

ADVANCED MICRO DEVICES INC
Form DEF 14A
March 05, 2010
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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 Pursuant to §240.14a-11(c) or §240.14a-12

ADVANCED MICRO DEVICES, INC.

(Name of Registrant as Specified In Its Certificate)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Date Filed:

Notes:

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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

We will hold the 2010 Annual Meeting of Stockholders of Advanced Micro Devices, Inc. at the Hyatt Regency Austin, 208 Barton Springs Road, Austin, Texas, on Thursday, April 29, 2010. The meeting will start at 9 a.m. CDT. At the meeting, we will ask you to:

Elect nine directors;

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

Approve the amendment of the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan, as amended and restated, which amends the existing plan to increase the number of shares authorized for issuance thereunder by 20,500,000 shares; and

Transact any other business that properly comes before the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

PATRICIA K. WELLS

Corporate Secretary

This Proxy Statement is dated March 5, 2010 and will first be mailed to the stockholders of

Advanced Micro Devices, Inc. on or about March 10, 2010.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOUR VOTE IS IMPORTANT AND WE ENCOURAGE YOU TO VOTE PROMPTLY. YOU MAY VOTE YOUR SHARES VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET BY FOLLOWING THE INSTRUCTIONS CONTAINED IN THE PROXY CARD. YOU MAY ALSO SIGN, DATE AND MAIL THE PROXY CARD IN THE ENVELOPE PROVIDED. INSTRUCTIONS REGARDING METHODS OF SUBMITTING A PROXY ARE CONTAINED ON THE PROXY CARD.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON APRIL 29, 2010: OUR PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 26, 2009 ARE AVAILABLE ELECTRONICALLY AT WWW.PROXYVOTE.COM.

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ADVANCED MICRO DEVICES, INC.

PROXY STATEMENT

2010 ANNUAL MEETING OF STOCKHOLDERS

QUESTIONS AND ANSWERS

1. Q: WHY AM I RECEIVING THESE MATERIALS?

A: Our Board of Directors 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 April 29, 2010 at the Hyatt Regency Austin, 208 Barton Springs Road, Austin, Texas at 9 a.m. CDT. Our stockholders as of the close of business on March 2, 2010, the record date for our Annual Meeting, are invited to attend the Annual Meeting and are requested to vote on the items described in this proxy statement.

2. Q: WHO IS SOLICITING MY VOTE?

A: This proxy solicitation is being made by the Board of Directors 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 fee, which we expect to be approximately \$25,000.

3. Q: WHEN WERE MATERIALS MAILED TO STOCKHOLDERS?

A: The proxy materials were first mailed to stockholders on or about March 10, 2010.

4. Q: WHAT MAY I VOTE ON?

A: You may vote on:

The election of directors to serve on our Board of Directors;

Ratification of the appointment of our independent registered public accounting firm for the current fiscal year; and

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The approval of the amendment of the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (2004 Plan).

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

A: The Board of Directors recommends that you vote:

FOR each of the 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; and

FOR the approval of the amendment of the 2004 Plan.

6. **Q: WHY DOES THE BOARD RECOMMEND THAT I VOTE FOR THE AMENDMENT OF THE 2004 PLAN?**

A: The Board of Directors believes it is essential to amend the 2004 Plan to increase the number of shares authorized for issuance thereunder by an additional 20,500,000 shares. The Board of Directors believes

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that this amendment is necessary to assist in the retention and hiring of employees, to allow us to continue awarding equity-based compensation, which is an important component of our overall compensation program, and to continue to provide our employees with an incentive to contribute to our future success by providing an opportunity to acquire shares of our common stock. The Board of Directors believes that the increased number of shares to fund awards under our equity compensation program represents a reasonable amount of potential equity dilution. See Item 3-Approval of the Amendment of the 2004 Equity Incentive Plan included elsewhere in this proxy statement.

7. Q: WHO IS ENTITLED TO VOTE?

A: Stockholders as of the close of business on March 2, 2010, the record date for our Annual Meeting, are entitled to vote on all items properly presented at the Annual Meeting. On the record date, approximately 672,350,908 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 ordinary business hours at the principal place of business of AMD, located at One AMD Place, M/S 68, Sunnyvale, California, 94088 from the Assistant Corporate Secretary of the Company and at 7171 Southwest Parkway, M/S 100, Austin, Texas, 78735 from the Corporate Secretary of the Company, in each case at least ten days before the Annual Meeting. The list of stockholders will also be available at the time and place of the Annual Meeting.

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

A: If you are a stockholder of record, you may vote in person at the Annual Meeting. We will give you a ballot when you arrive at the Annual Meeting.

If you do not wish to vote in person or if you will not attend the Annual Meeting, you may vote by proxy. If you complete and properly sign each proxy card you received and return it to us in the prepaid envelope, it will be voted by one of the individuals indicated on the card (your proxy) as you direct. If you return your signed 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 FOR the election of the director nominees named in this proxy statement, FOR the ratification of the appointment of our independent registered public accounting firm, FOR the amendment of the 2004 Plan, and in the discretion of the proxy holders for any other matter that may properly come before the Annual Meeting.

If you live in the United States or Canada, you may submit your proxy by following the Vote by Telephone instructions on the proxy card. If you have Internet access, you may submit your proxy from any location in the world by following the Vote by Internet instructions on the proxy card.

9. Q: WHO CAN ATTEND THE ANNUAL MEETING?

A: Only stockholders as of the close of business on March 2, 2010, holders of proxies for those stockholders and other persons invited by us can attend. If your shares are held by your broker in street name, you must bring a letter from your broker to the Annual Meeting showing that you were the beneficial owner of the shares on March 2, 2010 to attend the Annual Meeting.

10. Q: CAN I VOTE AT THE MEETING?

A: Yes. If you held your shares in your own name on the record date, you may vote your shares in person at the Annual Meeting. If you wish to vote your shares in person at the Annual Meeting and they are held by your broker in street name, you must bring to the Annual Meeting a proxy from your broker as the record holder and a letter from your broker showing that you were the beneficial owner of the shares on March 2, 2010.

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11. 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 the Annual Meeting. You may vote again on the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), or by signing and returning a new proxy card with a later date or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you vote again at the Annual Meeting or specifically request in writing that your prior proxy be revoked.

12. Q: HOW DO I VOTE MY SHARES IF THEY ARE HELD IN STREET NAME?

A: If your shares are held by your broker in street name, you will receive a form from your broker seeking instruction as to how your shares should be voted. We urge you to complete this form and instruct your broker how to vote on your behalf. Instead, you can vote in person at the Annual Meeting, but you must bring to the Annual Meeting a proxy from your broker as the record holder and bring a letter from your broker showing that you were the beneficial owner of your shares on March 2, 2010.

13. Q: WHAT IS A QUORUM ?

A: For the purposes of the Annual Meeting, a quorum is the holders of a majority in voting power of the outstanding shares entitled to vote at the meeting. They may be present at the Annual Meeting or represented by proxy. There must be a quorum for the Annual Meeting to be held. If you voted on the Internet, by telephone or by properly submitting a proxy card, even if you abstain from voting, your shares will be considered part of the quorum.

14. Q: WHAT IS BROKER DISCRETIONARY VOTING?

A: Under the rules of the New York Stock Exchange (NYSE), if you hold your shares through a broker, your broker is permitted to vote your shares on the ratification of our independent registered public accounting firm in its discretion if it has transmitted the proxy materials to you and has not received voting instructions from you on how to vote your shares before the deadline set by your broker. Under the NYSE rules, your broker does not have discretionary authority to vote on the election of directors or the proposal to approve the amendment of the 2004 Plan, so it is very important that you instruct your broker how to vote on these proposals. A broker non-vote occurs where your broker has not received instructions from you as to how to vote your shares on a proposal and does not have discretionary authority to vote on the proposal.

15. Q: HOW ARE MATTERS PASSED OR DEFEATED?

A: 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 will not be counted in the determination of the majority of votes cast and will thus have no effect on this proposal. Broker non-votes will not be counted for any purpose in determining the outcome of the election of directors. Each incumbent director has submitted a written resignation to the Board that will be effective if he/she does not receive a majority of the votes cast and the resignation is accepted by the Board.

Ratification of the appointment of our independent registered public accounting firm must receive affirmative votes from the majority of the shares of common stock entitled to vote and represented, in person or by proxy, at the meeting. An abstention has the same effect as a vote against this proposal. Broker non-votes will have no effect on the outcome of the ratification of the appointment of our independent registered public accounting firm.

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The proposal to amend the 2004 Plan requires the affirmative vote of a majority of votes cast, provided that the total vote cast on the proposal represents over 50% of the outstanding common stock entitled to vote on the proposal. Abstentions will not be counted as a vote for or against this proposal, but will be counted for purposes of determining whether the total vote cast on the proposal represents over 50% of the outstanding common stock entitled to vote on the proposal. Broker non-votes are not considered votes cast under the NYSE rules, but the underlying shares are considered shares entitled to vote on the proposal.

16. Q: WHO WILL COUNT THE VOTES?

A: Proxies will be tabulated by Broadridge Financial Solutions, Inc. (Broadridge).

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

A: We will announce preliminary voting results at the Annual Meeting and publish voting results in a Form 8-K which will be filed within four business days after the Annual Meeting.

18. 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 (1) as needed to permit Broadridge to tabulate and certify the vote and (2) 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.

19. 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 the Annual Meeting other than the items described in this proxy statement. If any other business is presented at the Annual Meeting, your proxy gives authority to Derrick R. Meyer, our Chief Executive Officer, and Harry A. Wolin, our Senior Vice President and General Counsel and Assistant Corporate Secretary, to vote on such matters at their discretion.

20. Q: WHEN ARE THE STOCKHOLDER PROPOSALS FOR THE 2011 ANNUAL MEETING DUE?

A: Under the Securities and Exchange Commission (SEC) rules, for stockholder proposals to be considered for inclusion in the proxy statement for the 2011 Annual Meeting, they must be submitted in writing to our Corporate Secretary, Advanced Micro Devices, Inc., 7171 Southwest Parkway, M/S 100, Austin, Texas, 78735 on or before November 10, 2010. In addition, our bylaws provide that for directors to be nominated or other proposals to be properly presented at the 2011 Annual Meeting, a separate notice of any nomination or proposal must be received by us between December 30, 2010 and January 29, 2011. If our 2011 Annual Meeting is not held within 30 days of April 29, 2011, to be timely, the notice by the stockholder must not be received by us 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 2011 Annual Meeting was made or the notice of the 2011 Annual Meeting is mailed. The public announcement of an adjournment or postponement of the 2011 Annual Meeting 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. More information about the information required to be included in a stockholder's notice of a nomination is included in this proxy statement under Consideration of Stockholder Nominees for Director.

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21. Q: WILL YOU WEBCAST THE ANNUAL MEETING?

- A. Yes. The Annual Meeting will be webcast live. You can access it by going to our Investor Relations Web site at: www.amd.com. The webcast will enable you to listen only. You will not be able to ask questions. The Annual Meeting audio webcast will be available on our Web site for a period of time after the meeting.

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 our Annual Report on Form 10-K and Proxy Statement 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 materials. This procedure reduces our printing costs and mailing costs and fees. Upon written or oral request, we will promptly deliver a separate Annual Report and Proxy Statement to any stockholder at a shared address to which a single copy of either of those documents was delivered. To receive a separate copy of the Annual Report or this Proxy Statement, contact us at (408) 749-4000 or at Advanced Micro Devices, Inc., 7171 Southwest Parkway, M/S 100, Austin, Texas 78735, attention: Corporate Secretary, or by email to 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 1-800-842-1061.

A number of brokerage firms have instituted householding. If you hold your shares in street name, please contact your bank, broker or other holder of record to request information about householding.

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ITEM 1 ELECTION OF DIRECTORS

Nine directors will be elected at the Annual Meeting. All directors are elected annually and serve a one-year term until the next Annual Meeting.

The Nominating and Corporate Governance Committee of the Board of Directors selected, and the Board of Directors accepted, the following nine persons as nominees for election to the Board: Mr. Bruce L. Claflin, Dr. W. Michael Barnes, Mr. John E. Caldwell, Mr. Craig A. Conway, Mr. Nicholas M. Donofrio, Ms. H. Paulett Eberhart, Mr. Derrick R. Meyer, Mr. Waleed Al Muhairi and Mr. Robert B. Palmer. All of the nominees are currently directors of AMD. Mr. Al Muhairi was appointed to our Board of Directors on March 2, 2009, pursuant to our agreement with Advanced Technology Investment Corporation (ATIC) and West Coast Hitech L.P. (WCH) that provides that until such time as WCH and its permitted transferees beneficially own, in the aggregate, less than 10% of the outstanding shares of our common stock, WCH has the right to designate a representative to our Board of Directors. Mr. Conway was appointed to our Board of Directors on September 27, 2009, and Mr. Donofrio was appointed on November 16, 2009. Mr. Frank M. Clegg, who currently serves on the Board, will retire as of the 2010 Annual Meeting and will not stand for election. The number of authorized directors is currently fixed at ten. Following the 2010 Annual Meeting of Stockholders and as a result of Mr. Clegg's decision not to stand for election, the number of authorized directors will be reduced to nine.

The Board of Directors 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, and we expect all of our current Board member nominees to be present at the 2010 Annual Meeting. All of the Board member nominees set forth in our 2009 Proxy Statement were present at the 2009 Annual Meeting.

Certain information regarding each of our nominees, including his or her experience, qualifications, attributes and skills that led the Board to conclude that the individual should serve on the Board and his or her principal occupation and directorships during the past five years, is set forth below. Our goal is to assemble a Board that operates cohesively and works with management in a constructive way so as to deliver long term shareholder value. We believe that the nominees set forth below, all of whom are currently directors of AMD, possess valuable experience necessary to guide AMD in the best interests of the stockholders. Our current Board consists of individuals with proven records of success in their chosen professions. They all have 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, our company, and its key constituents including customers, stockholders and management. Most of our directors have broad technology sector experience, including expertise in semiconductor technology, innovation and strategy. Several members of our Board also have extensive experience in the management of public companies, corporate restructurings, risk assessment, accounting and finance.

Bruce L. Claflin Mr. Claflin, 58, has been a director since 2003. On March 2, 2009, he was appointed as the Chairman of the Board. Mr. Claflin was President, Chief Executive Officer, and a member of the Board of Directors of 3Com Corporation (3Com), a provider of voice and data networking products and services, from January 2001 until he retired in 2006. He joined 3Com as President and Chief Operating Officer in August 1998. Prior to 3Com, Mr. Claflin served as Executive Vice President, Sales, and prior to that as General Manager of the PC Business Unit for Digital Equipment Corporation. Mr. Claflin also worked for 22 years at IBM, where he held various sales, marketing and senior management positions, including General Manager of IBM PC Company's worldwide research and development, product and brand management and President of IBM PC Company Americas. He was also responsible for the introduction of IBM's highly successful ThinkPad line of products. In addition to his general management experience, Mr. Claflin has held senior positions responsible for almost every operation of a global, high technology company, including sales, marketing, research and development and manufacturing. While with IBM, Mr. Claflin lived and worked in Hong Kong and Tokyo and was responsible for IBM's Asia/South Pacific Area. While at 3Com, Mr. Claflin established a joint venture in

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China in partnership with a leading Chinese global telecom solutions provider. Mr. Claflin's extensive experience in Asia, particularly China, is important to AMD since China was our largest single market in 2009. Mr. Claflin was named a distinguished alumnus by Pennsylvania State University. He has been a member of the Board of Directors of Ciena Corporation since 2006.

Dr. W. Michael Barnes Dr. Barnes, 67, has been a director since 2003. Dr. Barnes brings extensive financial management experience and a strong understanding of semiconductor technologies to our Board. Between 1968 and 2001, Dr. Barnes held several senior executive positions at Rockwell International Corporation (now Rockwell Automation, Inc.), a major American manufacturing corporation that has included divisions in aircraft, defense electronics, commercial electronics, automotive components, printing presses, and industrial automation, including Senior Vice President, Finance and Planning and Chief Financial Officer from 1991 through 2001. Dr. Barnes was also a key member of the management team of Rockwell's Semiconductor Products division and Vice President and General Manager of the Rockwell Communications Systems division. He was named a distinguished alumnus by the Texas A&M University College of Engineering in 1992, is a member of the Texas A&M University Chancellor's Century Council and is on the university's Engineering Advisory Board. Dr. Barnes has been a member of the Board of Directors of MetroPCS Communications, Inc. since 2004.

John E. Caldwell Mr. Caldwell, 60, has been a director since October 2006. Mr. Caldwell brings extensive general management and financial management and risk assessment experience to our Board. Since 2003, he has been a member of the Board of Directors and President and Chief Executive Officer of SMTC Corporation, an electronics manufacturing services company. Before joining SMTC, Mr. Caldwell held positions in The Mosaic Group, a marketing services provider, as Chair of the Restructuring Committee of the Board, from October 2002 to September 2003, in GEAC Computer Corporation Limited, a computer software company, as President and Chief Executive Officer from October 2000 to December 2001 and in CAE, Inc., a provider of simulation and modeling technologies and integrated training solutions for the civil aviation and defense industries, as President and Chief Executive Officer from June 1993 to October 1999. Prior to joining SMTC, Mr. Caldwell 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. In addition, over the course of his career, Mr. Caldwell has served on the audit committees of ten public companies. For several years Mr. Caldwell has been and continues to be a lecturer on board oversight responsibility for enterprise risk as part of an accredited board of director education program through McMaster University in Canada. Mr. Caldwell has been a director of Faro Technologies, Inc., a producer of three dimensional manufacturing measurement systems, since 2002 and of IAMGOLD Corporation, a mid-tier gold producer, since 2006. Mr. Caldwell also served on the board of directors of ATI Technologies Inc. from 2003 to 2006, Rothmans Inc. from 2004 to 2008, Cognos Inc. from 2000 to 2008, Stelco Inc. from 1997 to 2006 and Sleeman Breweries Ltd. from 2003 to 2005.

Craig A. Conway Mr. Conway, 54, has been a director since September 2009. Mr. Conway brings to our Board his significant general management experience, having served as the president and chief executive officer of three technology companies. Mr. Conway served as a member of the Board of Directors and President and Chief Executive Officer of PeopleSoft, Inc., a provider of software for customer relationship management, human resources, financial management and supply chain management, from March 1999 until he retired in November 2004, just prior to the company's acquisition by Oracle Corporation. Prior to PeopleSoft, Mr. Conway was President and Chief Executive Officer of One Touch Systems, a high bandwidth network communications company, from November 1996 to February 1999. Mr. Conway was also President and Chief Executive Officer of TGV Software Inc., a provider of internet protocol and applications, from September 1993 to March 1996 prior to its acquisition by Cisco Systems. Earlier in his career, Mr. Conway held executive management positions at a variety of leading technology companies including Executive Vice President at Oracle Corporation. Mr. Conway has been a director of Salesforce.com, a provider of customer relationship management solutions, since 2005 and Pegasystems Inc., a rules-based business process management software company since April 2009. Mr. Conway also served on the board of directors of Unisys Corporation from August 2007 to May 2009.

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Nicholas M. Donofrio Mr. Donofrio, 64, has been a director since November 2009. Mr. Donofrio brings to our Board significant expertise in the area of semiconductor technology and manufacturing, system design and integration, as well as technological strategy and innovation. During his 44-year career at International Business Machines Corporation (IBM), Mr. Donofrio held a variety of leadership roles in IBM's server, advanced workstations, personal computing, manufacturing and semiconductor development divisions, including as Senior Vice President, Technology and Manufacturing from 1997 to 2005 and most recently 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 Senior Fellow at the Kaufman Foundation, a Fellow of the Institute for Electrical and Electronics Engineers, a Fellow of the UK-based Royal Academy of Engineering and he serves on the Board of Trustees at Rensselaer Polytechnic Institute. In 2002, Mr. Donofrio was recognized by the Institution of Electrical Engineers, the largest professional engineering society in Europe, with the Mensforth International Gold Medal for outstanding contributions to the advancement of manufacturing engineering. In 2003, he was named Technology Leader of the Year by IndustryWeek magazine, the Technical Executive of the Year by the University of Arizona, and he received the Rodney D. Chipp Memorial Award by the Society of Women Engineers for his outstanding 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.

H. Paulett Eberhart Ms. Eberhart, 56, has been a director since 2004. Ms. Eberhart brings to our Board her significant general management experience, financial and accounting expertise and a strong background in global markets and channels in the services sector. Currently, she is Chairman and Chief Executive Officer of HMS Ventures, a private real estate and equity management company. From 2007 until 2009, Ms. Eberhart was President and Chief Executive Officer of Invensys Process Systems, a provider of products, services and solutions for the automation and optimization of plant operation in the process industries. Before joining Invensys in 2007, Ms. Eberhart was Senior Vice President Electronic Data Systems (EDS) and President Americas of EDS, a leading technology company that provided a broad portfolio of information technology, applications and business process outsourcing services for clients in over 70 countries, from 2003 until she retired from EDS in 2004. Ms. Eberhart had been an employee of EDS since 1978. Prior to serving as President Americas, Ms. Eberhart was the Senior Vice President EDS and President of EDS Solutions Consulting, a business with 40,000 people operating in 60 countries. She also held various other executive, operating and financial positions at EDS. She also was a member of the Board of Directors of AT Kearney, a global management consulting services firm and a subsidiary of EDS, from 1995 to 1998. Ms. Eberhart is a certified public accountant and is a member of the Financial Executives Institute and American Institute of Certified Public Accountants. Ms. Eberhart has been a director of Anadarko Petroleum Corporation since 2004. Ms. Eberhart also served on the board of directors of Solectron Corporation from 2005 to 2007.

Derrick R. Meyer Mr. Meyer, 48, has been a director since November 2007. Mr. Meyer is our President and Chief Executive Officer. Prior to being appointed Chief Executive Officer in July 2008, Mr. Meyer served as our President and Chief Operating Officer from 2006 through 2008. From 2001 to 2006, Mr. Meyer led our microprocessor business, overseeing related research and development, manufacturing, operations and marketing. Mr. Meyer joined AMD in 1995 and led engineering for the AMD Athlon microprocessor. In April 1999, he was promoted to Vice President of Engineering. In 2001, he was named Group Vice President and General Manager of AMD's microprocessor business, and in 2002 was named Senior Vice President and an executive officer of AMD. Prior to AMD, Mr. Meyer worked at Digital Equipment Corporation and Intel Corp. Mr. Meyer was presented with the prestigious Association for Computing Machinery (ACM) Maurice Wilkes Award at the 2003 International Symposium on Computer Architecture (ISCA). Mr. Meyer graduated from the University of Illinois and was recognized as a Distinguished Alumni by the Department of Electrical and Computer Engineering in 2009. Mr. Meyer also holds a Masters in Business Administration from Boston University. Mr. Meyer serves on the board of directors of the Semiconductor Industry Association.

Waleed Al Muhairi Mr. Al Muhairi, 35, has been a director since March 2009. Mr. Al Muhairi brings to our Board his experience in international markets and channels relevant to our business as well as his expertise in

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operations, finance and strategic consulting. Since 2006, Mr. Al Muhairi has been the Chief Operating Officer of Mubadala Development Company PJSC (Mubadala), a strategic investment and development company owned by the Government of Abu Dhabi, United Arab Emirates, where he oversees operational and business development activities. Since September 2008, Mr. Al Muhairi has been the Chairman of Advanced Technology Investment Company LLC (ATIC), a company wholly owned by the Government of Abu Dhabi, mandated to make significant investments in the advanced technology sector, locally and internationally, with a view of delivering long-term economic and social benefits to the Emirate of Abu Dhabi, the Middle East and beyond. Prior to his roles with Mubadala and ATIC, Mr. Al Muhairi worked with the UAE Offsets Program Bureau as a Senior Projects Manager and with McKinsey & Company as a commercial and governmental consultant. Mr. Al Muhairi also serves as a director on several private and public company boards in the United Arab Emirates and abroad, including Chairman of the Board of Directors of Alyah Satellite Communications (Yahsat), Mubadala Infrastructure Partners and Cleveland Clinic Abu Dhabi; Vice Chairman of National Central Cooling Company (Tabreed) and a director of Piaggio Aero Industries SpA and Abu Dhabi Future Energy Company (Masdar). Mr. Al Muhairi holds a Masters degree from Harvard University and a Bachelor of Science in Foreign Service from Georgetown University.

Robert B. Palmer Mr. Palmer, 69, has been a director since 1999. Mr. Palmer brings to our Board his significant general management experience and his extensive experience in the semiconductor industry. Mr. Palmer was the Chairman and Chief Executive Officer of Digital Equipment Corporation, a pioneering company in the computer industry, from 1995 until his retirement in 1998. Mr. Palmer was appointed Chief Executive Officer and President of Digital in October 1992. From 1985 to 1992, Mr. Palmer served in various executive positions at Digital, including Vice President for Semiconductor Operations. Before Digital, Mr. Palmer was Executive Vice President of Semiconductor Operations at United Technologies Corporation (UTC), joining UTC in 1980 when it acquired Mostek Corporation, where he was a member of the founding team in 1969. In 1980, Mr. Palmer was honored by SEMI, the global industry association serving the manufacturing supply chains for the microelectronic, display and photovoltaic industries, as one of the most significant contributors to the development of semiconductor technologies. Mr. Palmer is on the Board of Trustees of the Cooper Institute for Aerobic Research, a non-profit preventative medicine research and education organization. From March 2009 until January 2010, Mr. Palmer also served as a member of the Board of Directors of GLOBALFOUNDRIES Inc., a private manufacturing joint venture between AMD, ATIC and WCH formed in March 2009.

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 our Board. Pursuant to our bylaws, stockholders who wish to nominate persons for election to the Board of Directors at the 2011 Annual Meeting must be a stockholder of record when they give us notice and at the meeting, must be entitled to vote at the 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 2011 Annual Meeting, the notice must be delivered between December 30, 2010 and January 29, 2011. However, if our 2011 Annual Meeting is not within 30 days of April 29, 2011, the notice must be delivered no later than the close of business on the 10th day following the earlier of the day on which the first public announcement of the date of the 2011 Annual Meeting was made or the day the notice of the 2011 Annual Meeting is mailed. 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 10th 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;

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principal occupation and employment;

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

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

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

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, shares of the Company, or that provides the opportunity to profit from a decrease in price or value of shares of the Company;

any performance-related fees that the nominating person is entitled to based on any increase or decrease in the value of any shares of the Company; 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 the 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 of the Board of Directors 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 on page 13. The nominee must be willing to provide a written questionnaire, representation and agreement, if requested by us, and any other information reasonably requested by the Nominating and Corporate Governance Committee in connection with its evaluation of the nominee's independence.

Communications with the Board or Non-Management Directors

Interested parties who wish to communicate with our Board of Directors or with non-management directors may send their communications in writing to our Corporate Secretary, 7171 Southwest Parkway, M/S 100, Austin, Texas 78735 or send an email to Corporate.Secretary@amd.com. Our Corporate Secretary will forward all of these communications to our Chairman of the Board.

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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CORPORATE GOVERNANCE

The Board of Directors has adopted Principles of Corporate Governance (the Principles) to address significant corporate governance issues. The 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 Principles and reporting and recommending any changes to the Principles to the Board of Directors.

Independence of Directors

The Principles 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 standards of the NYSE. No director qualifies as independent unless the Board of Directors determines that the director has no direct or indirect material relationship with us. On an annual basis, each director and executive officer is obligated to complete a director and officer questionnaire which requires disclosure of any transactions with us in which the director or executive officer, or any member of his or her immediate family, have a direct or indirect material interest. We also review our relationship to any entity employing a director or on which the director currently serves as a member of the Board of Directors. Our Board of Directors has determined that all directors who served during our 2009 fiscal year and all of our director nominees, other than Mr. Meyer and Mr. Al Muhairi, are independent in accordance with SEC and NYSE rules.

In determining that Mr. Conway is independent, the Board considered our payments to each of Pegasystems Inc. and Salesforce.com in the last three fiscal years. Mr. Conway is a member of the board of directors of each of Pegasystems Inc. and Salesforce.com. In determining that Mr. Donofrio is independent, the Board considered payments to IBM by AMD and GLOBALFOUNDRIES in the last three fiscal years. Mr. Donofrio was employed by IBM until September 2008, most recently as Executive Vice President, Innovation and Technology. However, he did not become a member of our Board of Directors until November 2009. In determining that Ms. Eberhart is independent, the Board considered payments we made to PRTM Management Consultants for services in the last two fiscal years. Ms. Eberhart's son is an employee of PRTM Management Consultants. However, he is not an executive officer, and he was not involved in providing consulting services to us. In considering whether Mr. Palmer is independent, the Board considered Mr. Palmer's service on the GLOBALFOUNDRIES board of directors from March 2009 through January 2010. The Board concluded that there are no business relationships that are material or that would interfere with the exercise of independent judgment by any of the independent directors in his or her service on our Board of Directors or the Audit and Finance Committee.

Board Leadership Structure

Mr. Claflin, who is independent in accordance with SEC and NYSE rules, is our Chairman of the Board. Our Chairman presides at meetings of our stockholders and directors and leads the Board in fulfilling its responsibilities. For the reasons set forth below, the Board of Directors has determined that its current leadership structure, including an independent Chairman of the Board, is appropriate at the present time and allows the Board to fulfill its duties effectively and efficiently based on AMD's current needs. Historically, our Board of Directors relied on a lead independent director who worked with our Chief Executive Officer who was also the Chairman of the Board. However, with the transition to a new Chief Executive Officer in 2008 and with the retirement of our Executive Chairman and Chairman of the Board in March 2009, our Board of Directors determined that it was appropriate to appoint an independent Chairman of the Board. Our new Chief Executive Officer was assuming his position at time when the PC industry was facing its worst recession in history, and AMD was experiencing a number of financial and operational challenges. In addition, during 2009 our Chief Executive Officer was managing an array of strategic, yet time-consuming, initiatives. At the same time, our Board was pursuing a number of governance initiatives in order to optimize our practices and assure that we factored into account the changing landscape of stockholder rights as well as SEC and NYSE pronouncements. This resulted in adjusting the roles of our Board committees, changing the chairs of these committees and recruiting new members to our Board. Given the time-consuming

nature of these and other

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Board activities, we believe that at this time they are best left to a dedicated, independent Chairman. However, if circumstances change in the future, our Board of Directors may revert to a structure that relies on a lead independent director who works with our Chief Executive Officer who is also Chairman of the Board.

Risk Oversight

The Board of Directors is actively involved in overseeing risk management for AMD. This oversight is conducted primarily through committees of the Board. The Board receives full reports from each committee chair regarding the committee's considerations and actions.

The Audit and Finance Committee reviews the Company's portfolio of risk, discusses with management significant financial risks in conjunction with enterprise risk exposures, the Company's 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 the director of our Internal Audit department to discuss any issues that she believes warrant attention. The director 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 Compensation Committee oversees risk management as it relates to our compensation plans, policies and practices in connection with structuring our executive compensation programs and reviewing our incentive compensation programs for other employees and has reviewed with management whether our compensation programs may create incentives for our employees to take excessive or inappropriate risks which could have a material adverse effect on the Company.

The Nominating and Corporate Governance Committee adopted a framework for the oversight of enterprise risk pursuant to which it works with management to identify, categorize and evaluate enterprise risks, and also to develop risk mitigation and response strategies.

Majority Vote Standard

Our directors are elected using a majority vote standard with respect to uncontested elections. The standard requires each director to receive the affirmative vote of a majority of the votes cast to be elected. 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. In contested elections, where the number of nominees exceeds the number of directors to be elected, the vote standard will be a plurality of votes cast. Each incumbent director has submitted a written resignation to the Board which will be effective if he/she does not receive a majority of the votes cast and the resignation is accepted by the Board.

Code of Ethics

The Board of Directors has adopted a code of ethics that applies to all directors and employees entitled, Worldwide Standards of Business Conduct, which we 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, fair dealing, protecting AMD property and

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confidentiality of AMD information and encourages the reporting of any behavior not in accordance with the Worldwide Standards of Business Conduct.

The Board of Directors has also adopted a Code of Ethics for the Chief Executive Officer, the Chief Financial Officer, the Corporate Controller 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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MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

Each of the Committees described below has adopted a charter, which has been approved by the Board of Directors. You can access our bylaws, the latest Committee Charters, the Principles, the Worldwide Standards of Business Conduct and the Code of Ethics on the Investor Relations Web page of our Web site at www.amd.com, by writing to us at Corporate Secretary, AMD, 7171 Southwest Parkway, M/S 100, Austin, Texas, 78735, or emailing us at Corporate.Secretary@amd.com. We will provide you with this information free of charge. Please note that information contained on our Web site is not incorporated by reference in, or considered to be a part of, this document.

The Board of Directors held eight regularly scheduled and special meetings during fiscal 2009. All directors attended at least 75 percent of the meetings of the Board of Directors and Committees of the Board in fiscal 2009. Effective March 2, 2009, the Board has an Audit and Finance Committee, a Nominating and Corporate Governance Committee and a Compensation Committee. Before March 2, 2009, the Board had Audit, Nominating and Corporate Governance, Compensation and Finance Committees. The members of the Committees and their Chairs are selected by the Nominating and Corporate Governance Committee and then appointed by the Board. Sessions of the non-management directors were held six times in fiscal 2009, and one of these sessions was comprised of only independent, non-management directors.

Audit and Finance Committee. The functions of the Audit and the Finance Committees were combined on March 2, 2009. The Audit and Finance Committee consists of Dr. W. Michael Barnes, as Chair, Mr. John E. Caldwell and Mr. Robert B. Palmer. Before March 2, 2009, the Audit Committee consisted of Ms. H. Paulett Eberhart, as Chair, Dr. W. Michael Barnes, Mr. Bruce L. Claflin and Mr. Morton L. Topfer. Mr. Topfer retired from the Board on July 30, 2009. The Board of Directors determined that each of the current and former committee members are financially literate and independent under the applicable SEC and NYSE rules. Through March 2, 2009, the Board of Directors designated Ms. Eberhart an audit committee financial expert. From March 2, 2009, the Board of Directors designated Dr. Barnes and Mr. Caldwell as audit committee financial experts. 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 and the performance of our internal audit function. The Audit and Finance Committee is also directly responsible for the appointment, independence, compensation, retention and oversight of the work of the independent registered public accounting firm, which reports directly to the Audit and Finance Committee. Beginning March 2, 2009, the Audit and Finance Committee also assists the Board by reviewing and making recommendations to the Board about our financial affairs and policies and the nature and structure of major financial commitments. 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 director 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 held 13 meetings during fiscal 2009. All members of the Audit and Finance Committee attended at least 75 percent of the meetings of the Audit and Finance Committee in fiscal 2009.

Nominating and Corporate Governance Committee. The Nominating and Corporate Go