Section 7 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any

other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In this case, the amount of income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 7.

FORM OF RESTRICTED STOCK UNIT AWARD AGREEMENT
FOR SENIOR VICE PRESIDENTS AND ABOVE
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT GRANT NOTICE
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*”), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”), hereby grants to the holder listed below (“*Participant*”) this award of restricted stock units set forth below (the “*RSUs*”). This award of RSUs is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the RSUs (the “*Terms and Conditions*”), including any applicable country-specific terms and conditions for Participant’s country set forth in the appendix thereto, as applicable (the “*Appendix*”) and in the Plan, each of which are incorporated herein by reference. Unless otherwise defined, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and the Terms and Conditions.

Participant: _____

Employee ID: _____

Grant Date: _____

Number of Restricted Stock Units: _____

Vesting Schedule: [To be specified in individual agreements], subject to Participant continuing to be an active Service Provider through each applicable vesting date.

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (b) acknowledges that he or she has reviewed the Plan, the Terms and Conditions, the Appendix and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Restricted Stock Unit Grant Notice, and fully understands all provisions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions arising under the Plan, the Terms and Conditions, the Appendix or this Grant Notice.

ADVANCED MICRO DEVICES, INC.

PARTICIPANT

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____

**TERMS AND CONDITIONS
RESTRICTED STOCK UNIT AWARD
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN**

These Terms and Conditions (these “*Terms and Conditions*”), together with the Plan, the Grant Notice, any country-specific terms and conditions contained in the Appendix hereto, comprise your agreement (the “*Agreement*”) with Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*”), regarding restricted stock units (the “*RSUs*”) awarded under the Plan.

1. **Vesting of Restricted Stock Units.** The RSUs will vest on the date(s) shown on the Grant Notice provided that you continue to be an active Service Provider through each vesting date. Unless and until the RSUs have vested in accordance with the vesting schedule set forth in the Grant Notice, you will have no right to receive Shares in settlement of such RSUs.
2. **Issuance of Shares.** Subject to Sections 5, 6(g) and 10 of these Terms and Conditions, and further subject to any country-specific terms and conditions set forth in the Appendix, the Shares will be issued in your name after the RSUs vest (but in no event later than March 15 following the calendar year in which the RSUs vest). Until Shares are actually issued in settlement of any vested RSUs, such RSUs will represent an unfunded, unsecured obligation of the Company.
3. **Nontransferability of Restricted Stock Units.** Unless determined otherwise by the Administrator, the RSUs may not be pledged, assigned, sold or otherwise transferred.
4. **Forfeiture of Restricted Stock Units.** Except as otherwise provided in Section 6(d) of these Terms and Conditions, if your status as a Service Provider terminates for any reason before the vesting date(s) shown on the Grant Notice, your unvested RSUs will be cancelled and forfeited without consideration. In case of any dispute as to whether your status as a Service Provider has terminated, the Administrator will have sole discretion to determine whether such termination has occurred and the effective date of such termination.
5. **Responsibility for Taxes.** Regardless of any action the Company or, if different, your employer (the “*Employer*”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“*Tax-Related Items*”), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the issuance of Shares upon settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax amounts if you are covered under a Company or Employer Tax equalization policy). In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;
- (b) withholding from proceeds of the sale of Shares issuable or issued to you upon vesting and/or settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without your further consent or direction); or
- (c) withholding in Shares to be issued upon vesting and/or settlement of the RSUs.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding rates, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, you are deemed for tax purposes to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company or Employer tax equalization policy, you agree to pay to the Company or Employer any additional hypothetical tax obligation calculated and paid under the terms and conditions of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

6. Other Terms and Conditions.

(a) The Plan. The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt of the RSUs and any Shares issuable in settlement of vested RSUs, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.

(b) Stockholder Rights. Until the Shares are issued, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the RSUs.

(c) Employment Relationship. Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to terminate your employment at any time.

(d) Change of Control. If your employment is terminated by the Company or the Employer for any reason other than for Misconduct or, if applicable, by you as a result of a Constructive Termination, within one year after a Change of Control, then the RSUs will become fully vested upon the date of termination.

(e) Declination of RSUs. If you wish to decline your RSUs, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits by the deadline for such declination. Your declination is non-revocable, and you will not receive a grant of stock options or other compensation as replacement for the declined RSUs.

(f) Recovery in the Event of a Financial Restatement; Claw-Back Policy. In the event the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the RSUs) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by

Applicable Laws, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancellation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; provided, however, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the “**SEC**”) (whichever first occurs) of the financial document embodying such financial reporting requirement.

In determining whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation. Further, and notwithstanding the foregoing, the RSUs (including any proceeds, gains or other economic benefit actually or constructively received by you upon any receipt of the RSUs or upon the receipt or resale of any Shares underlying the RSUs) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Laws, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

(g) **Deferral of Settlement of Vested RSUs.** If approved by the Administrator, you may elect to defer settlement of one or more of your vested RSUs in accordance with the rules and procedures prescribed by the Board or the Compensation and Leadership Resources Committee of the Board (the “**CLRC**”), which rules and procedures shall, among other things, comply with the requirements of Section 409A (as defined below). In such case the Shares issuable under such vested RSUs will be delivered to you at the time and in the manner provided for pursuant to your deferral election.

7. **Nature of Grant.** In accepting the grant, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
- (c) all decisions with respect to future RSU grants, if any, will be at the sole discretion of the Company;
- (d) your participation in the Plan will not create a right to further employment or service with the Company or the Employer and will not interfere with the ability of the Company or the Employer to terminate your employment or service at any time;
- (e) you are voluntarily participating in the Plan;
- (f) the RSUs and the Shares subject to the RSUs, and the value and income of such RSUs and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (g) the RSUs and the Shares subject to the RSUs, and the value and income of such RSUs and Shares, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (h) the RSU grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates;
- (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

- (j) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, the Employer, any Parent or any of their respective Parents, Subsidiaries or Affiliates, waive your ability, if any, to bring such claim against the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates, and release the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you will be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of such claims;
- (k) in the event of termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), your right to vest in the RSUs under the Plan, if any, will, to the maximum extent permitted by Applicable Laws, terminate effective as of the date that you are no longer actively employed or providing services and will not be extended by any notice period mandated under applicable local laws (e.g., active employment or service would not include a period of “garden leave” or similar period pursuant to Applicable Laws); the Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your RSU grant (including whether you may still be considered to be providing services while on a leave of absence);
- (l) the RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and
- (m) the following provisions apply only if you are providing services outside the United States:
 - (i) the RSUs and the Shares subject to the RSUs, and the value and income of same, are not part of normal or expected compensation or salary for any purpose; and
 - (ii) none of the Company, the Employer, or any of their respective Parents, Subsidiaries or Affiliates will be liable for any foreign exchange rate fluctuation between any local currency and the United States Dollar that may affect the value of the RSUs, any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

8. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

9. **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company and their respective Parents, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).

You understand that Data may be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Company or Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

10. **Compliance with Laws and Regulations.** The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Common Stock may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company's common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the vesting or settlement as the Administrator may from time to time establish for reasons of administrative convenience. The Shares shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with securities or other laws applicable to issuance of Shares.

11. **Successors and Assigns.** The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.

12. **Governing Law; Jurisdiction; Severability.** The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the Company and you evidenced by this grant or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no

other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

13. **Further Instruments.** You agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.

14. **Administrator Authority.** The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made with respect to the Plan or the Agreement.

15. **Language.** If you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

16. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. **Headings.** The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.

19. **Appendix.** Notwithstanding any provisions in the Award Documentation, the RSU grant will be subject to any special terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. The Appendix constitutes part of the Agreement.

20. **Waiver.** You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.

21. **Entire Agreement.** The Plan, these Terms and Conditions, the Appendix and the Grant Notice constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.

22. **Insider Trading Restrictions/Market Abuse Laws.** You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (e.g., RSUs) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under

these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

23. **Notices.** Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to you shall be addressed to you at your last address reflected on the Company's records. By a notice given pursuant to this Section 23, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to your legal representative. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or similar local service in jurisdictions outside of the United States.

24. **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the RSUs and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

25. **Section 409A.** The RSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "**Section 409A**"). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

26. **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to RSUs, as and when vested or settled pursuant to the terms hereof.

27. **Termination, Rescission and Recapture.** The RSUs are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexpired or unpaid RSUs ("**Termination**"), rescind any payment or delivery of Shares pursuant to the RSUs ("**Rescission**") or recapture any cash or any Shares or any proceeds from your sale of Shares acquired pursuant to the RSUs ("**Recapture**"), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 27, "**Competitive Organization or Business**" is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company's most recently filed annual report on Form 10-K.

- (a) You are acting contrary to the long-term interests of the Company if you fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.

- (b) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:
- (i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;
 - (ii) while employed by the Company or at any time thereafter, without the prior written consent of the CLRC, you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or (B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company's confidential information or trade secrets;
 - (iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a Competitive Organization or Business (as conducted now or during the term of this Agreement);
 - (iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or
 - (v) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business that is or is working to become competitive with the Company.

The activities described in this Section 27(b) are collectively referred to as "*Activities Against the Company's Interest.*"

- (c) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 27(a) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "*Trigger Date*"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the RSUs, Shares issued or issuable pursuant to the RSUs, or the proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the RSUs to the extent that such RSUs vested earlier than one year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any RSU, you shall deliver to the Company the Shares acquired pursuant to the RSUs, or, if you have sold such Shares, the gain realized, or payment received as a result of the rescinded payment or delivery. Any payment by you to the Company pursuant to this Section 27(c) shall be made either in cash or by returning to the Company the number of Shares that you received in connection with the rescinded payment or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of a Competitive Organization or Business, so long as (x) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (y) such investment does not represent more than a one percent equity interest in the organization or business.

- (d) Upon payment or delivery of Shares pursuant to the RSUs, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if you are no longer a Service Provider, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-one-percent equity interest.
- (e) Notwithstanding the foregoing provisions of this Section 27, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the RSUs shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other equity awards.
- (f) Nothing in this Section 27 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 27(f) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.
- (g) All administrative and discretionary authority given to the Company under this Section 27 shall be exercised by the Compensation Committee of the Board, or an executive officer of the Company as the Compensation Committee may designate from time to time.
- (h) Notwithstanding any provision of this Section 27, if any provision of this Section 27 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 27 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.
- (i) Notwithstanding the foregoing, this Section 27 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.

By signing the Grant Notice or otherwise accepting the RSU grant and the Shares issued upon vesting of the RSUs, you agree to be bound by terms of the Agreement and the Plan.

APPENDIX

Terms and Conditions Restricted Stock Unit Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this “*Appendix*”) have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”) and/or the Terms and Conditions to which this Appendix is attached (the “*Terms and Conditions*”).

Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of RSUs in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting of the RSUs or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of September 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting of the RSUs, the receipt of any dividends or dividend equivalents or the subsequent sale of the Shares.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the RSUs are granted to you or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you.

ARGENTINA

Notifications

Securities Law Information. Neither the RSUs nor the Shares subject to the RSUs are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. Certain restrictions and requirements may apply if and when you transfer proceeds from the sale of Shares or any cash dividends paid with respect to such Shares into Argentina.

Exchange control regulations in Argentina are subject to frequent change. Prior to vesting in the RSUs or remitting funds into Argentina, you should consult with your personal legal advisor regarding any exchange control obligations you may have in connection with your participation in the Plan.

Foreign Asset/Account Reporting Information. You must report any equity interests you hold in a foreign company (*e.g.*, Shares acquired under the Plan) as of December 31 each year to the Argentine tax authorities on your annual tax return.

AUSTRALIA

Terms and Conditions

Data Privacy. This following provision supplements Section 9 of the Terms and Conditions: The Company can be contacted at 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A. The Australian Employer can be contacted at Part Level 8, 15 Talavera Road, North Ryde, NSW 2113, Sydney, Australia.

Data will be held in accordance with the Company's Worldwide Standards of Business Conduct, a copy of which can be obtained on the Company's website or by contacting the Company or the Australian Employer at the address listed above.

You understand and agree that Data may be transferred to recipients of Data located outside of Australia, including the United States and any other country where the Company has operations.

Australia Offer Document. The offer of RSUs is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of the RSUs to Australian resident Participants, which is being provided to you with the Agreement.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, you will be required to file the report.

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. If you are a resident of Belgium, you are required to report any securities (*e.g.*, Shares acquired under the Plan) or bank accounts (including brokerage accounts) opened and maintained outside of Belgium on your annual tax return. In a separate report, you are also required to provide the National Bank of Belgium with the account details of any foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the *Kredietcentrales / Centrales des crédits* caption. You should consult with your personal advisor to ensure compliance with applicable reporting obligations.

Stock Exchange Tax. Effective January 1, 2017, a stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares are sold. You should consult with your personal tax advisor for additional details on your obligations with respect to the stock exchange tax.

BRAZIL

Terms and Conditions

Nature of Grant. The following provisions supplement Section 7 of the Agreement:

By accepting the RSUs, you acknowledge, understand and agree that (i) you are making an investment decision, (ii) you will be entitled to vest in, and receive Shares pursuant to, the RSUs only if the vesting conditions are met and any necessary services are rendered by you between the Grant Date and the vesting date(s), and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to you.

Compliance with Laws. By accepting the RSUs, you agree that you will comply with Brazilian law when you vest in your RSUs and sell Shares. You also agree to report and pay applicable Tax-Related Items associated with the vesting and settlement of the RSUs, the receipt of any dividends and the subsequent sale of the Shares acquired at settlement.

Notifications

Exchange Control Information. If you are a resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Quarterly reporting is required if such amount exceeds US\$100,000,000. Assets and rights that must be reported include any Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

Tax on Financial Transactions (IOF). Funds remitted into Brazil (*e.g.*, proceeds from the sale of Shares and/or cash dividends) and the conversion of funds between Brazilian Real and U.S. dollars associated with such transfers may be subject to the Tax on Financial Transactions. It is your responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan. You should consult with your personal tax advisor to determine your obligations in this regard.

CANADA

Terms and Conditions

Settlement of Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, RSUs will be settled in Shares only, not cash.

Termination of Service. The following provision replaces Section 7(l) of the Terms and Conditions (but is not intended to derogate from Section 12 (“Governing Law; Jurisdiction; Severability”)):

For purposes of the RSUs, your status as a Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws) effective as of the date that is the earliest of:

- (1) the date your status as a Service Provider is terminated,
- (2) the date that you receive notice of termination from the Employer, or
- (3) the date you are no longer actively employed or providing services to the Company or any Subsidiary or Affiliate, regardless of any notice period or period of pay in lieu of such notice required under Applicable Laws (including, but not limited to statutory law, regulatory law and/or common law). The Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your RSU grant (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions will apply if you are a resident of Quebec:

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.
Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 9 of the Terms and Conditions:

You hereby authorize the Company and the Company’s representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates and the Administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon vesting of the RSUs within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property (including cash held outside of Canada and Shares acquired under the Plan) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C\$100,000 at any time in the year. Unvested RSUs must be reported (generally, at nil cost) on form T1135 if the C\$100,000 cost threshold is exceeded due to other foreign specified property the you hold. When Shares are acquired, their cost generally is the adjusted cost base (“**ACB**”) of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if you own other Shares of the Company, this ACB may have to be averaged with the ACB of the other Shares. The form T1135 must be filed with your annual tax return by April 30 of the following year for every year during which your foreign specified property exceeds C\$100,000. You should consult with your personal tax advisor to determine your reporting requirements.

CHINA

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Restricted Stock Units and Sale of Shares. The following provision supplements Section 2 of the Terms and Conditions:

You agree to maintain any Shares you obtain upon vesting in an account with the designated broker prior to sale. Further, you agree to sell all Shares issued upon vesting of the RSUs either immediately after vesting or, if no immediate sale is required, promptly upon notice of termination of your status as a Service Provider. You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company’s designated broker to complete the sale of such Shares. You agree to sign any forms and/or consents required by the Company’s designated broker to effectuate the sale of Shares. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Furthermore, you acknowledge that the sale of Shares upon termination of your status as a Service Provider will be made as soon as administratively possible after the Company’s stock plan administration is aware of your termination, but the Company is not committed to sell the Shares at any particular time after termination of your status as a Service Provider. However, you are always free to sell the Shares yourself at any time prior to the date the Company arranges for the sale of the Shares. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon the vesting of the RSUs as well as any cash dividends paid on such Shares to China. You further understand that, under Applicable Laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or other Parents, Subsidiaries or Affiliates, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire or from cash dividends paid on such Shares will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company’s discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Notifications

Exchange Control Information. Chinese residents may be required to report to exchange control regulators all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with individuals who are not Chinese residents.

CZECH REPUBLIC

Notifications

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the RSUs and the opening and maintenance of a foreign account.

Because exchange control regulations change frequently and without notice, you should consult your personal legal advisor prior to the vesting of the RSUs and the sale of Shares to ensure compliance with current regulations. It is your responsibility to comply with Czech exchange control laws.

FRANCE

Terms and Conditions

French Language Provision. By accepting the RSU grant and the Shares issued at vesting, you confirm having read and understood the documents relating to the Plan which were provided to you in the English language and you accept the terms of those documents.

En acceptant l'attribution des RSU et les actions émises durant l'acquisition, vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise et vous en acceptez les termes en connaissance de cause.

Notifications

Tax Information. The RSUs are not intended to be French tax-qualified Awards.

Foreign Asset/Account Reporting Information. You must report all foreign accounts, whether open, current or closed (including any brokerage account established for purposes of your participation in the Plan) to the French tax authorities in your annual income tax return.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (*Bundesbank*). If you receive a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan or the receipt of dividends paid on such Shares, the report must be made electronically by the fifth day of the month following the month in which the payment was received. The form of report can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

HONG KONG

Terms and Conditions

Settlement of Restricted Stock Units and Sale of Shares. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, RSUs will be settled in Shares only, not cash. This provision is without prejudice to the application of Section 5 of the Agreement.

In the event the RSUs vest and Shares are issued to you within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Notifications

Securities Law Warning: *The RSUs and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to Service Providers of the Company, the Employer or other Parents, Subsidiaries or Affiliates. The Agreement, the Plan and other Award Documentation have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the Agreement, the Plan or the other Award Documentation been reviewed by any regulatory authority in Hong Kong. The RSUs are intended only for the personal use of each eligible Service Provider and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, the Plan or the other Award Documentation, you should obtain independent professional advice.*

INDIA

Notifications

Exchange Control Information. You understand that you must repatriate and convert into local currency any proceeds from the sale of Shares acquired under the Plan to India within 90 days of receipt and any cash dividends paid on such Shares to India within 180 days of receipt, or within such other period of time as may be required under applicable regulations. You must obtain a foreign inward remittance certificate ("**FIRC**") from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, the Company or the Employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. You are required to declare your foreign bank accounts and any foreign financial assets (including Shares held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

INDONESIA

Notifications

Exchange Control Information. Indonesian residents must provide the Indonesian central bank, Bank of Indonesia, with information on foreign exchange activities on an online monthly report no later than the fifteenth day of the following month. Such report can be submitted through the Bank of Indonesia's website.

In addition, if you remit proceeds from the sale of Shares or the receipt of dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, you must complete a Transfer Report Form. The Transfer Report Form will be provided to you by the bank through which the transaction is made.

ISRAEL

Terms and Conditions

The following terms and conditions apply to you only if you are an Israeli tax resident at the time of grant of the RSUs, which were made under the capital gains trustee track of Section 102 of the Israeli Income Tax Ordinance.

Israeli Subplan. By accepting the RSUs, you understand and agree that the RSUs are offered subject to and in accordance with the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan Israeli Subplan (the "**Israeli Subplan**") and the RSUs are intended to qualify as a 102 Capital Gains Track Grant (as defined in the Israeli

Subplan). Notwithstanding the foregoing, the Company does not undertake to maintain the qualified status of the RSUs, and you acknowledge that you will not be entitled to damages of any nature whatsoever if the RSUs become disqualified and no longer qualify as a 102 Capital Gains Track Grant. In the event of any inconsistencies between the Israeli Subplan, the Agreement and/or the Plan, the terms of the Israeli Subplan will govern.

Further, to the extent requested by the Company or the Employer, you agree to execute any letter or other agreement in connection with the grant of the RSUs or any future awards granted under the Israeli Subplan. If you fail to comply with such request, the RSUs may not qualify as a 102 Capital Gains Track Grant.

Trust Arrangement. You acknowledge and agree that any Shares issued upon vesting of the RSUs will be subject to a supervisory trust arrangement with the Company's designated trustee in Israel, ESOP Management and Trust Company Ltd. (the "**Trustee**") in accordance with the terms of the trust agreement between the Company and the Trustee. You further agree that such Shares will be subject to the Required Holding Period (as defined in the Israeli Subplan), which shall be 24 months from the Grant Date. The Company may, in its sole discretion, replace the Trustee from time to time and instruct the transfer of all awards and Shares held and/or administered by such Trustee at such time to its successor. The provisions of the Agreement, including this Appendix, shall apply to the new Trustee *mutatis mutandis*.

Restriction on Sale. You acknowledge that any Shares underlying the RSUs may not be disposed of prior to the expiration of the Required Holding Period in order to qualify for tax treatment under the 102 Capital Gains Track. Accordingly, you shall not dispose of (or request the Trustee to dispose of) any such Shares prior to the expiration of the Required Holding Period, other than as permitted by Applicable Laws. For purposes of this Appendix for Israel, "dispose" shall mean any sale, transfer or other disposal of the Shares by you (including by means of an instruction by you to the designated broker) or the Trustee, including a release of such Shares from the Trustee to you.

Responsibility for Taxes. The following provisions supplement Section 5 of the Terms and Conditions:

You agree that the Trustee may act on behalf of the Company or the Employer, as applicable, to satisfy any obligation to withhold Tax-Related Items applicable to you in connection with the RSUs granted under the Israeli Subplan.

The following provision applies to you only if you were not an Israeli tax resident at the time of grant of the RSUs and the RSUs do not qualify as Section 102 capital gains trustee track grants:

Settlement of Restricted Stock Units and Sale of Shares. Unless otherwise determined by the Administrator, you agree to the immediate sale of all Shares issued upon vesting of the RSUs. You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization), and you expressly authorize the Company's designated broker to complete the sale of such Shares. You agree to sign any forms and/or consents required by the Company's designated broker to effectuate the sale of Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Notifications

Securities Law Information. An exemption from the requirement to file a prospectus with respect to the Plan has been granted to the Company by the Israeli Securities Authority. Copies of the Plan and Form S-8 registration statement for the Plan filed with the SEC are available free of charge upon request with your local human resources representative.

ITALY

Terms and Conditions

Data Privacy. The following provision replaces in its entirety Section 9 of the Terms and Conditions:

You understand that the Employer and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social security number (to the extent permitted under Italian law), passport or other identification number, salary, nationality, job title, number of Shares held and the details of all RSUs or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (“Data”) for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You are aware that providing the Company with your Data is necessary for the performance of the Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The controller of personal data processing is Advanced Micro Devices, Inc., 2485 Augustine Drive, Santa Clara, CA, 95054, USA, and, pursuant to D.lgs 196/2003, its representative in Italy is Advanced Micro Devices S.p.a., Via Polidoro da Caravaggio 6, 20156, Milano, Italy. You understand that Data may be transferred to the Company, the Employer or other Parents, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to the vesting of the RSUs or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby acknowledge that the processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to Applicable Laws and regulations, does not require your consent because the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the above specified purposes will take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by Applicable Laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by Applicable Laws or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art.7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of Data and cease, for legitimate reasons, Data processing. Furthermore, you are aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: Advanced Micro Devices S.p.a., Via Polidoro da Caravaggio 6, 20156, Milano, Italy.

Plan Document Acknowledgment. In accepting the RSUs, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the following sections of the Terms and Conditions: Section 1: Vesting of Restricted Stock Units; Section 2: Issuance of Shares; Section 4: Forfeiture of Restricted Stock Units; Section 5: Responsibility for Taxes; Section 7: Nature of Grant and the Data Privacy provisions above.

Notifications

Foreign Asset/Account Reporting Information. If you hold investments abroad or foreign financial assets (e.g., cash, Shares, RSUs) that may generate income taxable in Italy, you are required to report them on your annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due, irrespective of their value. The same reporting duties apply to you if you are beneficial owners of the investments, even if you do not directly hold investments abroad or foreign assets.

Foreign Asset Tax Information. The value of the financial assets held outside of Italy by Italian residents is subject to a foreign asset tax, subject to an exemption on the first €6,000. The taxable amount will be the fair market value of the financial assets (e.g., Shares acquired under the Plan) assessed at the end of the calendar year.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. You are required to report details of any assets held outside of Japan (including Shares acquired under the Plan) as of December 31, to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due by March 15 each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of your outstanding RSUs, as well as Shares, in the report.

KOREA

Notifications

Exchange Control Information. If you realize US\$500,000 or more from the sale of Shares or the receipt of any dividends in a single transaction before July 18, 2017, Korean exchange control laws require you to repatriate the proceeds to Korea within three years of the sale or receipt of such proceeds.

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine your personal reporting obligations.

MALAYSIA

Terms and Conditions

Data Privacy. The following provision replaces Section 9 of the Terms and Conditions:

<p><i>You hereby explicitly, voluntarily and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, you, the Company, the Employer and other Parents, Subsidiaries and Affiliates or any third parties authorized by same in assisting in the implementation, administration or management of your participation in the Plan.</i></p>	<p><i>Anda dengan ini secara eksplisit, secara sukarela dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi anda seperti yang dinyatakan dalam Perjanjian Penganugerahan ini dan apa-apa Dokumentasi Penganugerahan oleh dan di antara, sebagaimana yang berkenaan, Syarikat, Majikan dan Syarikat Induk, Anak Syarikat dan Syarikat Sekutu lain atau mana-mana pihak ketiga yang diberi kuasa oleh yang sama untuk membantu dalam pelaksanaan, pentadbiran dan pengurusan penyertaan anda dalam Pelan tersebut.</i></p>
<p><i>You may have previously provided the Company and the Employer with, and the Company and the Employer may hold, certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, the fact and conditions of your participation in the Plan, details of all RSUs or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.</i></p>	<p><i>Sebelum ini, anda mungkin telah membekalkan Syarikat dan Majikan dengan, dan Syarikat dan Majikan mungkin memegang, maklumat peribadi tertentu tentang anda, termasuk, tetapi tidak terhad kepada, nama anda, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, insurans sosial, nombor pasport atau pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang dalam Syarikat, fakta dan syarat-syarat penyertaan anda dalam Pelan tersebut, butir-butir semua RSUs atau apa-apa hak lain untuk syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun bagi faedah anda ("Data"), untuk tujuan yang eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut.</i></p>

<p>You also authorize any transfer of Data, as may be required, to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan and/or with whom any Shares acquired upon vesting of the RSUs are deposited. You acknowledge that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections to your country, which may not give the same level of protection to Data. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing your participation in the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing "Ask HR" at http://AskHR on AMD Central. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your status as a Service Provider with the Employer will not be affected; the only consequence of refusing or withdrawing the consent is that the Company would not be able to grant future RSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.</p>	<p>Anda juga memberi kuasa untuk membuat apa-apa pemindahan Data, sebagaimana yang diperlukan, kepada broker Pelan yang ditetapkan oleh Syarikat, atau pembekal perkhidmatan pelan saham lain sebagaimana yang dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan tersebut dan/atau dengan sesiapa yang mendepositkan Saham yang diperolehi melalui pemberian hak RSUs. Anda mengakui bahawa penerima-penerima ini mungkin berada di negara anda atau di tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara anda, yang mungkin tidak boleh memberi tahap perlindungan yang sama kepada Data. Anda memahami bahawa anda boleh meminta senarai nama dan alamat mana-mana penerima Data dengan menghubungi wakil sumber manusia tempatan anda. Anda memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan tersebut untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda faham bahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda memahami bahawa anda boleh, pada bila-bila masa, melihat data, meminta maklumat tambahan mengenai penyimpanan dan pemprosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan anda, di mana butir-butir hubungannya adalah "Ask HR" at http://AskHR on AMD Central. Selanjutnya, anda memahami bahawa anda memberikan persetujuan di sini secara sukarela. Jika anda tidak bersetuju, atau jika anda kemudian membatalkan persetujuan anda, status anda sebagai Pemberi Perkhidmatan dan kerjaya anda dengan Majikan tidak akan terjejas; satunya akibat jika anda tidak bersetuju atau menarik balik persetujuan anda adalah bahawa Syarikat tidak akan dapat memberikan RSU pada masa depan atau anugerah ekuiti lain kepada anda atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, anda memahami bahawa keengganan atau penarikan balik persetujuan anda boleh menjejaskan keupayaan anda untuk mengambil bahagian dalam Pelan tersebut. Untuk maklumat lanjut mengenai akibat keengganan anda untuk memberikan keizinan atau penarikan balik keizinan, anda memahami bahawa anda boleh menghubungi wakil sumber manusia tempatan anda.</p>
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Notifications

Director Notification Obligation. If you are a director of the Company's Malaysian Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Parent, Subsidiary or Affiliate in writing when you receive or dispose of an interest (e.g., an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within fourteen (14) days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. These provisions supplement Sections 6 and 7 of the Terms and Conditions:

Modification. By accepting the RSUs, you understand and agree that any modification of the Plan or the Agreement or its termination will not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The Award of RSUs the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability. The Company, with principal executive offices at 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is AMD Latin America, Ltd. – Mexico City Branch Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 - México, nor does it establish any rights between you and the Employer.

Plan Document Acknowledgment. By accepting the Award of RSUs, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in Section 7 of the Terms and Conditions, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right, (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis, (iii) participation in the Plan is voluntary, and (iv) the Company, the Employer and other Parents, Subsidiaries and Affiliates are not responsible for any decrease in the value of the Shares underlying the RSUs.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company, the Employer or other Parents, Subsidiaries or Affiliates for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company, the Employer and other Parents, Subsidiaries and Affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Términos y Condiciones

Ausencia de derecho para reclamar compensaciones. Estas disposiciones complementan el apartado 6 y 7 de los Términos y Condiciones

Modificación. Al aceptar las Unidades de Acción Restringida, usted reconoce y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de empleo.

Declaración de Política. El Otorgamiento de Unidades de Acción Restringida de la Compañía en virtud del Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier tiempo, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones no establece de forma alguna una relación de trabajo entre usted y la Compañía, ya que su participación en el Plan es completamente comercial y el único empleador es AMD Latin America, Ltd. – Mexico City Branch, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 - México, así como tampoco establece ningún derecho entre Usted y su Empleador.

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de las Unidades de Acción Restringida, usted reconoce que ha recibido copias del Plan, ha revisado el mismo, al igual que la totalidad del Acuerdo y, que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, al aceptar el Acuerdo, reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la sección 7 de los Términos y Condiciones Acuerdo, en el cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, su Empleador y cualquier empresa Matriz, Subsidiaria o Filiales no son responsables por cualquier disminución en el valor de las Acciones en relación a las Unidades de Acción Restringida.

Finalmente, declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía, su Matriz, Subsidiaria o Afiliada por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, en consecuencia, otorga el más amplio finiquito al Empleador, así como a la Compañía, su Matriz, Subsidiaria o Filiales con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

NETHERLANDS

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. If you transfer funds in excess of €15,000 (or PLN 15,000 if such transfer is connected with the business activity of an entrepreneur) into Poland in connection with the sale of Shares or the receipt of dividends, the funds must be transferred via a bank account in Poland. You are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. If you hold Shares acquired under the Plan and/or maintain a bank account abroad, you will have reporting duties to the National Bank of Poland; specifically, if the aggregate value of Shares and cash held in such foreign accounts exceeds PLN7,000,000, you must file reports on the transactions and balances of the accounts on a quarterly basis. You should consult with your personal legal advisor to determine what you must do to fulfill any applicable reporting duties.

RUSSIA

Terms and Conditions

Immediate Sale Restriction. You agree that the Company is authorized, at its discretion, to instruct its designated broker to assist with the sale of your Shares issued upon the vesting of the RSUs (on your behalf pursuant to this authorization) should the Company determine that such sale is necessary or advisable under Russian securities or exchange control laws. You expressly authorize the Company's designated broker to complete the sale of such Shares and acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the cash proceeds, less any brokerage fees, commissions or Tax-Related Items, will be remitted to you in accordance with any Applicable Laws and regulations. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the Grant Date.

U.S. Transaction. You understand that the acceptance of the RSUs results in an agreement between you and the Company that is completed in the U.S. and that the Agreement is governed by the laws of the State of California, without giving effect to the conflict of law principles thereof.

Upon vesting and settlement of the RSUs, if the Company in its discretion allows you to hold Shares, such Shares must be held in the U.S. and will not be delivered to you in Russia. You acknowledge that you are not permitted to sell or otherwise transfer Shares directly to other individuals in Russia, nor are you permitted to bring any certificates representing the Shares (if any) into Russia.

Data Privacy. The following provision supplements Section 9 of the Terms and Conditions:

You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in Section 9 and, by participating in the Plan, you agree to such terms. In this regard, upon request of the Company or the Employer, you agree to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. You understand that you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

Notifications

Exchange Control Information. Upon the sale of Shares acquired under the Plan or the receipt of any cash dividends paid on such Shares, you must repatriate the proceeds back to Russia within a reasonably short time after receipt of the proceeds. You may remit proceeds to your foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to a foreign bank subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities and (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing.

The repatriation requirement does not apply to dividends paid on Shares issued upon vesting of the RSUs deposited directly into a foreign bank or brokerage account opened with a foreign bank located in Organisation for Economic Cooperation Development (“OECD”) or Financial Action Task Force (“FATF”) countries. *You are strongly encouraged to contact your personal advisor to confirm the applicable Russian exchange control rules because significant penalties may apply in the case of non-compliance and because exchange control requirements may change.*

Foreign Asset / Account Reporting Information. As described above, Russian residents will be required to notify the Russian tax authorities within one month of opening or closing a foreign bank account or of changing any account details. Russian residents are also required to file reports of the beginning and ending balances in their foreign bank accounts with the Russian tax authorities on an annual basis. In addition, Russian residents are required to report any cash transactions with respect to foreign bank accounts to the Russian tax authorities. The tax authorities can require any supporting documents related to the transactions in a Russian resident’s foreign bank account.

Securities Law Information. The grant of the RSUs and the distribution of the Plan and all other materials you may receive regarding participation in the Plan do not constitute an offering or the advertising of securities in Russia. The issuance of Shares pursuant to the Plan has not and will not be registered in Russia and, therefore, the Shares may not be used for an offering or public circulation in Russia. You are not permitted to sell Shares directly to other Russian legal entities or residents.

Labor Law Information. If you continue to hold Shares acquired at vesting of the RSUs after an involuntary termination of your service, you may not be eligible to receive unemployment benefits in Russia.

Anti-Corruption Legislation Information. Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). You should consult with your personal legal advisor to determine whether the restriction applies to you.

SINGAPORE

Term and Conditions

Sale of Shares. The Shares subject to the RSUs may not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Notifications

Securities Law Information. The Award of RSUs is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to the RSUs or underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

CEO and Director Notification Obligation. If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of the Company’s Singapore Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent, Subsidiary or Affiliate in writing when you receive an interest (e.g., an Award or Shares) in the Company, the Employer or other Parents, Subsidiaries or Affiliates. In addition, you must notify the Company’s Singapore Parent, Subsidiary or Affiliate when you sell Shares or shares of any Parent, Subsidiary or Affiliate (including when you sell Shares issued upon vesting and settlement of the RSUs). These notifications must be made within two (2) business days of acquiring or disposing of any interest in the Company, the Employer or other Parents, Subsidiaries or Affiliates. In addition, a notification of your interests in the Company, the Employer or other Parents, Subsidiaries or Affiliates must be made within two (2) business days of becoming the CEO or a director.

SPAIN

Terms and Conditions

No Entitlement for Claims or Compensation. The following provision supplements Section 7 of the Terms and Conditions:

By accepting the RSUs, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan documents.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant RSUs under the Plan to individuals who may be Consultants, Directors and Employees throughout the world. The decision is limited and entered into based upon the express assumption and condition that any RSUs will not economically or otherwise bind the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs are not, and will not become, part of any employment contract (whether with the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates) and shall not be considered a mandatory benefit or salary for any purpose (including severance compensation) or any

other right whatsoever. Furthermore, you understand and freely accept that there is no guarantee that any benefit whatsoever will arise from the grant of RSUs, which is gratuitous and discretionary, since the future value of the RSUs and the underlying Shares is unknown and unpredictable. You also understand that this grant of RSUs would not be made but for the assumptions and conditions set forth hereinabove; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the RSUs and any right to the underlying Shares will be null and void.

Further, the vesting of the RSUs is expressly conditioned on your status as an active Service Provider, such that if your status as a Service Provider terminates for any reason whatsoever, your RSUs cease vesting immediately effective the date of your termination of your status as a Service Provider for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, and/or Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Information. No “offer to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the RSUs. The Plan, the Agreement (including this Appendix) and any other documents evidencing the grant of the RSUs have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (the Spanish securities regulator), and none of those documents constitutes a public offering prospectus.

Exchange Control Information. To participate in the Plan, you must comply with exchange control regulations in Spain. You must declare the acquisition of stock in a foreign company (including Shares acquired under the Plan) for statistical purposes to the *Dirección General de Comercio e Inversiones* (the “*DGCI*”), which is a department of the Ministry of Economy and Competitiveness. You must also declare ownership of any Shares by filing a Form D-6 with the Directorate of Foreign Transactions each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

When receiving foreign currency payments in excess of €50,000 derived from the ownership of Shares (*e.g.*, as a result of the sale of the Shares or the receipt of dividends), you must inform the financial institution receiving the payment of the basis upon which such payment is made. You will likely need to provide the institution with the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required.

You may be required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts) held abroad, any foreign instruments (including Shares), and any transactions with non-Spanish residents (including any payments of Shares made to you by the Company) depending on the value of the transactions during the relevant year or the balances in such accounts and the value of such instruments as of December 31 of the relevant year. You should consult with your personal legal advisor regarding the applicable thresholds and corresponding reporting requirements.

In addition, you are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities (including Shares acquired under the Plan) held in such accounts if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

Foreign Asset/Account Reporting Information. To the extent that you hold rights or assets (*e.g.*, Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset

(e.g., Shares, cash, etc.) as of December 31 each year, you will be required to report information on such rights and assets on your tax return for such year. After such rights and assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by March 31 following the end of the relevant year. It is your responsibility to comply with these reporting obligations, and you should consult with your personal tax and legal advisors in this regard.

SWEDEN

There are no country-specific provisions.

TAIWAN

Notifications

Securities Law Information. The RSUs and the underlying Shares are available only for certain Service Providers. It is not a public offer of securities by a Taiwanese company. Therefore, it is exempt from registration in Taiwan.

Exchange Control Information. You may acquire and remit foreign currency (including proceeds from the sale of Shares or the receipt of any dividends) into and out of Taiwan up to US\$5,000,000 per year without justification. If the transaction amount is TWD\$500,000 or more in a single transaction, you must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more in a single transaction, you may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Please consult your personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

THAILAND

Notifications

Exchange Control Information. When you realize US\$50,000 or more in a single transaction from the sale of Shares issued to you at vesting and settlement of the RSUs or you receive a cash dividend paid on such Shares, you must immediately repatriate all cash proceeds to Thailand and then either convert such proceeds to Thai Baht or deposit the funds into a foreign currency account opened with any commercial bank in Thailand within 360 days of repatriation. If the amount of your proceeds is US\$50,000 or more in a single transaction, you must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If you fail to comply with these obligations, you may be subject to penalties assessed by the Bank of Thailand. You should consult your personal advisor before taking action with respect to remittance of proceeds from the sale of Shares into Thailand. You are responsible for ensuring compliance with all exchange control laws in Thailand.

TURKEY

Notifications

Securities Law Information. Pursuant to Turkish securities law, you are not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the NASDAQ Stock Market, which is located outside of Turkey, under the ticker symbol "AMD" and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, you may be required to appoint a Turkish broker to assist you with the sale of the Shares acquired under the Plan. *You should consult your*

personal legal advisor before selling any Shares acquired under the Plan to confirm the applicability of this requirement to you.

UNITED ARAB EMIRATES

Notifications

Securities Law Information. The Plan is only being offered to qualified Service Providers and constitutes an “exempt personal offer” of equity incentives to Service Providers in the United Arab Emirates. The Plan and the Agreement are intended for distribution only to such Service Providers and must not be delivered to, or relied on by, any other person.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement or the Plan. The Ministry of Economy, the Dubai Department of Economic Development, the Emirates Securities and Commodities Authority, Central Bank and the Dubai Financial Securities Authority, depending on the employee’s location in the United Arab Emirates, have not approved this statement, the Plan, the Agreement or any other documents you may receive in connection with the RSUs or taken steps to verify the information set out therein, and have no responsibility for such documents.

You should conduct your own due diligence on the Shares. If you do not understand the contents of the Plan and the Agreement, you should consult an authorized financial adviser.

UNITED KINGDOM

Terms and Conditions

Settlement of Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, RSUs will be settled in Shares only, not cash.

Responsibility for Taxes. The following provisions supplement Section 5 of the Terms and Conditions:

Without limitation to Section 5 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision will not apply. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 5.

**FORM OF PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
FOR SENIOR VICE PRESIDENTS AND ABOVE
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN**

**PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT NOTICE
ADVANCED MICRO DEVICES, INC.
2004 EQUITY INCENTIVE PLAN**

Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*” or “*AMD*”), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”), hereby grants to the holder listed below (“*Participant*”) this award of performance-based restricted stock units set forth below (the “*PRSU*s”). This award of PRSUs is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the PRSUs (the “*Terms and Conditions*”), including any applicable country-specific terms set forth in the appendix thereto (the “*Appendix*”), and in the Plan, each of which are incorporated herein by reference. Unless otherwise defined, the terms in this Performance-Based Restricted Stock Unit Grant Notice (this “*Grant Notice*”) and the Terms and Conditions shall have the same defined meanings assigned to them in the Plan.

Participant:

Employee ID:

Grant Date:

Performance Period:

Intended Award Value: \$ _____

Target Number of PRSUs:

Stock Price Target: \$ _____

Settlement Date: _____

Performance Vesting Conditions: [To be specified in individual agreements]

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (b) acknowledges and agrees that Participant has reviewed the Plan, the Terms and Conditions, the Appendix and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions arising under the Plan, the Terms and Conditions, the Appendix or this Grant Notice (including any exhibit attached hereto).

ADVANCED MICRO DEVICES, INC.

PARTICIPANT

By:

By:

Print Name:

Print Name:

Title:

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TERMS AND CONDITIONS
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

These Terms and Conditions (these “*Terms and Conditions*”), collectively with the accompanying Performance-Based Restricted Stock Unit Grant Notice (the “*Grant Notice*”) and any country-specific terms and conditions contained in the Appendix hereto, as applicable (the “*Appendix*”), comprise your agreement (the “*Agreement*”) with Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*”), regarding performance-based restricted stock units (the “*PRSUs*”) awarded under the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”). Capitalized terms not specifically defined herein have the same meanings assigned to them in the Plan.

1. **Vesting of Performance-Based Restricted Stock Units.** The PRSUs will vest on the vesting date(s) shown or referred to on the Grant Notice, provided that (a) the performance condition(s) for the vesting of such PRSUs have been met, specifically including any required certifications of such performance condition(s), and (b) you continue to be an active Service Provider through each applicable vesting date. Without limiting the foregoing, the vesting of any PRSUs is conditioned on your performing the duties assigned to you by the Company’s management or Board, as applicable, in a manner and with results satisfactory to the Company’s management or Board, as applicable.
2. **Issuance of Shares.** Subject to Sections 5, 6(g), and 10, and further subject to any applicable country-specific terms and conditions set forth in the Appendix, the shares (“*Shares*”) of Company common stock issuable to you in settlement of your vested PRSUs will be issued in your name on the settlement date(s) shown or referred to in the Grant Notice, or if no settlement date is set forth in the Grant Notice, as soon as reasonably practicable after the underlying PRSUs vest (but not later than March 15 following the calendar year in which the underlying PRSUs vest). Until the Shares are actually issued to you in settlement of your vested PRSUs, the PRSUs represent an unfunded, unsecured obligation of the Company.
3. **Nontransferability of PRSUs.** Unless determined otherwise by the Administrator, the PRSUs may not be pledged, assigned, sold or otherwise transferred.
4. **Forfeiture of PRSUs.** Except as otherwise provided in Section 6(d) of these Terms and Conditions, if your status as a Service Provider terminates for any reason before the vesting date(s) shown on the Grant Notice, your unvested PRSUs will be cancelled and forfeited without consideration.
5. **Responsibility for Taxes.** Regardless of any action the Company or, if different, your employer (the “*Employer*”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“*Tax-Related Items*”), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PRSUs, including, but not limited to, the grant, vesting or settlement of the PRSUs, the issuance of Shares upon settlement of the PRSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the PRSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax amounts if you are covered under a Company tax equalization policy). In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;

(b) withholding from proceeds of the sale of Shares issuable to you upon vesting and/or settlement of the PRSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without your further consent or authorization); or

(c) withholding in Shares to be issued upon vesting and/or settlement of the PRSUs.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding rates or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, you are deemed for tax purposes to have been issued the full number of Shares subject to the vested PRSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company or Employer tax equalization policy, you agree to pay to the Company or Employer any additional hypothetical tax obligation calculated and paid under the terms of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

6. **Other Terms and Conditions.**

(a) **The Plan.** The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt of the PRSUs and any Shares issuable in settlement of vested PRSUs, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.

(b) **Stockholder Rights.** Until the Shares are issued, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the PRSUs.

(c) **Employment Relationship.** Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to discharge you at any time.

(d) **Change of Control.** Notwithstanding anything in this Agreement to the contrary herein, in the event that the Company experiences a Change of Control (as defined in the Plan), then the Compensation and Leadership Resource Committee (the "**CLRC**") shall determine and certify the Company's performance with respect to the applicable performance vesting conditions based on the Company's performance as of the effective date of the Change of Control (assuming for this purpose that the Performance Period (as defined in **Exhibit A** to the Grant Notice) ended on the date immediately preceding the date of the Change of Control). You will be deemed to have earned the number of PRSUs (the "**CoC PRSUs**") based on the CLRC's certification of actual performance, subject to any limitations set forth in **Exhibit A** to the Grant Notice. All remaining unearned PRSUs will be automatically forfeited without consideration. At the time of such Change of Control, the CoC PRSUs (if any) will convert automatically into an equal number of time-based restricted stock units ("**CoC RSUs**") that will vest as on the first to occur of (x) the one-year anniversary of the Change of Control and (y) the last day of the originally scheduled Performance Period; *provided*, in each case, that you remain a Service Provider of the Company through such date. Notwithstanding the immediately preceding sentence, if your employment or service is terminated by the Company for any reason other than for Misconduct or, if applicable, terminated by you as a Constructive Termination, then the CoC RSUs will become fully vested upon the date of such termination of employment or service. Solely for purposes of this Section 6(d), the "Company" includes any successor to the Company due to a Change of Control and any employer that is an Affiliate of such successor.

(e) **Declination of PRSUs.** If you wish to decline your PRSUs, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits by the deadline for such declination. Your declination is non-revocable, and you will not receive a grant of stock options or other compensation as replacement for the declined PRSUs.

(f) Recovery in the Event of a Financial Restatement: Claw-Back Policy. In the event the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the PRSUs) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by Applicable Laws, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancellation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; *provided, however*, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the “*SEC*”) (whichever first occurs) of the financial document embodying such financial reporting requirement. In determining whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation. Further, and notwithstanding the foregoing, the PRSUs (including any proceeds, gains or other economic benefit actually or constructively received by you upon any receipt of the PRSUs or upon the receipt or resale of any Shares underlying the PRSUs) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Laws, including without limitation, the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder, to the extent set forth in such claw-back policy.

(g) Deferral of Settlement of Vested PRSUs. If approved by the Administrator, you may elect to defer settlement of one or more of your vested PRSUs in accordance with the rules and procedures prescribed by the Board or the Compensation and Leadership Resources Committee of the Board (the “*CLRC*”), which rules and procedures shall, among other things, comply with the requirements of Section 409A (as defined below). In such case, the Shares issuable in settlement of your vested PRSUs will be delivered to you at the time and in the manner provided for pursuant to your deferral election.

7. Nature of Grant. In accepting the grant, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the PRSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of PRSUs, or benefits in lieu of PRSUs, even if PRSUs have been granted in the past;
- (c) all decisions with respect to future PRSU grants, if any, will be at the sole discretion of the Company;
- (d) your participation in the Plan will not create a right to further employment or service with the Company or the Employer and will not interfere with the ability of the Company or the Employer to terminate your employment or service at any time;
- (e) you are voluntarily participating in the Plan;
- (f) the PRSUs and the Shares subject to the PRSUs, and the value and income of such PRSUs and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (g) the PRSUs and the Shares subject to the PRSUs, and the value and income of such PRSUs and Shares, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (h) the PRSU grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates;
- (i) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the PRSUs resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the PRSUs to which you are otherwise not entitled, you irrevocably agree never to institute any claim against the Company, the Employer, any Parent or any of their respective Parents, Subsidiaries or Affiliates, waive your ability, if any, to bring such claim against the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates, and release the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you will be deemed irrevocably to have agreed not to pursue such claim and agree to execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of such claims;

(k) in the event of termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), your right to vest in the PRSUs under the Plan, if any, will, to the maximum extent permitted by Applicable Laws, terminate effective as of the date that you are no longer actively employed or providing services and will not be extended by any notice period mandated under applicable local laws (e.g., active employment or service would not include a period of "garden leave" or similar period pursuant to Applicable Laws); the Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your PRSU grant (including whether you may still be considered to be providing services while on a leave of absence);

(l) the PRSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and

(m) the following provisions apply only if you are providing services outside the United States:

(i) the PRSUs and the Shares subject to the PRSUs, and the value and income of same, are not part of normal or expected compensation or salary for any purpose; and

(ii) none of the Company, the Employer, or any of their respective Parents, Subsidiaries or Affiliates will be liable for any foreign exchange rate fluctuation between any local currency and the United States Dollar that may affect the value of the PRSUs, any amounts due to you pursuant to the settlement of the PRSUs or the subsequent sale of any Shares acquired upon settlement.

8. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

9. **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company and their respective Parents, Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all PRSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

You understand that Data may be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, its Plan broker and any other possible

recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Company or Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Company would not be able to grant you PRSUs or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

10. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Common Stock may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company's common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the vesting or settlement as the Administrator may from time to time establish for reasons of administrative convenience. The Shares shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with securities or other laws applicable to issuance of Shares.

11. Successors and Assigns. The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.

12. Governing Law; Jurisdiction; Severability. The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the Company and you evidenced by this grant or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

13. Further Instruments. You agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.

14. Administrator Authority. The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any PRSUs have vested). All actions taken and all interpretations and determinations made by the Administrator will be final and binding

upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made with respect to the Plan or the Agreement.

15. Language. If you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

16. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on your participation in the Plan, on the PRSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Headings. The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.

19. Appendix. Notwithstanding any provisions in the Award Documentation, the PRSU grant will be subject to any special terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements that may be necessary to accomplish the foregoing. The Appendix constitutes part of the Agreement.

20. Waiver. You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.

21. Entire Agreement. The Plan, these Terms and Conditions, the Appendix and the Grant Notice, including Exhibit A thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.

22. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that, depending on your country of residence, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g.*, PRSUs) under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

23. Notices. Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company’s principal office, and any notice to be given to you shall be addressed to you at your last address reflected on the Company’s records. By a notice given pursuant to this Section 23, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to your legal representative. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or similar local service in jurisdictions outside of the United States.

24. Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the PRSUs and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

25. Section 409A. The PRSUs are not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “**Section 409A**”). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the PRSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the PRSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

26. Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PRSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to PRSUs, as and when vested or settled pursuant to the terms hereof.

27. Termination, Rescission and Recapture. The PRSUs are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexpired or unpaid PRSUs (“**Termination**”), rescind any payment or delivery pursuant to the PRSUs (“**Rescission**”) or recapture any cash or any Shares or proceeds from your sale of Shares acquired pursuant to the PRSUs (“**Recapture**”), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 27, Competitive Organization or Business is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company’s most recently filed annual report on Form 10-K.

(a) You are acting contrary to the long-term interests of the Company if you fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.

(b) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:

(i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;

(ii) while employed by the Company or at any time thereafter, without the prior written consent of the CLRC of the Board, you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or (B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company’s confidential information or trade secrets;

(iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly,

as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a direct material Competitive Organization or Business (as conducted now or during the term of this Agreement;

(iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or

(v) while employed by the Company or during a period of twelve months (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business.

The activities described in this Section 27(b) are collectively referred to as "*Activities Against the Company's Interest.*"

(c) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 27(a) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "*Trigger Date*"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the PRSUs or the proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the PRSUs to the extent that such PRSUs vested earlier than one year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any PRSU, you shall deliver to the Company the Shares acquired pursuant to the PRSUs, or, if you have sold such Shares, the gain realized, or payment received as a result of the rescinded payment or delivery. Any payment by you to the Company pursuant to this Section 27(c) shall be made either in cash or by returning to the Company the number of Shares that you received in connection with the rescinded payment or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of a Competitive Organization or Business, so long as (i) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (ii) such investment does not represent more than a five percent equity interest in the organization or business.

(d) Upon payment or delivery of Shares pursuant to the PRSUs, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if your termination of employment has occurred, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-five-percent equity interest.

(e) Notwithstanding the foregoing provisions of this Section 27, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the PRSUs shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other equity awards.

(f) Nothing in this Section 27 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 27(f) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.

(g) All administrative and discretionary authority given to the Company under this Section 27 shall be exercised by the CLRC of the Board, or an executive officer of the Company as such CLRC may designate from time to time.

(h) Notwithstanding any provision of this Section 27, if any provision of this Section 27 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 27 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.

(i) Notwithstanding the foregoing, this Section 27 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.

By signing the Grant Notice or otherwise accepting the PRSU grant and the Shares issued upon vesting of the PRSUs, you agree to be bound by terms of the Agreement and the Plan.

APPENDIX

Terms and Conditions Performance-Based Restricted Stock Unit Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this “*Appendix*”) have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the “*Plan*”) and/or the Terms and Conditions to which this Appendix is attached (the “*Terms and Conditions*”).

Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of PRSUs in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting of the PRSUs or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of September 2017. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting of the PRSUs, the receipt of any dividends or dividend equivalents or the subsequent sale of the Shares.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the PRSUs are granted to you or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you.

ARGENTINA

Notifications

Securities Law Information. Neither the PRSUs nor the Shares subject to the PRSUs are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

Exchange Control Information. Certain restrictions and requirements may apply if and when you transfer proceeds from the sale of Shares or any cash dividends paid with respect to such Shares into Argentina.

Exchange control regulations in Argentina are subject to frequent change. Prior to vesting in the PRSUs or remitting funds into Argentina, you should consult with your personal legal advisor regarding any exchange control obligations you may have in connection with your participation in the Plan.

Foreign Asset/Account Reporting Information. You must report any equity interests you hold in a foreign company (e.g., Shares acquired under the Plan) as of December 31 each year to the Argentine tax authorities on your annual tax return.

AUSTRALIA

Terms and Conditions

Data Privacy. This following provision supplements Section 9 of the Terms and Conditions:

The Company can be contacted at 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A. The Australian Employer can be contacted at Part Level 8, 15 Talavera Road, North Ryde, NSW 2113, Sydney, Australia.

Data will be held in accordance with the Company's Worldwide Standards of Business Conduct, a copy of which can be obtained on the Company's website or by contacting the Company or the Australian Employer at the address listed above.

You understand and agree that Data may be transferred to recipients of Data located outside of Australia, including the United States and any other country where the Company has operations.

Australia Offer Document. The offer of PRSUs is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order CO 14/1000. Additional details are set forth in the Offer Document for the offer of the PRSUs to Australian resident Participants, which is being provided to you with the Agreement.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to the conditions in the Act).

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, you will be required to file the report.

BELGIUM

Notifications

Foreign Asset/Account Reporting Information. If you are a resident of Belgium, you are required to report any securities (*e.g.*, Shares acquired under the Plan) or bank accounts (including brokerage accounts) opened and maintained outside of Belgium on your annual tax return. In a separate report, you are also required to provide the National Bank of Belgium with the account details of any foreign accounts (including the account number, bank name and country in which any such account was opened). This report, as well as additional information on how to complete it, can be found on the website of the National Bank of Belgium, www.nbb.be, under the Kredietcentrales / Centrales des crédits caption. You should consult with your personal advisor to ensure compliance with applicable reporting obligations.

Stock Exchange Tax. Effective January 1, 2017, a stock exchange tax applies to transactions executed by a Belgian resident through a non-Belgian financial intermediary, such as a U.S. broker. The stock exchange tax likely will apply when Shares are sold. You should consult with your personal tax advisor for additional details on your obligations with respect to the stock exchange tax.

BRAZIL

Terms and Conditions

Nature of Grant. The following provisions supplement Section 7 of the Agreement:

By accepting the PRSUs, you acknowledge, understand and agree that (i) you are making an investment decision, (ii) you will be entitled to vest in, and receive Shares pursuant to, the PRSUs only if the vesting conditions are met and any necessary services are rendered by you between the Grant Date and the vesting date(s), and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to you.

Compliance with Laws. By accepting the PRSUs, you agree that you will comply with Brazilian law when you vest in your PRSUs and sell Shares. You also agree to report and pay applicable Tax-Related Items associated with the vesting and settlement of the PRSUs, the receipt of any dividends and the subsequent sale of the Shares acquired at settlement.

Notifications

Exchange Control Information. If you are a resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Quarterly reporting is required if such amount exceeds US\$100,000,000. Assets and rights that must be reported include any Shares acquired under the Plan. Foreign individuals holding Brazilian visas are considered Brazilian residents for purposes of this reporting requirement and must declare at least the assets held abroad that were acquired subsequent to the date of admittance as a resident of Brazil.

Tax on Financial Transactions (IOF). Funds remitted into Brazil (*e.g.*, proceeds from the sale of Shares and/or cash dividends) and the conversion of funds between Brazilian Real and U.S. dollars associated with such transfers may be subject to the Tax on Financial Transactions. It is your responsibility to comply with any applicable Tax on Financial Transactions arising from your participation in the Plan. You should consult with your personal tax advisor to determine your obligations in this regard.

CANADA

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, PRSUs will be settled in Shares only, not cash.

Termination of Service. The following provision replaces the second paragraph of Section 7(k) of the Terms and Conditions:

For purposes of the PRSUs, your status as a Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws) effective as of the date that is the earliest of (1) the date your status as a Service Provider is terminated, (2) the date that you receive notice of termination from the Employer, or (3) the date you are no longer actively employed or providing services to the Company or any Subsidiary or Affiliate, regardless of any notice period or period of pay in lieu of such notice required under Applicable Laws (including, but not limited to statutory law, regulatory law and/or common law). The Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your PRSU grant (including whether you may still be considered to be providing services while on a leave of absence).

The following provisions will apply if you are a resident of Quebec:

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

Data Privacy. The following provision supplements Section 9 of the Terms and Conditions:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates and the Administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any of their respective Parents, Subsidiaries and Affiliates to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon vesting of the PRSUs within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

Foreign Asset/Account Reporting Information. Canadian residents are required to report any foreign specified property (including cash held outside of Canada and Shares acquired under the Plan) on form T1135 (Foreign Income Verification Statement) if the total cost of the foreign specified property exceeds C\$100,000 at any time in the year. Unvested PRSUs must be reported (generally, at a nil cost) on form T1135 if the C\$100,000 cost threshold is exceeded due to other foreign specified property the you hold. When Shares are acquired, their cost generally is the adjusted cost base ("**ACB**") of the Shares. The ACB would ordinarily equal the fair market value of the Shares at the time of acquisition, but if you own other Shares of the Company, this ACB may have to be averaged with the ACB of the other Shares. The form T1135 must be filed with your annual tax return by April 30 of the following year for every year

during which your foreign specified property exceeds C\$100,000. You should consult with your personal tax advisor to determine your reporting requirements.

CHINA

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange (“SAFE”), as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units and Sale of Shares. The following provision supplements Section 2 of the Terms and Conditions:

You agree to maintain any Shares you obtain upon vesting in an account with the designated broker prior to sale. Further, you agree to sell all Shares issued upon vesting of the PRSUs either immediately after vesting or, if no immediate sale is required, promptly upon notice of termination of your status as a Service Provider. You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company’s designated broker to complete the sale of such Shares. You agree to sign any forms and/or consents required by the Company’s designated broker to effectuate the sale of Shares. You acknowledge that the Company’s designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Furthermore, you acknowledge that the sale of Shares upon termination of your status as a Service Provider will be made as soon as administratively possible after the Company’s stock plan administration is aware of your termination, but the Company is not committed to sell the Shares at any particular time after termination of your status as a Service Provider. However, you are always free to sell the Shares yourself at any time prior to the date the Company arranges for the sale of the Shares. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon the vesting of the PRSUs as well as any cash dividends paid on such Shares to China. You further understand that, under Applicable Laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or other Parents, Subsidiaries or Affiliates, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire or from cash dividends paid on such Shares will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company’s discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Notifications

Exchange Control Information. Chinese residents may be required to report to exchange control regulators all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with individuals who are not Chinese residents.

CZECH REPUBLIC

Notifications

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the PRSUs and the opening and maintenance of a foreign account.

Because exchange control regulations change frequently and without notice, you should consult your personal legal advisor prior to the vesting of the PRSUs and the sale of Shares to ensure compliance with current regulations. It is your responsibility to comply with Czech exchange control laws.

FRANCE

Terms and Conditions

French Language Provision. By accepting the PRSU grant and the Shares issued at vesting, you confirm having read and understood the documents relating to the Plan which were provided to you in the English language and you accept the terms of those documents.

En acceptant l'attribution des PRSU et les actions émises durant l'acquisition, vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise et vous en acceptez les termes en connaissance de cause.

Notifications

Tax Information. The PRSUs are not intended to be French tax-qualified Awards.

Foreign Asset/Account Reporting Information. You must report all foreign accounts, whether open, current or closed (including any brokerage account established for purposes of your participation in the Plan) to the French tax authorities in your annual income tax return.

GERMANY

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank (Bundesbank). If you receive a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan or the receipt of dividends paid on such Shares, the report must be made electronically by the fifth day of the month following the month in which the payment was received. The form of report can be accessed via the German Federal Bank's website at www.bundesbank.de and is available in both German and English.

HONG KONG

Terms and Conditions

Settlement of PRSUs and Sale of Shares. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, PRSUs will be settled in Shares only, not cash. This provision is without prejudice to the application of Section 5 of the Agreement.

In the event the PRSUs vest and Shares are issued to you within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Notifications

Securities Law Warning: *The PRSUs and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to Service Providers of the Company, the Employer or other Parents, Subsidiaries or Affiliates. The Agreement, the Plan and other Award Documentation have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the Agreement, the Plan or the other Award Documentation been reviewed by any regulatory authority in Hong Kong. The PRSUs are intended only for the personal use of each eligible Service Provider and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, the Plan or the other Award Documentation, you should obtain independent professional advice.*

INDIA

Notifications

Exchange Control Information. You understand that you must repatriate and convert into local currency any proceeds from the sale of Shares acquired under the Plan to India within 90 days of receipt and any cash dividends paid on such Shares to India within 180 days of receipt, or within such other period of time as may be required under applicable regulations. You must obtain a foreign inward remittance certificate (“**FIRC**”) from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India, the Company or the Employer requests proof of repatriation. It is your responsibility to comply with applicable exchange control laws in India.

Foreign Asset/Account Reporting Information. You are required to declare your foreign bank accounts and any foreign financial assets (including Shares held outside India) in your annual tax return. It is your responsibility to comply with this reporting obligation and you should consult with your personal tax advisor in this regard.

INDONESIA

Notifications

Exchange Control Information. Indonesian residents must provide the Indonesian central bank, Bank of Indonesia, with information on foreign exchange activities on an online monthly report no later than the fifteenth day of the following month. Such report can be submitted through the Bank of Indonesia’s website.

In addition, if you remit proceeds from the sale of Shares or the receipt of dividends paid on such Shares into Indonesia, the Indonesian bank through which the transaction is made will submit a report on the transaction to the Bank of Indonesia for statistical reporting purposes. For transactions of US\$10,000 or more, a description of the transaction must be included in the report. Although the bank through which the transaction is made is required to make the report, you must complete a Transfer Report Form. The Transfer Report Form will be provided to you by the bank through which the transaction is made.

ISRAEL

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units and Sale of Shares. Unless otherwise determined by the Administrator, you agree to the immediate sale of all Shares issued upon vesting of the PRSUs. You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization), and you expressly authorize the Company's designated broker to complete the sale of such Shares. You agree to sign any forms and/or consents required by the Company's designated broker to effectuate the sale of Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Notifications

Securities Law Information. An exemption from the requirement to file a prospectus with respect to the Plan has been granted to the Company by the Israeli Securities Authority. Copies of the Plan and Form S-8 registration statement for the Plan filed with the SEC are available free of charge upon request with your local human resources representative.

ITALY

Terms and Conditions

Data Privacy. The following provision replaces in its entirety Section 9 of the Terms and Conditions:

You understand that the Employer and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social security number (to the extent permitted under Italian law), passport or other identification number, salary, nationality, job title, number of Shares held and the details of all PRSUs or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding ("Data") for the exclusive purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of the Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.

The controller of personal data processing is Advanced Micro Devices, Inc., 2485 Augustine Drive, Santa Clara, California 95054, USA, and, pursuant to D.lgs 196/2003, its representative in Italy is Advanced Micro Devices S.p.a., Via Polidoro da Caravaggio 6, 20156, Milano, Italy. You understand that Data may be transferred to the Company, the Employer or other Parents, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to the vesting of the PRSUs or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby acknowledge that the processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to Applicable Laws and regulations, does not require your consent because

the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the above specified purposes will take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by Applicable Laws and regulations, with specific reference to D.lgs. 196/2003.

You understand that Data will be held only as long as is required by Applicable Laws or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art.7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of Data and cease, for legitimate reasons, Data processing. Furthermore, you are aware that Data will not be used for direct marketing purposes. In addition, Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: Advanced Micro Devices S.p.a., Via Polidoro da Caravaggio 6, 20156, Milano, Italy.

Plan Document Acknowledgment. In accepting the PRSUs, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the following sections of the Terms and Conditions: Section 1: Vesting of PRSUs; Section 2: Issuance of Shares; Section 4: Forfeiture of PRSUs; Section 5: Responsibility for Taxes; Section 7: Nature of Grant and the Data Privacy provisions above.

Notifications

Foreign Asset/Account Reporting Information. If you hold investments abroad or foreign financial assets (e.g., cash, Shares, PRSUs) that may generate income taxable in Italy, you are required to report them on your annual tax returns (UNICO Form, RW Schedule) or on a special form if no tax return is due, irrespective of their value. The same reporting duties apply to you if you are beneficial owners of the investments, even if you do not directly hold investments abroad or foreign assets.

Foreign Asset Tax Information. The value of the financial assets held outside of Italy by Italian residents is subject to a foreign asset tax, subject to an exemption on the first €6,000. The taxable amount will be the fair market value of the financial assets (e.g., Shares acquired under the Plan) assessed at the end of the calendar year.

JAPAN

Notifications

Foreign Asset/Account Reporting Information. You are required to report details of any assets held outside of Japan (including Shares acquired under the Plan) as of December 31, to the extent such assets have a total net fair market value exceeding ¥50 million. Such report will be due by March 15 each year. You should consult with your personal tax advisor as to whether the reporting obligation applies to you and whether you will be required to report details of your outstanding PRSUs, as well as Shares, in the report.

KOREA

Notifications

Exchange Control Information. If you realize US\$500,000 or more from the sale of Shares or the receipt of any dividends in a single transaction before July 18, 2017, Korean exchange control laws require you to repatriate the proceeds to Korea within three years of the sale or receipt of such proceeds.

Foreign Asset/Account Reporting Information. Korean residents must declare all foreign financial accounts (i.e., non-Korean bank accounts, brokerage accounts, etc.) to the Korean tax authority and file a report with respect to such

accounts if the value of such accounts exceeds KRW 1 billion (or an equivalent amount in foreign currency). You should consult with your personal tax advisor to determine your personal reporting obligations.

MALAYSIA

Terms and Conditions

Data Privacy. The following provision replaces Section 9 of the Terms and Conditions:

<p><i>You hereby explicitly, voluntarily and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Agreement and any other Award Documentation by and among, as applicable, you, the Company, the Employer and other Parents, Subsidiaries and Affiliates or any third parties authorized by same in assisting in the implementation, administration or management of your participation in the Plan.</i></p>	<p><i>Anda dengan ini secara eksplisit, secara sukarela dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi anda seperti yang dinyatakan dalam Perjanjian Penganugerahan ini dan apa-apa Dokumentasi Penganugerahan oleh dan di antara, sebagaimana yang berkenaan, Syarikat, Majikan dan Syarikat Induk, Anak Syarikat dan Syarikat Sekutu lain atau mana-mana pihak ketiga yang diberi kuasa oleh yang sama untuk membantu dalam pelaksanaan, pentadbiran dan pengurusan penyertaan anda dalam Pelan tersebut.</i></p>
<p><i>You may have previously provided the Company and the Employer with, and the Company and the Employer may hold, certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, the fact and conditions of your participation in the Plan, details of all PRSUs or any other entitlement to shares of stock awarded, cancelled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan.</i></p>	<p><i>Sebelum ini, anda mungkin telah membekalkan Syarikat dan Majikan dengan, dan Syarikat dan Majikan mungkin memegang, maklumat peribadi tertentu tentang anda, termasuk, tetapi tidak terhad kepada, nama anda, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, insurans sosial, nombor pasport atau pengenalan lain, gaji, kewarganegaraan, jawatan, apa-apa syer dalam saham atau jawatan pengarah yang dipegang dalam Syarikat, fakta dan syarat-syarat penyertaan anda dalam Pelan tersebut, butir-butir semua PRSUs atau apa-apa hak lain untuk syer dalam saham yang dianugerahkan, dibatalkan, dilaksanakan, terletak hak, tidak diletak hak ataupun bagi faedah anda (“Data”), untuk tujuan yang eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut.</i></p>

<p>You also authorize any transfer of Data, as may be required, to a Company designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan and/or with whom any Shares acquired upon vesting of the PRSUs are deposited. You acknowledge that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections to your country, which may not give the same level of protection to Data. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative. You authorize the Company, the stock plan service provider and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing your participation in the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case, without cost, by contacting in writing "Ask HR" at http://AskHR on AMD Central. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your status as a Service Provider with the Employer will not be affected; the only consequence of refusing or withdrawing the consent is that the Company would not be able to grant future PRSUs or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.</p>	<p>Anda juga memberi kuasa untuk membuat apa-apa pemindahan Data, sebagaimana yang diperlukan, kepada broker Pelan yang ditetapkan oleh Syarikat, atau pembekal perkhidmatan pelan saham lain sebagaimana yang dipilih oleh Syarikat pada masa depan, yang membantu Syarikat dalam pelaksanaan, pentadbiran dan pengurusan Pelan tersebut dan/atau dengan sesiapa yang menandatangani Saham yang diperolehi melalui pemberian hak PRSUs. Anda mengakui bahawa penerima-penerima ini mungkin berada di negara anda atau di tempat lain, dan bahawa negara penerima (contohnya, Amerika Syarikat) mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara anda, yang mungkin tidak boleh memberi tahap perlindungan yang sama kepada Data. Anda memahami bahawa anda boleh meminta senarai nama dan alamat mana-mana penerima Data dengan menghubungi wakil sumber manusia tempatan anda. Anda memberi kuasa kepada Syarikat, pembekal perkhidmatan pelan saham dan mana-mana penerima lain yang mungkin membantu Syarikat (masa sekarang atau pada masa depan) untuk melaksanakan, mentadbir dan menguruskan penyertaan Peserta dalam Pelan tersebut untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, semata-mata dengan tujuan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda faham bahawa Data akan dipegang hanya untuk tempoh yang diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan tersebut. Anda memahami bahawa anda boleh, pada bila-bila masa, melihat data, meminta maklumat tambahan mengenai penyimpanan dan pemrosesan Data, meminta bahawa pindaan-pindaan dilaksanakan ke atas Data atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes, tanpa kos, dengan menghubungi secara bertulis wakil sumber manusia tempatan anda, di mana butir-butir hubungannya adalah "Ask HR" at http://AskHR on AMD Central. Selanjutnya, anda memahami bahawa anda memberikan persetujuan di sini secara sukarela. Jika anda tidak bersetuju, atau jika anda kemudian membatalkan persetujuan anda, status anda sebagai Pemberi Perkhidmatan dan kerjaya anda dengan Majikan tidak akan terjejas; satunya akibat jika anda tidak bersetuju atau menarik balik persetujuan anda adalah bahawa Syarikat tidak akan dapat memberikan PRSU pada masa depan atau anugerah ekuiti lain kepada anda atau mentadbir atau mengekalkan anugerah tersebut. Oleh itu, anda memahami bahawa keengganan atau penarikan balik persetujuan anda boleh menjejaskan keupayaan anda untuk mengambil bahagian dalam Pelan tersebut. Untuk maklumat lanjut mengenai akibat keengganan anda untuk memberikan keizinan atau penarikan balik keizinan, anda memahami bahawa anda boleh menghubungi wakil sumber manusia tempatan anda.</p>
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Notifications

Director Notification Obligation. If you are a director of the Company's Malaysian Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Parent, Subsidiary or Affiliate in writing when you receive or dispose of an

interest (e.g., an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within fourteen (14) days of receiving or disposing of any interest in the Company or any related company.

MEXICO

Terms and Conditions

No Entitlement or Claims for Compensation. These provisions supplement Sections 6 and 7 of the Terms and Conditions:

Modification. By accepting the PRSUs, you understand and agree that any modification of the Plan or the Agreement or its termination will not constitute a change or impairment of the terms and conditions of employment.

Policy Statement. The Award of PRSUs the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with principal executive offices at 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and your sole employer is AMD Latin America, Ltd. – Mexico City Branch Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 - México, nor does it establish any rights between you and the Employer.

Plan Document Acknowledgment. By accepting the Award of PRSUs, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by accepting the Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in Section 7 of the Terms and Conditions, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right, (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis, (iii) participation in the Plan is voluntary, and (iv) the Company, the Employer and other Parents, Subsidiaries and Affiliates are not responsible for any decrease in the value of the Shares underlying the PRSUs.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company, the Employer or other Parents, Subsidiaries or Affiliates for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company, the Employer and other Parents, Subsidiaries and Affiliates with respect to any claim that may arise under the Plan.

Spanish Translation

Términos y Condiciones

Ausencia de derecho para reclamar compensaciones. Estas disposiciones complementan el apartado 6 y 7 de los Términos y Condiciones

Modificación. Al aceptar las Unidades de Acción Restringida, usted reconoce y acuerda que cualquier modificación del Plan o su terminación no constituye un cambio o detrimento en los términos y condiciones de empleo.

Declaración de Política. El Otorgamiento de Unidades de Acción Restringida de la Compañía en virtud del Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier tiempo, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en 2485 Augustine Drive, Santa Clara, CA, 95054, U.S.A., es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones no establece de forma alguna una relación de trabajo entre usted y la Compañía, ya que su participación en el Plan es completamente comercial y el único empleador es AMD Latin America, Ltd. – Mexico City Branch, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 - México, así como tampoco establece ningún derecho entre Usted y su Empleador.

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de las Unidades de Acción Restringida, usted reconoce que ha recibido copias del Plan, ha revisado el mismo, al igual que la totalidad del Acuerdo y, que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo.*

Adicionalmente, al aceptar el Acuerdo, reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en la sección 7 de los Términos y Condiciones Acuerdo, en el cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, su Empleador y cualquier empresa Matriz, Subsidiaria o Filiales no son responsables por cualquier disminución en el valor de las Acciones en relación a las Unidades de Acción Restringida.

Finalmente, declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía, su Matriz, Subsidiaria o Afiliada por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, en consecuencia, otorga el más amplio finiquito al Empleador, así como a la Compañía, su Matriz, Subsidiaria o Filiales con respecto a cualquier demanda que pudiera originarse en virtud del Plan.

NETHERLANDS

There are no country-specific provisions.

POLAND

Notifications

Exchange Control Information. If you transfer funds in excess of €15,000 (or PLN 15,000 if such transfer is connected with the business activity of an entrepreneur) into Poland in connection with the sale of Shares or the receipt of dividends, the funds must be transferred via a bank account in Poland. You are required to retain the documents connected with a foreign exchange transaction for a period of five years, as measured from the end of the year in which such transaction occurred. If you hold Shares acquired under the Plan and/or maintain a bank account abroad, you will have reporting duties to the National Bank of Poland; specifically, if the aggregate value of Shares and cash held in such foreign accounts exceeds PLN7,000,000, you must file reports on the transactions and balances of the accounts on a quarterly basis. You should consult with your personal legal advisor to determine what you must do to fulfill any applicable reporting duties.

RUSSIA

Terms and Conditions

Immediate Sale Restriction. You agree that the Company is authorized, at its discretion, to instruct its designated broker to assist with the sale of your Shares issued upon the vesting of the PRSUs (on your behalf pursuant to this authorization) should the Company determine that such sale is necessary or advisable under Russian securities or exchange control laws. You expressly authorize the Company's designated broker to complete the sale of such Shares and acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the cash proceeds, less any brokerage fees, commissions or Tax-Related Items, will be remitted to you in accordance with any Applicable Laws and regulations. You

acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the Grant Date.

U.S. Transaction. You understand that the acceptance of the PRSUs results in an agreement between you and the Company that is completed in the U.S. and that the Agreement is governed by the laws of the State of California, without giving effect to the conflict of law principles thereof.

Upon vesting and settlement of the PRSUs, if the Company in its discretion allows you to hold Shares, such Shares must be held in the U.S. and will not be delivered to you in Russia. You acknowledge that you are not permitted to sell or otherwise transfer Shares directly to other individuals in Russia, nor are you permitted to bring any certificates representing the Shares (if any) into Russia.

Data Privacy. The following provision supplements Section 9 of the Terms and Conditions:

You hereby acknowledge that you have read and understood the terms regarding collection, processing and transfer of Data contained in Section 9 and, by participating in the Plan, you agree to such terms. In this regard, upon request of the Company or the Employer, you agree to provide an executed data privacy consent form to the Employer or the Company (or any other agreements or consents that may be required by the Employer or the Company) that the Company and/or the Employer may deem necessary to obtain under the data privacy laws in Russia, either now or in the future. You understand that you will not be able to participate in the Plan if you fail to execute any such consent or agreement.

Notifications

Exchange Control Information. Upon the sale of Shares acquired under the Plan or the receipt of any cash dividends paid on such Shares, you must repatriate the proceeds back to Russia within a reasonably short time after receipt of the proceeds. You may remit proceeds to your foreign currency account at an authorized bank in Russia. After the funds are initially received in Russia, they may be further remitted to a foreign bank subject to the following limitations: (i) the foreign account may be opened only for individuals; (ii) the foreign account may not be used for business activities and (iii) the Russian tax authorities must be given notice about the opening/closing of each foreign account within one month of the account opening/closing.

The repatriation requirement does not apply to dividends paid on Shares issued upon vesting of the PRSUs deposited directly into a foreign bank or brokerage account opened with a foreign bank located in Organisation for Economic Cooperation Development (“OECD”) or Financial Action Task Force (“FATF”) countries. You are strongly encouraged to contact your personal advisor to confirm the applicable Russian exchange control rules because significant penalties may apply in the case of non-compliance and because exchange control requirements may change.

Foreign Asset / Account Reporting Information. As described above, Russian residents will be required to notify the Russian tax authorities within one month of opening or closing a foreign bank account or of changing any account details. Russian residents are also required to file reports of the beginning and ending balances in their foreign bank accounts with the Russian tax authorities on an annual basis. In addition, Russian residents are required to report any cash transactions with respect to foreign bank accounts to the Russian tax authorities. The tax authorities can require any supporting documents related to the transactions in a Russian resident’s foreign bank account.

Securities Law Information. The grant of the PRSUs and the distribution of the Plan and all other materials you may receive regarding participation in the Plan do not constitute an offering or the advertising of securities in Russia. The issuance of Shares pursuant to the Plan has not and will not be registered in Russia and, therefore, the Shares may not be used for an offering or public circulation in Russia. You are not permitted to sell Shares directly to other Russian legal entities or residents.

Labor Law Information. If you continue to hold Shares acquired at vesting of the PRSUs after an involuntary termination of your service, you may not be eligible to receive unemployment benefits in Russia.

Anti-Corruption Legislation Information. Individuals holding public office in Russia, as well as their spouses and dependent children, may be prohibited from opening or maintaining a foreign brokerage or bank account and holding

any securities, whether acquired directly or indirectly, in a foreign company (including Shares acquired under the Plan). You should consult with your personal legal advisor to determine whether the restriction applies to you.

SINGAPORE

Term and Conditions

Sale of Shares. The Shares subject to the PRSUs may not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Notifications

Securities Law Information. The Award of PRSUs is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to the PRSUs or underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

CEO and Director Notification Obligation. If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of the Company’s Singapore Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent, Subsidiary or Affiliate in writing when you receive an interest (e.g., an Award or Shares) in the Company, the Employer or other Parents, Subsidiaries or Affiliates. In addition, you must notify the Company’s Singapore Parent, Subsidiary or Affiliate when you sell Shares or shares of any Parent, Subsidiary or Affiliate (including when you sell Shares issued upon vesting and settlement of the PRSUs). These notifications must be made within two (2) business days of acquiring or disposing of any interest in the Company, the Employer or other respective Parents, Subsidiaries or Affiliates. In addition, a notification of your interests in the Company, the Employer or other Parents, Subsidiaries or Affiliates must be made within two (2) business days of becoming the CEO or a director.

SPAIN

Terms and Conditions

No Entitlement for Claims or Compensation. The following provision supplements Section 7 of the Terms and Conditions:

By accepting the PRSUs, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan documents.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant PRSUs under the Plan to individuals who may be Consultants, Directors and Employees throughout the world. The decision is limited and entered into based upon the express assumption and condition that any PRSUs will not economically or otherwise bind the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the PRSUs are granted on the assumption and condition that the PRSUs are not, and will not become, part of any employment contract (whether with the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates) and shall not be considered a mandatory benefit or salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, you understand and freely accept that there is no guarantee that any benefit whatsoever will arise from the grant of PRSUs, which is gratuitous and discretionary, since the future value of the PRSUs and the underlying Shares is unknown and unpredictable. You also understand that this grant of PRSUs would not be made but for the assumptions and conditions set forth hereinabove; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the PRSUs and any right to the underlying Shares will be null and void.

Further, the vesting of the PRSUs is expressly conditioned on your status as an active Service Provider, such that if your status as a Service Provider terminates for any reason whatsoever, your PRSUs cease vesting immediately effective the date of your termination of your status as a Service Provider for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (i.e., subject to a “despido improcedente”), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, and/or Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Information. No “offer to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the PRSUs. The Plan, the Agreement (including this Appendix) and any other documents evidencing the grant of the PRSUs have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (the Spanish securities regulator), and none of those documents constitutes a public offering prospectus.

Exchange Control Information. To participate in the Plan, you must comply with exchange control regulations in Spain. You must declare the acquisition of stock in a foreign company (including Shares acquired under the Plan) for statistical purposes to the *Dirección General de Comercio e Inversiones* (the “*DGCI*”), which is a department of the Ministry of Economy and Competitiveness. You must also declare ownership of any Shares by filing a Form D-6 with the Directorate of Foreign Transactions each January while the Shares are owned. In addition, the sale of Shares must also be declared on Form D-6 filed with the DGCI in January, unless the sale proceeds exceed the applicable threshold (currently €1,502,530), in which case, the filing is due within one month after the sale.

When receiving foreign currency payments in excess of €50,000 derived from the ownership of Shares (e.g., as a result of the sale of the Shares or the receipt of dividends), you must inform the financial institution receiving the payment of the basis upon which such payment is made. You will likely need to provide the institution with the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment; (iv) the currency used; (v) the country of origin; (vi) the reasons for the payment; and (vii) any additional information that may be required.

You may be required to declare electronically to the Bank of Spain any securities accounts (including brokerage accounts) held abroad, any foreign instruments (including Shares), and any transactions with non-Spanish residents (including any payments of Shares made to you by the Company) depending on the value of the transactions during the relevant year or the balances in such accounts and the value of such instruments as of December 31 of the relevant year. You should consult with your personal legal advisor regarding the applicable thresholds and corresponding reporting requirements.

In addition, you are required to electronically declare to the Bank of Spain any securities accounts (including brokerage accounts held abroad), as well as the securities (including Shares acquired under the Plan) held in such accounts if the value of the transactions for all such accounts during the prior tax year or the balances in such accounts as of December 31 of the prior tax year exceeds €1,000,000.

Foreign Asset/Account Reporting Information. To the extent that you hold rights or assets (e.g., Shares or cash held in a bank or brokerage account) outside of Spain with a value in excess of €50,000 per type of right or asset (e.g., Shares, cash, etc.) as of December 31 each year, you will be required to report information on such rights and assets on your tax return for such year. After such rights and assets are initially reported, the reporting obligation will only apply for subsequent years if the value of any previously-reported rights or assets increases by more than €20,000. The reporting must be completed by March 31 following the end of the relevant year. It is your responsibility to comply with these reporting obligations, and you should consult with your personal tax and legal advisors in this regard.

SWEDEN

There are no country-specific provisions.

TAIWAN

Notifications

Securities Law Information. The PRSUs and the underlying Shares are available only for certain Service Providers. It is not a public offer of securities by a Taiwanese company. Therefore, it is exempt from registration in Taiwan.

Exchange Control Information. You may acquire and remit foreign currency (including proceeds from the sale of Shares or the receipt of any dividends) into and out of Taiwan up to US\$5,000,000 per year without justification. If the transaction amount is TWD\$500,000 or more in a single transaction, you must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more in a single transaction, you may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Please consult your personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

THAILAND

Notifications

Exchange Control Information. When you realize US\$50,000 or more in a single transaction from the sale of Shares issued to you at vesting and settlement of the PRSUs or you receive a cash dividend paid on such Shares, you must immediately repatriate all cash proceeds to Thailand and then either convert such proceeds to Thai Baht or deposit the funds into a foreign currency account opened with any commercial bank in Thailand within 360 days of repatriation. If the amount of your proceeds is US\$50,000 or more in a single transaction, you must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If you fail to comply with these obligations, you may be subject to penalties assessed by the Bank of Thailand. You should consult your personal advisor before taking action with respect to remittance of proceeds from the sale of Shares into Thailand. You are responsible for ensuring compliance with all exchange control laws in Thailand.

TURKEY

Notifications

Securities Law Information. Pursuant to Turkish securities law, you are not permitted to sell any Shares acquired under the Plan in Turkey. The Shares are currently traded on the NASDAQ Stock Market, which is located outside of Turkey, under the ticker symbol “AMD” and Shares acquired under the Plan may be sold through this exchange.

Exchange Control Information. Turkish residents are permitted to purchase and sell securities or derivatives traded on exchanges abroad only through a financial intermediary licensed in Turkey. Therefore, you may be required to appoint a Turkish broker to assist you with the sale of the Shares acquired under the Plan. *You should consult your personal legal advisor before selling any Shares acquired under the Plan to confirm the applicability of this requirement to you.*

UNITED ARAB EMIRATES

Notifications

Securities Law Information. The Plan is only being offered to qualified Service Providers and constitutes an “exempt personal offer” of equity incentives to Service Providers in the United Arab Emirates.

The Plan and the Agreement are intended for distribution only to such Service Providers and must not be delivered to, or relied on by, any other person. The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement or the Plan. The Ministry of Economy, the Dubai Department of Economic Development, the Emirates Securities and Commodities Authority, Central Bank and the Dubai Financial Securities Authority, depending on the employee’s location in the United Arab Emirates, have not approved this statement, the Plan, the Agreement or any other documents you may receive in connection with the PRSUs or taken steps to verify the information set out therein, and have no responsibility for such documents. You should conduct your own due diligence on the Shares. If you do not understand the contents of the Plan and the Agreement, you should consult an authorized financial adviser.

UNITED KINGDOM

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, PRSUs will be settled in Shares only, not cash.

Responsibility for Taxes. The following provisions supplement Section 5 of the Terms and Conditions:

Without limitation to Section 5 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty’s Revenue & Customs (“HMRC”) (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision will not apply. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 5.

ADVANCED MICRO DEVICES, INC.
LIST OF SUBSIDIARIES
As of December 30, 2017

<u>Domestic Subsidiaries</u>	<u>State or Jurisdiction Which Incorporated or Organized</u>
Advanced Micro Ltd.*	California
AMD Corporation*	California
HiAlgo Inc.	California
AMD Advanced Research LLC	Delaware
AMD (EMEA) LTD.	Delaware
AMD Far East Ltd.	Delaware
AMD International Sales & Service, Ltd.	Delaware
AMD Latin America Ltd.	Delaware
SeaMicro, Inc.	Delaware
<u>Foreign Subsidiaries</u>	
ATI International SRL ⁽¹⁾	Barbados
ATI Technologies (Bermuda) Limited ⁽¹⁾	Bermuda
Advanced Micro Devices Belgium N.V. ⁽²⁾	Belgium
AMD South America LTDA ⁽³⁾	Brazil
1252986 Alberta ULC	Canada
ATI Technologies ULC ⁽⁴⁾	Canada
Advanced Micro Devices (China) Co. Ltd.	China
Advanced Micro Devices (Shanghai) Co. Ltd. ⁽⁵⁾	China
AMD Products (China) Co., Ltd ⁽⁵⁾	China
AMD Technology Development (Beijing) Co., Ltd. ⁽⁶⁾	China
Chengdu Haiguang Microelectronics Technology Co., Ltd. ⁽⁷⁾	China
Advanced Micro Devices S.A.S.	France
Advanced Micro Devices GmbH	Germany
AMD India Private Limited ⁽⁸⁾	India
AMD Advanced Micro Devices Israel Ltd.	Israel
Advanced Micro Devices S.p.A.	Italy
AMD Japan Ltd.	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Global Services (M) Sdn. Bhd.	Malaysia
ATI Technologies (L) Inc. ⁽⁹⁾	Malaysia
Advanced Micro Devices Malaysia Ltd. ⁽¹⁰⁾	Malaysia
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
Advanced Micro Devices, AB	Sweden
Advanced Micro Devices (U.K.) Limited	United Kingdom

(*) Inactive

(1) 100% owned by ATI Technologies ULC

(2) 99.9952% owned by Advanced Micro Devices, Inc., .0048% owned by AMD International Sales & Service, Ltd.

- (3) 99.9% owned by AMD International Sales & Service, Ltd., 0.1% owned by AMD Far East Ltd.
- (4) Subsidiary of 1252986 Alberta ULC.
- (5) Subsidiary of Advanced Micro Devices (China) Co. Ltd.
- (6) 51% owned by Advanced Micro Devices, Inc., 49% owned by Advanced Micro Devices (China) Co. Ltd.
- (7) 51% owned by Advanced Micro Devices, Inc.
- (8) 47.18% owned by ATI Technologies ULC, 52.82% owned by Advanced Micro Devices, Inc., less than 0.01% owned by 1252986 Alberta ULC and AMD Far East Ltd.
- (9) Subsidiary of ATI Technologies (Bermuda) Limited
- (10) Subsidiary of ATI Technologies (L) Inc.

Consent of Independent Registered Public Accounting Firm

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

- Registration Statement on Form S-8 (No. 333-166616) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
 - Registration Statement on Form S-8 (No. 333-159367) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
 - Registration Statement on Form S-8 (No. 333-138291) pertaining to the ATI Technologies Inc. Restricted Share Unit Plans for U.S. Directors and Employees, as amended and restated, ATI Technologies Inc. Restricted Share Unit Plans for Canadian Directors and Employees, as amended and restated, ATI Technologies Inc. Share Option Plan, as amended, and ARTX, Inc. 1997 Equity Incentive Plan, as amended;
 - Registration Statement on Form S-8 (No. 333-134853) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
 - Registration Statement on Form S-8 (No. 333-145187) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
 - Registration Statement on Form S-8 (No. 333-115474) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
 - Registration Statement on Form S-8 (No. 33-55107) pertaining to the Advanced Micro Devices, Inc. 1992 Stock Incentive Plan;
 - Registration Statement on Form S-8 (No. 333-00969) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan and to the 1995 Stock Plan of NexGen, Inc.;
 - Registration Statements on Forms S-8 (Nos. 333-04797 and 333-57525) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan;
 - Registration Statements on Form S-8 (Nos. 333-60550 and 333-40030) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
 - Registration Statement on Form S-8 (No. 333-68005) pertaining to the Advanced Micro Devices, Inc. 1998 Stock Incentive Plan;
 - Registration Statements on Form S-8 (Nos. 333-55052 and 333-74896) pertaining to the Advanced Micro Devices, Inc. 2000 Stock Incentive Plan;
 - Registration Statement on Form S-8 (No. 333-108217) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
 - Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (No. 33-95888-99) pertaining to the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan;
 - Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 (No. 33-64911) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc., the 1995 Stock Plan of NexGen, Inc., as Amended and the NexGen, Inc. 1987 Employee Stock Plan;
 - Registration Statements on Forms S-8 (Nos. 333-77495 and 333-33855) pertaining to the Advanced Micro Devices, Inc. 1991 Stock Purchase Plan;
 - Registration Statement on Form S-4 (No. 333-170527) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
 - Registration Statement on Form S-4 (No. 333-187768) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
 - Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 33-92688-99) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc.;
 - Registration Statement on Form S-3 (No. 333-157640) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.;
 - Registration Statement on Form S-3 (No. 333-147426) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.;
 - Registration Statement on Form S-3 (No. 333-147220) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.;
 - Registration Statement on Form S-3 (No. 333-144565) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.;
 - Registration Statement on Form S-8 (No. 333-180320) pertaining to SeaMicro, Inc. Amended and Restated 2007 Equity Incentive Plan; and
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- Registration Statement on Form S-8 (No. 333-181451) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 333-190039) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan.
- Registration Statement on Form S-8 (No. 333-195984) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan
- Registration Statement on Form S-8 (No. 333-204166) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan
- Registration Statement on Form S-4 (No. 333-197806) pertaining to senior notes issued by Advanced Micro Devices, Inc.
- Registration Statement on Form S-8 (No. 333-211438) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan
- Registration Statement on Form S-3 (No. 333-215279) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.;
- Registration Statement on Form S-3 (No. 333-213513) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.;
- Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 333-204166) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan
- Registration Statement on Form S-8 (No. 333-217784) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan and 2017 Employee Stock Purchase Plan

of our reports dated February 27, 2018, with respect to the consolidated financial statements of Advanced Micro Devices, Inc. and the effectiveness of internal control over financial reporting of Advanced Micro Devices, Inc. included in this Annual Report (Form 10-K) for the year ended December 30, 2017.

/s/ Ernst & Young LLP

Redwood City, California
February 27, 2018

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Devinder Kumar and Harry A. Wolin, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 30, 2017, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
<u>/s/Lisa T. Su</u> Lisa T. Su	President and Chief Executive Officer, Director	February 27, 2018
<u>/s/Devinder Kumar</u> Devinder Kumar	Senior Vice President, Chief Financial Officer and Treasurer	February 27, 2018
<u>/s/Darla Smith</u> Darla Smith	Corporate Vice President, Chief Accounting Officer	February 27, 2018
<u>/s/John E. Caldwell</u> John E. Caldwell	Director, Chairman of the Board	February 8, 2018
<u>/s/Nora M. Denzel</u> Nora M. Denzel	Director	February 8, 2018
<u>/s/Nicholas M. Donofrio</u> Nicholas M. Donofrio	Director	February 8, 2018
<u>/s/Mark Durcan</u> Mark Durcan	Director	February 8, 2018
<u>/s/Joseph A. Householder</u> Joseph A. Householder	Director	February 8, 2018

/s/Michael J. Inglis Director February 8, 2018
Michael J. Inglis

/s/John W. Marren Director February 12, 2018
John W. Marren

/s/Abhi Y. Talwalkar Director February 8, 2018
Abhi Y. Talwalkar

/s/Ahmed Yahia Director February 8, 2018
Ahmed Yahia

**Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Lisa T. Su, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc. (the “Company”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
 4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
 5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
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- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 27, 2018

/s/Lisa T. Su

Lisa T. Su
President and Chief Executive Officer
(Principal Executive Officer)

**Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Devinder Kumar, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc. (the “Company”);
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
 4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
 5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
-

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: February 27, 2018

/s/Devinder Kumar

Devinder Kumar
Senior Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the period ended December 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2018

/s/Lisa T. Su

Lisa T. Su
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the Annual Report on Form 10-K of the Company for the period ended December 30, 2017 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2018

/s/Devinder Kumar

Devinder Kumar
Senior Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

