



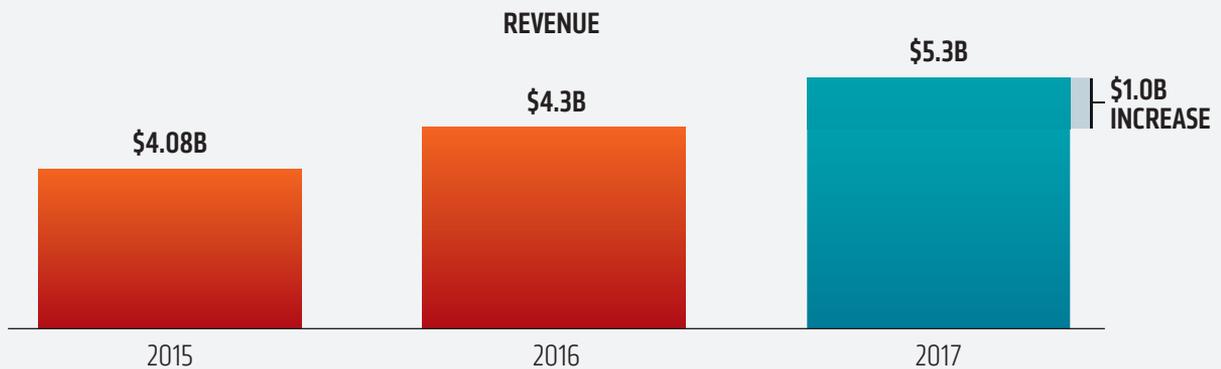
MARCH 2018

Dear Shareholders:

At AMD, we believe that high-performance computing has the power to transform our lives. Whether you consider the ever-increasing cloud datacenters that process our data, breakthrough medical research, access to universal education, climate modeling or energy solutions, high-performance computing plays an increasingly central role in our world. It is that vision that started AMD on the path to become a leader in high-performance computing.

2017 marked a key product and financial inflection point for AMD. Our newest wave of high-performance, margin accretive products created significant momentum for our business. Intense focus on great products and deep customer relationships resulted in 25 percent annual revenue growth, expanded gross margin, full-year profitability and significant earnings-per-share improvement from the prior year. Importantly, we set a solid foundation for ongoing growth as we take the next steps towards meeting our long-term product goals and financial commitments.

AMD 2017 Financial Momentum



Our Computing and Graphics segment had an incredible year, delivering a 54 percent increase in annual revenue based on the launch of more than 40 new high-performance CPUs and GPUs. We brought choice and innovation back to the PC market with the launch of our Ryzen™ family of processors, including Ryzen™ Threadripper™, the industry’s first 16-core High-End Desktop processor, and Ryzen™ Mobile, featuring the world’s fastest processor for ultrathin notebooks. Ryzen processors drove significant market share at worldwide e-tailers, and our Ryzen™ PRO processor was adopted by major PC OEMs, expanding our presence in the commercial market. In graphics, we drove record annual revenue based on significant demand for our new Radeon™ “Vega” GPUs as well as our “Polaris” architecture-based GPU products. We continued expansion of our Radeon™ datacenter and machine learning footprint with marquee customers like Baidu, Amazon Web Services, and others, and we also saw record annual revenue in professional graphics.

Our Enterprise, Embedded, and Semi-Custom segment annual revenue grew 3 percent driven by the ramp of our new family of high-performance EPYC™ processor platforms for the datacenter. Our re-entry into the \$16 billion datacenter CPU market is of utmost importance to our business, and we continued to see steady growth in the back half of 2017 as our new products were tested, validated and deployed across a broad set of end customers. In a very short window, EPYC processors have been adopted by three of the “Super 7” cloud providers: Baidu, Microsoft Azure, and Tencent, and we have strong engagements with other major cloud providers. We also saw strong OEM adoption, as Dell EMC, Hewlett Packard Enterprise, and Lenovo tested and validated their first EPYC processor-based platforms to drive adoption across large and medium enterprise customers. We continued to see solid demand for our semi-custom system-on-chips (SoCs), as we powered premium game consoles like Microsoft® Xbox One™ X and Sony Playstation® 4 Pro, and we added the upcoming Ataribox to the list of prominent game consoles powered by AMD.

As a company, AMD is extremely proud to build high-performance computing and graphics products that transform the industry. We also understand that it is critical to do that in a manner that leaves the world a better place. We were honored to receive the State of California’s highest environmental award – the Governor’s Environmental and Economic Leadership Award – for AMD’s 25x20 Energy Efficiency Initiative to accelerate the energy efficiency of our mobile computing processors. Our employees are deeply engaged in our communities worldwide, supporting and working alongside our neighbors through year-round company sponsored volunteer activities as well as our annual Day of Service. Each year, thousands of worldwide employees roll up their sleeves to make a difference in the communities where we live and work. In 2017, our efforts led to AMD’s recognition as one of America’s Most Just Companies according to Forbes, inclusion in Barron’s inaugural ranking of the top 100 Most Sustainable Companies, and 100% score on the Human Rights Campaign’s Corporate Equality Index.

Throughout 2017, AMD launched more than 10 highly competitive product families, committed thousands of hours to our global communities, achieved strong financial results, and set the stage for continued growth. I am incredibly proud of our accomplishments and the innovation and determination shown by every AMDer. As productive as 2017 was, I believe 2018 is going to be an even better year for AMD.

2018: THE BEST GETS BETTER

In 2018, we expect to increase our momentum with the next wave of premium products and expanded go-to-market activities to increase our market penetration.

- In the Client market, we have a strong opportunity to increase market share and revenue as we expand our Ryzen portfolio with the launch of our Ryzen™ Desktop APUs, our Ryzen™ PRO Mobile APUs, and our 2nd Generation Ryzen™ Desktop CPUs in 12nm process technology. Overall, we expect more than 60 new Ryzen processor-based OEM commercial and consumer systems to launch throughout 2018.
- In the Graphics market, we have an equally strong opportunity to gain share as we expand our Radeon “Vega”-architecture based line-up into high-end notebooks, secure machine learning and GPU compute wins, and intend to start sampling our first Radeon Instinct™ “Vega” 7nm GPU optimized for machine learning later this year.
- In the Datacenter, we will continue to work closely with major cloud vendors and OEMs to ramp their first-generation EPYC processor-based systems while also completing key development milestones on our next-generation “Zen 2” architecture-based server platforms, which we expect to sample to our customers later this year. We remain fully focused on our goal of achieving double-digit market share in this important market.
- In addition, we are accelerating our research and development efforts, reinvesting off the strength of our newest products as we work to deliver future waves of our strong, multi-generational roadmap.

AMD: ON THE PATH TO HIGH-PERFORMANCE COMPUTING AND GRAPHICS LEADERSHIP

Over the past year, our talented employees worked tirelessly and executed flawlessly to deliver on our goals and make a lasting impact on our industry. As a result, AMD was recognized as the Tech Brand of the Year by Trusted Reviews, received the Best of Innovation Award at CES 2018 for Ryzen Threadripper, and was ranked as the number one stock to watch in 2018 on Bloomberg's "50 Companies to Watch" list. We have outperformed the industry with a 3-year increase in market capitalization from \$2.1 billion at the start of 2015 to \$9.9 billion in December 2017, representing a 380 percent increase.

We see tremendous growth opportunities across the company based on bringing performance, choice, and innovation to an expanding set of markets. In doing so, we will continue our journey to drive revenue growth, expanded gross margin, and increased earnings-per-share in our pursuit of becoming one of the premier long-term growth companies in the technology industry.



Dr. Lisa Su
President and Chief Executive Officer