

ADVANCED MICRO DEVICES INC  
Form DEF 14A  
March 24, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**ADVANCED MICRO DEVICES, INC.**

**(Name of registrant as specified in its charter)**

**(Name of person(s) filing proxy statement, if other than the registrant)**

Payment of Filing Fee (Check the appropriate box)

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**ADVANCED MICRO DEVICES, INC.**  
**ONE AMD PLACE**  
**P.O. BOX 3453**  
**SUNNYVALE, CALIFORNIA 94088-3453**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

You are cordially invited to attend our 2016 annual meeting of stockholders (our Annual Meeting ) to be held on Thursday, May 12, 2016 at 9:00 a.m. Pacific Time at AMD, Commons Building, One AMD Place, Sunnyvale, California 94088. We are holding our Annual Meeting to:

Elect the nine director nominees named in this proxy statement;

Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year;

Approve the amendment and restatement of the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the 2004 Plan ) to: (i) increase the number of authorized shares that can be awarded to our employees, consultants and directors under the 2004 Plan by 38 million shares; and (ii) limit the aggregate grant date fair value of equity compensation awarded to non-employee directors in any calendar year;

Approve the amendment and restatement of the Advanced Micro Devices, Inc. Executive Incentive Plan (as amended and restated, the 2016 EIP );

Approve on a non-binding, advisory basis the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the U.S. Securities and Exchange Commission (the SEC ); and

Transact any other business that properly comes before our Annual Meeting or any adjournment or postponement thereof.

We are pleased to provide access to our proxy materials over the Internet under the SEC's notice and access rules. As a result, we are mailing to our stockholders (other than those who previously requested printed or emailed materials on an ongoing basis) a Notice of Internet Availability of Proxy Materials (the "Notice") instead of printed copies of our proxy materials. The Notice contains instructions on how to access our proxy materials on the Internet, how to vote on the Internet and how you can receive printed or emailed copies of our proxy materials. We believe that providing our proxy materials over the Internet will lower our Annual Meeting's cost and environmental impact, while increasing the ability of our stockholders to access the information that they need.

Stockholders of record at the close of business on March 14, 2016 and holders of proxies for those stockholders may attend and vote at our Annual Meeting. To attend our Annual Meeting in person, you must present valid photo identification, and, if you hold shares through a broker, bank, trustee or nominee (i.e., in street name), you must also present a letter from your broker or other nominee showing that you were the beneficial owner of the shares on March 14, 2016.

This year, we are also pleased to offer a virtual annual meeting at which our stockholders can view our Annual Meeting at [AMD.onlineshareholdermeeting.com](http://AMD.onlineshareholdermeeting.com). Stockholders at the close of business on March 14, 2016 may also ask questions and vote at our Annual Meeting via the Internet. We hope this will allow our stockholders who are unable to attend our Annual Meeting in person to participate in our Annual Meeting.

Sincerely,

HARRY A. WOLIN

Senior Vice President and General Counsel

*This notice of annual meeting is dated March 24, 2016 and will first be distributed and made available to the stockholders of Advanced Micro Devices, Inc. on or about March 24 2016.*

**YOUR VOTE IS IMPORTANT AND WE ENCOURAGE YOU TO VOTE PROMPTLY**

**Important notice regarding Internet availability of proxy materials: This proxy statement and our**

**Annual Report on Form 10-K for the fiscal year ended December 26, 2015 are available at**

**[www.proxyvote.com](http://www.proxyvote.com) and on the Investor Relations pages of our Web site at [www.amd.com](http://www.amd.com) or [ir.amd.com](http://ir.amd.com).**

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**ADVANCED MICRO DEVICES, INC.**

**PROXY STATEMENT**

**2016 ANNUAL MEETING OF STOCKHOLDERS**

**QUESTIONS AND ANSWERS**

In this proxy statement, the words AMD, the Company, we, ours, us and similar terms refer to Advanced Devices, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

**1. Q: WHY DID I RECEIVE A NOTICE IN THE MAIL REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS INSTEAD OF A FULL SET OF PROXY MATERIALS?**

A: In accordance with rules adopted by the SEC, commonly referred to as Notice and Access, we may furnish proxy materials by providing access to the documents on the Internet, instead of mailing printed copies. Most stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice was mailed on or about March 24, 2016 to stockholders of record on March 14, 2016 who have not previously requested to receive printed or emailed materials on an ongoing basis. The Notice instructs you as to how you may access our proxy materials on the Internet and how to vote on the Internet.

You may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis by following the instructions in the Notice. Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you and will reduce the environmental impact of our annual meetings. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

**2. Q: WHY AM I RECEIVING PROXY MATERIALS?**

A:

Our board of directors (the Board) is providing these materials to you in connection with the Board's solicitation of proxies for use at our Annual Meeting, which will take place on Thursday, May 12, 2016 at 9:00 a.m. Pacific Time at AMD, Commons Building, One AMD Place, Sunnyvale, California 94088. Our stockholders as of the close of business on March 14, 2016, the record date for our Annual Meeting, are invited to attend our Annual Meeting and are requested to vote on the items described in this proxy statement. This proxy statement includes information that we are required to provide to you under SEC rules and is designed to assist you in voting your shares.

**3. Q: WHAT IS INCLUDED IN THE PROXY MATERIALS?**

A: The proxy materials for our Annual Meeting include the Notice, this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 26, 2015 (our Annual Report). If you received a printed copy of these materials, the proxy materials also include a proxy card or voting instruction form.

**4. Q: HOW CAN I ACCESS THE PROXY MATERIALS OVER THE INTERNET?**

A: The Notice, proxy card and voting instruction form contain instructions on how you may access our proxy materials on the Internet and how to vote on the Internet. Our proxy materials are also available at [www.proxyvote.com](http://www.proxyvote.com) and the Investor Relations pages of our Web site at [www.amd.com](http://www.amd.com) or [ir.amd.com](http://ir.amd.com).

**5. Q: WHO IS SOLICITING MY VOTE?**

A: This proxy solicitation is being made by the Board of Advanced Micro Devices, Inc. We have retained MacKenzie Partners, Inc., professional proxy solicitors, to assist us with this proxy solicitation. We will pay the entire cost of this solicitation, including MacKenzie's fees and expenses, which we expect to be approximately \$25,000.

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**2016 NOTICE OF MEETING AND PROXY STATEMENT**

**Questions and Answers (continued)**

**6. Q: WHO IS ENTITLED TO VOTE?**

A: Stockholders as of the close of business on March 14, 2016, the record date for our Annual Meeting, are entitled to vote on all items properly presented at our Annual Meeting. On the record date, 793,493,758 shares of our common stock were outstanding. Every stockholder is entitled to one vote for each share of common stock held on the record date. A list of these stockholders will be available during regular business hours at our headquarters, located at One AMD Place, Sunnyvale, California 94088, from our Corporate Secretary at least ten days before our Annual Meeting. The list of stockholders will also be available at the time and place of our Annual Meeting.

**7. Q: WHAT AM I BEING ASKED TO VOTE ON?**

A: You may vote on:

Proposal 1: Election of the nine director nominees named in this proxy statement.

Proposal 2: Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year.

Proposal 3: Approval of the amendment and restatement of the 2004 Plan to: (i) increase the number of authorized shares that can be awarded to our employees, consultants and directors under the 2004 Plan by 38 million shares; and (ii) limit the aggregate grant date fair value of equity compensation awarded to non-employee directors in any calendar year;

Proposal 4: Approval of the amendment and restatement of the 2016 EIP;

Proposal 5: Approval on a non-binding, advisory basis of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC (Proposal 5 is referred to in this proxy statement as the Say-On-Pay proposal).

Such other business as may properly come before our Annual Meeting or any adjournment or postponement of our Annual Meeting.

**8. Q: HOW DOES THE BOARD RECOMMEND I VOTE ON THE PROPOSALS?**

A: The Board recommends that you vote:

FOR each of the nine director nominees named in this proxy statement.

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year.

FOR the approval of the amendment and restatement of the 2004 Plan.

FOR the approval of the amendment and restatement of the 2016 EIP.

FOR the Say-On-Pay proposal.

9. **Q: WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A STOCKHOLDER OF RECORD AND AS A BENEFICIAL OWNER?**

A: Most of our stockholders hold their shares as a beneficial owner through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record, and the Notice was sent directly to you. As the stockholder of record, you have the right to grant your voting proxy directly to AMD or to vote at our Annual Meeting. If you requested to receive printed proxy materials, we have enclosed a proxy card for you to use, as described in the Notice and under Question 10 below. You may also vote on the Internet, or by telephone, as described in the Notice and under Question 10 below. You are also invited to attend our Annual Meeting in person or via the Internet.

Beneficial Owner. If your shares are held in an account in the name of a brokerage firm, bank, broker-dealer, trust or other similar organization (i.e., in street name), like the vast majority of our stockholders, you are considered the beneficial owner of shares held in street name, and the Notice should be forwarded to you by that organization. As the beneficial owner, you have the right to direct your broker or other nominee how

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Questions and Answers (continued)**

to vote your shares, and you are also invited to attend our Annual Meeting in person or via the Internet, as described in the Notice and under Question 12 below. You may not vote your shares in person at our Annual Meeting unless you obtain a legal proxy from the broker or other nominee that holds your shares giving you the right to vote the shares at our Annual Meeting and a letter from your broker or other nominee showing that you were the beneficial owner of your shares on March 14, 2016.

**10. Q: WHO CAN ATTEND THE ANNUAL MEETING? CAN I VOTE AT THE ANNUAL MEETING? CAN I ATTEND THE ANNUAL MEETING VIA THE INTERNET?**

- A: You can attend our Annual Meeting in person or you can attend and participate via the Internet.
- Attending in Person. Only stockholders as of the close of business on March 14, 2016 (the record date for our Annual Meeting), holders of valid proxies for those stockholders and other persons invited by us can attend our Annual Meeting in person. To attend our Annual Meeting in person, you must present valid photo identification, such as a driver's license or passport, and, if you were a beneficial owner you must also present a letter from your broker or other nominee showing that you were the beneficial owner of the shares on March 14, 2016. If you were a stockholder of record on March 14, 2016, you may vote your shares in person at our Annual Meeting. If you were a beneficial owner on March 14, 2016, you must also bring a legal proxy from your broker or other nominee to vote your shares in person at our Annual Meeting.
- Attending and Participating via the Internet. Stockholders may also attend our Annual Meeting via the Internet at [AMD.onlineshareholdermeeting.com](http://AMD.onlineshareholdermeeting.com). Stockholders of record and beneficial owners as of the close of business on March 14, 2016 may also submit questions and vote while attending the meeting via the Internet. Instructions on how to attend and participate at our Annual Meeting via the Internet are posted at [AMD.onlineshareholdermeeting.com](http://AMD.onlineshareholdermeeting.com). To demonstrate proof of stock ownership, you will need to enter the 12-digit control number received with your Notice or proxy materials to submit questions and vote at our Annual Meeting via the Internet. We have retained Broadridge Financial Solutions (Broadridge) to host our virtual annual meeting and to distribute, receive, count and tabulate proxies. On the day of our Annual Meeting, Broadridge, the host of our virtual annual meeting, may be contacted at 1-955-449-0991, and will be available to answer your questions regarding how to attend and participate at our Annual Meeting via the Internet.

**11. Q: IF I AM A STOCKHOLDER OF RECORD, HOW DO I VOTE?**

- A: If you are a stockholder of record you may vote by proxy. You can vote by proxy over the Internet by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you can vote by mail, telephone (from the United States and Canada) or the Internet pursuant to

instructions provided on the proxy card provided to you with your printed proxy materials.

You may also vote in person at our Annual Meeting. A ballot will be given to you upon request when you arrive at our Annual Meeting. You may also vote while attending our Annual Meeting via the Internet, as described in Question 10 above. Even if you plan to attend our Annual Meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend our Annual Meeting.

12. **Q: IF I AM A BENEFICIAL OWNER, HOW DO I VOTE?**

A: If you are a beneficial owner, you may submit your voting instructions by following the instructions provided in the Notice, or, if you requested to receive printed proxy materials, you can submit your voting instructions by following the instructions in the voting instruction form provided to you by your broker or other nominee. **We urge you to instruct your broker or other nominee how to vote on your behalf. As described more fully under Question 14, your broker or other nominee cannot vote on certain items without your instructions.**

Alternatively, you can vote in person at our Annual Meeting, but you must bring to our Annual Meeting a legal proxy from your broker or other nominee as the record holder and a letter from your broker or other nominee showing that you were the beneficial owner of your shares on March 14, 2016. You may also vote while attending our Annual Meeting via the Internet, as described in Question 10 above. Even if you plan to

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Questions and Answers (continued)**

attend our Annual Meeting, we recommend that you also submit your voting instructions as described above so that your vote will be counted if you later decide not to attend our Annual Meeting.

**13. Q: WHAT IF I AM A STOCKHOLDER OF RECORD AND DO NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY CARD OR VOTING BY TELEPHONE OR THE INTERNET?**

A: If you are a stockholder of record and you return a properly executed proxy card or vote by proxy over the Internet but do not mark the boxes showing how you wish to vote, your shares will be voted in accordance with the recommendations of the Board, as specified in Question 8 above. With respect to any other matter that properly comes before our Annual Meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, at their own discretion.

**14. Q: WHAT IF I AM A BENEFICIAL OWNER AND DO NOT GIVE VOTING INSTRUCTIONS TO MY BROKER OR OTHER NOMINEE? WHAT IS A BROKER NON-VOTE?**

A: As a beneficial owner, in order to ensure your shares are voted, you must provide voting instructions to your broker or other nominee by the deadline provided in the materials you receive from your broker or other nominee. If you do not provide voting instructions to your broker or other nominee, whether your shares can be voted by such person depends on the type of item being considered for vote.

Non-Discretionary Items. The election of directors, the amendment and restatement of the 2004 Plan, 2016 EIP and the Say-on-Pay proposal are non-discretionary items and may not be voted on by brokers or other nominees who have not received specific voting instructions from beneficial owners. A broker non-vote occurs when your broker or other nominee has not received instructions from you as to how to vote your shares on a proposal and does not have discretionary authority to vote your shares on that proposal.

Discretionary Items. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current fiscal year is a discretionary item. Generally, brokers and other nominees that do not receive voting instructions from beneficial owners may vote on this proposal in their discretion.

**15. Q: CAN I CHANGE MY VOTE AFTER I HAVE VOTED?**

A: Yes. You may change your vote at any time before the voting concludes at our Annual Meeting. You may vote by proxy again on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to our Annual Meeting will be counted), by signing and returning a new proxy card with



a later date or by attending our Annual Meeting and voting in person or via the Internet. However, your attendance at our Annual Meeting in person or via the Internet will not automatically revoke your proxy unless you vote again at our Annual Meeting or specifically request in writing that your prior proxy be revoked.

**16. Q: WHAT IS A QUORUM ?**

A: For the purposes of our Annual Meeting, a quorum is the presence, in person or by proxy, by the holders of a majority of the voting power of the outstanding shares entitled to vote at our Annual Meeting. There must be a quorum for our Annual Meeting to be held. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

**17. Q: WHAT IS THE VOTING REQUIREMENT FOR EACH PROPOSAL TO PASS?**

A: Election of Directors. Each of the nine director nominees will be elected if each of them receives the affirmative vote of a majority of the votes cast. A majority of the votes cast means that the number of votes cast for a director must exceed the number of votes cast against that director. Abstentions and broker non-votes will have no effect on the outcome of these elections. Each director nominee has submitted a written resignation that will be effective if he or she does not receive a majority of the votes cast for such director and the resignation is accepted by the Nominating and Corporate Governance Committee, another authorized committee of the Board or the Board.

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**2016 NOTICE OF MEETING AND PROXY STATEMENT****Questions and Answers (continued)**

Ratification of the Appointment of our Independent Registered Public Accounting Firm. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the shares of our common stock entitled to vote and present in person or represented by proxy at the Annual Meeting. Abstentions have the same effect as a vote against this proposal. Because brokers and other nominees have discretionary authority to vote on the ratification, we do not expect any broker non-votes in connection with this item.

Amendment and Restatement of the 2004 Plan. The proposal to amend and restate the 2004 Plan requires the affirmative vote of a majority of the shares of our common stock entitled to vote and present in person or represented by proxy at the Annual Meeting. Abstentions have the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

Amendment and Restatement of the 2016 EIP. The proposal to amend and restate the 2016 EIP requires the affirmative vote of a majority of the shares of our common stock entitled to vote and present in person or represented by proxy at the Annual Meeting. Abstentions have the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

Say-On-Pay Proposal. Approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the SEC, requires the affirmative vote of a majority of the shares of our common stock entitled to vote and present in person or represented by proxy at the Annual Meeting. Because your vote is advisory, it will not be binding on the Board, the Compensation and Leadership Resources Committee (the Compensation Committee ) or us. However, the Board and the Compensation Committee will review the voting results and take them into consideration when making future decisions about our executive compensation program. Abstentions have the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of this proposal.

**18. Q: WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?**

A: We will announce preliminary voting results at our Annual Meeting and publish voting results in a Current Report on Form 8-K, which will be filed with the SEC within four business days after our Annual Meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and the final voting results in an amendment to the Form 8-K as soon as they become available.

**19. Q: IS MY VOTE CONFIDENTIAL?**

A: Proxy cards, ballots and voting tabulations that identify individual stockholders are mailed or returned directly to Broadridge and handled in a manner that protects your voting privacy. Your vote will not be

disclosed except as needed to permit Broadridge to tabulate and certify the vote and as required by law. However, comments written on the proxy card may be forwarded to management. In that case, your identity may not be kept confidential.

**20. Q: HOW WILL VOTING ON ANY BUSINESS NOT DESCRIBED IN THIS PROXY STATEMENT BE CONDUCTED?**

A: We do not know of any business to be considered at our Annual Meeting other than the items described in this proxy statement. If any other business is presented at our Annual Meeting, your proxy gives authority to each of Dr. Lisa T. Su, our President and Chief Executive Officer, and Beth Ozmun, our Corporate Secretary, to vote on such matters at their discretion.

**21. Q: WHEN ARE THE STOCKHOLDER PROPOSALS FOR THE 2017 ANNUAL MEETING DUE?**

A: For stockholder proposals to be considered for inclusion in the proxy statement for our 2017 annual meeting of stockholders, they must be submitted in writing to Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088, Attention: Corporate Secretary and received by us on or before November 24, 2016. In addition, for directors to be nominated or other stockholder proposals to be properly presented at our 2017 annual meeting of stockholders (but not included in our proxy materials), a separate notice of any nomination or proposal must be received by us between January 12, 2017 and February 11, 2017. If our 2017 annual meeting of stockholders is not held within 30 days of May 12, 2017, to be timely, the stockholder's notice must be received by us no later than the close of business on the tenth day following the earlier of the day on which the first public announcement of the date of the 2017 annual meeting of stockholders was made or the notice of our 2017 annual meeting of stockholders is mailed. The public

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**2016 NOTICE OF MEETING AND PROXY STATEMENT**

**Questions and Answers (continued)**

announcement of an adjournment or postponement of our 2017 annual meeting of stockholders will not trigger a new time period (or extend any time period) for the giving of a stockholder's notice as described in this proxy statement. More information about the notice period and information required to be included in a stockholder's notice of a nomination is included under "Consideration of Stockholder Nominees for Director" below.

**22. Q: WHAT IS HOUSEHOLDING AND HOW DO I OBTAIN A SEPARATE SET OF PROXY MATERIALS IF I SHARE AN ADDRESS WITH OTHER STOCKHOLDERS?**

A: We have adopted a procedure called "householding," which has been approved by the SEC. Under this procedure, we will deliver only one copy of the Notice and, if applicable, our printed proxy materials to stockholders of record who share the same address (if they appear to be members of the same family) unless we have received contrary instructions from an affected stockholder. A separate proxy card for each stockholder of record will be included in the printed materials. This procedure reduces our printing costs, mailing costs and fees. Upon written or oral request, we will promptly deliver a separate copy of the Notice or, if applicable, the printed proxy materials to any stockholder at a shared address to which a single copy of any of those documents was delivered. To receive a separate copy of the Notice or Annual Report or, if applicable, the printed proxy materials, contact us at (408) 749-4000 or at Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088, Attention: Corporate Secretary, or by email to [Corporate.Secretary@amd.com](mailto:Corporate.Secretary@amd.com). If you would like to revoke your householding consent or you are a stockholder eligible for householding and would like to participate in householding, please contact Broadridge at 1-800-542-1061.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**ITEM 1 ELECTION OF DIRECTORS**

Our Board currently consists of eleven members: Mr. Bruce L. Claflin, Mr. John E. Caldwell, Mr. Henry WK Chow, Ms. Nora M. Denzel, Mr. Nicholas M. Donofrio, Mr. Martin L. Edelman, Mr. John R. Harding, Mr. Joseph A. Householder, Mr. Michael J. Inglis, Dr. Lisa T. Su and Mr. Ahmed Yahia. On the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated all such current members for election to the Board at the Annual Meeting, other than Messrs. Chow and Harding who will not stand for re-election at our Annual Meeting in order to focus on other matters. Immediately following the Annual Meeting, the Board intends to reduce the size of the Board to nine members.

All directors are elected annually and serve a one-year term until our next annual meeting or until such director's successor is appointed. Proxies cannot be voted for a greater number of persons than the number of nominees named in this Proxy Statement.

The Board expects all nominees named below to be available for election. If a nominee declines or is unable to act as a director, your proxy may vote for any substitute nominee proposed by the Board. Your proxy will vote **for** the election of these nominees, unless you instruct otherwise.

Directors are strongly encouraged to attend annual meetings of our stockholders. At the 2015 Annual Meeting of stockholders five directors were in attendance. Mr. Claflin, Chairman of our Board and then-Chair of the Nominating and Corporate Governance Committee, Dr. Su and each of our Board committee chairs, Mr. Caldwell, chair of the Compensation and Leadership Resources Committee (the Compensation Committee), Mr. Donofrio, Chair of the Innovation and Technology Committee and Dr. Barnes, then Chair of the Audit and Finance Committee were present at our 2015 Annual Meeting of stockholders.

**Director Experience, Skills and Qualifications**

Our goal is to assemble a knowledgeable and highly-qualified Board that operates cohesively and works with management in a constructive way to deliver long-term value to our stockholders. We believe that the nominees set forth below, all of whom are currently directors of AMD, possess valuable experience necessary to guide us in the best interests of our stockholders. Our current Board consists of individuals with proven records of success in their chosen professions. They possess the highest integrity and a keen intellect. They are collegial, yet independent in their thinking, and are committed to the hard work necessary to be informed about the semiconductor industry, us and our key constituents, including our customers, stockholders and management. Most of our directors have broad technology sector experience, including expertise in semiconductor technology, innovation and strategy. Several members of the Board are current or former chief executive officers, thereby providing the Board with practical understanding of how large organizations operate, including the importance of employee development and retention. They also understand strategy and risk management and how these factors impact our operations.

Certain information regarding each of the nominees is set forth below, including his or her experience, qualifications, attributes and skills that led the Nominating and Corporate Governance Committee and the Board to conclude that the individual should serve as a director on the Board, as well as his or her principal occupation. Each nominee's former

directorships on public company boards during the past five years are included in a table set forth below Former Directorships During the Last Five Years. The age of each director is as of our Annual Meeting.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Item 1 Election of Directors** (continued)

**Bruce L. Claflin**

Director since August 2003 and Chairman of the Board since March 2009

Age: 64

Board Committee: Nominating and Corporate Governance Committee

**Mr. Claflin** served as President, Chief Executive Officer and a member of the board of directors of 3Com Corporation (a voice and data networking products and services provider) from January 2001 until his retirement in February 2006. He joined 3Com as President and Chief Operating Officer in August 1998. Prior to 3Com, Mr. Claflin worked at Digital Equipment Corporation (a computer systems vendor) as Executive Vice President, Sales from July 1997 to June 1998 and as General Manager of the PC Business Unit from October 1995 to July 1997. Mr. Claflin joined Digital Equipment Corporation in October 1995. Mr. Claflin also worked at International Business Machines Corporation ( IBM ) for 22 years, from April 1973 to October 1995, where he held various senior management positions of increasing responsibility and was responsible for almost every operation of the global, high tech company, including sales, marketing, research and development and manufacturing. Also, while employed by IBM, Mr. Claflin lived and worked in Hong Kong and Tokyo and was responsible for IBM's Asia/South Pacific Area, and, while employed by 3Com, Mr. Claflin established a joint venture in China in partnership with a leading Chinese global telecom solutions provider. Mr. Claflin was first appointed as our Chairman of the Board in March 2009. He has been a member of the board of directors of Ciena Corporation since 2006 and a member of the board of directors of IDEXX Laboratories since July 2015. Mr. Claflin holds a bachelor of arts degree in political science from Pennsylvania State University.

**Director Qualifications:** Mr. Claflin brings to the Board extensive experience in the IT industry, having held a wide range of senior operating and executive positions at large IT providers. Mr. Claflin has run large PC operations and has extensive global experience, particularly in China. As a former chief executive, he is familiar with the challenges faced by our senior management, and as a director of a major telecommunications company, he has insights into a segment of the IT industry that strongly influences how technology is used.

**John E. Caldwell**

Director since October 2006

Age: 66

Board Committees: Compensation Committee (Chair) and Nominating and Corporate Governance Committee

**Mr. Caldwell** served as President and Chief Executive Officer of SMTC Corporation (an electronics manufacturing services company) from March 2003 until he retired in March 2011. Before joining SMTC, Mr. Caldwell served as chair of the restructuring committee of the board of directors of The Mosaic Group (a marketing services provider) from October 2002 to September 2003, as President and Chief Executive Officer of GEAC Computer Corporation, Ltd. (a computer software company) from October 2000 to December 2001 and as President and Chief Executive Officer of CAE Inc. (a simulation technologies and integrated training solutions provider for the civil aviation and defense industries) from June 1993 to October 1999. In addition, Mr. Caldwell has served in a variety of senior executive positions in finance, including Senior Vice President of Finance and Corporate Affairs of CAE and Executive Vice President of Finance and Administration of Carling O'Keefe Breweries of Canada. Over the course of his career, Mr. Caldwell has served on the audit committees of ten public companies. Mr. Caldwell has been a director of Faro Technologies, Inc. since 2002 and of IAMGOLD Corporation since 2006. Mr. Caldwell holds a bachelor of commerce degree from Carleton University, Ontario, and is a chartered professional accountant with the Chartered Professional Accountants of Ontario. Mr. Caldwell is an author and lecturer on the subject of board oversight of enterprise risk.

**Director Qualifications:** Mr. Caldwell brings to the Board extensive and diversified general management, financial management and risk assessment experience as a result of his experience at SMTC, his other executive management experience and his service as a director on the boards of directors of other public companies.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Item 1 Election of Directors** (continued)

**Nora M. Denzel**

Director since March 2014

Age: 53

Board Committees: Compensation Committee and Nominating and Corporate Governance Committee (Chair)

**Ms. Denzel** most recently served as interim Chief Executive Officer of Outerwall Inc. (an automated retail solutions provider) from January to August 2015. Prior to Outerwall, Ms. Denzel held various executive management positions from February 2008 through August 2012 at Intuit Inc. (a cloud financial management software company), including Senior Vice President of Big Data, Social Design and Marketing and Senior Vice President and General Manager of the QuickBooks Employee Management business unit. From 2000 to 2006, Ms. Denzel held several executive level positions at Hewlett-Packard Company (a technology software, services and hardware provider), including Senior Vice President and General Manager Software Global Business Unit from May 2002 to February 2006 and Vice President of Storage Organization from August 2000 to May 2002. Prior to Hewlett-Packard, Ms. Denzel held executive positions at Legato Systems Inc. (a data storage management software company purchased by EMC) and IBM. Ms. Denzel serves as a member of the board of directors of Ericsson (since March 2013) and Outerwall (since March 2013). She holds a master of business administration degree from Santa Clara University and a bachelor of science degree in computer science from the State University of New York.

**Director Qualifications:** Ms. Denzel brings to the Board more than 25 years of technology, software and leadership experience as a result of her experience at Intuit, Hewlett-Packard and IBM and her experience on the boards of directors of other public companies.

**Nicholas M. Donofrio**

Director since November 2009

Age: 70

Board Committees: Compensation Committee, Innovation and Technology Committee (Chair) and Nominating and Corporate Governance Committee

**Mr. Donofrio** held a variety of executive and technical management positions during his 44-year career at IBM in its server, advanced workstations, personal computing, manufacturing and semiconductor development divisions, including as Senior Vice President, Technology and Manufacturing from 1997 to 2005 and as Executive Vice President, Innovation and Technology from 2005 until his retirement in September 2008. Mr. Donofrio holds seven technology patents and is a member of numerous technical and science honor societies. He is a Life Fellow of the Institute for Electrical and Electronics Engineers, a Fellow of the UK-based Royal Academy of Engineering and the American Academy of Arts and Sciences. Mr. Donofrio is also a member of the U.S.-based National Academy of Engineering. Mr. Donofrio is the recipient of numerous awards. For example, in 2006, he was named among Business Week magazine's 25 Top Innovation Champions, and in 2008 was awarded the Renaissance Engineer Award by the Society of Hispanic Professional Engineers for his commitment and promotion of Science, Technology, Engineering and Mathematics for the U.S. Hispanic Community. In 2003, he received the Rodney D. Chipp Memorial Award by the Society of Women Engineers for his contributions to the advancement of women in the engineering field. Mr. Donofrio has been a director of The Bank of New York Mellon Corporation since 1998 and a director of Delphi Automotive PLC since 2009. Mr. Donofrio has a bachelor of science degree in electrical engineering from Rensselaer Polytechnic Institute and a master of science in the same discipline from Syracuse University.

**Director Qualifications:** Mr. Donofrio brings to the Board significant expertise in the areas of semiconductor technology and manufacturing, system design and integration, and is able to provide us with valuable insight and guidance regarding technological and innovation strategies as well as the development and retention of our technical employee population.

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**Item 1 Election of Directors** (continued)

**Martin L. Edelman**

Director since February 2013

Age: 74

**Mr. Edelman** has served as Of Counsel to Paul, Hastings, Janofsky & Walker LLP (a law firm) since 2000. Mr. Edelman was a partner with Battle Fowler LLP (a law firm), which merged with Paul, Hastings, Janofsky & Walker, LLP, from 1972 to 1993 and was Of Counsel to Battle Fowler LLP from 1994 to 2000. In addition, Mr. Edelman is a senior advisor to Mubadala Development Company PJSC (a strategic investment and development company headquartered in the Emirate of Abu Dhabi, Mubadala ). He is currently on the board of Blackstone Mortgage Trust, Inc. and Equity Commonwealth EQC. Mr. Edelman also serves as a member of the board of directors of Aldar Property Group (publicly traded in Abu Dhabi). Mr. Edelman holds a bachelor of law degree from Columbia Law School and a bachelor of arts degree from Princeton University.

**Director Qualifications:** Mr. Edelman brings to the Board an extensive legal background as a result of over 40 years of experience in the legal profession and his considerable experience in structuring and negotiating complex transactions.

**Joseph A. Householder**

Director since September 2014

Age: 60

Board Committees: Audit and Finance Committee (Chair) and Nominating and Corporate Governance Committee

**Mr. Householder** is Executive Vice President and Chief Financial Officer of Sempra Energy (a worldwide provider of energy infrastructure and gas and electric utilities). From 2006 to 2011, Mr. Householder was Senior Vice President, Controller and Chief Accounting Officer of Sempra Energy responsible for financial reporting, accounting and controls and tax functions for all Sempra Energy companies. Prior to this role, he served as Vice President of Corporate Tax and Chief Tax Counsel for Sempra Energy. Prior to joining Sempra Energy in 2001, Mr. Householder

was a partner at PricewaterhouseCoopers in the firm's national tax office. From 1986 to 1999, he served in a number of legal and financial roles at Unocal Corporation, including ultimately as Vice President of Corporate Development and Assistant Chief Financial Officer, where he was responsible for worldwide tax planning, financial reporting and forecasting and mergers and acquisitions. He also serves on the board of directors of Infraestructura Energetica Nova (IEnova, a majority-owned subsidiary of Sempra Energy that is publicly traded in Mexico). In addition, Mr. Householder is a member of the Tax Executives Institute, the American Institute of Certified Public Accountants, the State Bar of California and the American Bar Association. He holds a bachelor of science degree in business administration from the University of Southern California and a juris doctor degree from Loyola Law School.

**Director Qualifications:** Mr. Householder brings to the Board significant financial and operational expertise as a result of his chief financial officer experience at Sempra Energy, his experience as a partner of PricewaterhouseCoopers and his experience at Unocal Corporation.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Item 1 Election of Directors** (continued)

**Michael J. Inglis**

Director since March 2014

Age: 56

Board Committees: Audit and Finance Committee, Innovation and Technology Committee and Nominating and Corporate Governance Committee

**Mr. Inglis** held several senior executive positions between 2002 and 2013 at ARM Holdings plc (a semiconductor intellectual property supplier), including as Executive Vice President, Sales and Marketing, as Executive Vice President, General Manager, Processor Division, and as Chief Commercial Officer. Before joining ARM, Mr. Inglis was a Principal at A.T. Kearney (a global management consulting firm) from 1999 to 2001. Mr. Inglis served as General Manager, Smartcard Division and European Hi-End Microprocessor Operations Manager amongst various roles at Motorola Semiconductor from 1991 to 1998. In addition, Mr. Inglis has held a number of operational and marketing positions at Texas Instruments (a global semiconductor company), BIS Macintosh (an electronics market research firm) and Fairchild Camera and Instrument (a semiconductor company). Mr. Inglis is a member of the board of directors of Ilika plc (since July 2015) and BT Group plc (since September 2015). Mr. Inglis has a master of business administration degree from Cranfield School of Management and a bachelor of science degree in electronic and electrical engineering from Birmingham University. In addition, Mr. Inglis is a Chartered Engineer and a Member of the Chartered Institute of Marketing.

**Director Qualifications:** Mr. Inglis brings to the Board senior leadership, management, and sales and marketing expertise, as well as his experience gained from serving as a director on the boards of other public companies. He also provides his broad understanding of the semiconductor industry.

**Dr. Lisa T. Su**

Director since October 2014

Age: 46

**Dr. Lisa T. Su** is AMD's President and Chief Executive Officer and also serves on the company's board of directors. Previously, she was Chief Operating Officer responsible for integrating AMD's business units, sales, global operations and infrastructure enablement teams into a single market-facing organization responsible for all aspects of product strategy and execution. Dr. Su joined AMD in January 2012 as Senior Vice President and General Manager, global business units and was responsible for driving end-to-end business execution of AMD's products and solutions. Prior to joining AMD, Dr. Su served as Senior Vice President and General Manager, Networking and Multimedia at Freescale Semiconductor, Inc., and was responsible for global strategy, marketing and engineering for the company's embedded communications and applications processor business. Dr. Su joined Freescale in 2007 as Chief Technology Officer, where she led the company's technology roadmap and research and development efforts. Dr. Su spent the previous 13 years at IBM in various engineering and business leadership positions, including Vice President of the Semiconductor Research and Development Center responsible for the strategic direction of IBM's silicon technologies, joint development alliances and semiconductor R&D operations. Prior to IBM, she was a member of the technical staff at Texas Instruments in the Semiconductor Process and Device Center (SPDC) from 1994 to 1995. Dr. Su has bachelor's, master's and doctorate degrees in electrical engineering from the Massachusetts Institute of Technology (MIT). She has published more than 40 technical articles and was named a Fellow of the Institute of Electronics and Electrical Engineers (IEEE) in 2009. Dr. Su was named 2014 Executive of the Year at the EETimes and EDN 2014 ACE Awards and was honored in MIT Technology Review's Top 100 Young Innovators in 2002. She also serves on the board of directors of Analog Devices.

**Director Qualifications:** As our President and Chief Executive Officer, Dr. Su brings to the Board her expertise and proven leadership in the global semiconductor industry as well as valuable insight into our operations, management and culture, providing an essential link between the management and the Board on management's perspectives.

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Director since November 2012

Age: 43

Board Committee: Innovation and Technology Committee

**Mr. Yahia** is CEO of the Technology & Industry global platform of Mubadala, where he oversees Mubadala's technology, metals, mining and utilities portfolio. He is also a member of Mubadala's Investment Committee, which is mandated to develop Mubadala's investment policies, establish investment guidelines and review all proposed projects and investments to ensure they are in line with Mubadala's business objectives. From March 2001 to February 2010, Mr. Yahia was a partner of McKinsey & Company where the central theme of his work was corporate performance transformations, business building and industrial sector development. Mr. Yahia was also the Managing Partner of McKinsey's Abu Dhabi practice. Mr. Yahia also serves as a non-executive director of National Central Cooling Company (Tabreed) (publicly traded in the United Arab Emirates). Mr. Yahia holds a master of science degree in mechanical engineering/product strategy from the Massachusetts Institute of Technology and a bachelor of science degree in industrial engineering from the Ecole Centrale Paris.

**Director Qualifications:** Mr. Yahia's experience as the CEO of the Technology and Industry global platform of Mubadala and as a former partner of McKinsey & Company provides the Board with expertise in corporate strategy development, corporate performance transformations and operations.

**Former Directorships in Public Companies in the Last Five Years**

The table below sets forth the list of public companies on which our director nominees formerly served over the last five years including the name of the company and duration of service. Our director nominees do not currently serve on the boards of the companies listed below.

Director	Name of the Company	Term of Past Directorship
Bruce L. Claflin		
John E. Caldwell	SMTC Corporation	2003 - 2011
Nora M. Denzel	Saba Software, Inc.	2011 - 2015

Nicholas M. Donofrio	Overland Storage, Inc.	2008	2013
Martin L. Edelman	Ashford Hospitality Trust, Inc.	2003	2014
	Avis Budget Group, Inc.	1997	2013
Joseph A. Householder	Morgan's Hotel Group	2014	2015
	Southern California Gas Company	2010	2015
	San Diego Gas and Electric Company	2010	2015
Michael J. Inglis	ARM	2002	2013
	Pace plc	2008	2016
Lisa T. Su			
Ahmed Yahia	SMN Power Holding SAOG	2011	2013

#### Consideration of Stockholder Nominees for Director

The policy of the Nominating and Corporate Governance Committee is to consider properly submitted stockholder nominations for candidates to serve on the Board. Pursuant to our bylaws, stockholders who wish to nominate persons for election to the Board at our 2017 annual meeting of stockholders must be a stockholder of record, both when they give us notice and at our 2017 annual meeting, must be entitled to vote at our 2017 annual meeting and must comply with the notice provisions in our bylaws. A stockholder's notice must be delivered to our Corporate Secretary not less than 90 nor more than 120 days before the anniversary date of the immediately preceding annual meeting. For our 2017 annual meeting of stockholders, the notice must be delivered between January 12, 2017 and February 11, 2017. However, if our 2017 annual meeting of stockholders is not held within 30 days of May 12, 2017, the stockholder's notice must be delivered no later than the close of business on the tenth day following the



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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Item 1 Election of Directors** (continued)

earlier of the day on which the first public announcement of the date of our 2017 annual meeting was made or the day the notice of our 2017 annual meeting is mailed. The public announcement of an adjournment or postponement of our 2017 annual meeting of stockholders will not trigger a new time period (or extend any time period) for the giving of a stockholder notice as described in this proxy statement. Notwithstanding the foregoing, if the number of directors to be elected to the Board at an annual meeting is increased and we do not make a public announcement naming all of the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, the stockholder's notice will be considered timely, but only with respect to nominees for any new positions created by the increase, if it is delivered to our Corporate Secretary not later than the close of business on the tenth day following the day on which we first make such public announcement. The stockholder's notice must be updated and supplemented as set forth in our bylaws. The stockholder's notice must include the following information for the person making the nomination:

name, age, nationality, business and residence addresses;

principal occupation and employment;

the class and number of shares owned beneficially or of record;

any derivative, swap or other transaction which gives economic risk similar to ownership of shares;

any proxy, agreement, arrangement, understanding or relationship that confers a right to vote any shares;

any agreement, arrangement, understanding or relationship engaged in to increase or decrease the level of risk related to, or the voting power with respect to, our shares, or that provides the opportunity to profit from a decrease in price or value of shares;

any performance-related fees that the nominating person is entitled to, based on any increase or decrease in the value of any shares; and

any other information required by the SEC to be disclosed in a proxy statement.

The stockholder's notice must also include the following information for each proposed director nominee:

financial or other material relationships between the nominating person and the nominee during the past three years;

the same information as for the nominating person (see above); and

all information required to be disclosed in a proxy statement in connection with election of directors.

The Chair of our Annual Meeting will determine if the procedures in the bylaws have been followed, and if not, declare that the nomination be disregarded. If the nomination was made in accordance with the procedures in our bylaws, the Nominating and Corporate Governance Committee will apply the same criteria in evaluating the nominee as it would any other Board nominee candidate and will recommend to the Board whether or not the stockholder nominee should be nominated by the Board and included in our proxy statement. These criteria are described below in the description of the Nominating and Corporate Governance Committee in the section entitled "Meetings and Committees of the Board of Directors" Board Committees. The nominee must be willing to provide a written questionnaire, representation and agreement, if requested by us, and any other information reasonably requested by us in connection with our evaluation of the nominee's independence.

### **Communications with the Board or Non-Management Directors**

Anyone who wishes to communicate with our Board or with non-management directors may send their communications in writing to One AMD Place, Sunnyvale, California 94088, Attention: Corporate Secretary or send an email to [Corporate.Secretary@amd.com](mailto:Corporate.Secretary@amd.com). Our Corporate Secretary will forward all of these communications to our Chairman of the Board.

### **Required Vote**

At our Annual Meeting, our directors will be elected using a majority vote standard with respect to uncontested elections, such as this election. This standard requires that each director receive the affirmative vote of a majority of the votes cast. A majority of the votes cast means that the number of votes cast for a director must exceed the number of votes cast against that director. Abstentions and broker non-votes will have no effect on the outcome of these director elections. Each director nominee has submitted a written resignation that will be effective if he or she does not receive a majority of the votes cast for such director and the resignation is accepted by the Nominating and Corporate Governance Committee, another authorized Board committee or the Board.

### **Recommendation of the Board Directors**

**The Board of Directors unanimously recommends that you vote FOR each of the director nominees. Unless you indicate otherwise, your proxy will vote FOR the proposed nominees.**

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**CORPORATE GOVERNANCE**

The Board has adopted the Principles of Corporate Governance ( Governance Principles ) to address significant corporate governance issues. The Governance Principles provide a framework for our corporate governance matters and include topics such as Board and Board committee composition and evaluation. The Nominating and Corporate Governance Committee is responsible for reviewing the Governance Principles and recommending any changes to the Governance Principles to the Board.

**Director Independence**

The Principles of Corporate Governance provide that a substantial majority of the members of the Board must meet the criteria for independence as required by applicable law and the listing rules of the Nasdaq Stock Market ( Nasdaq ). Among other criteria, no director qualifies as independent unless the Board determines that the director has no direct material relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. On an annual basis, the Board undertakes a review of director independence. The Board determined that all directors who served during fiscal 2015, other than Messrs. Edelman, Harding, and Yahia and Dr. Su, and all of our director nominees for the 2016 Annual Meeting, other than Messrs. Edelman and Yahia and Dr. Su, are independent in accordance with SEC and Nasdaq rules. In determining that Mr. Donofrio is independent, the Board considered our payments to Liberty Mutual Insurance Company, a subsidiary of Liberty Mutual Holding Company Inc., in fiscal 2015 and payments made to the National Association of Corporate Directors ( NACD ) in fiscal 2015. Mr. Donofrio is a member of the board of directors of Liberty Mutual Holding Company Inc. and a member of the board of directors of NACD.

In determining that Ms. Denzel is independent, the Board considered payments to the NACD in fiscal 2015. Ms. Denzel is a member of the board of directors of the NACD, Northern California Chapter.

The Board also determined that each of the members of the Audit and Finance, Nominating and Corporate Governance and Compensation Committees are independent in accordance with SEC and Nasdaq rules.

**Compensation Committee Interlocks and Insider Participation**

During fiscal 2015, Messrs. Caldwell and Donofrio and Ms. Denzel served on the Compensation Committee. None of the members of the Compensation Committee is or has been an executive officer or employee of us. In addition, none of our executive officers serves on the board of directors or compensation committee of a company that has an executive officer that serves on the Board or the Compensation Committee.

**Board Leadership Structure**

The Governance Principles permit the roles of Chairman of the Board and Chief Executive Officer to be filled by the same or different individuals, based on our needs, best practices and the interests of our stockholders. This allows the Board flexibility to determine whether the two roles should be combined or separated based upon our needs and the Board's assessment of its leadership from time to time. The Board has the experience of functioning effectively either

way.

Mr. Claflin, who is independent in accordance with SEC and Nasdaq rules, is our Chairman of the Board. The Board first appointed Mr. Claflin as our independent Chairman of the Board in 2009. Mr. Claflin presides at meetings of our stockholders and directors and leads the Board in fulfilling its responsibilities. The Board benefits from Mr. Claflin's leadership experience as a technology industry veteran, significant public company board experience and intimate familiarity with our history and business. The Board believes that its current leadership structure, with an independent Chairman of the Board, separate from the Chief Executive Officer, is appropriate at this time and allows the Board to fulfill its duties effectively and efficiently based on our current needs. The Board believes that this structure allows Dr. Su, our President and Chief Executive Officer, to focus on our business strategy and market opportunities, as well as on our organizational structure and execution capabilities.

### **Risk Oversight**

The Board's role in risk oversight is consistent with our leadership structure, with our Chief Executive Officer and other members of management having responsibility for day-to-day risk management activities and processes, and our Board and its committees being actively involved in overseeing our risk management. The Board and management

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Corporate Governance** (continued)

consider risk for these purposes to be the possibility that an undesired event could occur that might adversely affect the achievement of our objectives. Examples of the types of risks faced by us include:

business-specific risks related to our ability to develop new products and services, our strategic position in key existing and new markets, our operational execution and infrastructure, our relationships with our third party manufacturing suppliers and competition in the microprocessor and graphics markets;

macroeconomic risks, such as adverse global economic conditions; and

event risks, such as natural disasters.

We engage in activities that seek to take calculated risks that protect the value of our existing assets and create new or future value. Management is responsible for day-to-day risk management activities and processes. Members of senior management participate in identifying risks and risk controls, developing recommendations to determine the appropriate manner in which to control risk and implementing risk mitigation activities. Our Chief Executive Officer has ultimate responsibility for management of our business, including enterprise level risks and the risk management program and processes.

In fulfilling its oversight role, the Board focuses on understanding the nature of our enterprise risks, including reputational risk and risks in our operations, finances and strategic direction, as well as the adequacy of our risk assessment and risk management processes. The Board implements its oversight function primarily through management reports and committees of the Board. At least annually, the Board discusses with management the appropriate level of risk relative to our corporate strategy and objectives and reviews with management our existing risk management processes and their effectiveness. The Board also receives periodic management updates on our business operations, financial results and strategy and, as appropriate, discusses and provides feedback with respect to risks related to these topics. In addition, the Board receives full reports from the following Board committee chairs regarding each committee's considerations and actions related to the specific risk topics over which the committee has oversight:

The Audit and Finance Committee assists the Board in overseeing our enterprise risk management process; reviews our portfolio of risk; discusses with management significant financial, reporting, regulatory and

legal compliance risks in conjunction with enterprise risk exposures as well as risks associated with our capital structure; and reviews our policies with respect to risk assessment and risk management and the actions management has taken to limit, monitor or control financial and enterprise risk exposure. The Audit and Finance Committee meets with members of our Internal Audit department to discuss any issues that warrant attention.

The Compensation Committee oversees risk management as it relates to our compensation policies and practices and has reviewed with management whether our compensation programs may create incentives for our employees to take excessive or inappropriate risks which could be reasonably likely to have a material adverse effect on us. For additional details, see Compensation Policies and Practices, below.

The Nominating and Corporate Governance Committee considers potential risks related to the effectiveness of the Board, including succession planning for the Board and our overall governance and board structure.

The Innovation and Technology Committee assists the Board in its oversight responsibilities relating to technical and market risks associated with product development and investment as well as risk mitigation policies and procedures relating to products based on new technology or significant innovations to existing technology.

#### **Code of Ethics**

The Board has adopted a code of ethics that applies to all directors and employees entitled the Worldwide Standards of Business Conduct, which is designed to help directors and employees resolve ethical issues encountered in the business environment. The Worldwide Standards of Business Conduct covers topics such as conflicts of interest, compliance with laws (including anti-corruption laws), fair dealing, protecting our property and confidentiality of our information and encourages the reporting of any behavior not in accordance with the Worldwide Standards of Business Conduct.

The Board has also adopted a Code of Ethics for our executive officers and all other senior finance executives. The Code of Ethics covers topics such as financial reporting, conflicts of interest and compliance with laws, rules, regulations and our policies.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS**

The table below shows the current chairs and membership of the Board and each standing Board committee, the independence status of each Board member and the number of Board and Board committee meetings held during fiscal 2015.

Director	Nominating and				
	Board of Directors	Audit and Finance Committee	Corporate Governance Committee	Compensation and Leadership Resources Committee	Innovation and Technology Committee
Bruce L. Clafin	C				
John E. Caldwell				C	
Henry WK Chow					
Nora M. Denzel			C		
Nicholas M. Donofrio					C
Martin L. Edelman*					
John R. Harding*					
Joseph A. Householder**		C			
Michael J. Inglis					
Lisa T. Su*					
Ahmed Yahia*					
Number of 2015 meetings	8	15	4	8	4

C Chair

Member

\* Non-Independent Director

\*\* Financial Expert

**Board Meetings and Attendance**

The Board held eight meetings during fiscal 2015. During fiscal 2015, all members of the Board attended at least 75 percent of the meetings of the Board and Board committees on which they served. In addition, on at least an annual basis, the Board and management discuss our strategic direction, new business opportunities and product roadmap. Independent and non-management directors also meet regularly in scheduled executive sessions without our Chief Executive Officer and other members of senior management. In addition to these formal meetings, members of our Board informally interact with senior management (including our Chief Executive Officer), industry leaders and customers on a periodic basis. In fiscal 2015, sessions of only our non-employee directors were held four times, and

sessions of only our independent directors were held two times.

### **Board Committees**

The Board has four standing committees: an Audit and Finance Committee, a Nominating and Corporate Governance Committee, a Compensation Committee and an Innovation and Technology Committee. The members of the Board committees and their Chairs are nominated by the Nominating and Corporate Governance Committee and appointed by the Board.

Each of the Board committees has adopted a written charter, which has been approved by the Board. You can access our current bylaws, committee charters, the Principles of Corporate Governance, the Worldwide Standards of Business Conduct and the Code of Ethics on the Investor Relations pages of our web site at [www.amd.com](http://www.amd.com) or [ir.amd.com](http://ir.amd.com).

*Audit and Finance Committee.* The Audit and Finance Committee assists the Board with its oversight responsibilities regarding the integrity of our financial statements, our compliance with legal and regulatory requirements, risk assessment, the performance of our internal audit function, our financial affairs and policies and the nature and structure of major financial commitments. The Audit and Finance Committee is also directly responsible for the appointment, independence, compensation, retention and oversight of the work of our independent registered



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**2016 NOTICE OF MEETING AND PROXY STATEMENT****Meetings and Committees of the Board of Directors** (continued)

public accounting firm, which reports directly to the Audit and Finance Committee. The Audit and Finance Committee meets alone with our senior management, our financial, legal and internal audit personnel and with our independent registered public accounting firm, which has free access to the Audit and Finance Committee. The head of our Internal Audit Department reports directly to the Chair of the Audit and Finance Committee and dotted-line to our Chief Financial Officer, and serves a staff function for the Audit and Finance Committee. The Audit and Finance Committee currently consists of Mr. Householder, as Chair, and Messrs. Chow and Inglis, each determined to be financially literate and independent under applicable SEC and Nasdaq rules. The Board also determined that Mr. Householder is an audit committee financial expert, as defined under applicable SEC rules. The Audit and Finance Committee held 15 meetings during fiscal 2015.

*Nominating and Corporate Governance Committee.* The Nominating and Corporate Governance Committee assists the Board in discharging its responsibilities regarding the identification of qualified candidates to become Board members, the selection of nominees for election as directors at the next annual meeting of stockholders (or special meeting of stockholders at which directors are to be elected), the selection of candidates to fill any vacancies on the Board and the development and recommendation to the Board of corporate governance guidelines and principles, including the Governance Principles. In addition, the Nominating and Corporate Governance Committee oversees the Board's annual review of its performance (including its composition and organization) and leads a process for our non-employee directors to evaluate the performance of our Chief Executive Officer. The Nominating and Corporate Governance Committee retains a search firm for the purpose of obtaining information regarding potential candidates for Board membership. The Nominating and Corporate Governance Committee currently consists of Ms. Denzel, as Chair, Messrs. Caldwell, Chow, Claflin, Donofrio, Householder and Inglis, each determined by the Board to be independent under applicable SEC and Nasdaq rules. The Nominating and Corporate Governance Committee held four meetings during fiscal 2015 and one meeting during fiscal 2016 to consider director nominees for our Annual Meeting and other matters.

In evaluating candidates to determine if they are qualified to become Board members, the Nominating and Corporate Governance Committee looks principally for the following attributes: personal and professional character, integrity, ethics and values; general business experience and leadership profile, including experience in corporate management, such as serving as an officer or former officer of a publicly held company; strategic planning abilities and experience; aptitude in accounting and finance; expertise in domestic and international markets; experience in our industry and with relevant social policy concerns; understanding of relevant technologies; expertise in an area of our operations; communication and interpersonal skills; and practical and mature business judgment. The Nominating and Corporate Governance Committee also considers Board members and nominees' service on the boards of other public companies. Although we do not have a formal diversity policy, to foster and maintain a diversity of viewpoints, backgrounds and experience on the Board, the Nominating and Corporate Governance Committee evaluates the mix of skills and experience of the directors and assesses nominees and potential candidates in the context of the current composition of

the Board and our requirements, taking into consideration the diverse communities and geographies in which we operate. Although the Nominating and Corporate Governance Committee uses these and other criteria to evaluate potential nominees, there are no stated minimum criteria for nominees. The Nominating and Corporate Governance Committee uses the same standards to evaluate all director candidates, regardless of who proposes them.

*Compensation and Leadership Resources Committee.* The Compensation Committee assists the Board in discharging its responsibilities relating to the compensation of all Section 16 officers, members of the Board and such other employees as delegated from time to time by the Board. In consultation with management, the Board and the Compensation Committee's compensation consultant, the Compensation Committee designs, recommends to the Board for approval and evaluates employment, separation, severance and change of control agreements and our compensation plans, policies and programs with respect to our Section 16 officers. The Compensation Committee reviews and approves all grants to the Board, our executive officers, senior vice presidents, and Section 16 officers under our equity plans. To the extent permitted by its charter, the Compensation Committee may delegate certain authority and certain responsibilities to one or more of its members, our officers or a subcommittee of the Compensation Committee. The Compensation Committee aims to structure our compensation program to encourage high performance, promote accountability and align employee interests with our strategic goals and with the interests of our stockholders. The Compensation Committee also oversees risk management as it relates to our compensation policies and practices for employees generally.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**Meetings and Committees of the Board of Directors** (continued)

The Compensation Committee has the authority to engage independent advisors to assist it in carrying out its responsibilities. During fiscal 2015, the Compensation Committee retained Compensia, Inc. ( Compensia ), a national compensation consulting firm, as its independent compensation consultant to provide assistance on executive and director compensation matters. Compensia advised the Compensation Committee on a variety of compensation-related matters in fiscal 2015, including:

the competitiveness of our executive compensation program by providing market review of executive compensation, evaluating our compensation peer group composition and compensation at our compensation peer group companies; the competitiveness of our executive compensation program by providing market review of executive compensation, evaluating our compensation peer group composition and compensation at our compensation peer group companies;

the pay levels of our named executive officers by assessing and proposing equity and cash compensation guidelines for various executive job levels and assessing compensation levels for our executive officers; the pay levels of our named executive officers by assessing and proposing equity and cash compensation guidelines for various executive job levels and assessing compensation levels for our executive officers;

our executive compensation program design, including short-term and long-term incentive plan design and pay mix, the framework for our long-term incentive awards and our retention strategies, and evaluation of our compensation recoupment (i.e., clawback ) policies; and our executive compensation program design, including short-term and long-term incentive plan design and pay mix, the framework for our long-term incentive awards and our retention strategies, and evaluation of our compensation recoupment (i.e., clawback ) policies; and

the compensation arrangements for our Board.

The Compensation Committee is supported in its work by members of our management team including Dr. Su, our President and Chief Executive Officer, our Senior Vice President, Human Resources, Corporate Communications and Investor Relations, our Senior Vice President, General Counsel, and our Director, Compensation and Benefits. The Compensation Committee considers the input of these individuals to formulate the specific plan and award designs, including performance measures and performance levels, necessary to align our executive compensation program with our business objectives and strategies. These individuals did not attend either executive sessions or portions of any

meetings of the Compensation Committee or our Board where their own compensation determinations were made. Dr. Su does not participate in the determination of her own compensation.

The Compensation Committee currently consists of Mr. Caldwell, as Chair, Ms. Denzel and Mr. Donofrio, each determined to be independent under applicable SEC and Nasdaq rules. The Compensation Committee held eight meetings during fiscal 2015.

*Innovation and Technology Committee.* The Innovation and Technology Committee assists the Board in its oversight responsibilities regarding matters of innovation and technology. The Innovation and Technology Committee is responsible for reviewing, evaluating and making recommendations to the Board regarding our major technology plans and strategies, including our research and development activities, as well as the technical and market risks associated with product development and investment; reviewing, evaluating and making recommendations regarding talent and skills of our workforce supporting our technology and research and development activities; monitoring the performance of our technology development in support of our overall business strategy; monitoring and evaluating existing and future trends in technology that may affect our strategic plans; and assessing our risk mitigation policies and procedures relating to products based on new technology or significant innovations to existing technology. In fiscal 2015, the Innovation and Technology Committee consisted of Mr. Donofrio, as Chair, and Messrs. Harding, Inglis and Yahia. The Innovation and Technology Committee held four meetings during fiscal 2015.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**DIRECTORS COMPENSATION AND BENEFITS**

Our directors play a critical role in guiding our strategic direction and overseeing our management. In order to compensate them for their substantial time commitment, we provide a mix of cash and equity-based compensation. We do not provide pension or retirement benefits to our non-employee directors.

Effective April 29, 2015, Dr. W. Michael Barnes retired as a member of the Board and did not stand for re-election at our 2015 annual meeting of stockholders.

*2015 Non-Employee Director Compensation.* The table below summarizes the compensation paid to our non-employee directors for fiscal 2015. Dr. Su, who is an employee director, did not receive any compensation for her service as a director on the Board.

Name	Fees Earned or		Total
	Paid in Cash <sup>(1)</sup>	Stock Awards <sup>(2)(3)</sup>	
(a)	(b)	(c)	(d)
John E. Caldwell	120,000	164,260	284,260
Henry WK Chow	105,000	164,260	269,260
Bruce L. Claflin	201,458	328,523	529,981
Nora M. Denzel	109,167	164,260	273,427
Nicholas M. Donofrio	140,000	164,260	304,260
Martin L. Edelman	75,000	164,260	239,260
John R. Harding	95,000	164,260	259,260
Joseph A. Householder	121,667	164,260	285,927
Michael J. Inglis	125,000	164,260	289,260
Ahmed Yahia	95,000	164,260	259,260
W. Michael Barnes <sup>(4)</sup>	43,333	n/a <sup>(4)</sup>	43,333

(1) Amounts represent annual retainers for service as directors, annual retainers for Board committee service and annual retainers for serving as Board committee chairs, where applicable. See Cash Fees Paid to Non-Employee Directors below for additional information.

(2) Amounts represent equity awards in the form of restricted stock unit ( RSU ) awards granted under our Outsider Director Equity Compensation Policy. See Equity Awards for Non-Employee Directors below for additional information. Amounts reflect the aggregate grant date fair value of the respective director's RSU awards computed

in accordance with Financial Accounting Standard Board ( FASB ) Accounting Standards Codification Topic 718 ( ASC Topic 718 ). For a discussion of the assumptions made in the valuations reflected in this column, see Note 13 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K. The actual value that a director may realize from an RSU award is contingent upon the satisfaction of the conditions to vesting of that award. Thus, there is no assurance that the value, if any, eventually realized by the director will correspond to the amounts shown.

The following table sets forth all RSUs granted to each non-employee director in fiscal 2015:

Name	Grant Date	RSUs
		Granted (#)
John E. Caldwell	4/29/2015	72,044
Henry WK Chow	4/29/2015	72,044
Bruce L. Claflin	4/29/2015	144,089
Nora M. Denzel	4/29/2015	72,044
Nicholas M. Donofrio	4/29/2015	72,044
Martin L. Edelman	4/29/2015	72,044
John R. Harding	4/29/2015	72,044
Joseph A. Householder	4/29/2015	72,044
Michael J. Inglis	4/29/2015	72,044
Ahmed Yahia	4/29/2015	72,044
W. Michael Barnes <sup>(4)</sup>		

**Table of Contents****2016 NOTICE OF MEETING AND PROXY STATEMENT****Directors Compensation and Benefits (continued)**

(3) The following table sets forth the aggregate number of outstanding RSUs and stock options held by our non-employee directors as of December 26, 2015, our fiscal year end. Pursuant to our Outside Director Equity Compensation Policy, Messrs. Caldwell, Chow, Edelman, Harding, Householder and Inglis have elected to defer the issuance of 251,761; 28,125; 171,556; 217,736; 116,633; and 152,899 shares subject to RSU awards, respectively, until such time as the respective director ceases to serve on the Board. The deferred RSUs are included in the following table.

(4) Mr. Barnes retired from the Board on April 29, 2015 and therefore did not receive equity awards in fiscal 2015.

Name	RSUs Outstanding	Options Outstanding
	as of December 26, 2015	as of December 26, 2015
John E. Caldwell	251,761	50,000
Henry WK Chow	100,169	
Bruce L. Clafin	144,089	25,000
Nora M. Denzel	72,044	
Nicholas M. Donofrio	72,044	
Martin L. Edelman	171,556	
John R. Harding	217,736	
Joseph A. Householder	116,633	
Michael J. Inglis	152,899	
Ahmed Yahia	72,044	
W. Michael Barnes <sup>(4)</sup>		

*Determining Non-Employee Director Compensation.* The Compensation Committee annually reviews our non-employee directors' compensation. Based on this review, the Compensation Committee recommends any changes to our non-employee directors' compensation to the Board for approval. In addition, the Board and Compensation Committee periodically evaluate how our director pay levels and pay policies compare to the competitive market. In fiscal 2015, the Board and Compensation Committee reviewed competitive market data regarding non-employee directors' pay compiled by Compensia, Inc., the Compensation Committee's independent compensation consultant. While competitive market data is important to the evaluation of the directors' compensation, it is just one of several factors considered by the Board in approving director compensation, and the Board has discretion in determining the

nature and extent of its use. In fiscal 2015, in addition to the competitive market data, the Board considered the amount of time associated with Board and Board committee services as well as annual share usage under the 2004 Plan related to non-employee director compensation.

*Key Changes to Non-Employee Director Compensation.* During fiscal 2015, the Board continued the practice adopted in May 2014, to reallocate the mix of cash and equity compensation paid to our non-employee directors, with the goal of maintaining total average compensation per non-employee director at approximately the same level as had been previously paid and maintaining an affordable annual share usage. These changes are further described under *Cash Fees Paid to Non-Employee Directors* and *Equity Awards for Non-Employee Directors*, below.

*Cash Fees Paid to Non-Employee Directors.* The cash fees our non-employee directors were eligible to receive in fiscal 2015 was composed of the following elements:

Annual retainer for services as a director;

Annual retainer for services on a Board committee; and

Annual retainer for services as a Board committee chair.

Annual Retainer for Service as Director. Non-employee directors are paid an annual retainer for their service as our directors. In fiscal 2015, other than our Chairman of the Board, the non-employee directors were paid an annual retainer of \$75,000. Additionally, the Board approved a decrease in the annual retainer for our Chairman of the Board from \$210,000 to \$112,500 effective as of the fourth quarter of fiscal 2015.



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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Directors Compensation and Benefits** (continued)

Annual Retainer for Service on Board Committees. During fiscal 2015, the Board continued the practice of paying additional annual retainers set forth below for service on a Board committee.

Audit and Finance Committee	\$ 20,000
Compensation Committee	\$ 20,000
Nominating and Corporate Governance Committee	\$ 10,000
Innovation and Technology Committee	\$ 20,000

Annual Retainer for Service as Board Committee Chair. In addition, non-employee directors receive annual retainers for serving as a chair of a Board committee, which are set forth below. These retainers were unchanged in fiscal 2015.

Audit and Finance Committee	\$ 25,000
Compensation Committee	\$ 15,000
Nominating and Corporate Governance Committee	\$ 10,000
Innovation and Technology Committee	\$ 15,000

Equity Awards for Non-Employee Directors. In order to align the long-term interests of our directors with those of our stockholders, a portion of director compensation is provided in the form of equity. Non-employee directors participate in our 2004 Plan and are entitled to receive equity awards under our Outsider Director Equity Compensation Policy. Non-employee directors are generally eligible to receive an annual RSU award (an Annual RSU Award ) upon re-election at each annual meeting of stockholders, and, if a non-employee directors is appointed to the Board on a date other than the date of an annual meeting of stockholders, such director is entitled to receive an initial RSU award on his or her appointment to the Board (an Off-Cycle RSU Grant ).

Annual RSU Awards. Under our current Outside Director Equity Compensation Policy, the Annual RSU Award for each non-employee director (other than the Chairman of the Board) who has served on the Board for at least six months prior to an annual meeting of stockholders is calculated based on the following formula, with no discretionary component: the quotient of (i) \$185,000 (the Target Equity Value ) divided by (ii) the trailing average closing price of our common stock for the 30-day period preceding and ending with the date of the respective RSU grant. In fiscal 2015, the Chairman of the Board received an Annual RSU Award with a Target Equity Value of \$370,000 approximately two times the Annual RSU Award received by the other non-employee directors.

In addition, under our current Outside Director Equity Compensation Policies, if a non-employee director has served on the Board for less than six months prior to an annual meeting of stockholders, such director's Annual RSU Award is

pro-rated based on the number of months of service before the respective annual meeting of stockholders. For purposes of the pro-rata calculation, service during any portion of a month counts as a full month of service.

Off-Cycle Grants. Under our current Outside Director Equity Compensation Policy, an Off-Cycle Grant is equal to the quotient of (i) \$185,000 divided by (ii) the trailing average closing price of our common stock for the 30-day period preceding and ending with the date of the respective RSU grant. The Annual RSU Awards and the Off-Cycle RSU Grants vest on the one-year anniversary of their respective grant date.

In fiscal 2015, each of our directors, received an Annual RSU Award under our current Outside Director Equity Compensation Policy.

Deferral. Pursuant to our Outside Director Equity Compensation Policy, our non-employee directors may elect to defer the issuance of shares of our common stock that become issuable upon vesting of the RSUs granted pursuant to the 2004 Plan (and the recognition of taxable income associated with such RSUs) until such time as the director ceases to serve on our Board. A non-employee director can make this election by completing a Restricted Stock Unit Award Deferral Election Agreement before the scheduled date of an RSU grant. If a director makes this election, the issuance of the common stock subject to the RSUs may not be accelerated or changed once the Election Agreement is submitted to us. Any common stock deferred under our Outside Director Equity Compensation Policy is issued to the director, in one lump sum, within 30 days after his or her resignation from our Board.

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**2016 NOTICE OF MEETING AND PROXY STATEMENT**

**Directors Compensation and Benefits (continued)**

Acceleration of Vesting. Pursuant to our Outside Director Equity Compensation Policy, in the event of our change of control, all of our non-employee directors' equity compensation awards will become fully vested. In addition, in the event of the termination of a non-employee director's service to the Board as a result of death, disability or retirement, all of his or her non-employee director's equity compensation awards will become fully vested, provided that such non-employee director served as a member of the Board for at least three years prior to the date of termination and satisfied our stock ownership guideline requirements during his or her service as a Board member.

*Other Benefits for Non-Employee Directors.* We reimburse our directors for their travel and expenses in connection with attending Board meetings and Board-related activities, such as AMD site visits and sponsored events, as well as for continuing education programs.

*Stock Ownership Guidelines.* Under our stock ownership guidelines, our non-employee directors are required to hold the lesser of (i) the number of shares equivalent to three times the then-current annual retainer divided by the average closing price of our common stock for the 30-day period immediately preceding and ending with the date of the annual meeting of stockholders or (ii) 30,000 shares (in the case of non-employee directors other than the Chairman of our Board) or 45,000 shares (in the case of the Chairman of the Board).

The stock ownership guidelines must be achieved by each non-employee director within the later of (i) October 2016, which is the five-year anniversary of the adoption of our current stock ownership guidelines, or (ii) the five-year anniversary of the respective director's first election or appointment to the Board or first appointment as Chairman of the Board, as applicable.

As of December 26, 2015, all of our non-employee directors were on target to meet the requirements of our stock ownership guidelines within the established compliance time frame.

Until the requirements of our stock ownership guidelines are achieved, each non-employee director is encouraged to retain at least 10% of the net shares (as defined below) obtained through our stock incentive plans. Shares counted toward the minimum stock ownership requirements include (i) shares held directly by a director, (ii) RSUs that have vested, but where the issuance of the shares have been deferred by the director pursuant to our Outside Director Equity Compensation Policy, and (iii) 50% of exercisable, in the money stock options. Net shares are the number of shares from the sale of stock options or the vesting of restricted stock, less the number of shares the director sells to cover the exercise price of stock options and sells or has withheld to pay taxes.

As of December 26, 2015, all of our non-employee directors retained at least 10% of the net shares obtained through our stock incentive plans.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**PRINCIPAL STOCKHOLDERS**

The following table shows each person or entity we know to be the beneficial owner of five percent or more of our common stock as of February 24, 2016.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class <sup>(1)</sup>
West Coast Hitech, L.P. <sup>(2)</sup> P.O. Box 309 GT Ugland House, South Church Street George Town, Grand Cayman, Cayman Islands	141,906,166  (shared voting and shared dispositive power as to all shares)	17.9%
BlackRock, Inc. <sup>(3)</sup> 40 East 52nd Street New York, New York 10022	56,317,323  (sole voting power as to 54,803,410 shares; sole dispositive power as to all shares)	7.1%
The Vanguard Group <sup>(4)</sup> 100 Vanguard Blvd. Malvern, PA 19355	64,096,698  (sole dispositive power as to 63,013,565 shares; shared dispositive power as to 1,083,133 share; sole voting power as to 1,072,233 shares; shared voting power as to 50,800 shares)	8.08%

(1) Based on 793,493,758 shares of our common stock outstanding as of February 24, 2016.

(2) Based on Amendment No. 5 of Schedule 13D filed with the SEC on March 10, 2014 by Mubadala, West Coast Hitech, L.P. ( WCH ) and West Coast Hitech G.P. Ltd. ( WCH GP ) pursuant to a joint filing agreement. Mubadala is a public joint stock company incorporated in the Emirate of Abu Dhabi, United Arab Emirates and is wholly-owned by the Government of the Emirate of Abu Dhabi. WCH, a Cayman Islands exempted limited partnership, and its general partner, WCH GP, a Cayman Islands corporation, are wholly owned by Mubadala. The 141,906,166 shares of our common stock are held by WCH and beneficially owned by Mubadala, WCH and WCH GP.

(3) This information is based on the Schedule 13G filed with the SEC on January 28, 2016 by BlackRock, Inc. and includes 56,317,323 shares of common stock owned by BlackRock and its subsidiaries.

(4) Based on Amendment No. 4 of Schedule 13G filed with the SEC on February 10, 2016 by The Vanguard Group. The Vanguard Group is an investment adviser deemed to be the beneficial owner of 64,096,698 shares of our common stock. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 1,032,333 shares of our common stock as a result of its serving as investment manager of

collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 90,700 shares of our common stock as a result of its serving as investment manager of Australian investment offerings.

**Table of Contents****2016 NOTICE OF MEETING AND PROXY STATEMENT****SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The table below shows the number of shares of our common stock beneficially owned as of February 24, 2016 by our current directors, our director nominees, our Named Executive Officers (as defined in Compensation Discussion and Analysis below) and all of our current directors and executive officers as a group. Except as otherwise indicated, each person has sole investment and voting power with respect to the shares shown as beneficially owned. Ownership information is based upon information provided by the individuals.

Name	Amount and Nature of Beneficial Ownership <sup>(1)(2)</sup>	Percent of Class <sup>(3)</sup>
Lisa T. Su	3,206,342	*
John E. Caldwell	304,389	*
Henry WK Chow	142,128	*
Bruce L. Clafin	619,813	*
Nora M. Denzel	80,855	*
Nicholas M. Donofrio	222,816	*
Martin L. Edelman	99,512	*
John R. Harding	145,692	*
Joseph A. Householder	44,589	*
Michael J. Inglis	80,855	*
Ahmed Yahia	110,121	*
Devinder Kumar	1,921,701	*
James R. Anderson		*
Forrest E. Norrod	437,294	*
Mark D. Papermaster	1,541,462	*
All current directors and executive officers as a group (16 persons)	10,397,158	1.0

\* Less than one percent

(1) Some of the individuals may share voting power with their spouses with respect to the listed shares.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Security Ownership of Directors and Executive Officers** (continued)

(2) Includes beneficial ownership of the following number of shares of our common stock that are issuable upon exercise of stock options that are exercisable by April 24, 2016 (within 60 days of February 24, 2016) and upon vesting of RSUs that will vest by April 24, 2016. Also includes beneficial ownership of the following number of shares of our common stock issuable upon the vesting of RSUs that vested as of February 24, 2016 or will vest by April 24, 2016 where the issuance of shares of our common stock upon vesting was deferred by the director (the Deferred RSU Shares ) pursuant to our Outside Director Equity Compensation Policy until such director ceases to serve on the Board:

Name	Shares #	Deferred
	(4)	RSU Shares #
Lisa T. Su	2,304,033	
John E. Caldwell	229,717	179,717
Henry WK Chow	28,125	28,125
Bruce L. Clafin	25,000	
Nora M. Denzel		
Nicholas M. Donofrio		
Martin L. Edelman	99,512	99,512
John R. Harding	145,692	145,692
Joseph A. Householder	44,589	44,589
Michael J. Inglis	80,855	80,855
Ahmed Yahia		
Devinder Kumar	1,489,871	
James R. Anderson		
Forrest E. Norrod	186,635	
Mark D. Papermaster	1,105,528	
All current directors and executive officers as a group (16 persons)	6,760,290	578,490

(3) Based on 793,493,758 shares of our common stock outstanding as of February 24, 2016. Also, with respect to each individual, the calculation includes shares of our common stock that are issuable upon exercise of stock options held by that individual that are exercisable by April 24, 2016 and upon vesting of RSUs held by that individual that will vest by April 24, 2016, ignoring the withholding of shares of common stock to cover applicable taxes. These shares, however, were not deemed to be outstanding for the purpose of computing the percentage ownership of any other individual.



- (4) With respect to each individual, the calculation includes shares of our common stock that are issuable upon exercise of stock options held by that individual that are exercisable by April 24, 2016 and upon vesting of RSUs held by that individual that will vest by April 24, 2016, ignoring the withholding of shares of common stock to cover applicable taxes. These shares, however, were not deemed to be outstanding for the purpose of computing the percentage ownership of any other individual.

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2016 NOTICE OF MEETING AND PROXY STATEMENT

**EXECUTIVE OFFICERS**

The following sets forth biographical information regarding our executive officers as of February 24, 2016. Biographical information about Dr. Su, who is both a director and an executive officer, may be found under Item 1 Election of Directors above. The age of each executive officer is as of our Annual Meeting.

**Devinder Kumar**

Senior Vice President, Chief Financial Officer and Treasurer

Age: 60

**Mr. Kumar** is our Senior Vice President, Chief Financial Officer and Treasurer. Mr. Kumar is responsible for the company's global finance organization as well as global corporate services and facilities.

Mr. Kumar joined AMD in 1984 as a financial analyst. He spent 10 years in Asia as financial controller for AMD Penang and group finance director for AMD's Manufacturing Services Group across Singapore, Thailand, China and Malaysia. Starting in 1998, Mr. Kumar assumed several corporate roles including leadership positions in Corporate Accounting and Corporate Finance. He was appointed corporate controller in 2001. He also served as AMD's assistant treasurer and treasurer between 2007 and 2010 and was most recently senior vice president, corporate controller and interim CFO before being appointed chief financial officer in January 2013 and Treasurer in April 2015.

Mr. Kumar holds a bachelor's degree in ecology from the University of Malaya, Malaysia, a master's degree in biology from the University of California, Santa Barbara and an MBA in finance from the University of California, Los Angeles.

**James R. Anderson**

Senior Vice President and General Manager, Computing and Graphics Business Group

Age: 44

**Mr. Anderson** is our Senior Vice President and General Manager of the Computing and Graphics (CG) Business Group. Mr. Anderson joined AMD in May 2015. Mr. Anderson is responsible for managing all aspects of strategy, business management, engineering, and sales for AMD's client and consumer graphics products and solutions. He brings to this role 20 years of business and technical expertise, deep industry knowledge, and a proven ability to

transform businesses to drive profitable growth based on developing and successfully executing a holistic strategy across diverse teams. Mr. Anderson joined AMD from Intel Corporation where he served from November 2014 to May 2015 and completed the acquisition and successful integration of the Axxia processor business from Broadcom Limited (formerly, Avago Technologies) to Intel. Mr. Anderson spent the last decade at Broadcom Limited and LSI Corporation in a variety of leadership positions spanning strategic planning, marketing, engineering, sales, and general management. Prior to joining LSI Corporation in 2005, Mr. Anderson held strategic planning roles at Intel Corporation for mobile/laptop and server processors in addition to serving as a microprocessor architect.

Mr. Anderson holds numerous academic degrees, including an MBA and Master of Science in electrical engineering and computer science from the Massachusetts Institute of Technology. He also holds a Master of Science in electrical engineering from Purdue University and a Bachelor of Science in electrical engineering from the University of Minnesota. Mr. Anderson has received four patents for innovations in computer architecture.

### **Forrest E. Norrod**

Senior Vice President and General Manager, Enterprise, Embedded and Semi-Custom Business Group

Age: 50

**Mr. Norrod** is our Senior Vice President and General Manager of the Enterprise, Embedded and Semi-Custom ( EESC ) Business Group. In this role, he is responsible for managing all aspects of strategy, business management, engineering and sales for EESC businesses. Mr. Norrod has more than 25 years of technology industry experience across a number of engineering and business management roles at both the chip and system level.

Mr. Norrod most recently was Vice President and General Manager of Dell's server business from December 2009 to October 2014, driving the business to market share leadership in several key geographies and markets while delivering consistent revenue and profitability growth. In his role as Vice President and General Manager of Dell's Data Center Solutions, Mr. Norrod successfully led the creation of the company's first internal startup, which established

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**Executive Officers** (continued)

Dell's leadership presence in the hyper-scale datacenter market. He joined Dell as CTO of Client Products in August 2000, then led the company's Enterprise Engineering before ultimately having responsibility for all of Dell's global engineering teams.

Prior to Dell, Mr. Norrod worked at Cyrix Corp from 1993 to 1997 and National Semiconductor from 1997 to 2000 leading the integrated x86 CPU businesses.

Mr. Norrod holds Bachelor of Science and Master of Science degrees in electrical engineering from Virginia Tech and holds 11 US patents in computer architecture, graphics and system design. He also serves on the Board of Directors of Intersil Corporation.

**Mark D. Papermaster**

Senior Vice President and Chief Technology Officer Technology and Engineering

Age: 54

**Mr. Papermaster** is our Chief Technology Officer and Senior Vice President, responsible for corporate technical direction, and AMD's intellectual property (IP) and system-on-chip (SOC) product research and development. His more than 30 years of engineering experience includes significant leadership roles managing the development of a wide range of products spanning from mobile devices to high-performance servers.

Before joining AMD in October 2011, Mr. Papermaster was the leader of Cisco's Silicon Engineering Group, the organization responsible for silicon strategy, architecture, and development for the company's switching and routing businesses.

In prior roles, Mr. Papermaster served as Apple, Inc.'s Senior Vice President of Devices Hardware Engineering, where he was responsible for the iPod products, and iPhone hardware development. He also held a number of senior leadership positions at IBM, serving on the company's Technical Leadership Team and overseeing development of the company's key microprocessor and server technologies.

Mr. Papermaster holds his bachelor's degree in electrical engineering from the University of Texas at Austin and a master's degree in electrical engineering from the University of Vermont. He is a member of the University of Texas,

Cockrell School of Engineering Advisory Board, Olin College Presidents Council, and the Juvenile Diabetes Research Foundation.

**Harry A. Wolin**

Senior Vice President, General Counsel

Age: 53

**Mr. Wolin** is our Senior Vice President and General Counsel. Mr. Wolin was also our Corporate Secretary from April 2010 until August 2015. Prior to becoming General Counsel in 2003, Mr. Wolin was our Vice President, Intellectual Property. Before joining us in 2000, Mr. Wolin spent 12 years at Motorola, Inc. (now known as Motorola Solutions, Inc., a provider of technologies, products and services that enable a broad range of mobile, wireline, digital communication, information and entertainment experiences), where his last role was Vice President and Director of Legal Affairs for the Semiconductor Products Sector.

Mr. Wolin served as a member of the board of directors of GLOBALFOUNDRIES Inc. from February 2011 through March 2012. Mr. Wolin received the 2008 Magna Stella award for innovative management from the Texas General Counsel Forum. He is a member of the State Bars of Arizona and Texas and is registered to practice before the United States Patent and Trademark Office. Mr. Wolin holds a bachelor's degree in chemistry from the University of Arizona and a juris doctor degree from Arizona State University.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

We believe that during fiscal 2015, our directors, Section 16 officers or beneficial owners of more than 10% of our common stock complied with all Section 16(a) filing requirements, except Mr. Anderson did not file a timely Form 4 to report a grant of performance-based restricted stock on November 15, 2015. A late Form 4 was filed with the SEC on December 4, 2015. In making the above statement, we have relied solely upon a review of information provided to us and upon the written representations of our directors and Section 16 officers.

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**EQUITY COMPENSATION PLAN INFORMATION**

The following table provides information as of December 26, 2015 with respect to shares of our common stock that may be issued under our existing equity compensation plans. Our 2004 Plan, which was approved by our stockholders, is our only equity incentive plan available for the grant of new equity awards. Outstanding options and any full value awards are not transferable for consideration.

	Fiscal Year Ended December 26, 2015		
	Number of Securities Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column(a))
	(a)	(b)	(c)
Equity compensation plans approved by stockholders	82,440,338 <sup>(1)</sup>		11,433,656
Options	31,406,278 <sup>(3)</sup>	\$ 4.45	
Awards RSUs and PRSUs	51,034,060		
Equity compensation plans not approved by stockholders	149,710		
Options	149,710 <sup>(2)(3)</sup>	\$ 0.68	
Awards RSUs and PRSUs			
<b>Total</b>	<b>82,590,048</b>		<b>11,433,656</b>

(1)

Includes (i) shares of our common stock issuable from performance-based Restricted Stock Units ( PRSUs ), in each case representing the number of shares that could be earned assuming target achievement of the applicable performance conditions.

- (2) Represents shares of our common stock to be issued upon exercise of outstanding options assumed from SeaMicro, Inc. ( SeaMicro ) stock plans as part of our acquisition of SeaMicro in March 2012. We do not intend to grant any awards under this plan in the future.
- (3) As of December 26, 2015, the aggregate weighted-average remaining contractual life of our outstanding stock options was 3.38 years with aggregate weighted-average exercise price of \$4.44.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation Committee of the Board has oversight responsibility for, among other things, the development and administration of our executive compensation program. This Compensation Discussion and Analysis explains our compensation philosophy, summarizes our executive compensation program and reviews the fiscal 2015 compensation decisions for the following executive officers (our Named Executive Officers):

Name	Title
Lisa T. Su	President and Chief Executive Officer
Devinder Kumar	Senior Vice President, Chief Financial Officer and Treasurer
James R. Anderson <sup>(1)</sup>	Senior Vice President and General Manager, Computing and Graphics Business Group
Forrest E. Norrod	Senior Vice President and General Manager, Enterprise, Embedded and Semi-Custom Business Group
Mark D. Papermaster	Chief Technology Officer and Senior Vice President, Technology and Engineering

(1) Mr. Anderson joined us as Senior Vice President and General Manager, Computing and Graphics Business Group effective May 31, 2015.

**Executive Summary*****Overview of our Fiscal 2015 Financial and Operational Performance***

We faced a challenging business environment in fiscal 2015. Global macro-economic conditions, especially the volatility across Greater China, competitive pressures, and reduced demand from our Original Equipment Manufacturer (OEM) customers in advance of the launch of Microsoft Windows 10 decreased demand for our products and negatively impacted our financial results. In response to these challenges, our focus remained on improving our financial performance by further diversifying our product portfolio, simplifying our business model and making research and development investments designed to deliver future generations of high-performance products. We made progress stabilizing our Computing and Graphics segment as we rebalanced our channel and OEM inventories, expanded our presence in key markets like commercial PCs and delivered new products including our most-advanced APU ever and the world's smallest and most power-efficient enthusiast graphics card. As a result, our Computing and Graphics segment achieved double-digit sequential percentage revenue growth in the third and fourth quarters of fiscal 2015. In our Enterprise, Embedded and Semi-Custom segment, we saw ongoing growth related to our semi-custom system-on-chips (SoCs) during fiscal 2015 compared to fiscal 2014 and have now shipped more than 50 million semi-custom SoCs for the Microsoft® Xbox One and Sony PlayStation® 4 game consoles. We also made progress simplifying our business model, announcing plans to form a joint venture with Nantong Fujitsu Microelectronics Co., Ltd. for our assembly and test facilities in China and Malaysia.



***Pay for Performance***

The Compensation Committee places a strong emphasis on performance-based compensation, which is designed to incentivize our Named Executive Officers to generate stockholder value. To that end, the Compensation Committee generally aims to deliver a the majority of our Named Executive Officers' target total direct compensation (i.e., base salary, annual target cash performance bonus opportunity and target value of annual long-term equity, but excluding special retention and new hire awards) in the form of an annual cash performance bonus and annual long-term equity awards, most of which are tied to performance. For our fiscal 2015, as the Company executed its transformation plan, total stockholder return (TSR) was 7.49%. This compares with a negative TSR of the previous five years of -18.9%. As a result, the key drivers of our Named Executive Officers' realized compensation in a given fiscal year are usually our actual performance against certain financial targets and changes in our stock price.

The compensation realized by our Named Executive Officers in fiscal 2015 as a percentage of their fiscal 2015 realizable compensation demonstrates this strong alignment between pay and performance. For fiscal 2015, our Named Executive Officers (excluding Mr. Anderson, who began employment in May 2015) averaged realized income of approximately 37% of their total realizable compensation, as compared to 44% in fiscal 2014. For purposes of this calculation, realizable compensation is the sum of the Named Executive Officer's base salary, target cash performance bonus under our Executive Incentive Plan (EIP) for fiscal 2015, and the intended target grant date value

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**2016 NOTICE OF MEETING AND PROXY STATEMENT****Compensation Discussion and Analysis (continued)**

of long-term equity awards granted in fiscal 2015 under the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan, as amended (the 2004 Plan ), but excluding special retention awards and non-recurring new hire awards. The realized income is the sum of the Named Executive Officer's earned base salary, actual fiscal 2015 bonus earned under the EIP, any discretionary or retention bonus amounts realized, other compensation, income realized due to equity transactions involving shares awarded under our equity plans and the monetary value of performance equity awards which were both outstanding during fiscal 2015 and expected to deliver income per fiscal 2015 results using assumed financial payout projections. Additional information is provided below in the 2015 Summary Compensation Table on page 49 and the Option Exercises and Stock Vested in 2015 on page 55. The intended target grant date values of the long-term equity awards granted in fiscal 2015 for purposes of calculating realizable compensation are, in certain instances, different than the values reported in the Summary Compensation Table and the Option Exercises and Stock Vested in 2015 table. The intended target grant date values of the long-term equity awards were determined as of the date the Compensation Committee considered and approved the awards which, for some awards, occurred prior to the grant date of the award for the purposes of Financial Accounting Standards Board Accounting Standards Codification Topic 718 ( ASC Topic 718 ).

Our Named Executive Officers earned fiscal 2015 realized income substantially below their fiscal 2015 realizable compensation largely due to our fiscal 2015 financial and operational underperformance. No cash performance bonuses were earned or paid to our Named Executive Officers under our EIP for fiscal 2015 due to our underperformance relative to our adjusted non-GAAP net income, revenue, and adjusted non-GAAP free cash flow performance goals. Additionally, the performance-based restricted stock units awarded to Dr. Su and Messrs. Kumar and Papermaster for fiscal 2014 (the 2014 PRSUs ) were forfeited in full due to our underperformance relative to our non-GAAP operating income plus interest expense performance goals for the two-year performance period that ended on December 31, 2015. Further discussion of the fiscal 2015 EIP and the 2014 PRSUs is provided below under Fiscal 2015 Compensation Elements-Annual Cash Performance Bonuses , and Fiscal 2015 Compensation Elements-Long-Term Equity Awards, on pages 38 and 40, respectively.

*Allocation of Fiscal 2015 Target Total Direct Compensation*

The following charts illustrate the allocation of the fiscal 2015 target total direct compensation for Dr. Su and the average allocation of the fiscal 2015 target total direct compensation for our other Named Executive Officers:

In the case of Dr. Su, her fiscal 2015 target total direct compensation includes her fiscal 2015 base salary, fiscal 2015 target cash performance bonus and the target value of the long-term equity awards awarded to her in fiscal 2015, the

values of which are included in the Grants of Plan-Based Awards in 2015 table on page 54. Dr. Su's fiscal 2015 target total direct compensation approximated the 15<sup>th</sup> percentile of the competitive market data reviewed by the Compensation Committee for the chief executive officers of our compensation peer group companies. As we explained in our 2015 annual proxy statement, in connection with her October 2014 appointment as our President and Chief Executive Officer, our Board approved a compensation package for Dr. Su that included a significant performance element in the form of long-term equity awards under the 2004 Plan. Our Board believes that these long-term equity awards provide Dr. Su with a significant equity compensation opportunity if she successfully implements our multi-year

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)

strategy to reshape the Company and reflects our ongoing commitment to closely align pay with performance as we strategically reposition the Company for growth. The positioning of Dr. Su's fiscal 2015 target total direct compensation below the 50<sup>th</sup> percentile of the competitive market data reflects the fact that fiscal 2015 was the first full fiscal year following her appointment as our President and Chief Executive Officer that the Company's performance could be measured against these existing long-term equity awards.

In the case of our other Named Executive Officers, the average of their target total direct compensation include their base salary during fiscal 2015, annual target cash performance bonus and the target value of the long-term equity awards awarded to them in 2015, and exclude special retention and new hire awards, the values of which are also included in the Grants of Plan Based Awards in 2015 table below on page 54.

**2015 Executive Compensation Program*****Key Elements of Fiscal 2015 Executive Compensation Program***

The following table summarizes the key elements of our fiscal 2015 executive compensation program:

Element	Description	Rationale	Factors Influencing Amount
Base Salary	Fixed compensation delivered in cash; reviewed annually and adjusted if appropriate	Provides base amount of market competitive pay	Experience, market data, individual role and responsibilities, and individual performance
Annual Cash Performance Bonus (EIP Awards)	Variable cash compensation based on performance against annual goals of revenue, adjusted non-GAAP net income, and adjusted non-GAAP cash flow	Motivates and rewards achievement of key financial results for the year	Annual target bonus opportunity determined annually based on market data, individual role and responsibilities, and individual performance; payout based on Company performance and individual performance
Long-Term Incentives	Performance-Based Restricted Stock Units ( PRSUs ) Variable compensation with payout in shares based on compounded	Directly aligns interests of executives with	Target value of all LTI awards from our 2004 Plan is based on individual role and

<b>(2004 Plan Awards)</b>		annual growth rate milestones related to the Company's closing stock price that may be attained during a three-year performance period	long-term stockholder value creation by linking potential payouts to stock price performance; also promotes retention	responsibilities and market data; payout based on Company's common stock price at time of settlement (for PRSUs and RSUs) or exercise (for stock options)
		PRSUs vest as to 50% of shares earned based on satisfaction of specific closing stock price performance levels (and not before the first anniversary of the grant date); the remaining earned shares vest at the end of performance period		
	<b>Stock Options</b>	Variable compensation based on increase in stock price from date of grant, subject to exercise of right of ownership; award vests over three years	Directly aligns interests of executives with long-term stockholder value creation and provides upside potential over a seven year option term; also promotes retention	
<b>Restricted Stock Units ( RSUs )</b>	Variable compensation with payout in shares with time-based vesting; award vests over three years	Directly aligns interests of executives with long-term stockholder value creation and promotes retention		

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Other elements of our fiscal 2015 executive compensation program, including the deferred compensation plan, health, welfare and other personal benefits, and change in control and severance protections, are described under **Fiscal 2015 Compensation Elements** beginning on page 38.

***Talent Management Focus***

We have a strong focus on talent development and retention ensuring that our executive compensation program is designed to retain the talent required to execute our business strategy. Our pay decisions support our talent objectives by not only considering individual and Company performance, but also long-term potential, key retention needs, and organizational succession plans.

***2015 Key Compensation Decisions***

The following table highlights the key decisions made in fiscal 2015 with respect to our executive compensation program:

Compensation Component	Summary
Base Salaries	<p>The Compensation Committee made no changes to the base salaries of our Named Executive Officers in fiscal 2015, excluding Mr. Anderson, who began employment in May 2015.</p> <p>For fiscal 2015, the Compensation Committee adopted an annual performance period and selected adjusted non-GAAP net income (weighted 50%), revenue (weighted 25%), and adjusted non-GAAP free cash flow (weighted 25%) as the EIP performance measures and weightings to more closely align the bonus opportunity under the EIP to our annual operating plan and our multi-year strategy to reshape the Company.</p>
2015 EIP	
2015 PRSUs	<p>No cash performance bonuses were earned or paid to our Named Executive Officers under our EIP for fiscal 2015 due to our underperformance relative to our adjusted non-GAAP net income, revenue, and adjusted non-GAAP free cash flow performance goals.</p> <p>With respect to the PRSUs awarded in fiscal 2015:</p>

Based on feedback from our stockholders, the Compensation Committee implemented a three-year performance period (August 15, 2015 to August 15, 2018), as compared to the two-year performance period of the 2014 PRSUs; and

The Compensation Committee approved the implementation of a single performance measure based on the compound annual growth rate ( CAGR ) of the Company's closing stock price during the three-year performance period.

The Compensation Committee believes that the CAGR of our common stock price is the appropriate performance measure for the 2015 PRSUs because potential payouts under these awards are directly and transparently linked to increases in our common stock price.

The Compensation Committee established a three-year performance period for these awards, with an additional provision that the PRSUs do not vest before the first anniversary of the grant date, to promote the execution of our multi-year strategy to reshape the Company and to support our retention objectives.

In January 2015, the Compensation Committee granted Messrs. Kumar and Papermaster special retention awards consisting of, respectively, 384,467 and 576,701 time-based RSUs. These RSU awards vest 33% on January 15, 2017, and 67% on January 15, 2018, subject to their continuous employment through each applicable vesting date. Further discussion is provided below under Fiscal 2015 Compensation Elements-Special Retention Awards.

In June 2015, the Compensation Committee approved Mr. Anderson's compensation in connection with his appointment as our Senior Vice President and General Manager, Computing and Graphics Business Group. Further discussion is provided below under Fiscal 2015 Compensation Elements-Mr. Anderson's New Hire Compensation Package.

In November 2014, the Compensation Committee approved a sign-on PRSU award to Mr. Norrod covering a target number of 365,981 shares; in February 2015, the Compensation Committee determined the performance conditions associated with the vesting of this award. The award was granted pursuant to the terms of Mr. Norrod's October 2014 offer letter, which we entered into in connection with his appointment as our Senior Vice President and General Manager, Enterprise, Embedded and Semi-Custom Business Group ( EESC ). Further discussion is provided below under Fiscal 2015 Compensation Elements-Mr. Norrod's Sign-On PRSU Award.

Special Retention Awards

Mr. Anderson's Compensation Arrangements

Mr. Norrod's Sign-On PRSU Award

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)**Executive Compensation Policies and Practices**

We strive to implement sound executive compensation policies and practices, including compensation-related corporate governance standards, consistent with our executive compensation philosophy. During fiscal 2015, we maintained the following executive compensation policies and practices, which we believe drive performance and prohibit or minimize behaviors that we do not believe serve our stockholders' long-term interests:

Policy/Practice	Summary
Recoupment (or Claw-Back) Policy	Under our Worldwide Standards of Business Conduct, we expressly reserve the right to claw back incentive-based or other compensation (including equity-based compensation) paid to an employee (including any Named Executive Officer) if we are required to prepare an accounting restatement as a result of our material noncompliance with any financial reporting laws. In addition, all equity awards granted to our Named Executive Officers after October 2015 include a forfeiture-for-competition provision which provides for potential claw-back of the equity award if the Named Executive Officer violates the non-competition or non-solicitation covenants in the equity award agreement.
One-year minimum vesting period for equity awards	Our 2004 Plan requires a minimum one-year vesting period for all awards granted after April 29, 2015, subject to limited exceptions.
Cap on Change in Control Payments and Benefits	We will not enter into any change in control agreement or arrangement with a Named Executive Officer that provides for cash severance payments (in the case of a change in control of the Company and a subsequent



	termination of employment) in excess of (i) two times the sum of base salary and target annual cash performance bonus, plus (ii) the prorated target annual cash performance bonus for the year in which the termination of employment occurs.
No Excise Tax Payments	We will not enter into any change in control agreement or arrangement with a Named Executive Officer that provides for an excise tax gross-up payment.
Limited Perquisites	We provide limited perquisites or other personal benefits to our Named Executive Officers and provide air and other travel for our Named Executive Officers for business purposes only.
Anti-Hedging Policy and Pledging Policy	Our employees, including our Named Executive Officers, and Directors, are not permitted to hedge their economic exposure to our equity securities.
Incentive Compensation Amounts are Subject to Payment Thresholds and Maximums	Our annual cash performance bonuses and PRSUs have threshold performance requirements that must be achieved to receive payment and are subject to maximum payment caps.
Stock Ownership Requirements	Our stock ownership requirements provide that our President and/or Chief Executive Officer should attain an investment position in our common stock having a value that is at least equal to three times his or her base salary, and that our other Named Executive Officers should attain an investment position having a value that is at least equal to one-and-one-half times their base salaries.
Independent Compensation Consultant	Compensia is retained directly by the Compensation Committee, advises the Compensation Committee on pay decisions regarding our Named Executive Officers and keeps the Compensation Committee apprised of compensation trends and best practices. Compensia performs no other services for us.
Compensation Risk Assessment	The Compensation Committee conducts an annual risk assessment of our compensation policies and practices to ensure that our programs are not reasonably likely to have



a material adverse effect on us.

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**2016 NOTICE OF MEETING AND PROXY STATEMENT**

**Compensation Discussion and Analysis (continued)**

**Response to 2015 Say On Pay Vote and Stockholder Engagement Process**

The Compensation Committee seeks to align the objectives of our executive compensation program with the interests of our stockholders. In that respect, the Compensation Committee carefully considered the approval by 70.73% of the votes cast for our say on pay vote at our 2015 annual meeting of stockholders when making decisions about our executive compensation program moving forward.

During 2015, we continued our practice of proactive stockholder engagement regarding executive compensation and other governance matters. After filing and disseminating our definitive proxy statement for our 2015 annual meeting of stockholders, our Senior Vice President, Human Resources, Corporate Communications and Investor Relations conducted conference calls, in-person meetings or other discussions with many of our top 50 stockholders (which collectively represent approximately 56% of the shares entitled to vote at our Annual Meeting) to solicit their views on our executive compensation structure and pay practices. The Chairman of our Board, the Chair of our Compensation Committee, and other members of our senior management took part in our stockholder engagement efforts. A variety of topics, including compensation, governance, financial performance and corporate strategy were discussed during these engagements.

Based on these discussions we learned that, generally, these stockholders believed our executive compensation program was aligned with their interests, although they expressed a desire to see us adopt a longer performance period for our long-term incentive awards. The Compensation Committee responded to this feedback by extending the performance period for PRSUs awarded in 2015 to three years (as compared to the two year performance period for the 2014 PRSUs). The Compensation Committee continues to encourage an active dialogue with our stockholders regarding compensation and governance practices.

**Compensation Philosophy and Objectives**

Our executive compensation program is guided by the following overarching principles:

Principle	Description
Business Driven	Compensation is aligned to Company performance, by linking rewards directly to the achievement of specific financial objectives which result in increased stockholder value and structured to avoid excessive risk-taking.

**Performance Differentiated**

Compensation structured to create an effective link between pay and performance at both the Company and individual level.

**Market Competitive**

Compensation that is competitive to attract, retain and motivate high caliber senior leadership in management, engineering and other key disciplines.

**Ownership Oriented**

Compensation that is fully aligned with stockholder interests by delivering meaningful equity awards tied to shareholder value creation and maintaining robust stock ownership requirements.

We continually assess and adjust our executive compensation program, policies and practices in light of these overarching principles and feedback obtained through our stockholder engagement efforts.

***Pay for Performance***

The tenets of our compensation philosophy strongly center on pay for performance. We align to the following primary principles:

Our compensation practices are designed to align with the interests of our stockholders;

Sustained, improved financial performance should result in increasing stockholder value; and

With improved company performance and increases in stockholder returns, our compensation programs should deliver higher rewards to employees.

We have been transitioning our business model by diversifying revenue and pursuing higher growth, higher margin businesses in which we have a competitive advantage. This change is based in part upon the recognition that

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**Compensation Discussion and Analysis** (continued)

the personal computer industry continues to undergo a fast-paced structural change characterized by greater commoditization, lower pricing and margin deterioration. A greater shift towards incentive, performance-based compensation is aligned with this transition.

***Competitive Compensation***

The Compensation Committee aims to compensate our Named Executive Officers at levels that are commensurate with competitive levels of compensation for executives in similar positions at a group of peer companies (set forth below), which the Compensation Committee believes reflects the current competitive market for executive talent. The Compensation Committee also considers the scope of responsibility of each Named Executive Officer, internal pay equity, the in-the-money value of each Named Executive Officer's long-term incentive awards, as well as the Compensation Committee's assessment of each Named Executive Officer's performance and expected future impact on the organization.

While the Compensation Committee generally seeks to position each Named Executive Officer's target total direct compensation (i.e., base salary, annual target cash performance bonus opportunity and target value of annual long-term equity awards, but excluding special retention awards and non-recurring new hire awards) between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the competitive market (the Target Positioning), recognizing that such compensation will be realized by the executive only if performance targets are achieved. A Named Executive Officer's target total direct compensation may vary from the Target Positioning depending on his or her scope of responsibility, the time period in the position, job performance, skill set, prior experience, expected future contributions to our business, internal pay equity considerations, retention considerations and business conditions. Additionally, the Compensation Committee reviews our Named Executive Officer compensation practices on an annual basis.

***Align Pay Practices with Sound Risk Management***

The Compensation Committee seeks to structure our executive compensation program to motivate and reward our Named Executive Officers for appropriately balancing opportunity and risk, such as investment in key initiatives designed to advance our growth in existing and new markets, while at the same time avoiding pay practices that encourage excessive risk-taking.

The Compensation Committee believes that our executive compensation program fosters our objectives while mitigating potentially excessive risk-taking, through the following means:

multiple internal controls and approval processes intended to prevent manipulation of outcomes;

pay mixes that represent an appropriate balance of fixed pay versus variable pay and short-term versus long-term incentives;

caps on performance-based compensation opportunities;

incentive programs that include multiple Company-wide financial measures that are quantitative and measurable;

time-based and performance-based vesting conditions for long-term equity awards spanning multiple years;

compensation recovery ( claw-back ) policies/provisions; and

beneficial share ownership requirements.

### ***How We Make Compensation Decisions***

#### ***Role of the Compensation Committee and the Board***

The Compensation Committee is responsible to our Board for overseeing the development and administration of our compensation and benefits policies and programs. The Compensation Committee, which consists of three independent directors, is responsible for reviewing our executive compensation program to evaluate its alignment with the strategies and needs of our business, market trends, and the interests of our stockholders. The Compensation Committee is responsible for formulating compensation recommendations to the non-management members of our Board regarding Dr. Su's compensation, and for approving the compensation of our other Named Executive Officers. This includes:

reviewing and approving the performance goals and objectives that relate to performance-based compensation awarded under the EIP and the 2004 Plan;

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**Compensation Discussion and Analysis (continued)**

conducting annual performance reviews of each of our Named Executive Officers;

evaluating the competitiveness of each Named Executive Officer's total compensation package;

reviewing and approving any changes to a Named Executive Officer's total compensation package, including, but not limited to, base salary, annual long-term incentive award opportunities, and payouts and retention programs.

The Compensation Committee is supported in its work by members of our management team including Dr. Su, our Senior Vice President, Human Resources, Corporate Communications and Investor Relations, our Senior Vice President, General Counsel, and our Director, Compensation and Benefits. The Compensation Committee considers the input of these individuals to formulate the specific plan and award designs, including performance measures and performance levels, necessary to align our executive compensation program with our business objectives and strategies. These individuals did not attend either executive sessions or portions of any meetings of the Compensation Committee or our Board where their own compensation determinations were made.

The non-management members of our Board and the Compensation Committee each conduct their own performance assessment of Dr. Su, and no management recommendation is made with regard to her compensation. The Compensation Committee will review and consider our Board's evaluation in making its recommendations to the non-management members of our Board regarding the compensation and other terms of Dr. Su's employment. Dr. Su does not participate in the determination of her own compensation.

*Role of Compensation Consultant*

The Compensation Committee has the authority to engage independent advisors to assist it in carrying out its responsibilities. During fiscal 2015, the Compensation Committee retained Compensia, a national compensation consulting firm, as its compensation consultant to provide assistance on executive and director compensation matters. Compensia advised the Compensation Committee on a variety of compensation-related matters in fiscal 2015, including:

the competitiveness of our executive compensation program by providing market review of executive compensation, evaluating our compensation peer group composition and compensation at our compensation peer group companies;

the pay levels of our Named Executive Officers by assessing and proposing equity and cash compensation guidelines for various executive job levels and assessing compensation levels for our executive officers;

our executive compensation program design, including short-term and long-term incentive plan design and pay mix, the framework for our long-term incentive awards and our retention strategies, and evaluation of our compensation recoupment (i.e., clawback ) policies; and

the compensation arrangements for our Board.

*Conflict of Interest Assessment for Compensation Consultant*

The Compensation Committee recognizes the importance of receiving objective advice from its compensation consultant and to that end conducts an annual conflicts of interest assessment of its compensation consultant. In fiscal 2015, Compensia did not provide any services to or receive any payments from us, except in its capacity as a consultant to the Compensation Committee. In February 2016, the Compensation Committee considered whether the services provided by Compensia raised any conflicts of interest pursuant to the rules of the SEC and the listing rules of Nasdaq and concluded that the work performed by Compensia did not raise any conflicts of interest.

In the course of its engagement, Compensia attended all meetings of the Compensation Committee and, where applicable, presented its findings and recommendations for discussion. Compensia also consulted frequently with members of the Compensation Committee and also met with senior management to obtain and validate market data, review materials and discuss management's compensation recommendations.

*Role of the Chief Executive Officer*

Generally, at the beginning of the year, Dr. Su reviews with the Compensation Committee her performance evaluations of each of our other Named Executive Officers and her compensation recommendations for those Named Executive Officers. The Compensation Committee considers these recommendations in its decision process, but they are not necessarily determinative.



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**Compensation Discussion and Analysis** (continued)

*Competitive Pay Analysis*

Each year, the Compensation Committee reviews the compensation data and pay practices of a custom group of peer companies, in combination with industry-specific compensation survey data, to develop a subjective representation of the competitive market with respect to current executive compensation levels and related policies and practices. The Compensation Committee then evaluates how our pay practices and our Named Executive Officers' compensation levels compare to the competitive market. As part of this evaluation, the Compensation Committee also reviews the performance measures and related performance target levels generally used within the competitive market to reward performance.

*Methodology Used to Perform the Competitive Pay Analysis*

In preparation for fiscal 2015, the Compensation Committee requested that Compensia provide a competitive pay analysis for each Named Executive Officer using (i) compensation data developed from publicly available information (as of January 2015) of the companies included in a custom peer group (the 2015 Custom Peer Group) and (ii) compensation data for a special peer data sample of the Radford Custom Executive Compensation Survey (which includes all companies noted below in the 2015 Custom Peer Group except Amkor Technology, Inc. and Vishay Intertechnology, Inc.).

To develop the 2015 Custom Peer Group, in November 2014 the Compensation Committee reviewed the group of companies comprising the then-existing compensation peer group, with particular reference to their industry and revenues (generally 50% to 200% of our revenues), in each case based on publicly available information as of October 2014. Based on this review, the Compensation Committee removed LSI Corporation and Micron Technology, Inc., and added Amkor Technology, Inc. and Sanmina Corporation to the 2015 Custom Peer Group. The Compensation Committee removed LSI Corporation because it was acquired by Avago Technologies in May 2014, and Micron Technology, Inc. was removed because its revenues exceeded the range parameter. Our revenues for the trailing four fiscal quarters ending September 27, 2014, would have placed us in approximately the 66<sup>th</sup> percentile of the 2015 Custom Peer Group based on publicly available information. The Compensation Committee believes that the composition of the 2015 Custom Peer Group reflects an appropriate set of comparator companies for purposes of assessing our executive compensation program.

The Compensation Committee used the 2015 Custom Peer Group competitive pay analysis developed by Compensia as its reference source in analyzing the competitiveness of our Named Executive Officers' compensation.

As compared to the 2015 Custom Peer Group, AMD's fiscal 2014 and fiscal 2015 annual revenue was approximately \$5.5 billion and \$4 billion, respectively.



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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)

The companies comprising the 2015 Custom Peer Group are as follows:<sup>(1)</sup>

Company Name	Revenue (\$MM)
Applied Materials, Inc.	\$8,796
Corning Inc.	\$8,794
Broadcom Corp.	\$8,235
Symantec Corporation	\$6,727
SanDisk Corp.	\$6,620
NetApp, Inc.	\$6,298
Sanmina Corporation	\$6,034
Harris Corporation	\$5,012
Juniper Networks, Inc.	\$4,859
Lam Research Corporation	\$4,607
Freescale Semiconductor, Ltd. <sup>(2)</sup>	\$4,485
CA Technologies	\$4,456
NVIDIA Corporation	\$4,404
Marvell Technology Group Ltd.	\$3,782
Lexmark International Inc.	\$3,676
Amkor Technology, Inc.	\$2,986
KLA-Tencor Corporation	\$2,929
ON Semiconductor Corp.	\$2,898
Vishay Intertechnology Inc.	\$2,463

(1) Table includes source data compiled from Compensia. Revenue data is based on the last four quarters from September 27, 2014.

(2) Merged with NXP Semiconductors N.V. on December 7, 2015.

**Fiscal 2015 Compensation Elements****Base Salary**

The annual base salaries of our Named Executive Officers as of the beginning and end of fiscal 2015 are set forth in the table below. None of the Named Executive Officers received any base salary increases during fiscal 2015.

	Base Salary as of December 27, 2014	Base Salary as of December 26, 2015	Percentage Increase
Named Executive Officer	(\$)	(\$)	(%)
Lisa T. Su	850,000	850,000	
Devinder Kumar	530,000	530,000	
James R. Anderson <sup>(1)</sup>		288,456	
Forrest Norrod	530,000	530,000	
Mark D. Papermaster	550,000	550,000	

(1) Mr. Anderson joined us on May 31, 2015.

#### ***Annual Cash Performance Bonuses***

Generally, short-term incentives in the form of an annual cash performance bonus are provided to our Named Executive Officers under the EIP. These bonuses are designed to reward, where earned, short-term performance and the achievement of the goals of our annual operating plan.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)

Under the EIP, the amount of our Named Executive Officers' annual cash performance bonus is calculated based on (i) each Named Executive Officer's target annual cash performance bonus opportunity (as prorated in Mr. Anderson's case) and (ii) our corporate financial performance for the applicable performance period as measured against one or more pre-established performance levels. The financial measures and related performance levels for the performance period are approved by the Compensation Committee shortly after the commencement of the year. Bonuses earned under the EIP are paid in a single lump-sum amount after the end of the fiscal year.

For fiscal 2015, each Named Executive Officer's annual cash performance bonus under the EIP was determined based on our performance during fiscal 2015. The following illustrates how the 2015 annual cash performance bonuses under the EIP were calculated:

The Compensation Committee used the following financial performance measures and weightings for fiscal 2015 to determine the amount of each Named Executive Officer's 2015 annual cash performance bonus under the EIP:

Financial Measure	Weighting
Adjusted Non-GAAP Net Income	50%
Revenue	25%
Adjusted Non-GAAP Free Cash Flow	25%

The performance levels for each financial performance measure were established by the Compensation Committee at the beginning of fiscal 2015, in each case in consultation with senior management. The performance levels were structured to align with our fiscal 2015 financial objectives, taking into account overall affordability of the bonus opportunities provided under the EIP for fiscal 2015.

The Compensation Committee chose adjusted non-GAAP net income as a performance measure because it reflects our bottom-line financial performance or profitability, which the Compensation Committee believes is directly tied to stockholder value creation on a short-term basis. We calculated our adjusted non-GAAP net income financial measure by adjusting our GAAP net loss for fiscal 2015 for: (i) technology node transition charge; (ii) restructuring and other special charges, net; (iii) tax settlement in a foreign jurisdiction; (iv) amortization of acquired intangible assets; (v) stock-based compensation; and (vi) amounts accrued as of December 26, 2015 for fiscal 2015 bonuses under our Annual Incentive Plan.

The Compensation Committee chose revenue as a performance measure because it reflects our top-line growth, which the Compensation Committee believes is a strong indicator of our long-term ability to create stockholder value. Our revenue was calculated as our GAAP net revenue for fiscal 2015.

The Compensation Committee chose adjusted non-GAAP free cash flow as a performance measure because it believes effective cash management is a key component of our transformation plan and our annual operating plan, the successful execution of which should lower indebtedness, increase financial flexibility and ultimately drive growth of stockholder value. In addition, the Compensation Committee believes that the measure avoids artificial deflation of the annual bonus due to unusual items in the performance period and items that are not indicative of operating performance or the underlying performance of our core business. We calculated our adjusted non-GAAP free cash flow financial measure by adjusting our GAAP net cash provided by (used in) operating activities for fiscal 2015 for (i) purchase of property, plant and equipment and (ii) cash payments for fiscal 2014 employee bonuses under the EIP and our Annual Incentive Plan, which were paid in March and April 2015.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)

The following table sets forth the fiscal 2015 performance targets and comparable actual results for the EIP:

2015 Executive Incentive Plan				
Financial Targets				
(in millions)				
Financial Measure	Threshold	Target	Maximum	Actual Performance
Adjusted Non-GAAP Net Income	\$	\$ 305	\$ 610	\$ (405)
Revenue	\$ 4,470	\$ 5,397	\$ 6,250	\$ 3,991
Adjusted Non-GAAP Free Cash Flow	\$ (257)	\$ (47)	\$ 173	\$ (286)

The threshold, target and maximum levels for the 2015 EIP were determined based upon our annual operating plan and an appropriate acceleration or deceleration above or below target. A steep interpolation exists between the threshold and target level and between the target and maximum level for each measure. The 2015 annual cash performance bonuses under the EIP for each Named Executive Officer are set forth below:

Named Executive Officer	2015 EIP Bonus Calculation			
	Base Salary During Fiscal 2015	Target Bonus Opportunity	2015 EIP Performance Factor	2015 EIP Bonus
Lisa T. Su	\$ 850,000	150%		\$ 0
Devinder Kumar	\$ 530,000	100%		\$ 0
James R. Anderson <sup>(1)</sup>	\$ 288,456	100%	0%	\$ 0
Forrest E. Norrod	\$ 530,000	100%		\$ 0
Mark D. Papermaster	\$ 550,000	100%		\$ 0

(1) Prorated base salary for Mr. Anderson, who joined us on May 31, 2015.

The Compensation Committee reviews and certifies our level of achievement for each performance measure before any payments are made. This review and certification is generally performed at the first regularly scheduled

Compensation Committee meeting following the end of the year with any payout of the annual cash performance bonus occurring in March of such year. Under the terms of the EIP, the Compensation Committee has the authority to reduce any Named Executive Officer's annual cash performance bonus prior to payment.

### ***Long-Term Equity Awards***

We believe that long-term equity awards provide a strong alignment between the interests of our Named Executive Officers and our stockholders. The Compensation Committee generally seeks to provide equity award opportunities that are consistent with our compensation philosophy, with the potential for larger payments for exceptional financial performance. The Compensation Committee also believes that long-term equity awards are an essential tool in promoting executive retention.

The Compensation Committee approved annual equity awards to Dr. Su and Messrs. Kumar, Norrod and Papermaster in August 2015. The value of these annual equity awards was allocated as follows: PRSUs - 50%, RSUs - 25% and stock options - 25%. For a discussion of the equity awards granted to Mr. Anderson in connection with his appointment as our Senior Vice President and General Manager, Computing and Graphics Business Group, please see the discussion below under Mr. Anderson's New Hire Compensation Package.

*2015 PRSU Awards.* All of the PRSUs granted in fiscal 2015 to our Named Executive Officers except for Mr. Norrod's sign-on PRSU award (the 2015 PRSUs) provide for a payout ranging from 0% to 250% of the target number of shares subject to the award (the Target Shares) depending on the CAGR of the Company's closing common stock price during the three-year performance period that commenced August 15, 2015, and ends August 15, 2018 (the Performance Period). The Compensation Committee believes that the CAGR of our common stock price is the appropriate performance measure for the 2015 PRSUs because potential payouts under these awards are directly



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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**Compensation Discussion and Analysis** (continued)

and transparently linked to our stock price performance. The Compensation Committee chose not to subject the 2015 PRSUs to an additional performance metric based on the Company's financial performance (as compared to the 2014 PRSUs) because it wanted the 2015 PRSUs to promote an increased focus on our common stock price performance. The Compensation Committee established a three-year performance period for the PRSUs to promote the execution of our multi-year strategy to reshape the Company and to further retention objectives.

The table below sets forth the potential payouts (as a percentage of the Target Shares) for the 2015 PRSUs:

Potential Payouts of 2015 PRSUs		
CAGR Performance Level	30-Day Common Stock Closing Price During Performance Period	No. of Earned PRSUs (% of Target Number of PRSUs)
Below Threshold	Below threshold performance target	0%
Threshold	At or above threshold but below target performance target	50%
Target	At or above target but below above-target performance target	100%
Above-Target	At or above above-target but below maximum performance target	200%
Maximum	At or above maximum performance target	250%

Each of the applicable CAGR performance levels (threshold, target, and above-target and maximum) is a pre-established positive CAGR on the price of our common stock from the baseline price of \$2.43 per share. The baseline price was determined as the average closing price of our common stock for the 180-day period ending August 14, 2015 (i.e., the date preceding the grant date of the 2015 PRSUs). In accordance with SEC guidance, we are not disclosing the specific CAGR performance targets because we consider this information to be confidential business information, the disclosure of which would cause us competitive harm. When the Compensation Committee selected the CAGR performance levels, it believed that each CAGR performance target was an appropriately challenging stock price milestone tied to a potential payout that motivated and rewarded our Named Executive Officers for delivering improved stock price performance over the Performance Period.

Fifty-percent of any PRSUs earned pursuant to the attainment of a CAGR performance level will vest and be paid out upon the Compensation Committee's certification of attainment of the CAGR performance level (provided, however, that no PRSUs may be earned or vest prior to August 16, 2016, one year from the grant date) and the remaining 50%

will vest and be paid out at the end of the Performance Period, subject in each case to the Named Executive Officer's continued employment through each such vesting date, unless his or her employment agreement or other agreement with us provides otherwise.

*2014 PRSU Awards.* As set forth in the table below, based on our performance over the 24-month performance period ended December 31, 2015, none of the target number of shares subject to the 2014 PRSUs were earned.

2014 PRSU Awards				
Performance Results				
(in millions, except for percentages)				
Performance Factor	Threshold	Target	Maximum	Actual Performance
Adjusted Non-GAAP Operating Income plus Interest Expense	\$ 191	\$ 329	\$ 549	\$ (368)
Performance Level Percentage per Actual Performance				0%
Relative TSR during Performance Period				Below 25 <sup>th</sup> percentile
Performance Level Percentage per Relative TSR during Performance Period				75%
<b>% of Target Shares Earned Subject to Vesting: 0% x 75% = 0%</b>				0%

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**2016 NOTICE OF MEETING AND PROXY STATEMENT****Compensation Discussion and Analysis (continued)**

*Stock Options.* Stock options are intended to align the interests of our Named Executive Officers with our stockholders because they will not realize any financial benefit from these awards unless our stock price appreciates over the option term. The stock options have an exercise price equal to 100% of the fair market value of our common stock on the grant date. The stock options vest (and become exercisable) over three years, 33 ⅓% on or about the first anniversary of the grant date (or such later date as may be selected by the Compensation Committee) and thereafter 8 ⅓% per quarter for the next following eight quarters, subject to each Named Executive Officer's continued employment with us through each vesting date (unless his or her employment agreement or other agreement with us provides otherwise). The service-based vesting requirements are intended to further our retention objectives. The stock options expire seven years after the grant date.

*RSUs.* RSUs are intended to encourage executive retention, manage share dilution, recognize individual performance and align the interests of our Named Executive Officers with our stockholders because the value of the awards is tied to the market value of our common stock at the time of vest. All of the RSUs awarded to our Named Executive Officers in fiscal 2015 vest over three years, subject to each Named Executive Officer's continued employment with us through each vesting date (unless his or her employment agreement or other agreement with us provides otherwise). The service-based vesting requirements are intended to further our retention objectives.

*Aggregate Target Value of Fiscal 2015 Annual Equity Award Grants.* In determining the aggregate target value of each Named Executive Officer's annual long-term equity award for fiscal 2015, the Compensation Committee reviewed data showing the potential realizable value of each Named Executive Officer's existing equity holdings. Additionally, in approving the fiscal 2015 equity awards for our Named Executive Officers, the Compensation Committee considered executive retention objectives and continuity within senior management and the following high level corporate goals: achieve fiscal 2015 annual operating plan, execute industry leading roadmap and meet customer commitments. The achievement of these high level goals drive our overall Company strategy and subsequently, the attainment of the performance objectives in the annual long-term incentive plan.

The aggregate target value of the fiscal 2015 annual equity awards granted to each Named Executive Officer was then converted into a mix of PRSUs, RSUs, and stock options. The number of PRSUs was determined by dividing one-half of the aggregate target value by \$2.4267 (the average closing price of our common stock for the 180-day period ending August 14, 2015) (the Conversion Price). The number of shares of our common stock subject to the RSUs was determined by dividing one-quarter of the aggregate target value by the Conversion Price. The number of shares of our common stock subject to the stock options determined by dividing one-quarter of the aggregate target value by the Conversion Price and multiplying that by our current binomial discount factor on the grant date of the stock options. For the stock options granted on August 15, 2015, the binomial discount factor was 41.19%. For the stock options granted to Dr. Su on December 26, 2015, the binomial discount factor was 44.57%.

We follow ASC Topic 718 for our share-based compensation awards. ASC Topic 718 requires companies to measure the compensation expense for all share-based payment awards made to employees and directors, including stock options, based on the grant date fair value of these awards. This calculation is performed for accounting purposes and reported in the compensation tables below, even though our Named Executive Officers may never realize any value from their awards. ASC Topic 718 also requires companies to recognize the compensation cost of their share-based compensation awards in their income statements over the period that a recipient is required to render service in exchange for the option or other award.

*Grant Timing Practices.* We have no practice or policy of coordinating or timing the release of company information around the grant date of our annual long-term equity awards. Our annual long-term equity awards are typically made in June, July or August. On occasion we grant equity compensation outside of our annual grant cycle for new hires, promotions, recognition, retention or other purposes. In an effort to responsibly manage the share reserve under the 2004 Plan, the fiscal 2015 annual long-term equity awards were approved in August 2015, but were granted in two separate tranches. The grant date for the 2015 PRSU and stock option awards to Messrs. Kumar, Norrod and Papermaster and the 2015 PRSU award to Dr. Su was August 15, 2015. The grant date for the RSU awards to Messrs. Kumar, Norrod and Papermaster and the stock option and RSU awards to Dr. Su was December 26, 2015.

See the 2015 Summary Compensation Table and the Grants of Plan-Based Awards in 2015 table below for more information on the equity awards that we granted to our Named Executive Officers in fiscal 2015.

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**Compensation Discussion and Analysis (continued)**

***Dr. Su's Employment Agreement***

Dr. Su has an employment agreement, effective October 8, 2014, approved by our Board that establishes her base salary level and provides for annual incentive and long-term incentive awards under our approved plans (i.e., EIP and 2004 Plan). In addition, the agreement includes provisions regarding various termination scenarios which are described in the "Potential Payments upon Termination or Change of Control" section beginning on page 58.

***Mr. Anderson's Initial Compensation Arrangement***

In connection with Mr. Anderson's appointment as our Senior Vice President and General Manager, Computing and Graphics Business Group, the Compensation Committee approved the following compensation arrangement in April 2015:

An initial annual base salary of \$500,000 and a target annual cash performance bonus opportunity under the EIP of 100% of base salary (pro-rated for fiscal 2015);

A one-time sign-on cash bonus of \$750,000 that must be repaid in full if he leaves the Company within two years of his hire date;

A sign-on RSU award with a target value of \$1.75 million that vests over three years;

An annual long-term equity award with a target value of \$2 million, consisting of a mix of (i) 50% PRSUs to be earned based on performance measures approved by the Compensation Committee, (ii) 25% RSUs that vest in equal installments over three years, and (iii) 25% stock options that vest over three years.

In the case of his sign-on award, the number of RSUs granted to Mr. Anderson was determined by dividing the target value of the award by \$2.3281 (the 30-day average closing price of our common stock on June 19, 2015). With respect to his annual long-term equity award, as stated in his offer letter: (i) the number of PRSUs was determined by dividing one-half of the aggregate target value by \$2.1210, the 30-day average closing price of our common stock on November 15, 2015; (ii) the number of RSUs was determined by dividing one-quarter of the aggregate target value by \$2.3281 (the 30-day average closing price of our common stock on June 19, 2015); and (iii) the number of shares of our common stock subject to the stock options determined by dividing one-quarter of the aggregate target value by

\$2.3281 (the 30-day average closing price of our common stock on June 19, 2015) and multiplying that amount by 41.19%, our then-current binomial discount factor.

In November 2015, the Compensation Committee established the performance measures and related target levels for Mr. Anderson's PRSUs to match the CAGR-based metrics of the 2015 PRSUs awarded to our other Named Executive Officers to ensure consistent performance goals among the members of our senior leadership team that are aligned with our stockholders' interests.

Mr. Anderson's sign-on bonus and sign-on RSU award do not represent additional or incremental compensation, but are make-whole payments for compensation that Mr. Anderson forfeited with his previous employer to join the Company. These make-whole payments are not part of Mr. Anderson's ongoing annual compensation package, which the Compensation Committee believes is positioned competitively with our peer companies. The Compensation Committee subjectively viewed the costs of these make-whole payments as a prudent long-term investment to secure Mr. Anderson's commitment to join the Company. We believe that Mr. Anderson brings a unique set of highly valuable skills and experiences that will contribute to the Company's growth and success and serve the long-term interests of our stockholders.

### ***Special Retention Awards***

While the Compensation Committee's focus is on pay for performance, during transformational periods, such as our current multi-year strategy to reshape the Company, the Compensation Committee may determine it necessary and in our best interests to grant a special equity and/or cash retention award to encourage retention of key talent in leadership and critical research and development positions.

In January 2015, the Compensation Committee granted special retention awards to Messrs. Kumar and Papermaster consisting of, respectively, 384,467 and 576,701 time-based RSUs. These RSUs vest 33% on January 15, 2017, and 67% on January 15, 2018, subject to the Named Executive Officer's continued employment through each such vesting date.

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**Compensation Discussion and Analysis (continued)**

***Mr. Norrod's Sign-On PRSU Award***

Pursuant to his October 2014 offer letter in November 2014, Mr. Norrod was awarded a PRSU award covering a target number of 365,981 shares (which was determined by dividing the \$1 million award target value specified in the offer letter by \$2.7324, the 30-day average closing price of our common stock on November 15, 2014). In February 2015, the Compensation Committee set the performance conditions applicable to Mr. Norrod's sign-on PRSU award. Mr. Norrod may earn 0% to 150% of the target number of shares based on EESC's fiscal 2015 performance, as measured against performance goals established by the Compensation Committee for each of the following performance metrics, each weighted 33-1/3%: (a) EESC net revenue, (b) EESC contribution operating profit and (c) the number and value of EESC design wins.

As a result of the fiscal 2015 performance of our EESC business unit, in February 2016, the Compensation Committee determined that Mr. Norrod had earned 56.16% of the target number of shares covered by his sign-on PRSU award. One-half of the earned shares vested in February 2016 upon the Compensation Committee's certification of EESC's fiscal 2015 performance, and the remaining 50% will vest in February 2017, subject to Mr. Norrod's employment with us through that date.

***Deferred Compensation***

In fiscal 2015, our Named Executive Officers were eligible to participate in our Deferred Income Account Plan (the "DIA"). Participation in the DIA is intended to assist our Named Executive Officers in their retirement planning as well as to restore Company contributions that are lost due to IRS limits applicable to contributions in our Section 401(k) plan. The Compensation Committee believes the opportunity to defer compensation is a competitive benefit that enhances our ability to attract and retain talented executives while building plan participants' long-term commitment to the Company. For further information about the DIA, see the "2015 Nonqualified Deferred Compensation" table below.

***Health, Welfare and Other Personal Benefits (Perquisites)***

In fiscal 2015, a broad population of our U.S. employees, including our Named Executive Officers, were eligible to receive the following health, welfare and other personal benefits:

participation in our U.S. benefit programs, including our Section 401(k) plan, health care coverage, paid time-off and paid holidays;

matching contributions under our Section 401(k) plan, which were equal to 75% of an employee's annual contribution, up to the first 6% of compensation deferred under the plan; and

patent awards, if earned.

In addition to the above, our Named Executive Officers were eligible to receive an annual physical examination and executive life insurance.

The health, welfare and other personal benefits described above are intended to be part of a competitive overall compensation program and help attract and retain executive talent.

For further information regarding the health, welfare and other personal benefits received by our Named Executive Officers during fiscal 2015, see the 2015 Summary Compensation Table, below.

### **Change in Control Agreements and Other Change in Control Arrangements**

Any payments and benefits for Dr. Su in the event of her termination of employment in connection with a change in control of us are set forth in her employment agreement, the terms of which were the result of arms-length negotiations between Dr. Su and the Compensation Committee. Each of the other Named Executive Officers is party to a change in control agreement with us. These arrangements are designed to encourage the Named Executive Officers' continued services in the event of a potential change in control of us and to allow for a smooth leadership transition upon such a change in control. In addition, these arrangements are intended to provide incentives to our Named Executive Officers to effectively execute the directives of the Board, even in the event that such actions may result in the elimination of a Named Executive Officer's position.

Under the terms and conditions of these arrangements and agreements, a Named Executive Officer is eligible to receive certain specified compensatory payments and benefits only if (i) a change in control of us occurs and (ii) the



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**Compensation Discussion and Analysis** (continued)

Named Executive Officer's employment is terminated or the Named Executive Officer is constructively discharged within two years of the change in control. The Compensation Committee believes this structure strikes a balance between our incentive arrangements and our executive hiring and retention objectives without providing windfall payments and benefits to any Named Executive Officers who continue employment with an acquiring entity following a change in control of us.

For a detailed description of the payments and benefits under these arrangements and agreements payable to our Named Executive Officers, see [Severance and Change in Control Arrangements](#) below.

**Severance and Separation Arrangements**

Any post-employment compensation payable to Dr. Su is governed solely by her employment agreement, the terms of which were the result of arms-length negotiations between Dr. Su and the Compensation Committee. Under her employment agreement, Dr. Su is eligible to receive certain specified payments and benefits in the event that her employment is involuntarily terminated. The Compensation Committee believes that the amount payable to Dr. Su pursuant to her employment agreement is reasonable and competitive and provides a level of transition assistance in the event of her involuntary termination with the goal of keeping her focused on our business rather than her personal circumstances.

With the exception of Dr. Su, all of our other Named Executive Officers participate in our Executive Severance Plan for Senior Vice Presidents (the [SVP Severance Plan](#)). The SVP Severance Plan is designed to provide uniform treatment in the event of an involuntary termination of employment of our U.S. senior executives (except Dr. Su) and to provide a level of transition assistance in such instances with the goal of keeping these senior executives focused on our business rather than their personal circumstances. A Named Executive Officer is not eligible to receive payments and benefits under the SVP Severance Plan if he or she receives severance payments and benefits in connection with a change in control pursuant to his or her change in control agreement. Although the majority of each of these Named Executive Officer's fiscal 2015 target total direct compensation is performance-based and contingent upon achievement of our financial goals or our stock price performance, the Compensation Committee believes that the SVP Severance Plan provides the covered executives important protections and promotes our objectives of attracting and retaining executive talent.

For a detailed description of the post-employment compensation payments and benefits payable to our Named Executive Officers, see [Severance and Change in Control Arrangements](#) below.

**Other Compensation Policies**

### ***Compensation Recovery***

Our Worldwide Standards of Business Conduct provide that we may pursue all remedies available under applicable law to recover any incentive-based or other compensation (including equity awards) paid or granted to our employees or agents if we are required to prepare an accounting restatement as a result of our material noncompliance with any financial reporting laws.

In addition, each stock option, RSU and PRSU awarded since May 2010 to an employee at or above the level of senior vice president (which includes our Named Executive Officers) has included a compensation recovery ( claw-back ) provision. The claw-back provides the Compensation Committee with the right to recover all or a portion of the compensation attributable to the award if the employee s direct involvement with fraud, misconduct, or his or her gross negligence contributes to or results in us being required to prepare an accounting restatement due to our material noncompliance with any financial reporting requirement under the securities laws. The claw-back does not apply to any award awarded more than 18 months prior to the date of the first public issuance or SEC filing of the financial document embodying the reporting requirement. In addition, with respect to awards granted in and after August 2015, the Company may claw-back the award if the recipient violates the non-competition or non-solicitation terms of the award agreement. The Compensation Committee may exercise these claw-back rights by cancellation, forfeiture, repayment, or disgorgement of any profits realized by the employee from the sale of our securities.

We continue to monitor the rulemaking activities of the SEC and Nasdaq with respect to the development, implementation and disclosure of compensation recovery provisions/policies. We expect to revise our compensation recovery provisions/policies in the future if and as required by applicable law.

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**Compensation Discussion and Analysis (continued)**

***Stock Ownership Requirements***

Our stock ownership requirements are designed to increase our Named Executive Officers' stakes in us and to align their interests more closely with those of our stockholders.

These requirements provide that on or before the Ownership Achievement Date (defined below), the President and/or Chief Executive Officer should attain an investment position in our common stock equal to three-times his or her base salary, and our other Named Executive Officers should attain an investment position equal to one-and-one-half times their base salary.

Shares of our common stock counted toward the minimum stock ownership requirements include any shares held directly or indirectly by an executive officer and shares underlying vested but unexercised stock options, with 50% of the in-the-money value or shares (as applicable) of such stock options being used for this calculation.

The Ownership Achievement Date is the later of October 2016 or five years from first appointment as an executive officer. In the case of an existing executive officer being appointed as our Chief Executive Officer, the Ownership Achievement Date is five years from the date of such appointment.

As of December 26, 2015, each of our Named Executive Officers was on target to comply with his or her applicable stock ownership requirement by the Ownership Achievement Date.

***Deductibility of Executive Compensation***

Section 162(m) of the Internal Revenue Code (the Code) generally disallows public companies a tax deduction for federal income tax purposes of remuneration in excess of \$1 million paid to their Chief Executive Officer and each of their three other most highly compensated executive officers (other than their Chief Financial Officer) in any taxable year. Generally, remuneration in excess of \$1 million may only be deducted if it is performance-based compensation within the meaning of the Code or satisfies the conditions of another exemption.

The Compensation Committee believes that, in establishing the cash and equity incentive compensation plans and arrangements for our executive officers, the potential deductibility of the compensation payable under those plans and arrangements should be only one of the relevant factors taken into consideration. For that reason, the Compensation Committee may deem it appropriate to provide one or more executive officers with the opportunity to earn incentive compensation, whether through cash incentive awards or equity incentive awards, which may not be deductible by reason of Section 162(m) or other provisions of the Code.

The Compensation Committee believes it is important to maintain cash and equity incentive compensation at the requisite level to attract and retain the individuals essential to our financial success, even if all or part of that compensation may not be deductible by reason of the Section 162(m) deduction limitation.

### **2016 Compensation Program Changes**

So far in fiscal 2016, the Compensation Committee has made the following change to our executive compensation program:

In February 2016, the Compensation Committee adopted an annual performance period for the fiscal 2016 EIP and selected adjusted non-GAAP net income (weighted 50%), revenue (weighted 25%) and adjusted non-GAAP free cash flow (weighted 25%) as the EIP performance measures and weightings for 2016.

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**COMPENSATION AND LEADERSHIP RESOURCES COMMITTEE S REPORT**

The Compensation and Leadership Resources Committee has reviewed and discussed with management the Compensation Discussion and Analysis included in this proxy statement. Based on this review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 26, 2015.

COMPENSATION AND LEADERSHIP RESOURCES COMMITTEE

John E. Caldwell, Chair

Nora M. Denzel

Nicholas M. Donofrio

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**COMPENSATION POLICIES AND PRACTICES**

In March 2016, the Compensation Committee reviewed our compensation policies and practices for employees generally and concluded that these policies and practices do not create risks that are reasonably likely to have a material adverse effect on us.

In reaching this conclusion, the Compensation Committee, with the assistance of management, assessed our executive and broad-based compensation and benefits programs to determine if any of them created undesired or excessive risks of a material nature. The assessment included (i) a review of our compensation policies and practices for employees generally, (ii) identification of the risks that could result from such policies and practices, (iii) identification of the risk mitigators and controls, and (iv) analysis of the potential risks against the risk mitigators and controls and our business strategy and objectives. Although the Compensation Committee reviewed all of our compensation programs, the Compensation Committee focused on the programs that have variability of payout and in which employees could directly affect the payout of incentives. These programs included the EIP, Annual Incentive Plan, Long-Term Incentive Plan ( LTI ), Sales Incentive Plan and 2004 Plan.

In performing the assessment and reaching its conclusion, the Compensation Committee noted the following factors that the Compensation Committee believes may reduce the likelihood of undesired or excessive risk-taking:

Our overall compensation levels are competitive with the market;

Our compensation practices and policies appropriately balance base pay versus variable pay and short-term versus long-term incentives;

Although the EIP, Annual Incentive Plan, LTI and Sales Incentive Plan have variability of payout, the Compensation Committee believes that any potential risks associated with such plans are controlled or mitigated by one or more of the following: (i) the performance goals being multi-dimensional (i.e., adjusted non-GAAP net income, adjusted non-GAAP free cash flow, revenue), thereby increasing the range of performance over which incentives are paid, (ii) the performance goals being aligned with our transformation plan and business objectives and being quantitative financial measures, (iii) the use of sliding payout scales, with the payouts in certain instances being linearly interpolated for performance falling between the performance levels set by the Compensation Committee, (iv) the ability of the Compensation Committee and/or management to exercise discretion to reduce payouts, (v) the existence of multiple internal controls and approval processes that are intended to prevent manipulation of outcomes by any employee, including the Named Executive Officers, (vi) the incentive opportunities being capped, and (vii) the adoption of CAGR PRSUs which directly align payouts with shareholder value creation;

Although the grant of equity awards under the 2004 Plan could motivate our employees to, among other things, focus on increasing our short-term stock price rather than the creation of stockholder value, the Compensation Committee believes that potential risks are controlled or mitigated by one or more of the following: (i) awarding a combination of PRSUs, RSUs and stock options, (ii) a PRSU minimum vesting period of one year from the grant date, a PRSU performance period of three-years and vesting of PRSUs occurring over a one-year period following the end of the performance period, (iii) the vesting provisions of stock options and RSUs occurring over multi-year periods, (iv) caps on performance-based compensation opportunities, and (v) our stock ownership guidelines for our executive officers. In addition, we prohibit our employees, including Named Executive Officers, from engaging in hedging transactions in our securities; and

We have implemented claw-back provisions and policies, as described in more detail in Compensation Discussion and Analysis above.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**EXECUTIVE COMPENSATION**

The following table shows, for fiscal 2015, fiscal 2014 and fiscal 2013, the compensation for the individuals serving as our Chief Executive Officer and Chief Financial Officer and our three most highly compensated executive officers (other than our Chief Executive Officer and Chief Financial Officer) who were serving as executive officers at the end of fiscal 2015.

For information on the role of each compensation component within the total compensation packages of the Named Executive Officers, see Compensation Discussion and Analysis 2015 Executive Compensation Program.

**2015 SUMMARY COMPENSATION TABLE**

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Bonus (\$) <sup>(1)</sup> (d)	Stock Awards (\$) <sup>(2)</sup> (e)	Non-Equity			Total (\$) (j)
					Option Awards (\$) <sup>(3)</sup> (f)	Incentive Plan Compensation (\$) <sup>(4)</sup> (g)	All Other Compensation (\$) <sup>(5)</sup> (i)	
<b>Lisa T. Su<sup>(6)</sup></b>								
President and Chief Executive Officer	2015	849,992	300,000	3,578,932	1,804,858		25,412	6,559,194
	2014	656,823	300,000	7,821,727 <sup>(6)</sup>	2,707,576	248,135	13,811	11,748,072 <sup>(6)</sup>
	2013	574,995		2,239,146	486,896	270,250	20,121	3,591,408
<b>Devinder Kumar</b>								
Senior Vice President, Chief Financial Officer and Treasurer	2015	530,005		2,142,611	471,358		24,182	3,168,156
	2014	514,882		1,560,973	497,563	169,950	23,452	2,766,820
	2013	508,875		2,180,593	1,265,966	235,000	23,609	4,214,043
<b>James R. Anderson<sup>(7)</sup></b>								
Senior Vice President and General Manager, Computing and Graphics Business Group	2015	288,456	750,000	3,205,379	554,099		11,674	4,809,608
<b>Forrest E. Norrod</b>								
Senior Vice President and General Manager, Enterprise, Embedded and Semi-Custom Business Group	2015	530,005		1,800,506	471,358		20,431	2,822,300
	2014	91,732	900,000	1,432,814	477,612	30,271	253	2,932,682
<b>Mark D. Papermaster</b>								
	2015	549,994	225,000	2,617,429	471,358		20,010	3,883,791



Chief Technology Officer and	2014	549,994	225,000	1,951,219	621,955	181,500	17,057	3,546,725
Senior Vice	2013	549,994		1,905,106	438,205	258,500	19,746	3,171,551
President-Technology and Engineering								

- (1) For fiscal 2015, amounts represent (i) a one-time \$750,000 sign-on bonus for Mr. Anderson and (ii) the second tranche of retention bonus payments awarded to Dr. Su and Mr. Papermaster that were originally granted to them in January 2013.
- (2) Amounts represent the aggregate grant date fair value of the RSUs and PRSUs granted in the year indicated computed in accordance with ASC Topic 718. For a discussion of the assumptions made in the valuations reflected in this column, see Note 13 of the Notes to Consolidated Financial Statements in our Annual Report. For fiscal 2015, the amounts shown include the grant date fair value of the target number of PRSUs awarded in fiscal 2015 to each Named Executive Officer, as set forth in the table below. The grant date fair value of the PRSUs is determined using a Monte-Carlo simulation model and based upon a discounted cash flow analysis of the probability-weighted payoffs of a share-based payment assuming a variety of possible stock price paths and represents the estimate of aggregate compensation cost to be recognized over the requisite service period determined as of the grant date under ASC Topic 718, except no assumptions for forfeitures were included.

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**2015 Summary Compensation Table** (continued)

Named Executive Officer	Grant Date	Shares	Grant Date	Shares	Grant Date
		Underlying	Fair Value	Underlying	Fair Value
	Grant Date	PRsUs at Target (#)	at Target (\$)	PRsUs at Maximum (#)	Maximum (\$)
Lisa T. Su	8/15/2015	1,236,246	1,774,013	3,090,615	1,774,013
Devinder Kumar	8/15/2015	412,082	591,338	1,030,205	591,338
James R. Anderson	11/15/2015	471,475	711,927	1,178,687	711,927
Forrest E. Norrod	2/15/2015	365,981	607,528	548,971	911,292
	8/15/2015	412,082	591,338	1,030,205	591,338
Mark D. Papermaster	8/15/2015	412,082	591,338	1,030,205	591,338

- (3) Amounts represent the aggregate grant date fair value of option awards granted in the year indicated computed in accordance with ASC Topic 718, except no assumptions for forfeiture were included. For a discussion of the assumptions made in the valuations reflected in this column, see Note 13 of the Notes to Consolidated Financial Statements in our Annual Report.
- (4) Amounts represent cash performance bonuses paid under the EIP for fiscal 2015. No cash performance bonuses were paid to our NEOs for fiscal 2015. See Compensation Discussion and Analysis Compensation Philosophy and Objectives Annual Cash Performance Bonuses above for more information about these payments, including the pre-established financial measures under the EIP.
- (5) The following table sets forth the components of the amounts presented in the All Other Compensation column (i) for fiscal 2015:

Name	Matching Contributions to 401(k)	Life Insurance	Spousal	Company Contribution		Total
		Premiums Paid By Company	Travel at Company Request <sup>(8)</sup>	Gift of Personal Property <sup>(9)</sup>	Under Deferred Income Account Plan	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)

Lisa T. Su	11,925	2,264	11,223		25,412
Devinder Kumar	11,925	1,412		10,845	24,182
James R. Anderson	4,985	1,332	5,357		11,674
Forrest E. Norrod	11,925	1,412	7,094		20,431
Mark D. Papermaster	11,925	1,465	6,620		20,010

- (6) Amount includes the aggregate grant date fair value of PRSUs and RSUs granted to Dr. Su on August 12, 2014 and October 31, 2014 that were voided and rescinded by the Board on December 26, 2014. In voiding and rescinding these equity awards, the Board also determined to return Dr. Su's equity compensation to the level it should have been prior to the action to void and rescind these equity awards. As a result of such determinations and actions, and solely for accounting purposes, the grant dates of the voided and rescinded PRSUs and RSUs are deemed to remain as of August 12, 2014 and October 31, 2014, as applicable, in accordance with accounting rules. See Compensation Discussion and Analysis Compensation Philosophy and Objectives Dr. Su's Employment Agreement above for more information.
- (7) Mr. Anderson joined us on May 31, 2015.
- (8) Amounts represent the direct costs of commercial airline flights and other travel-related expenses paid for by us for the Named Executive Officer's spouse, who accompanied such Named Executive Officer on business-related travel where the spouse's participation was requested by us.
- (9) Amounts represent the direct costs to us for gifts to the NEOs, if any.

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## 2016 NOTICE OF MEETING AND PROXY STATEMENT

**2015 NONQUALIFIED DEFERRED COMPENSATION**

The following table shows information for the Named Executive Officers who have accounts in the Deferred Income Account Plan (the "DIA"), a non-qualified deferred compensation plan, in fiscal 2015. Except for amounts deferred and vested prior to January 1, 2005, the DIA is subject to Section 409A of the Code.

Name (a)	Executive Contributions in Last FY <sup>(1)</sup>	Registrant Contributions in Last FY	Aggregate Earnings in Last FY	Aggregate Withdrawals/ Distributions	Aggregate Balance at Last FYE
	(\$) (b)	(\$) <sup>(2)</sup> (c)	(\$) <sup>(3)</sup> (d)	(\$) (e)	(\$) <sup>(4)</sup> (f)
Devinder Kumar	69,995	10,845	(4,577)		1,561,381
Mark D. Papermaster			(554)		18,777

(1) Amount is included in the "Salary" column for fiscal 2015 of the 2015 Summary Compensation Table above.

(2) Amounts are included in the "All Other Compensation" column for fiscal 2015 of the 2015 Summary Compensation Table above and reflect contributions by us that posted in fiscal 2016, but are applicable to fiscal 2015.

(3) Represents the net amounts credited to or (debited) from the DIA accounts of Messrs. Kumar and Papermaster as a result of the performance of the investment vehicles in which their accounts were deemed invested, as more fully described in the narrative disclosure below. These amounts do not represent above-market or preferential earnings (within the meaning of 17 CFR Section 229.402(c)(2)(viii)), and as a result are not reported in the 2015 Summary Compensation Table above.

(4) Amount includes \$10,435 for Mr. Kumar which is included in the "Salary" column of the 2015 Summary Compensation Table of our 2015 proxy statement, and does not include the amount in column (c) for Mr. Kumar because our contributions to Mr. Kumar's DIA account posted in fiscal 2016, although the contributions were applicable to fiscal 2015.

We maintain the DIA, which allows eligible employees, including the Named Executive Officers, to voluntarily defer receipt of a portion of their salary, bonus and any commission payments until the date or dates selected by the participant. Participants may defer up to 50% of annual base salary and/or 100% of commissions and bonuses. Earnings on the deferred accounts are based on the performance of the investment funds selected by the participants. Participants make a deferral election, prior to the year in which the compensation is earned, that may not be terminated or changed during the year for which it was made. Generally, we make a discretionary contribution to the participant's account if his or her annual base salary, minus his or her Section 401(k) contribution before the deferral, is greater than the annual compensation limit for Section 401(k) plans. The contribution, if any, is equal to the lesser of (i) 50% of the deferred compensation credited to the participant's account for the year or (ii) a discretionary

percentage of the participant's base salary in excess of the eligible Section 401(k) compensation limit for the year minus the participant's Section 401(k) contributions. For fiscal 2015, our discretionary contribution percentage under option (ii) above was 4.2%. Participants are 100% vested in the value of their accounts. Participants may select their desired benchmark investment fund(s) in which their accounts are deemed to be invested and may change their investment elections at any time, with such change effective as of the next business day. The amount of investment gain or loss that is credited to the participant's account depends on the participant's investment election. For 2015, we utilized investment funds in an array of asset classes, substantially aligned to those offered under our Section 401(k) plan. We have placed assets in mutual funds held in a Rabbi trust established for the DIA. For fiscal 2015, the investment return credited to Messrs. Kumar's and Papermaster's DIA accounts were -0.003% and -0.028%, respectively, based on their investment elections for their respective DIA accounts. This investment return was calculated by taking the aggregate gain in fiscal 2015 and dividing it by the aggregate balance as of the beginning of fiscal 2015.

The DIA accounts are distributed following a participant's termination of employment with us unless the participant has elected an in-service withdrawal (scheduled or hardship withdrawal). At the time a participant makes his or her deferral election, he or she may elect a different form of distribution for such year's deferred compensation. The participant may elect a single lump sum distribution or annual installment distributions over three to ten years. The default form of distribution is a single lump sum. A participant may change the form of distribution election, subject to the terms of the DIA.

A participant may elect to withdraw all or part of his or her account while employed by us, subject to the terms of the DIA. The in-service withdrawal date must be at least two years after the plan year in which the election was made. An in-service withdrawal date may be changed, subject to the terms of the DIA. An unscheduled payment may also be made, subject to the terms of the DIA.

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**OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END**

The following table shows all outstanding equity awards held by the Named Executive Officers as of December 26, 2015. The equity awards reported in the Option Awards column consist of non-qualified stock options. The equity awards in the Stock Awards column consist of RSUs and PRSUs.

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Number of Shares, Units or Other Rights That Have Not Vested (#)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Lisa T. Su						41,668 <sup>(2)</sup>	121,671		
						162,610 <sup>(3)</sup>	474,821		
						372,521 <sup>(4)</sup>	1,087,761		
						33,335 <sup>(4)</sup>	97,338		

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				618,123 <sup>(5)</sup>	1,804,919		
						46,875 <sup>(11)</sup>	136,875
						1,236,246 <sup>(12)</sup>	3,609,838
716,972		5.66	1/15/2019				
214,452		5.87	6/15/2019				
250,460	50,093 <sup>(14)</sup>	3.90	7/22/2020				
261,499	366,144 <sup>(15)</sup>	4.08	8/12/2021				
522,200	1,044,398 <sup>(16)</sup>	2.80	10/31/2021				
	1,386,859 <sup>(17)</sup>	2.92	12/26/2022				

Devinder  
Kumar

				112,108 <sup>(6)</sup>	327,355		
				35,418 <sup>(2)</sup>	103,421		
				81,305 <sup>(3)</sup>	237,411		
				384,467 <sup>(7)</sup>	1,122,644		
				206,041 <sup>(5)</sup>	601,640		
						39,843 <sup>(11)</sup>	116,342
						412,082 <sup>(12)</sup>	1,203,279

730		2.42	2/15/2016				
26,875		4.01	5/15/2016				
26,875		3.69	8/15/2016				
50,000		6.19	10/15/2016				
26,875		6.53	11/15/2016				
26,875		7.87	2/15/2017				
21,875		8.80	5/15/2017				
21,875		6.49	8/15/2017				
21,875		7.57	11/15/2017				
21,875		8.60	2/15/2018				
73,620		7.50	6/15/2018				
53,613		5.87	6/15/2019				
666,009	60,547 <sup>(19)</sup>	2.68	1/15/2020				
212,891	42,579 <sup>(14)</sup>	3.90	7/22/2020				
130,749	183,072 <sup>(15)</sup>	4.08	8/12/2021				
	500,221 <sup>(18)</sup>	1.84	8/15/2022				

James R.  
Anderson

				966,454 <sup>(8)</sup>	2,822,046		
						471,475 <sup>(12)</sup>	1,376,707

	521,407 <sup>(20)</sup>	2.58	6/19/2022				
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Forrest E.  
Norrod

				122,000 <sup>(9)</sup>	356,240		
				182,991 <sup>(10)</sup>			
				206,041 <sup>(5)</sup>	601,640		
						205,557 <sup>(13)</sup>	600,226
						412,082 <sup>(12)</sup>	1,203,279

149,304	298,653 <sup>(21)</sup>	2.61	11/15/2021				
	500,221 <sup>(18)</sup>	1.84	8/15/2022				





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**Outstanding Equity Awards at 2015 Fiscal Year-End** (continued)

Name	Option Awards					Stock Awards			Equity
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>
Number of Securities Underlying Unexercised Options (#) Unexercisable									Number of Securities Underlying Unexercised Options (#)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Mark D. Papermaster						37,500 <sup>(2)</sup>	109,500		
						101,632 <sup>(3)</sup>	296,765		
						576,701 <sup>(7)</sup>	1,683,967		
						206,041 <sup>(5)</sup>	601,640		
								42,187 <sup>(11)</sup>	123,186
								412,082 <sup>(12)</sup>	1,203,279

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446,993		5.76	11/15/2018
214,452		5.87	6/15/2019
225,414	45,083 <sup>(14)</sup>	3.90	7/22/2020