

AMD's Compensation Philosophy and Drivers

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 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.

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.