

## **PRINCIPLES OF CORPORATE GOVERNANCE**

The Board of Directors of Advanced Micro Devices, Inc. is responsible for selecting the Chief Executive Officer of the Company, monitoring the operating performance and financial condition of the Company, and overseeing the Company's adherence to corporate standards. The Board has developed these guidelines as a framework of its oversight activities devoted to protecting and advancing the long term interests of shareholders and other stakeholders, who include employees, customers, suppliers, creditors and the communities where the company's principal operations are located. The Board will continue to assess the appropriateness and effectiveness of these principles and to update these guidelines periodically as needed.

### **1. Composition, Selection and Orientation of the Board**

#### **1.1 Board Membership Criteria**

The Nominating and Corporate Governance Committee is responsible for determining the skills, experience and characteristics required of members of the Board, and for recommending to the Board nominations for membership. In making this determination, the committee will consider the individual's character and integrity, general business and industry experience, leadership profile, strategic planning abilities and experience, aptitude in accounting or finance, expertise in domestic and international markets, industry knowledge, understanding of relevant technologies, experience in government relations, communication skills and interpersonal skills. The Nominating and Corporate Governance Committee will, if appropriate, engage search firms as well as evaluate recommendations from shareholders. Membership on other boards of directors and the relationship of a candidate with non-affiliated not-for-profit organizations that receive support from the Company will also be considered when evaluating potential Board nominees. Finally, in an effort to foster and maintain a diversity of viewpoints on the Board, the committee will monitor the mix of skills and experience of the Directors and assess potential candidates in the context of the current make-up of the Board. In determining whether to recommend a Director for re-election, the Nominating and Corporate Governance Committee also considers the Director's attendance at meetings and participation in and contribution to the activities of the Board.

In furtherance of the principles regarding majority election of Directors set forth in Article III, Section 1 of the Bylaws of the Company, the Board expects each incumbent Director who is nominated for re-election to the Board to resign from the Board if he or she fails to receive the required number of votes for re-election in accordance with the Bylaws of the Company and the resignation is accepted in accordance with the Company's Bylaws. Accordingly, in considering whether to nominate any incumbent Director for re-election, the Board will take into account whether or not the incumbent Director has tendered an irrevocable resignation that will be effective upon (i) the failure to receive the required vote at the next meeting at which such Director faces re-election and (ii) acceptance of such resignation in accordance with the Company's Bylaws. In addition, in considering whether to nominate an individual who is not an incumbent director for election to the Board, or to fill a director vacancy or new directorship, the Board shall take into account whether such individual has agreed to tender a resignation

of the type described in the preceding sentence prior to being nominated for re-election, if applicable.

## 1.2 Selection and Orientation of Directors

Based upon the recommendations of the Nominating and Corporate Governance Committee, the Board shall nominate candidates for election by the shareholders. Directors will stand for re-election every year. In accordance with the bylaws of the Company, the Board will also be responsible for filling vacancies or newly-created directorships on the Board that may occur between annual meetings of shareholders.

New Directors will be immediately provided with a comprehensive set of materials on the operations, finances and business plan of the Company, and as soon as possible will attend briefings by the Company's officers, other members of management, the internal auditor and the independent auditor. In addition, each new Director will be invited to visit the Company's major facilities, preferably during the initial year of service. All Directors are encouraged to participate, at the Company's expense, in continuing education programs for corporate directors, and are otherwise expected to be informed about the Company and effective corporate governance practices.

## **2. Board Composition**

### 2.1 Size of the Board

The Board presently has nine members. The number of directors may be increased to accommodate new candidates, provided that there may be no more than eleven directors at any time.

### 2.2 Majority of Independent Directors

The policy of the Board is that it should include a substantial majority of "independent" directors. No more than two employees of the Company may serve on the Board at the same time. Of the Board's current nine members, two are employees.

A Director will qualify as "independent" only if he or shee meets the independence test set out in the New York Stock Exchange Listing Standards.

The Board shall make an annual determination of the independence of each member of the Board, in accordance with applicable laws, regulations and stock exchange listing agreements.

### 2.3 Change of Principal Occupation

Each Director must notify the Chairman of the Board when his or her principal occupation changes. In addition, if a Director's principal occupation changes substantially from the position he or she held when originally invited to join the Board, the Director shall tender a resignation to the Chairman and to the Chair of the Nominating and Corporate Governance Committee. Such committee shall review the

circumstances to determine whether continued Board membership is appropriate and recommend to the Board the acceptance or rejection of the resignation.

#### 2.4 Ownership of Company Stock

Each Director is expected to own stock in the Company in an amount that is consistent with the Company guidelines and appropriate for such Director's circumstances.

#### 2.5 Other Directorships

Serving on other boards of directors broadens the knowledge and experience of a Director, and enhances the ability of a Director to contribute and participate effectively on the Board. At the same time, however, obviously no Director can serve the Company effectively without dedicating substantial time and energy to Board duties. Therefore, Directors are encouraged to limit the number of other boards on which they serve. Any Director who serves on two public company boards in addition to the Company's Board should receive approval from the Nominating and Corporate Governance Committee and the Chairman of the Board before accepting an invitation to serve on an additional board of directors. Due to the demanding nature of service on the Audit Committee, the members of the Audit Committee may not serve on the audit committees of the boards of directors of more than two other public companies at the same time as they are serving on the Audit Committee.

#### 2.6 Term Limits

The Board has not established term limits. While term limits offer some advantages, the Board believes that any benefit is outweighed by the disadvantage of losing experienced Directors who have developed valuable insight into the Company, its operations, strategies, plans and potential. As an alternative to term limits, the Nominating and Corporate Governance Committee shall review the current effectiveness of each Director to the Board on an annual basis in deciding whom to nominate for election by the shareholders.

#### 2.7 Retirement Policy

No director shall be nominated for re-election or reappointed to the Board after reaching the age of 72 unless an affirmative request is made by the Nominating and Corporate Governance Committee for that member to continue his or her service on the Board.

#### 2.8 Compensation

The Company's officers who are members of the Board shall not receive any additional compensation for serving as a Director. The non-management Directors will not receive any compensation from the Company other than their Director's fees.

The form and amount of fees paid to Independent Directors for serving on the Board and its committees should be competitive in light of industry practices and the obligations imposed by such service. Accordingly, on an annual basis, the Company's management

shall report to the Compensation Committee its considered view of the adequacy and fairness of Board compensation in relation to comparable U.S. companies and good governance practices. The Compensation Committee will in turn report its assessment to the Board.

In order to align the long-term interests of the Directors with those of shareholders, a substantial portion of director compensation should be provided in equity interests of the Company. There is no pension or retirement plan for directors.

Any changes in Board compensation should be first proposed by the Compensation Committee and then discussed and voted on by the Board as a whole.

### **3. Board Leadership**

#### **3.1 Chairman of the Board**

The Board shall choose the Chairman of the Board at its first meeting after each annual meeting of shareholders. The Board does not have a policy on whether the role of the Chairman and Chief Executive Officer should be separate or combined offices, and the Board has the experience of functioning effectively either way.

The Chairman presides at all meetings of the Board and the shareholders. The Chairman is responsible for setting Board meeting dates and locations, setting meeting agendas, and presiding over all Board meetings. In exercising this leadership, the Chairman should consult the Lead Director (see Section 3.2 below), the Chief Executive Officer (if a separate office), and the Board as a whole.

#### **3.2 Lead Director**

The Independent Directors shall select the Lead Director from the Company's Independent Directors at their first executive session after each annual meeting of the shareholders. The Lead Director will coordinate the activities of the Independent Directors, chair the executive sessions of the Independent Directors (see Section 4.4 below), and make sure that there is full and candid communication between the Independent Directors and the Chief Executive Officer.

### **4. Committees and Executive Sessions**

#### **4.1 Number, Structure and Independence of Committees**

The Board shall have four standing committees: Finance Committee; Audit Committee; Nominating and Corporate Governance Committee; and Compensation Committee.

The Finance Committee is comprised of a majority of Independent Directors. The Finance Committee makes recommendations to the Board of Directors regarding the financial policies of the Company and the nature and structure of major strategic financial commitments.

The Audit Committee, which is comprised solely of Independent Directors, is responsible for overseeing (a) the integrity of the Company's financial statements and corporate accounting policies; (b) the qualifications, independence and performance of the Company's independent auditor; and (c) the Company's internal audit, compliance, accounting and financial reporting processes. Director's fees are the only compensation an Audit Committee member may receive from the Company. Each member shall be financially literate and at least one will be a financial expert.

The Nominating and Corporate Governance Committee, which is comprised solely of Independent Directors, is responsible for determining the selection criteria and evaluating potential candidates for Board membership and recommending to the Board candidates for nomination. In addition, this committee is responsible for making recommendations to the Board on all corporate governance issues, and for annual evaluations of the performance of each director and the Board as a whole. If all the Independent and/or non-management directors are committee members, executive sessions of this committee may also serve as meetings of the Independent Directors and non-management directors pursuant to these Principles.

The Compensation Committee, which is comprised solely of Independent Directors, is responsible for reviewing, approving and making recommendations to the Board regarding all Company executive compensation policies, plans and programs as well as the terms and conditions of compensation agreements between the Company and corporate officers.

#### 4.2 Committee Charters

Each of the Finance Committee, Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee shall have a written charter that sets forth the purpose, responsibilities and duties of the committee and these charters are available on the Company's website at [www.amd.com](http://www.amd.com).

#### 4.3 Assignment and Rotation of Committee Members

The Nominating and Corporate Governance Committee shall make recommendations to the Board regarding the assignment of Board members to various committees. The Board shall determine the Chair and membership of each committee. Committee membership and the position of the committee chair will not be rotated on a mandatory basis unless the Board determines that rotation is in the best interests of the Company.

#### 4.4 Executive Sessions of Independent Directors

The Independent Directors of the Board shall meet in executive sessions at least quarterly. The Lead Director shall preside at the executive sessions (see Section 3.3 above).

#### 4.5 Meeting Schedules and Agendas

The Chair of each Board committee and the Lead Director shall determine the frequency and length of meetings of his or her committee and develop the committee's agenda. At the beginning of each fiscal year, each committee shall provide to the Board a schedule of meetings and the proposed agenda items to be discussed in the ensuing year (to the extent such items can be forecast). The Chair of each committee and Lead Director will report regularly to the Board on the substance of the committee meetings.

### **5. Meeting Procedures**

#### 5.1 Schedule of Meetings

At the beginning of each fiscal year, the Chairman of the Board shall prepare and distribute a proposed schedule of Board meetings for the year.

Each Director is expected to attend and participate in the meetings of the Board and those Board committees of which he or she is a member. In all decisions concerning the Company, each Director is responsible for considering the long-term interests of the shareholders and other stakeholders in light of the circumstances and acting in the best interests of the Company.

#### 5.2 Agendas

The Chairman of the Board, in consultation with the Chief Executive Officer and Lead Director, shall establish the agenda for each Board meeting. Each Director is encouraged to submit items for inclusion on the agenda and is free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

#### 5.3 Written Materials

Information and data that are important to the Board's understanding of the Company's business should be distributed in writing to all members of the Board before each Board meeting so that the Directors have adequate time to consider the agenda items. Each Director is expected review the materials prior to the Board meeting.

### **6. Management Selection and Development**

#### 6.1 Chief Executive Officer

The Board shall choose the Chief Executive Officer and all other corporate officers at its first meeting after each annual meeting of the shareholders.

#### 6.2 Evaluation of Management

The non-management members of the Board shall evaluate the performance of the Chief Executive Officer on an annual basis. The evaluation of the Chief Executive Officer should be based on performance criteria determined by the Compensation Committee and

the Board, with input from the Chief Executive Officer, including, without limitation, the performance of the Company, the accomplishment of strategic objectives, the recruitment, retention and development of management, and the overall quality of leadership. The Chief Executive Officer shall have the opportunity, at least annually, to make a presentation or furnish a written report to the Board with respect to his performance.

### 6.3 Succession Planning

The Chief Executive Officer shall provide the Board an annual report on succession planning for all officers and other key senior managers of the Company. The Board shall periodically review these succession plans.

### 6.4 Management Development

The Chief Executive Officer shall make an annual report to the Board on the Company's program for management development. The Board shall determine that a satisfactory system is in effect for the education, development and succession of officers and senior and mid-level managers throughout the Company.

## **7. Board Relationship with Senior Management**

### 7.1 Board Access to Senior Management and Independent Advisors

Board members should have open access to the Company's officers and senior managers. Each Director should keep the Chairman of the Board and the Chief Executive Officer apprised of his or her discussions with the Company's management. The Board also may retain at Company expense such outside legal, accounting and other advisors as the Board or its committees may deem necessary or appropriate in order to carry out its functions and responsibilities.

### 7.2 Communications

Generally, the Company's management should speak for the Company and coordinate communications with the general public, press, customers, securities analysts and shareholders. When comments from the Board are appropriate, the Chairman of the Board or the Lead Director should make such comments as circumstances suggest.

## **8. Performance Evaluations**

### 8.1 Performance of the Board and Board Committees

The Board and each Board committee should conduct a self-evaluation of its performance on an annual basis. In order to improve the effectiveness of the Board and its committees, these assessments should specifically review those areas where the Board members or management believe a more effective contribution can be made. The Nominating and Corporate Governance Committee is responsible for overseeing such evaluations.

## 8.2 Performance of the Directors

The Nominating and Corporate Governance Committee should evaluate the performance of each Director on an annual basis. In evaluating Director performance, the committee should consider attendance and preparedness at Board meetings, participation in voting, discussion and decision-making and overall contribution to the performance of the Board, its committees and the Company.

## **9. Ethics and Conflicts of Interest**

Each Director commits to act ethically at all times, and in compliance with the Company's Worldwide Standards of Business Conduct. The Board will not permit the waiver of any ethical policy for any Director or corporate officer. Board member conflicts of interest must be disclosed immediately to the Chairman, the Chief Executive Officer (if the office is separate from the Chairman), and the Lead Director.