# UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

# **FORM 10-Q**

(Mark One)  ☑ QUARTERLY REPORT PURSUANT  For the quarterly period ended June 26, 20		SECURITIES OR	EXCHANGE ACT OF 193	34	
☐ TRANSITION REPORT PURSUANT	TO SECTION 13 OR 15 (d) OF THE		EXCHANGE ACT OF 19	34	
For the transition period from to		. 020020		•	
	Commission I	File Number <b>0</b>	04 07000		
	Commission	The Number C	01 07002		
	A	MD			
	ADVANCED MIC (Exact name of regi	CRO D istrant as specified	EVICES, IN	C.	
<b>Delawar</b> (State or other juris incorporation or org	sdiction of			<b>94-1692300</b> (I.R.S. Employer Identification No.)	
	Santa Cla	Augustine Dri ra, California orincipal executive	95054		
	(40 Registrant's telepho	08) 749-4000 one number, includ	ding area code		
	(Former name, former address and	N/A d former fiscal yea	r, if changed since last report)		
	Securities registered p	ursuant to Section	n 12(b) of the Act:		
Title of each class	Trading Symbol(s)		Name of ea	ch exchange on which registe	red
Common Stock, \$0.01 par val	ue AMD		The Nasc	daq Global Select Mark	et
Indicate by check mark whether the registrant: (1 months (or for such shorter period that the registra	) has filed all reports required to be filed by int was required to file such reports), and (2)	Section 13 or 15 ) has been subjec	(d) of the Securities Exchange to such filing requirements to	e Act of 1934 (the Exchange A or the past 90 days. Yes ☑ N	Act) during the preceding 1.
Indicate by check mark whether the registrant has (or for such shorter period that the registrant was r	submitted electronically every Interactive D	ata File required	to be submitted pursuant to Ri	ule 405 of Regulation S-T duri	ng the preceding 12 months
Indicate by check mark whether the registrant is "accelerated filer," "smaller reporting company" and	·		erated filer or a smaller report Act.	rting company. See definition	of "large accelerated filer,
Large accelerated filer	Accelerated filer		Non-accelerated filer		
Smaller reporting company	Emerging growth company				
If an emerging growth company, indicate by check provided pursuant to Section 13(a) of the Exchange		the extended tra	nsition period for complying wi	ith any new or revised financia	accounting standards
Indicate by check mark whether the registrant is a	shell company (as defined by Rule 12b-2 of	f the Exchange Ad	ct). Yes □ No ☑		
Indicate the number of shares outstanding of the re	egistrant's common stock, \$0.01 par value, a	as of July 23, 202	1: 1,212,965,282		

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# PART I. FINANCIAL INFORMATION

# ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Advanced Micro Devices, Inc. Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended				Six Months Ended			
Ju	June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020	
				per share amounts)				
\$	3,850	\$	1,932	\$	7,295	\$	3,718	
	2,020		1,084		3,878		2,052	
	1,830		848		3,417		1,666	
	659		460		1,269		902	
	341		215		660		414	
	(1)		_		(5)		_	
	831		173		1,493		350	
	(10)		(14)		(19)		(27)	
	_		1		(11)		5	
	821		160		1,463		328	
	113		4		202		10	
	2		1		4		1	
\$	710	\$	157	\$	1,265	\$	319	
\$	0.58	\$	0.13	\$	1.04	\$	0.27	
\$	0.58	\$	0.13	\$	1.03	\$	0.27	
	1,216		1,174		1,214		1,172	
	1,232		1,227		1,231		1,225	
	\$ \$	\$ 3,850 2,020 1,830 659 341 (1) 831 (10) — 821 113 2 \$ 710 \$ 0.58 \$ 0.58 \$ 1,216	June 26, 2021	June 26, 2021         June 27, 2020           (In millions, except           \$ 3,850         1,932           2,020         1,084           1,830         848           659         460           341         215           (1)         —           831         173           (10)         (14)           —         1           821         160           113         4           2         1           \$ 710         \$ 157           \$ 0.58         0.13           \$ 0.58         0.13           1,216         1,174	June 26, 2021   June 27, 2020	June 26, 2021         June 27, 2020         June 26, 2021           (In millions, except per share amounts)         \$ 3,850         \$ 1,932         \$ 7,295           2,020         1,084         3,878           1,830         848         3,417           659         460         1,269           341         215         660           (1)         —         (5)           831         173         1,493           (10)         (14)         (19)           —         1         (11)           821         160         1,463           113         4         202           2         1         4           \$ 710         \$ 157         \$ 1,265           \$ 0.58         0.13         \$ 1.04           \$ 0.58         0.13         \$ 1.03	June 26, 2021         June 27, 2020         June 28, 2021           (In millions, except per share amounts)         \$ 3,850         \$ 1,932         \$ 7,295         \$ 2,020         \$ 1,084         3,878           1,830         848         3,417         \$ 341         215         660         \$ 659         460         1,269         341         215         660         \$ 659         460         1,269         341         215         660         \$ 659         460         1,269         341         215         660         \$ 659         460         1,269         341         215         660         659         460         1,493         1,493         1,493         1,493         1,493         1,493         1,493         1,493         1,493         1,493         1,46	

# Advanced Micro Devices, Inc. Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended			Six Months Ended			ded
	 June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020
	(In millions)						
Net income	\$ 710	\$	157	\$	1,265	\$	319
Other comprehensive income (loss), net of tax:							
Net change in unrealized gains (losses) on cash flow hedges	1		10		(10)		(4)
Total comprehensive income	\$ 711	\$	167	\$	1,255	\$	315

# Advanced Micro Devices, Inc. Condensed Consolidated Balance Sheets (Unaudited)

	June 26, 2021	Decem 20		
	 (In millions, except	ot par value amounts)		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,623	\$	1,595	
Short-term investments	1,170		695	
Accounts receivable, net	2,020		2,066	
Inventories	1,765		1,399	
Receivables from related parties	6		10	
Prepaid expenses and other current assets	234		378	
Total current assets	7,818		6,143	
Property and equipment, net	671		641	
Operating lease right-of-use assets	247		208	
Goodwill	289		289	
Investment: equity method	67		63	
Deferred tax assets	1,090		1,245	
Other non-current assets	509		373	
Total assets	\$ 10,691	\$	8,962	
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$ 836	\$	468	
Payables to related parties	36		78	
Accrued liabilities	1,911		1,796	
Other current liabilities	109		75	
Total current liabilities	2,892		2,417	
Long-term debt, net	313		330	
Long-term operating lease liabilities	240		201	
Other long-term liabilities	181		177	
Commitments and Contingencies (See Note 12)				
Stockholders' equity:				
Capital stock:				
Common stock, par value \$0.01; shares authorized: 2,250; shares issued: 1,223 and 1,217; shares outstanding: 1,213 and 1,211	12		12	
Additional paid-in capital	10,795		10,544	
Treasury stock, at cost (shares held: 10 and 6)	(401)		(131)	
Accumulated deficit	(3,348)		(4,605)	
Accumulated other comprehensive income	7		17	
Total stockholders' equity	 7,065		5,837	
Total liabilities and stockholders' equity	\$ 10,691	\$	8,962	

# Advanced Micro Devices, Inc. Condensed Consolidated Statements of Cash Flows (Unaudited)

	Six Mo	Six Months Ended		
	June 26, 2021		lune 27, 2020	
	(In	millions)		
Cash flows from operating activities:	<b>A</b> 4.00	<b>5</b> 0	040	
Net income	\$ 1,26	5 \$	319	
Adjustments to reconcile net income to net cash provided by operating activities:	10	•	1.10	
Depreciation and amortization	19		140	
Stock-based compensation	16		119	
Amortization of debt discount and issuance costs		3	8	
Amortization of operating lease right-of-use assets	2		20	
Loss on debt conversion		6	_	
Loss on sale/disposal of property and equipment	1	~	26	
Deferred income taxes	14		1	
Impairment of investment		8	_	
Other	(	4)	7	
Changes in operating assets and liabilities:				
Accounts receivable, net	4		64	
Inventories	(36	•	(342)	
Receivables from related parties		4	10	
Prepaid expenses and other assets	(5	,	(12)	
Payables to related parties	(4	,	(21)	
Accounts payable	34	6	(201)	
Accrued liabilities and other	9	0	40	
Net cash provided by operating activities	1,85	0	178	
Cash flows from investing activities:				
Purchases of property and equipment	(13		(146)	
Purchases of short-term investments	(1,13	0)	(55)	
Proceeds from maturity of short-term investments	65	5	92	
Other		2		
Net cash used in investing activities	(60	3)	(109)	
Cash flows from financing activities:				
Proceeds from short-term debt borrowing	_	_	200	
Proceeds from sales of common stock through employee equity plans	5	1	42	
Repurchases of common stock	(25	6)	_	
Common stock repurchases for tax withholding on employee equity plans	(1	4)	(1)	
Other	<u></u>		(1)	
Net cash provided by (used in) financing activities	(21	9)	240	
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,02	8	309	
Cash, cash equivalents, and restricted cash at beginning of period	1,59	5	1,470	
Cash, cash equivalents, and restricted cash at end of period	\$ 2,62	3 \$	1,779	
Supplemental cash flow information:		_		
Non-cash investing and financing activities:				
Purchases of property and equipment, accrued but not paid	\$ 4	1 \$	52	
Issuance of common stock to settle convertible debt		5 \$	_	
Transfer of assets for acquisition of property and equipment		7 \$	41	

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Non-cash activities for leases:		
Operating lease right-of-use assets acquired by assuming related liabilities	\$ 77	\$ 30
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 2,623	\$ 1,775
Restricted cash included in Prepaid expenses and other current assets	_	4
Total cash, cash equivalents, and restricted cash	\$ 2,623	\$ 1,779

# Advanced Micro Devices Condensed Consolidated Statements of Stockholders' Equity (Unaudited)

		Three Months Ended				Six Months Ended			
		June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020	
One Well of calls				(In mi	llion	s)			
Capital stock:									
Common stock	•	40	•	40	Φ.	10	•	40	
Balance, beginning of period	\$	12	\$	12	\$	12	\$	12	
Balance, end of period	\$	12	\$	12	\$	12	\$	12	
Additional paid-in capital	_								
Balance, beginning of period	\$	10,658	\$	,	\$	- , -	\$	9,963	
Common stock issued under employee equity plans		49		39		51		42	
Stock-based compensation		83		60		168		119	
Issuance of common stock to settle convertible debt		1		_		25		_	
Issuance of common stock warrant		4		2		7		3	
Balance, end of period	\$	10,795	\$	10,127	\$	10,795	\$	10,127	
Treasury stock									
Balance, beginning of period	\$	(141)	\$	(54)	\$	(131)	\$	(53)	
Repurchases of common stock		(256)		_		(256)		_	
Common stock repurchases for tax withholding on employee equity plans		(4)		_		(14)		(1)	
Balance, end of period	\$	(401)	\$	(54)	\$	(401)	\$	(54)	
Accumulated deficit:									
Balance, beginning of period	\$	(4,058)	Ф	(6,933)	Ф	(4,605)	Œ	(7,095)	
	φ	(4,036)	φ	(0,933)	Φ	, , ,	φ	(7,095)	
Cumulative effect of adoption of accounting standard  Net income		710		 157		(8) 1,265		319	
1101	_		_		_		_		
Balance, end of period	\$	(3,348)	\$	(6,776)	<u>\$</u>	(3,348)	\$	(6,776)	
Accumulated other comprehensive income (loss):									
Balance, beginning of period	\$	6	\$	(14)	\$	17	\$	_	
Other comprehensive income (loss)		1		10		(10)		(4)	
Balance, end of period	\$	7	\$	(4)	\$	7	\$	(4)	
Total stockholders' equity	\$	7,065	\$	3,305	\$	7,065	\$	3,305	
	_			·	÷	·			

# Notes to Condensed Consolidated Financial Statements (Unaudited)

## NOTE 1 - The Company

Advanced Micro Devices, Inc. is a global semiconductor company. References herein to AMD or the Company mean Advanced Micro Devices, Inc. and its consolidated subsidiaries. AMD's products include x86 microprocessors (CPUs), accelerated processing units which integrate microprocessors and graphics (APUs), discrete graphics processing units (GPUs), semi-custom System-on-Chip (SOC) products and chipsets for the PC, gaming, datacenter and embedded markets. In addition, AMD provides development services and sells or licenses portions of its intellectual property portfolio.

# NOTE 2 - Basis of Presentation and Significant Accounting Policies

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements of AMD have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The results of operations for the three and six months ended June 26, 2021 shown in this report are not necessarily indicative of results to be expected for the full year ending December 25, 2021 or any other future period. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary for a fair presentation of the Company's results of operations, financial position, cash flows and stockholders' equity. All such adjustments are of a normal, recurring nature. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2020. Certain prior period amounts have been reclassified to conform to the current period presentation.

The Company uses a 52 or 53 week fiscal year ending on the last Saturday in December. The three and six months ended June 26, 2021 and June 27, 2020 each consisted of 13 weeks and 26 weeks, respectively.

Significant Accounting Policies. There have been no material changes to the Company's significant accounting policies in Note 2 - Summary of Significant Accounting Policies, of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2020.

#### Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board (FASB) issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies various aspects of accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifies and amends existing guidance to improve consistent application. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company adopted this standard in the first quarter of 2021, which resulted in the recognition of an immaterial deferred tax liability.

# Recently Issued Accounting Standards

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity.* This standard simplifies the accounting for convertible instruments and the application of the derivatives scope exception for contracts in an entity's own equity by eliminating some of the models that require separating embedded conversion features from convertible instruments. The guidance also addresses how convertible instruments are accounted for in the diluted earnings per share calculation and enhances disclosures about the terms of convertible instruments and contracts in an entity's own equity. The standard is effective for fiscal years beginning after December 15, 2021, and can be adopted through either a modified retrospective method with a cumulative effect adjustment to opening accumulated deficit or a full retrospective method. The Company does not expect the adoption of this standard to result in a material impact to its consolidated financial statements.

Although there are several other new accounting pronouncements issued by the FASB, the Company does not believe any of these accounting pronouncements had or will have a material impact on its consolidated financial statements.

# NOTE 3 - Supplemental Financial Statement Information

## Short-term Investments

	June 26, 2021		December 26, 2020
		ns)	
Commercial paper	\$	993 \$	295
Time deposits		177	400
Total short-term investments	\$	1,170 \$	695

## Accounts Receivable, net

As of June 26, 2021 and December 26, 2020, Accounts receivable, net included unbilled accounts receivable of \$158 million and \$123 million, respectively. Unbilled receivables primarily represent work completed on development services recognized as revenue but not yet invoiced to customers and semi-custom products under non-cancellable purchase orders that have no alternative use to the Company at contract inception, for which revenue has been recognized but not yet invoiced to customers. All unbilled accounts receivable are expected to be billed and collected within 12 months.

#### Inventories

	Jui 2	ne 26, 021	December 26, 2020		
		(In millions)			
Raw materials	\$	129	\$	93	
Work in process		1,408		1,139	
Finished goods		228		167	
Total inventories	\$	1,765	\$	1,399	

# Property and Equipment, net

	June 26, 2021	December 26, 2020		
	(In mi	illions)	_	
Leasehold improvements	\$ 184	\$	208	
Equipment	1,342		1,209	
Construction in progress	150		136	
Property and equipment, gross	 1,676		1,553	
Accumulated depreciation	(1,005)		(912)	
Total property and equipment, net	\$ 671	\$	641	

## Other Non-Current Assets

	June 26, 2021	Decemb 202		
		lions)		
Software technology and licenses, net	\$	204	\$	229
Other		305		144
Total other non-current assets	\$	509	\$	373

#### Accrued Liabilities

	June 26, 2021			December 26, 2020
		llions)		
Accrued marketing programs and advertising expenses	\$	855	\$	839
Accrued compensation and benefits		417		513
Other accrued and current liabilities		639		444
Total accrued liabilities	\$	1,911	\$	1,796

#### Revenue

Revenue allocated to remaining performance obligations that were unsatisfied (or partially unsatisfied) as of June 26, 2021 was \$281 million, which may include amounts received from customers but not yet earned and amounts that will be invoiced and recognized as revenue in future periods associated with any combination of development services, IP licensing and product revenue. The Company expects to recognize \$170 million of revenue allocated to remaining performance obligations in the next 12 months. The revenue allocated to remaining performance obligations does not include amounts which have an original expected duration of one year or less.

Revenue recognized over time associated with custom products and development services accounted for approximately 22% of the Company's revenue for both three and six months ended June 26, 2021 and 9% and 7% for the three and six months ended June 27, 2020, respectively.

#### NOTE 4 - Related Parties - Equity Joint Ventures

#### ATMP Joint Ventures

The Company holds a 15% equity interest in two joint ventures (collectively, the ATMP JV) with affiliates of Tongfu Microelectronics Co., Ltd, a Chinese joint stock company. The Company has no obligation to fund the ATMP JV. The Company accounts for its equity interests in the ATMP JV under the equity method of accounting due to its significant influence over the ATMP JV.

The ATMP JV provides assembly, testing, marking and packaging services to the Company. The Company assists the ATMP JV in its management of certain raw material inventory. The purchases from and resales to the ATMP JV of inventory under the Company's inventory management program are reported within purchases and resales with the ATMP JV and do not impact the Company's condensed consolidated statement of operations.

The Company's purchases from the ATMP JV during the three and six months ended June 26, 2021 amounted to \$270 million and \$516 million, respectively. The Company's purchases from the ATMP JV during the three and six months ended June 27, 2020 amounted to \$204 million and \$355 million, respectively. As of June 26, 2021 and December 26, 2020, the amounts payable to the ATMP JV were \$36 million and \$78 million, respectively, and are included in Payables to related parties on the Company's condensed consolidated balance sheets. The Company's resales to the ATMP JV during the three and six months ended June 26, 2021 amounted to \$9 million and \$19 million, respectively. The Company's resales to the ATMP JV during the three and six months ended June 27, 2020 amounted to \$8 million and \$15 million, respectively. As of June 26, 2021 and December 26, 2020, the Company's receivables from the ATMP JV were \$6 million and \$10 million, respectively, and were included in Receivables from related parties on the Company's condensed consolidated balance sheets.

During the three and six months ended June 26, 2021, the Company recorded a gain of \$2 million and \$4 million in Equity income in investee on its condensed consolidated statements of operations, respectively. As of June 26, 2021 and December 26, 2020, the carrying value of the Company's investment in the ATMP JV was \$67 million and \$63 million, respectively.

#### **THATIC Joint Ventures**

The Company holds equity interests in two joint ventures (collectively, the THATIC JV) with Higon Information Technology Co., Ltd. (THATIC), a third-party Chinese entity. As of both June 26, 2021 and December 26, 2020, the carrying value of the investment was zero.

In February 2016, the Company licensed certain of its intellectual property (Licensed IP) to the THATIC JV, payable over several years upon achievement of certain milestones. The Company also receives a royalty based on the sales of the THATIC JV's products developed on the basis of such Licensed IP. The Company classifies Licensed IP and royalty income associated with the February 2016 agreement as Licensing gain within operating income. During the three and six months ended June 26, 2021, the Company recognized \$1 million and \$5 million of licensing gain from royalty income under the agreement, respectively. As of both June 26, 2021 and December 26, 2020, the Company had no receivables from the THATIC JV.

In June 2019, the Bureau of Industry and Security of the United States Department of Commerce added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. The Company is complying with U.S. law pertaining to the Entity List designation.

#### NOTE 5 - Debt and Revolving Credit Facility

#### Debt

The Company's total debt as of June 26, 2021 and December 26, 2020 consisted of the following:

	June 26, 2021			December 26, 2020		
		llions)				
7.50% Senior Notes Due 2022 (7.50% Notes)	\$	312	\$		312	
2.125% Convertible Senior Notes Due 2026 (2.125% Notes)		1			26	
Total debt (principal amount)		313			338	
Unamortized debt discount and issuance costs					(8)	
Total long-term debt, net	\$	313	\$		330	

#### 2.125% Convertible Senior Notes Due 2026

In September 2016, the Company issued \$805 million in aggregate principal amount of 2.125% Convertible Senior Notes due 2026. The 2.125% Notes are general unsecured senior obligations of the Company.

During the six months ended June 26, 2021, holders of the 2.125% Notes converted \$25 million principal amount of notes, in exchange for which the Company issued approximately 3 million shares of the Company's common stock at the conversion price of \$8.00 per share. The Company recorded a loss of \$6 million from these conversions in Other income (expense), net on its condensed consolidated statements of operations. As of June 26, 2021, the outstanding aggregate principal amount of the 2.125% Notes was \$1 million.

# 7.50% Senior Notes Due 2022

On August 15, 2012, the Company issued \$500 million of its 7.50% Senior Notes due August 15, 2022. As of June 26, 2021, the outstanding aggregate principal amount of the 7.50% Notes was \$312 million.

# Revolving Credit Facility

The Company is party to a \$500 million unsecured revolving credit facility (the Revolving Credit Facility), including a \$50 million swingline sub-facility and a \$75 million sublimit for letters of credit pursuant to a credit agreement with a syndicate of banks. The Revolving Credit Facility expires in June 2024. Borrowings under the Revolving Credit Facility bear interest at either the LIBOR rate or the base rate at the Company's option (in each case, as customarily defined) plus an applicable margin. As of June 26, 2021, there were no borrowings outstanding under the Revolving Credit Facility and the Company was in compliance with all required covenants. As of June 26, 2021, the Company had \$13 million of letters of credit outstanding under the Revolving Credit Facility.

#### **NOTE 6 - Financial Instruments**

#### Fair Value Measurements

Financial Instruments Recorded at Fair Value on a Recurring Basis

As of June 26, 2021, the Company had \$200 million of cash equivalent in money market funds, which are classified within Level 1, and \$100 million of cash equivalent in commercial paper, which are classified within Level 2. The money market funds are classified within Level 1 because they are valued using quoted prices for identical instruments in active markets. The commercial paper is classified within Level 2 as its fair value estimates were based on quoted prices for comparable instruments.

As of June 26, 2021 and December 26, 2020, the Company had \$993 million and \$295 million of commercial paper, respectively, included in Short-term investments on the Company's condensed consolidated balance sheets. The commercial paper is classified within Level 2 as its fair value estimates were based on quoted prices for comparable instruments.

As of June 26, 2021 and December 26, 2020, the Company also had approximately \$65 million and \$46 million, respectively, of investments in mutual funds held in a Rabbi trust established for the Company's deferred compensation plan, which were included in Other non-current assets on the Company's condensed consolidated balance sheets. These investments are classified within Level 1 because they are valued using quoted prices for identical instruments in active markets. The Company is restricted from accessing these investments.

Financial Instruments Recorded at Fair Value on a Non-recurring Basis

During the six months ended June 26, 2021, the Company recorded in Other income (expense), net an impairment charge of \$8 million associated with an equity investment.

Financial Instruments Not Recorded at Fair Value

The Company carries its financial instruments at fair value except for its long-term debt. The carrying amounts and estimated fair values of the Company's long-term debt are as follows:

	June 26, 2021			December 26, 2020			2020	
	Carry Amo	ying ount		Estimated Fair Value	Carrying Amount			Estimated Fair Value
				(In milli	ions)			
Long-term debt, net	\$	313	\$	351	\$ 3	30	\$	642

The estimated fair value of the Company's long-term debt is based on Level 2 inputs of quoted prices for the Company's debt and comparable instruments in inactive markets. The estimated fair value of the 2.125% Notes takes into account the current value of the Company's stock price compared to the initial conversion price of approximately \$8.00 per share of common stock.

The fair value of the Company's time deposits, accounts receivable, accounts payable and other short-term obligations approximate their carrying value based on existing terms.

# Hedging Transactions and Derivative Financial Instruments

Foreign Currency Forward Contracts Designated as Accounting Hedges

The Company enters into foreign currency forward contracts to hedge its exposure to foreign currency exchange rate risk related to future forecasted transactions denominated in currencies other than the U.S. Dollar. These contracts generally mature within 18 months and are designated as accounting hedges. As of June 26, 2021 and December 26, 2020, the notional value of the Company's outstanding foreign currency forward contracts designated as cash flow hedges was \$819 million and \$501 million, respectively. The fair value of these contracts was not material as of June 26, 2021 and December 26, 2020.

# Foreign Currency Forward Contracts Not Designated as Accounting Hedges

The Company also enters into foreign currency forward contracts to reduce the short-term effects of foreign currency fluctuations on certain receivables or payables denominated in currencies other than the U.S. Dollar. These forward contracts generally mature within 3 months and are not designated as accounting hedges. As of June 26, 2021 and December 26, 2020, the notional values of these outstanding contracts were \$132 million and \$254 million, respectively. The fair value of these contracts was not material as of June 26, 2021 and December 26, 2020.

# NOTE 7 - Accumulated Other Comprehensive Income (Loss)

The table below summarizes the changes in accumulated other comprehensive income (loss):

	Three Months Ended			Six Months Ended			
	 June 26, 2021		June 27, 2020	J	une 26, 2021		June 27, 2020
Gains (losses) on cash flow hedges:			(In mil	lions)			_
Beginning balance	\$ 6	\$	(14)	\$	17	\$	_
Net unrealized gains (losses) arising during the period	11		5		11		(12)
Net (gains) losses reclassified into income during the period	(9)		5		(19)		8
Tax effect	(1)		_		(2)		_
Total other comprehensive income (loss)	1		10		(10)		(4)
Ending balance	\$ 7	\$	(4)	\$	7	\$	(4)

# NOTE 8 - Earnings Per Share

The following table sets forth the components of basic and diluted earnings per share:

	Three Mor	nths Ended	Six Months Ended			
	 June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020		
		(In millions, except	per share amounts)			
Numerator						
Net income for basic earnings per share	\$ 710	\$ 157	\$ 1,265	\$ 319		
Effect of potentially dilutive shares:						
Interest expense related to the 2.125% Notes	 _	3	_	7		
Net income for diluted earnings per share	\$ 710	\$ 160	\$ 1,265	\$ 326		
Denominator						
Basic weighted average shares	1,216	1,174	1,214	1,172		
Effect of potentially dilutive shares:						
Employee equity plans and warrants	16	22	17	22		
2.125% Notes	_	31	_	31		
Diluted weighted average shares	1,232	1,227	1,231	1,225		
Earnings per share:				-		
Basic	\$ 0.58	\$ 0.13	\$ 1.04	\$ 0.27		
Diluted	\$ 0.58	\$ 0.13	\$ 1.03	\$ 0.27		

## NOTE 9 - Common Stock and Employee Equity Plans

#### Common Stock

Shares of common stock outstanding were as follows:

	Three Mon	ths Ended	Six Month	ns Ended			
	June 26, 2021			June 27, 2020			
	(In millions)						
Balance, beginning of period	1,215	1,171	1,211	1,170			
Common stock issued under employee equity plans	1	3	2	4			
Issuance of common stock to settle convertible debt	_	_	3	_			
Repurchase of common stock	(3)	_	(3)	_			
Balance, end of period	1,213	1,174	1,213	1,174			

## Stock Repurchase Program

In May 2021, the Company's Board of Directors approved a stock repurchase program authorizing up to \$4 billion of repurchases of the Company's outstanding common stock (the Repurchase Program). During the three and six months ended June 26, 2021, the Company repurchased 3 million shares of its common stock under the Repurchase Program, for a total cash outlay of \$256 million. As of June 26, 2021, \$3.7 billion remains available for future stock repurchases under this program. The Repurchase Program does not obligate the Company to acquire any common stock, has no termination date and may be suspended or discontinued at any time.

# Stock-based Compensation

Stock-based compensation expense was as follows:

	Three Months Ended			Six Months Ended			
	June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020
			(In mil	lions)			
Cost of sales	\$ 1	\$	2	\$	2	\$	4
Research and development	53		37		108		74
Marketing, general and administrative	29		21		58		41
Total stock-based compensation expense before income taxes	83		60		168		119
Income tax benefit	(14)				(27)		_
Total stock-based compensation expense after income taxes	\$ 69	\$	60	\$	141	\$	119

# NOTE 10 - Income Taxes

The Company recorded an income tax provision of \$113 million and \$202 million for the three and six months ended June 26, 2021, respectively, representing effective tax rates of 13.7% and 13.8%, respectively. The Company recorded an income tax provision of \$4 million and \$10 million for the three and six months ended June 27, 2020, respectively, representing effective tax rates of 2.5% and 3.0%, respectively.

The increase in income tax expense and effective tax rate was due to significantly higher income in the United States in the current period, partially offset by the foreign-derived intangible income benefit, research and development tax credits, and excess tax benefit for stock-based compensation. The lower income tax expense and effective tax rate for the prior year period were due to a full valuation allowance in the United States during 2020, a significant portion of which was released by the Company in the fourth quarter of 2020.

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The Company's effective tax rate for the three and six months ended June 26, 2021 and the three and six months ended June 27, 2020 was lower than the United States federal statutory rate primarily due to the tax benefits recognized for the three and six months ended June 26, 2021 discussed above, and due to the maintenance of a full valuation allowance during the three and six months ended June 27, 2020.

As of June 26, 2021, the Company continues to maintain a valuation allowance for certain federal, state, and foreign tax attributes. The federal valuation allowance maintained is due to limitations under Internal Revenue Code Section 382 or 383, separate return loss year rules, or dual consolidated loss rules. The state and foreign valuation allowance maintained is due to a lack of sufficient sources of taxable income.

# **NOTE 11 - Segment Reporting**

Management, including the Chief Operating Decision Maker, who is the Company's Chief Executive Officer, reviews and assesses operating performance using segment net revenue and operating income (loss). These performance measures include the allocation of expenses to the operating segments based on management's judgment. The Company has the following two reportable segments:

- the Computing and Graphics segment, which primarily includes desktop and notebook microprocessors, accelerated processing units that integrate
  microprocessors and graphics, chipsets, discrete graphics processing units (GPUs), data center and professional GPUs and development services.
   From time to time, the Company may also sell or license portions of its IP portfolio.
- the Enterprise, Embedded and Semi-Custom segment, which primarily includes server and embedded processors, semi-custom System-on-Chip (SoC) products, development services and technology for game consoles. From time to time, the Company may also sell or license portions of its IP portfolio.

In addition to these reportable segments, the Company has an All Other category, which is not a reportable segment. This category primarily includes certain expenses and credits that are not allocated to any of the reportable segments because management does not consider these expenses and credits in evaluating the performance of the reportable segments. This category primarily includes employee stock-based compensation expense and acquisition-related costs

The following table provides a summary of net revenue and operating income by segment:

	Three Months Ended					nded		
		June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020
				(In mi	llions	s)		
Net revenue:								
Computing and Graphics	\$	2,250	\$	1,367	\$	4,350	\$	2,805
Enterprise, Embedded and Semi-Custom		1,600		565		2,945		913
Total net revenue	\$	3,850	\$	1,932	\$	7,295	\$	3,718
Operating income (loss):								
Computing and Graphics	\$	526	\$	200	\$	1,011	\$	462
Enterprise, Embedded and Semi-Custom		398		33		675		7
All Other (1)		(93)		(60)		(193)		(119)
Total operating income	\$	831	\$	173	\$	1,493	\$	350

<sup>(1)</sup> For the three and six months ended June 26, 2021, all other operating losses included \$83 million and \$168 million of stock-based compensation expense and \$10 million and \$25 million of acquisition-related costs, respectively.

For the three and six months ended June 27, 2020, all other operating losses were related to stock-based compensation expense.

## NOTE 12 - Commitments and Contingencies

#### Commitments

The Company's purchase commitments primarily include the Company's obligations to purchase wafers, substrates from third parties and certain software and technology licenses and IP licenses.

Total future unconditional purchase commitments as of June 26, 2021 were as follows:

Year	(In millions)
Remainder of 2021	\$ 3,204
2022	1,154
2023	682
2024	596
2025	103
2026 and thereafter	277
Total unconditional purchase commitments	\$ 6,016

In May 2021, the Company entered into an amendment (the "A&R Seventh Amendment") to the Wafer Supply Agreement (WSA) with GLOBALFOUNDRIES Inc. (GF) to extend GF's capacity commitment and pricing for wafer purchases at the 12 nm and 14 nm technology nodes through December 31, 2024. Specifically, GF agreed to a minimum annual capacity allocation to the Company for years 2022, 2023 and 2024. The A&R Seventh Amendment also removes all prior exclusivity commitments and provides the Company with full flexibility to contract with any wafer foundry with respect to all products manufactured at any technology node. Further, the parties agreed to pricing and annual wafer purchase targets for years 2022, 2023 and 2024, and the Company agreed to prepay GF certain amounts for those wafers in 2022 and 2023. If the Company does not meet the annual wafer purchase target for any of these years, it will be required to pay to GF a portion of the difference between the actual wafer purchases and the wafer purchase target for that year.

# Contingencies

# City of Pontiac Police and Fire Retirement System Litigation

On September 29, 2020, the City of Pontiac Police and Fire Retirement System, an AMD shareholder, filed a shareholder derivative complaint (the "Complaint") against AMD and the members of its Board of Directors (collectively, "Defendants") in the United States District Court for the Northern District of California. See City of Pontiac Police and Fire Retirement System v. Caldwell, et al., No. 5:20-cv-6794 (N.D. Cal.). The Complaint alleges that Defendants breached their fiduciary duties, violated Section 14(a) of the Exchange Act of 1934, and were unjustly enriched by misrepresenting the Company's commitment to diversity, particularly with respect to the composition of the membership of AMD's Board of Directors and senior leadership team. On December 18, 2020, Defendants filed a motion to dismiss the Complaint. On February 12, 2021, Plaintiff filed an opposition to Defendants' motion to dismiss, and on March 12, 2021, Defendants filed a reply brief in support of the motion to dismiss. On July 1, 2021, the Court granted Defendants' motion to dismiss, without prejudice.

Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

## Future Link Systems Litigation

On December 21, 2020, Future Link Systems, LLC filed a patent infringement complaint against the Company in the United States District Court for the Western District of Texas. Future Link Systems alleges that the Company infringes three U.S. patents: 7,983,888 (related to simulated PCI express circuitry); 6,363,466 (related to out of order data transactions); and 6,622,108 (related to interconnect testing). Future Link Systems seeks unspecified monetary damages, enhanced damages, interest, fees, expenses, costs, and injunctive relief against the Company. On March 22, 2021, the Company filed its answer to Future Link Systems' complaint and also filed counterclaims based on Future Link Systems' breach of the parties' pre-suit non-disclosure agreement. On April 12, 2021, Future Link Systems filed its answer to the Company's counterclaims. On June 3, 2021, the Company filed a motion to transfer the case to Austin, Texas.

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Based upon information presently known to management, the Company believes that the potential liability, if any, will not have a material adverse effect on its financial condition, cash flows or results of operations.

#### Other Legal Matters

The Company is a defendant or plaintiff in various actions that arose in the normal course of business. With respect to these matters, based on the management's current knowledge, the Company believes that the amount or range of reasonably possible loss, if any, will not, either individually or in the aggregate, have a material adverse effect on the Company's financial position, results of operations, or cash flows.

## NOTE 13 - Pending Acquisition

On October 26, 2020, the Company entered into an Agreement and Plan of Merger (the Merger Agreement), with Thrones Merger Sub, Inc., a wholly-owned subsidiary of the Company (Merger sub), and Xilinx, Inc. (Xilinx), whereby Merger Sub will merge with and into Xilinx (the Merger), with Xilinx surviving such Merger as a wholly-owned subsidiary of the Company. Under the Merger Agreement, at the effective time of the Merger (the Effective Time), each share of common stock of Xilinx (Xilinx Common Stock) issued and outstanding immediately prior to the Effective Time (other than treasury shares and any shares of Xilinx Common Stock held directly by the Company or Merger Sub) will be converted into the right to receive 1.7234 fully paid and non-assessable shares of common stock of the Company and, if applicable, cash in lieu of fractional shares, subject to any applicable withholding. As of the signing of the Merger Agreement, the transaction was valued at \$35 billion. The actual valuation of the transaction could differ significantly from the estimated amount due to movements in the price of the Company's common stock, the number of shares of Xilinx common stock outstanding on the closing date of the Merger and other factors.

Under the Merger Agreement, the Company will be required to pay a termination fee to Xilinx equal to \$1.5 billion if the Merger Agreement is terminated in certain circumstances, including if the Merger Agreement is terminated because the Company's board of directors has changed its recommendation. The Company will be required to pay a termination fee equal to \$1 billion if the Merger Agreement is terminated in certain circumstances related to the failure to obtain required regulatory approvals prior to October 26, 2021 (subject to automatic extension first to January 26, 2022 and then to April 26, 2022, in each case, to the extent the regulatory closing conditions remain outstanding).

On April 7, 2021, the Company's and Xilinx's stockholders voted to approve their respective proposals relating to the pending acquisition of Xilinx by the Company. Effective as of June 29, 2021, the United Kingdom's Competition and Markets Authority, and effective as of June 30, 2021, the European Commission issued approvals of the Merger. The completion of the Merger remains subject to other closing conditions, including the receipt of certain approvals and clearances required under the competition laws of certain other foreign jurisdictions. The Merger is subject to customary conditions including regulatory approval and is currently expected to occur by the end of calendar year 2021.

#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The statements in this report include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forwardlooking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements speak only as of the date hereof or as of the dates indicated in the statements and should not be relied upon as predictions of future events, as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," "anticipates," or the negative of these words and phrases, other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: possible impact of future accounting rules on AMD's condensed consolidated financial statements; demand for AMD's products; the growth, change and competitive landscape of the markets in which AMD participates; international sales will continue to be a significant portion of total sales in the foreseeable future; that AMD's cash, cash equivalents and short-term investment balances together with the availability under that certain revolving credit facility (the Revolving Credit Facility) made available to AMD and certain of its subsidiaries under the Credit Agreement, will be sufficient to fund AMD's operations including capital expenditures over the next 12 months; AMD's ability to obtain sufficient external financing on favorable terms, or at all; AMD's expectation that based on the information presently known to management, the potential liability related to AMD's current litigation will not have a material adverse effect on its financial condition, cash flows or results of operations; anticipated ongoing and increased costs related to enhancing and implementing information security controls; all unbilled accounts receivables are expected to be billed and collected within 12 months; revenue allocated to remaining performance obligations that are unsatisfied which will be recognized over the next 12 months; a small number of customers will continue to account for a substantial part of AMD's revenue in the future; and the acquisition of Xilinx, Inc. is currently expected to close by the end of calendar year 2021. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part II, Item 1A-Risk Factors" and the "Financial Condition" section set forth below, and such other risks and uncertainties as set forth in this report or detailed in our other Securities and Exchange Commission (SEC) reports and filings. We assume no obligation to update forward-looking statements.

AMD, the AMD Arrow logo, ATI, and the ATI logo, Athlon, EPYC, Radeon, Ryzen, Threadripper and combinations thereof, are trademarks of Advanced Micro Devices, Inc. Microsoft and Xbox One are trademarks or registered trademarks of Microsoft Corporation in the United States and other jurisdictions. Other names are for informational purposes only and are used to identify companies and products and may be trademarks of their respective owners. "Zen" is a code name for an AMD architecture, and is not a product name.

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this report and our audited consolidated financial statements and related notes as of December 26, 2020 and December 28, 2019, and for each of the three years for the period ended December 26, 2020 as filed in our Annual Report on Form 10-K for the fiscal year ended December 26, 2020.

#### Overview

We are a global semiconductor company. Our products include x86 microprocessors (CPUs), accelerated processing units which integrate microprocessors and graphics (APUs), discrete graphics processing units (GPUs), semi-custom System-on-Chip (SOC) products and chipsets for the PC, gaming, datacenter and embedded markets. In addition, we provide development services and sell or license portions of our intellectual property portfolio.

In this section, we will describe the general financial condition and the results of operations of Advanced Micro Devices, Inc. and its wholly-owned subsidiaries (collectively, "us," "our" or "AMD"), including a discussion of our results of operations for the three and six months ended June 26, 2021 compared to the prior year period, an analysis of changes in our financial condition and a discussion of our contractual obligations.

Net revenue for the three months ended June 26, 2021 was \$3.9 billion, a 99% increase compared to the prior year period. The increase was due to a 65% increase in Computing and Graphics net revenue and a 183% increase in Enterprise, Embedded and Semi-Custom net revenue. The increase in Computing and Graphics segment net revenue was primarily due to higher sales of our Ryzen™ processors and Radeon™ products. The increase in

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Enterprise, Embedded and Semi-Custom net revenue was primarily due to higher semi-custom revenue and EPYC™ server processor revenue.

Gross margin for the three months ended June 26, 2021 was 48% compared to gross margin of 44% for the prior year period. The increase in gross margin was primarily driven by a richer mix of sales, including high-end Ryzen, Radeon and EPYC processor sales.

Our operating income for the three months ended June 26, 2021 was \$831 million compared to operating income of \$173 million for the prior year period. The increase in operating income was primarily driven by strong revenue growth which more than offset higher operating expenses.

Our net income for the three months ended June 26, 2021 was \$710 million compared to net income of \$157 million for the prior year period. The increase in net income was primarily driven by higher operating income, partially offset by a higher income tax provision.

Cash, cash equivalents and short-term investments as of June 26, 2021 were \$3.8 billion, compared to \$2.3 billion as of December 26, 2020. The aggregate principal amount of our outstanding debt obligations was \$313 million and \$338 million as of June 26, 2021 and December 26, 2020, respectively.

During the second quarter of 2021, we introduced the new AMD Radeon RX 6000M Series Mobile Graphics designed for high-performance gaming laptops and we announced the AMD Advantage™ Design Framework to deliver best-in-class gaming experiences. AMD Advantage systems combine AMD Radeon RX 6000M Series Mobile Graphics, AMD Radeon Software and AMD Ryzen 5000 Series Mobile Processors with AMD smart technologies. We also introduced our AMD FidelityFX Super Resolution software for game developers to help deliver a high-quality, high-resolution gaming experience. In June 2021, we announced our AMD Radeon PRO W6000 series workstation graphics for professional users who have demanding architectural design workloads, ultra-high resolution media projects, complex design and engineering simulations and advanced image and video editing applications.

Amid the COVID-19 pandemic, we continue to focus on the health and safety of our employees. We monitor and take safety measures to protect our employees who are in the office and support those employees who work from home so that they can be productive. Our offices remain open to enable critical on-site business functions in accordance with local government guidelines. The majority of our employees in China and Singapore work on site subject to local government health measures and in July 2021, our US employees began to return to the office in accordance with health and safety protocols. In the other geographies in which we operate, the majority of our employees continued to work from home during the second quarter of 2021. The current COVID-19 pandemic continues to impact our business operations and practices, and while we expect that it may continue to impact our business, we experienced limited financial disruption during the second quarter of 2021.

As part of our strategy to establish AMD as the industry's high performance computing leader, we announced in October 2020 that we entered into a definitive agreement to acquire Xilinx, Inc. in an all-stock transaction. On April 7, 2021, our stockholders and Xilinx's stockholders voted to approve their respective proposals relating to the pending acquisition of Xilinx by AMD. Effective as of June 29, 2021, the United Kingdom's Competition and Markets Authority, and effective as of June 30, 2021, the European Commission issued approvals of the Merger. The completion of the Merger remains subject to other closing conditions, including the receipt of certain approvals and clearances required under the competition laws of certain other foreign jurisdictions. The closing of the Merger is subject to customary conditions, including regulatory approval, and is currently expected to occur by the end of calendar year 2021.

In May 2021, we announced that our Board of Directors approved a new stock repurchase program to purchase up to \$4 billion of our outstanding common stock in the open market. During the three and six months ended June 26, 2021, we repurchased 3 million shares of our common stock under the Repurchase Program, for a total cash outlay of \$256 million. As of June 26, 2021, \$3.7 billion remains available for future stock repurchases under this program. The repurchase program does not obligate us to acquire any common stock, has no termination date and may be suspended or discontinued at any time.

Also in May 2021, we entered into an amendment (the A&R Seventh Amendment) to the Wafer Supply Agreement (WSA) with GLOBALFOUNDRIES Inc. (GF) to extend GF's capacity commitment and pricing for wafers purchased at the 12 nm and 14 nm technology nodes by us through December 31, 2024. Specifically, GF agreed to a minimum annual capacity allocation to the Company for years 2022, 2023 and 2024. The A&R Seventh Amendment also removes all prior exclusivity commitments and provides us with full flexibility to contract with any wafer foundry with

respect to all products manufactured at any technology node. Further, the parties agreed to pricing and annual wafer purchase targets for years 2022, 2023 and 2024, and we agreed to pre-pay GF certain amounts for those wafers in 2022 and 2023. If we do not meet the annual wafer purchase target for any of these years, we will be required to pay to GF a portion of the difference between the actual wafer purchases and the wafer purchase target for that year.

We intend the discussion of our financial condition and results of operations that follows to provide information that will assist in understanding our financial statements, the changes in certain key items in those financial statements from period to period, the primary factors that resulted in those changes, and how certain accounting principles, policies and estimates affect our financial statements.

# Results of Operations

We report our financial performance based on the following two reportable segments: the Computing and Graphics segment and the Enterprise, Embedded and Semi-Custom segment.

Additional information on our reportable segments is contained in Note 11—Segment Reporting of the Notes to Condensed Consolidated Financial Statements (Part I, Financial Information of this Form 10-Q).

Our operating results tend to vary seasonally. Historically, our net revenue has been generally higher in the second half of the year than in the first half of the year, although market conditions and product transitions could impact this trend.

The following table provides a summary of net revenue and operating income (loss) by segment:

	Three Months Ended				Six Months Ended			
	 June 26, 2021		June 27, 2020		June 26, 2021		June 27, 2020	
			(In mi	llions)				
Net revenue:								
Computing and Graphics	\$ 2,250	\$	1,367	\$	4,350	\$	2,805	
Enterprise, Embedded and Semi-Custom	1,600		565		2,945		913	
Total net revenue	\$ 3,850	\$	1,932	\$	7,295	\$	3,718	
Operating income (loss):								
Computing and Graphics	\$ 526	\$	200	\$	1,011	\$	462	
Enterprise, Embedded and Semi-Custom	398		33		675		7	
All Other	(93)		(60)		(193)		(119)	
Total operating income	\$ 831	\$	173	\$	1,493	\$	350	

## **Computing and Graphics**

Computing and Graphics net revenue of \$2.3 billion for the three months ended June 26, 2021 increased by 65%, compared to net revenue of \$1.4 billion for the prior year period, primarily as a result of a 5% increase in unit shipments and a 58% increase in average selling price. Computing and Graphics net revenue of \$4.4 billion for the six months ended June 26, 2021 increased by 55%, compared to net revenue of \$2.8 billion for the prior year period, primarily as a result of a 9% increase in unit shipments and a 44% increase in average selling price. The increase in unit shipments for both periods was primarily due to higher demand for our Ryzen processors. The increase in average selling price for both periods was primarily driven by a richer mix of client and graphics processors.

Computing and Graphics operating income was \$526 million for the three months ended June 26, 2021, compared to operating income of \$200 million for the prior year period. Computing and Graphics operating income was \$1.0 billion for the six months ended June 26, 2021, compared to operating income of \$462 million for the prior year period. The increase in operating income for both periods was primarily due to higher revenue which more than offset higher operating expenses. Operating expenses increased for the reasons outlined under "Expenses" below.

## Enterprise, Embedded and Semi-Custom

Enterprise, Embedded and Semi-Custom net revenue of \$1.6 billion for the three months ended June 26, 2021 increased by 183%, compared to net revenue of \$565 million for the prior year period. Enterprise, Embedded and Semi-Custom net revenue of \$2.9 billion for the six months ended June 26, 2021 increased by 223%, compared to net revenue of \$913 million for the prior year period. The increase for both periods was primarily driven by higher semi-custom revenue and higher sales of our EPYC server processors.

Enterprise, Embedded and Semi-Custom operating income was \$398 million for the three months ended June 26, 2021 compared to operating income of \$33 million for the prior year period. Enterprise, Embedded and Semi-Custom operating income was \$675 million for the six months ended June 26, 2021 compared to operating income of \$7 million for the prior year period. The increase in operating income for both periods was due to higher revenue which more than offset higher operating expenses. Operating expenses increased for the reasons outlined under "Expenses" below.

#### All Other

All Other operating loss of \$93 million for the three months ended June 26, 2021 consisted of \$83 million of stock-based compensation expense and \$10 million of acquisition-related costs. All Other operating loss of \$60 million for the prior year period consisted of stock-based compensation expense.

All Other operating loss of \$193 million for the six months ended June 26, 2021 consisted of \$168 million of stock-based compensation expense and \$25 million of acquisition-related costs. All Other operating loss of \$119 million for the prior year period consisted of stock-based compensation expense.

#### International Sales

International sales as a percentage of net revenue were 74% and 79% for the three months ended June 26, 2021 and June 27, 2020, respectively. International sales as a percentage of net revenue were 75% and 81% for the six months ended June 26, 2021 and June 27, 2020, respectively. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future. Substantially all of our sales transactions were denominated in U.S. dollars.

## Comparison of Gross Margin, Expenses, Licensing Gain, Interest Expense, Other Expense and Income Taxes

The following is a summary of certain condensed consolidated statement of operations data for the periods indicated:

	Three Months Ended				Six Months Ended			
	 June 26, 2021		June 27, 2020				June 27, 2020	
		(In millions exce	pt for perce	entages)				
Net revenue	\$ 3,850	\$	1,932	\$	7,295	\$	3,718	
Cost of sales	2,020		1,084		3,878		2,052	
Gross profit	1,830		848		3,417		1,666	
Gross margin	48 %	)	44 %		47 %		45 %	
Research and development	659		460		1,269		902	
Marketing, general and administrative	341		215		660		414	
Licensing gain	(1)		_		(5)		_	
Interest expense	(10)		(14)		(19)		(27)	
Other income (expense), net	<u> </u>		1		(11)		5	
Income tax provision	113		4		202		10	
Equity income in investee	2		1		4		1	

#### Gross Margin

Gross margin was 48% and 44% for the three months ended June 26, 2021 and June 27, 2020, respectively. Gross margin was 47% and 45% for the six months ended June 26, 2021 and June 27, 2020, respectively. The increase for both periods was primarily driven by a richer mix of sales, including high-end Ryzen, Radeon and EPYC processor sales.

#### **Expenses**

#### Research and Development Expenses

Research and development expenses of \$659 million for the three months ended June 26, 2021 increased by \$199 million, or 43%, compared to \$460 million for the prior year period. Research and development expenses of \$1,269 million for the six months ended June 26, 2021 increased by \$367 million, or 41%, compared to \$902 million for the prior year period. The increase for both periods was primarily driven by an increase in product development costs in both the Computing and Graphics and Enterprise, Embedded and Semi-Custom segments due to an increase in headcount and higher annual employee incentives driven by our improved financial performance.

# Marketing, General and Administrative Expenses

Marketing, general and administrative expenses of \$341 million for the three months ended June 26, 2021 increased by \$126 million, or 59%, compared to \$215 million for the prior year period. Marketing, general and administrative expenses of \$660 million for the six months ended June 26, 2021 increased by \$246 million, or 59%, compared to \$414 million for the prior year period. The increase for both periods was primarily due to an increase in go-to-market activities in both the Computing and Graphics and Enterprise, Embedded and Semi-Custom segments, and an increase in headcount and higher annual employee incentives driven by our improved financial performance. In addition, in connection with our pending acquisition of Xilinx, Inc., we incurred \$10 million and \$25 million of acquisition-related costs for the three and six months ended June 26, 2021, respectively.

#### Licensing Gain

During the three and six months ended June 26, 2021, we recognized \$1 million and \$5 million, respectively, of royalty income associated with the licensed IP to the THATIC JV.

#### Interest Expense

Interest expense for the three months ended June 26, 2021 was \$10 million compared to \$14 million for the prior year period. Interest expense for the six months ended June 26, 2021 was \$19 million compared to \$27 million for the prior year period. The decrease for both periods was due to lower debt balances as a result of conversions by the holders of our 2.125% Convertible Senior Notes due 2026.

#### Other Income (Expense), Net

Other income, net for the three months ended June 26, 2021, was zero compared to \$1 million of Other income, net for the prior year period. Other expense, net was \$11 million for the six months ended June 26, 2021, compared to \$5 million of Other income, net for the prior year period. The change was primarily due to an impairment charge of \$8 million associated with an equity investment and a loss on conversion of our convertible debt instruments of \$6 million in the current period.

#### Income Tax Provision

We recorded an income tax provision of \$113 million and \$4 million for the three months ended June 26, 2021 and June 27, 2020, respectively, representing effective tax rates of 13.7% and 2.5%, respectively.

The increase in income tax expense and effective tax rate in the current year period was due to significantly higher income in the United States, partially offset by the foreign-derived intangible income benefit, research and development tax credits, and excess tax benefit for stock-based compensation. The lower income tax expense and effective tax rate for the prior year period was due to a full valuation allowance in the United States during 2020, a significant portion of which was released by us in the fourth quarter of 2020.

As of June 26, 2021, we continue to maintain a valuation allowance for certain federal, state, and foreign tax attributes. The federal valuation allowance maintained is due to limitations under Internal Revenue Code Section

382 or 383, separate return loss year rules, or dual consolidated loss rules. The state and foreign valuation allowance maintained is due to lack of sufficient sources of taxable income.

## **FINANCIAL CONDITION**

## Liquidity and Capital Resources

As of June 26, 2021, our cash, cash equivalents and short-term investments were \$3.8 billion, compared to \$2.3 billion as of December 26, 2020. The percentage of cash, cash equivalents and short-term investments held domestically were 93% and 94% as of June 26, 2021 and December 26, 2020, respectively.

Our operating, investing and financing activities for the six months ended June 26, 2021 compared to the prior year period are as described below:

	 Six Months Ended				
	June 26, 2021		June 27, 2020		
	(In millions)				
Net cash provided by (used in):					
Operating activities	\$ 1,850	\$	178		
Investing activities	(603)		(109)		
Financing activities	(219)		240		
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ 1,028	\$	309		

Our aggregate principal debt obligations were \$313 million and \$338 million as of June 26, 2021 and December 26, 2020, respectively.

We believe our cash, cash equivalents and short-term investments along with our Revolving Credit Facility will be sufficient to fund current and long-term operations, including capital expenditures, over the next 12 months and beyond. We believe we will be able to access the capital markets should we require additional funds. However, we cannot assure that such funds will be available on favorable terms, or at all.

#### Operating Activities

Our working capital cash inflows and outflows from operations are primarily cash collections from our customers, payments for inventory purchases and payments for employee-related expenditures.

Net cash provided by operating activities was \$1.9 billion in the six months ended June 26, 2021, primarily due to our net income of \$1.3 billion, adjusted for non-cash and non-operating charges of \$562 million and net cash inflows of \$23 million from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities included a \$346 million increase in accounts payable due to an increase in inventory purchases, a \$90 million increase in accrued liabilities and other driven primarily by higher customer-related accruals, partially offset by a \$366 million increase in inventories driven by an increase in product build in support of customer demand.

Net cash used in operating activities was \$178 million for the six months ended June 27, 2020, primarily due to our net income of \$319 million, adjusted for non-cash and non-operating charges of \$321 million and net cash outflows of \$462 million from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities included a \$342 million increase in inventories driven by an increase in product build in support of customer demand, and a \$201 million decrease in accounts payable due to timing of payments to our suppliers.

# **Investing Activities**

Net cash used in investing activities was \$603 million for the six months ended June 26, 2021 which primarily consisted of \$1.1 billion for purchases of short-term investments and \$130 million for purchases of property and equipment, partially offset by \$655 million for maturities of short-term investments.

Net cash used in investing activities was \$109 million for the six months ended June 27, 2020 which primarily consisted of \$146 million for purchases of property and equipment and \$55 million for purchases of short-term investments, partially offset by \$92 million for maturities of short-term investments.

#### Financing Activities

Net cash used in financing activities was \$219 million for the six months ended June 26, 2021, which primarily consisted of common stock repurchases of \$256 million and repurchases for tax withholding on employee equity plans of \$14 million, partially offset by a cash inflow of \$51 million from issuance of common stock under our employee equity plans.

Net cash provided by financing activities was \$240 million for the six months ended June 27, 2020, which primarily consisted of proceeds from short-term borrowing of \$200 million and from the issuance of common stock under our employee equity plans of \$42 million.

#### **Contractual Obligations**

The following table summarizes our consolidated principal contractual cash obligations, as of June 26, 2021, and is supplemented by the discussion following the table:

	Payment due by period													
(In millions)	Total		Remainder of 2021		2022		2023		2024		2025		2026 and thereafter	
Term debt (1)	\$	313	\$		\$	312	\$	_	\$		\$		\$	1
Aggregate interest obligation (2)		38		12		24		1		1		_		_
Other long-term liabilities (3)		127		19		66		20		10		9		3
Operating leases		344		34		69		62		53		44		82
Purchase obligations (4)		5,889		3,185		1,088		662		586		94		274
Total contractual obligations (5)	\$	6,711	\$	3,250	\$	1,559	\$	745	\$	650	\$	147	\$	360

- (1) See Note 5 Debt and Revolving Credit Facility of the Notes to Condensed Consolidated Financial Statements for additional information.
- (2) Represents interest obligations, payable in cash, for our outstanding debt.
- (3) Amounts primarily represent future fixed and non-cancellable cash payments associated with software technology and licenses and IP licenses, including the payments due within the next 12 months.
- Represents purchase obligations for goods and services where payments are based, in part, on the volume or type of services we acquire. In those cases, we only included the minimum volume of purchase obligations in the table above. Purchase orders for goods and services that are cancellable upon notice and without significant penalties are not included in the amounts above.
- (5) Total amount excludes contractual obligations already recorded on our consolidated balance sheets, except for debt obligations, operating leases, and other liabilities related to software and technology licenses and IP licenses.

# **Critical Accounting Estimates**

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts in our condensed consolidated financial statements. We evaluate our estimates on an on-going basis, including those related to our revenue, inventories, goodwill and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Although actual results have historically been reasonably consistent with management's expectations, the actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions.

Management believes there have been no significant changes for the three and six months ended June 26, 2021 to the items that we disclosed as our critical accounting estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal year ended December 26, 2020.

#### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Reference is made to "Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the fiscal year ended December 26, 2020.

There have not been any material changes in interest rate risk, default risk or foreign exchange risk since December 26, 2020.

#### ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports made under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of June 26, 2021, the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There was no change in our internal controls over financial reporting for the three months ended June 26, 2021 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

#### PART II. OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

For a discussion of our legal proceedings, refer to Note 12—Commitments and Contingencies of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q).

#### ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously.

#### **Risk Factors Summary**

The following is a summary of the principal risks that could adversely affect our business, operations and financial results.

# **Economic and Strategic Risks**

- Intel Corporation's dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively on a level playing field.
- · Global economic and market uncertainty may adversely impact our business and operating results.
- The loss of a significant customer may have a material adverse effect on us.
- The ongoing novel coronavirus (COVID-19) pandemic could materially adversely affect our business, financial condition and results of operations.
- The markets in which our products are sold are highly competitive.
- The demand for our products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.
- The semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect, our business in the future.
- Our operating results are subject to quarterly and seasonal sales patterns.
- If we cannot adequately protect our technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses.
- · Unfavorable currency exchange rate fluctuations could adversely affect us.

## **Operational and Technology Risks**

- We rely on third parties to manufacture our products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, our business could be materially adversely affected.
- If essential equipment, materials, substrates or manufacturing processes are not available to manufacture our products, we could be materially adversely affected.
- Failure to achieve expected manufacturing yields for our products could negatively impact our financial results.
- The success of our business is dependent upon our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.
- Our revenue from our semi-custom SoC products is dependent upon our semi-custom SoC products being incorporated into customers' products and the success of those products.
- Our products may be subject to security vulnerabilities that could have a material adverse effect on us.
- IT outages, data loss, data breaches and cyber-attacks could compromise our intellectual property or other sensitive information, be costly to remediate or cause significant damage to our business, reputation and operations.
- Uncertainties involving the ordering and shipment of our products could materially adversely affect us.
- Our ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property.

- We depend on third-party companies for the design, manufacture and supply of motherboards, software, memory and other computer platform components to support our business.
- If we lose Microsoft Corporation's support for our products or other software vendors do not design and develop software to run on our products, our ability to sell our products could be materially adversely affected.
- · Our reliance on third-party distributors and add-in-board (AIB) partners subjects us to certain risks.
- Our business is dependent upon the proper functioning of our internal business processes and information systems and modification or interruption of such systems may disrupt our business, processes and internal controls.
- If our products are not compatible with some or all industry-standard software and hardware, we could be materially adversely affected.
- · Costs related to defective products could have a material adverse effect on us.
- If we fail to maintain the efficiency of our supply chain as we respond to changes in customer demand for our products, our business could be
  materially adversely affected.
- We outsource to third parties certain supply-chain logistics functions, including portions of our product distribution, transportation management and information technology support services.
- · Our inability to effectively control the sales of our products on the gray market could have a material adverse effect on us.

## Legal and Regulatory Risks

- Government actions and regulations such as export administration regulations, tariffs, and trade protection measures may limit our ability to export our products to certain customers.
- If we cannot realize our deferred tax assets, our results of operations could be adversely affected.
- Our business is subject to potential tax liabilities, including as a result of tax regulation changes.
- We are party to litigation and may become a party to other claims or litigation that could cause us to incur substantial costs or pay substantial damages or prohibit us from selling our products.
- We are subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well
  as a variety of other laws or regulations that could result in additional costs and liabilities.

#### Xilinx Merger and Acquisition Risks

- Acquisitions, joint ventures and/or investments, including our recently announced acquisition of Xilinx, and the failure to integrate acquired businesses, could disrupt our business and/or dilute or adversely affect the price of our common stock.
- Our ability to complete the Merger is subject to closing conditions, including the receipt of consents and approvals from governmental authorities, which
  may impose conditions that could adversely affect us or cause the Merger not to be completed.
- Whether or not it is completed, the announcement and pendency of the Merger could cause disruptions in our business, which could have an adverse effect on our business and financial results.
- Any impairment of the combined company's tangible, definite-lived intangible or indefinite-lived intangible assets, including goodwill, may adversely
  impact the combined company's financial position and results of operations.

# Liquidity and Capital Resources Risks

- The agreements governing our notes and our Revolving Credit Facility impose restrictions on us that may adversely affect our ability to operate our business.
- · Our indebtedness could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations.
- We may not be able to generate sufficient cash to meet our working capital requirements. Also, if we cannot generate sufficient revenue and operating
  cash flow, we may face a cash shortfall and be unable to make all of our planned investments in research and development or other strategic
  investments.

# **General Risks**

- · Our worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on us.
- We may incur future impairments of goodwill and technology license purchases.
- Our inability to continue to attract and retain qualified personnel may hinder our business.

- · Our stock price is subject to volatility.
- Worldwide political conditions may adversely affect demand for our products.

For a more complete discussion of the material risks facing our business, see below.

## **Economic and Strategic Risks**

# Intel Corporation's dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively on a level playing field.

Intel Corporation has been the market share leader for microprocessors for many years. Intel's market share, margins and significant financial resources enable it to market its products aggressively, to target our customers and our channel partners with special incentives and to influence customers who do business with us. These aggressive activities have in the past resulted in lower unit sales and a lower average selling price for many of our products and adversely affected our margins and profitability.

Intel exerts substantial influence over computer manufacturers and their channels of distribution through various brand and other marketing programs. As a result of Intel's position in the microprocessor market, Intel has been able to control x86 microprocessor and computer system standards and benchmarks and to dictate the type of products the microprocessor market requires of us. Intel also dominates the computer system platform, which includes core logic chipsets, graphics chips, networking devices (wired and wireless), non-volatile storage and other components necessary to assemble a computer system. Additionally, Intel is able to drive de facto standards and specifications for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

As long as Intel remains in this dominant position, we may be materially adversely affected by Intel's business practices, including rebating and allocation strategies and pricing actions, designed to limit our market share and margins; product mix and introduction schedules; product bundling, marketing and merchandising strategies; exclusivity payments to its current and potential customers, retailers and channel partners; de facto control over industry standards, and heavy influence on PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system (BIOS) suppliers and software companies as well as the graphics interface for Intel platforms; and marketing and advertising expenditures in support of positioning the Intel brand over the brand of its original equipment manufacturer (OEM) customers and retailers.

Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on marketing and research and development than we do. We expect Intel to continue to invest heavily in marketing, research and development, new manufacturing facilities and other technology companies. To the extent Intel manufactures a significantly larger portion of its microprocessor products using more advanced process technologies, or introduces competitive new products into the market before we do, we may be more vulnerable to Intel's aggressive marketing and pricing strategies for microprocessor products.

Intel could also take actions that place our discrete graphics processing units (GPUs) at a competitive disadvantage, including giving one or more of our competitors in the graphics market, such as Nvidia Corporation, preferential access to its proprietary graphics interface or other useful information. Also, Intel has announced that it is developing their own high-end discrete GPUs. Intel's position in the microprocessor market and integrated graphics chipset market, its introduction of competitive new products, its existing relationships with top-tier OEMs, and its aggressive marketing and pricing strategies could result in lower unit sales and lower average selling prices for our products, which could have a material adverse effect on us.

# Global economic and market uncertainty may adversely impact our business and operating results.

Uncertain global economic conditions have in the past and may in the future adversely impact our business, including, without limitation, a slowdown in the Chinese economy, one of the largest global markets for desktop and notebook PCs. Uncertainty in the worldwide economic environment may negatively impact consumer confidence and spending causing our customers to postpone purchases. In addition, during challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. The risk related to our customers potentially defaulting on or delaying payments to us is increased because we expect that a small number of customers will continue to account for a substantial part of our revenue. Any inability of our current or potential future customers to pay us for our products may adversely affect

our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. In addition, uncertain economic conditions may make it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities.

## The loss of a significant customer may have a material adverse effect on us.

We depend on a small number of customers for a substantial portion of our business and we expect that a small number of customers will continue to account for a significant part of our revenue in the future. If one of our key customers decides to stop buying our products, or if one of these customers materially reduces its operations or its demand for our products, our business would be materially adversely affected.

## The ongoing novel coronavirus (COVID-19) pandemic could materially adversely affect our business, financial condition and results of operations.

The COVID-19 pandemic has caused government authorities to implement numerous public health measures, including quarantines, business closures, travel bans, and restrictions related to social gathering and mobility, to contain the virus. We have experienced and expect to continue to experience disruptions to our business as these measures have, and will continue to have, an effect on our business operations and practices.

While many of our offices around the world remain open, either because the pandemic has been contained in that location or to enable critical on-site business functions in compliance with government guidelines, we continue to have some employees work from home until further notice. It is uncertain as to when the measures put in place to attempt to contain the spread of COVID-19 will be lifted or whether there will be additional measures put into place. If COVID-19 continues to spread or if there are further waves of the virus, we may need to further limit operations or modify our business practices in a manner that may impact our business. If our employees are not able to perform their job duties due to self-isolation, quarantine, travel restrictions or illness, or are unable to perform them as efficiently at home for an extended period of time, we may not be able to meet our product schedules, roadmaps and customer commitments and we may experience an overall lower productivity of our workforce. We continue to monitor our operations and public health measures implemented by governmental authorities in response to COVID-19. Although some public health measures have eased and a small portion of our employees are at work in certain offices, our efforts to reopen our offices safely may not be successful and could expose our employees to health risks. Even when COVID-19 measures regarding mobility are lifted or modified, our employees' ability to return to work may delay the return of our full workforce and the resumption of normal business operations.

We have experienced some disruptions to parts of our supply chain as a result of COVID-19. We may adjust our supply chain requirements based on changing customer needs and demands. We may also assess our product schedules and roadmaps to make any adjustments that may be necessary to support remote working requirements and address the geographic and market demand shifts caused by COVID-19. If the supply of our products to customers is delayed, reduced or canceled due to disruptions encountered by our third-party manufacturing, suppliers or vendors as a result of facility closures, border and port closures, and mobility limitations put on their workforces, it could have a material adverse effect on our business.

COVID-19 has in the short-term and may in the long-term adversely impact the global economy, potentially leading to an economic downturn. This could negatively impact consumer confidence and spending causing our customers to postpone or cancel purchases, or delay paying or default on payment of outstanding amounts due to us, which may have a material adverse effect on our business.

COVID-19 has also led to a disruption and volatility in the global capital and financial markets. While we believe our cash, cash equivalents and short-term investments along with our Revolving Credit Facility will be sufficient to fund operations, including capital expenditures, over the next 12 months, to the extent we may require additional funding to finance our operations and capital expenditures and such funding may not be available to us as a result of contracting capital and financial markets resulting from COVID-19, it may have an adverse effect on our business.

The extent to which COVID-19 impacts our business and financial results will depend on future developments, which are unpredictable and highly uncertain, including the continued spread, duration and severity of the outbreak, the appearances of new variants of COVID-19, the breadth and duration of business disruptions related to COVID-19, the availability and distribution of effective treatments and vaccines, and public health measures and actions taken throughout the world to contain COVID-19. The prolonged effect of COVID-19 could materially adversely impact our business, financial condition and results of operations.

## The markets in which our products are sold are highly competitive.

The markets in which our products are sold are very competitive and delivering the latest and best products to market on a timely basis is critical to achieving revenue growth. We believe that the main factors that determine our product competitiveness are timely product introductions, product quality, product features and capabilities (including enabling state-of-the-art visual and virtual reality experiences), energy efficiency (including power consumption and battery life), reliability, processor clock speed, performance, size (or form factor), selling price, cost, adherence to industry standards (and the creation of open industry standards), level of integration, software and hardware compatibility, security and stability, brand recognition and availability.

We expect that competition will continue to be intense due to rapid technological changes, frequent product introductions by our competitors or new competitors of products that may provide better performance/experience or that may include additional features that render our products comparatively less competitive. We may also face aggressive pricing by competitors, especially during challenging economic times. In addition, our competitors have significant marketing and sales resources which could increase the competitive environment in a declining market, leading to lower prices and margins. Some competitors may have greater access or rights to complementary technologies, including interface, processor and memory technical information. For instance, with our APU products and other competing solutions with integrated graphics, we believe that demand for additional discrete graphics chips and cards may decrease in the future due to improvements in the quality and performance of integrated graphics. If competitors introduce competitive new products into the market before us, demand for our products could be adversely impacted and our business could be adversely affected. In addition, Intel is seeking to expand its position in integrated graphics for the PC market with high-end discrete graphics solutions for a broad range of computing segments, which may negatively impact our ability to compete in these computing segments. We also face competition from companies that use competing computing architectures and platforms like the ARM architecture. Increased adoption of ARM-based semiconductor designs could lead to further growth and development of the ARM ecosystem.

In addition, we are entering markets with current and new competitors who may be able to adapt more quickly to customer requirements and emerging technologies. We cannot assure you that we will be able to compete successfully against current or new competitors who may have stronger positions in these new markets or superior ability to anticipate customer requirements and emerging industry trends. Furthermore, we may face competition from some of our customers who internally develop the same products as us. We may face delays or disruptions in research and development efforts, or we may be required to invest significantly greater resources in research and development than anticipated. Also, the semiconductor industry has seen several mergers and acquisitions over the last number of years. Further consolidation could adversely impact our business due to there being fewer suppliers, customers and partners in the industry.

The demand for our products depends in part on the market conditions in the industries into which they are sold. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.

Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. A large portion of our Computing and Graphics revenue is focused on the consumer desktop PC and notebook segments, which have in the past experienced a decline driven by, among other factors, the adoption of smaller and other form factors, increased competition and changes in replacement cycles. The success of our semi-custom SoC products is dependent on securing customers for our semi-custom design pipeline and consumer market conditions, including the success of the Sony PlayStation®5, Microsoft® Xbox Series S and Microsoft® Xbox Series X game console systems and next generation consoles for Sony and Microsoft, worldwide. In addition, the GPU market has at times seen elevated demand due to the application of GPU products to cryptocurrency mining. For example, our GPU revenue has been affected in part by the volatility of the cryptocurrency mining market. Demand for cryptocurrency has changed and is likely to continue to change quickly. For example, China and South Korea have instituted restrictions on cryptocurrency trading and the valuations of the currencies, and corresponding interest in mining of such currencies are subject to significant fluctuations. Alternatively, countries may create, or in the case of China are creating, their own cryptocurrencies or equivalents that could also impact interest in mining. If we are unable to manage the risks related to the volatility of the cryptocurrency mining market, our GPU business could be materially adversely affected.

# The semiconductor industry is highly cyclical and has experienced severe downturns that have materially adversely affected, and may continue to materially adversely affect, our business in the future.

The semiconductor industry is highly cyclical and has experienced significant downturns, often in conjunction with constant and rapid technological change, wide fluctuations in supply and demand, continuous new product introductions, price erosion and declines in general economic conditions. We have incurred substantial losses in recent downturns, due to substantial declines in average selling prices; the cyclical nature of supply and demand imbalances in the semiconductor industry; a decline in demand for end-user products (such as PCs) that incorporate our products; and excess inventory levels.

Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. Global economic uncertainty and weakness have in the past impacted the semiconductor market as consumers and businesses have deferred purchases, which negatively impacted demand for our products. Our financial performance has been, and may in the future be, negatively affected by these downturns.

The growth of our business is also dependent on continued demand for our products from high-growth adjacent emerging global markets. Our ability to be successful in such markets depends in part on our ability to establish adequate local infrastructure, as well as our ability to cultivate and maintain local relationships in these markets. If demand from these markets is below our expectations, sales of our products may decrease, which would have a material adverse effect on us.

# Our operating results are subject to quarterly and seasonal sales patterns.

The profile of our sales may be weighted differently during the year. A large portion of our quarterly sales have historically been made in the last month of the quarter. This uneven sales pattern makes prediction of revenue for each financial period difficult and increases the risk of unanticipated variations in quarterly results and financial condition. In addition, our operating results tend to vary seasonally with the markets in which our products are sold. For example, historically, our net revenue has been generally higher in the second half of the year than in the first half of the year, although market conditions and product transitions could impact these trends. Many of the factors that create and affect quarterly and seasonal trends are beyond our control.

If we cannot adequately protect our technology or other intellectual property in the United States and abroad, through patents, copyrights, trade secrets, trademarks and other measures, we may lose a competitive advantage and incur significant expenses.

We rely on a combination of protections provided by contracts, including confidentiality and nondisclosure agreements, copyrights, patents, trademarks and common law rights, such as trade secrets, to protect our intellectual property. However, we cannot assure you that we will be able to adequately protect our technology or other intellectual property from third-party infringement or from misappropriation in the United States and abroad. Any patent licensed by us or issued to us could be challenged, invalidated or circumvented or rights granted thereunder may not provide a competitive advantage to us. Also, due to measures to slow down the outbreak of COVID-19, various patent offices and courts have been adversely impacted and there is a potential for delay or disruptions that might affect certain of our patent rights.

Furthermore, patent applications that we file may not result in issuance of a patent or, if a patent is issued, the patent may not be issued in a form that is advantageous to us. Despite our efforts to protect our intellectual property rights, others may independently develop similar products, duplicate our products or design around our patents and other rights. In addition, it is difficult to monitor compliance with, and enforce, our intellectual property on a worldwide basis in a cost-effective manner. In jurisdictions where foreign laws provide less intellectual property protection than afforded in the United States and abroad, our technology or other intellectual property may be compromised, and our business would be materially adversely affected.

#### Unfavorable currency exchange rate fluctuations could adversely affect us.

We have costs, assets and liabilities that are denominated in foreign currencies. As a consequence, movements in exchange rates could cause our foreign currency denominated expenses to increase as a percentage of revenue, affecting our profitability and cash flows. Whenever we believe appropriate, we hedge a portion of our short-term foreign currency exposure to protect against fluctuations in currency exchange rates. We determine our total foreign currency exposure using projections of long-term expenditures for items such as payroll. We cannot assure you that these activities will be effective in reducing foreign exchange rate exposure. Failure to do so could have an adverse

effect on our business, financial condition, results of operations and cash flow. In addition, the majority of our product sales are denominated in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the local currency can cause increases or decreases in the cost of our products in the local currency of such customers. An appreciation of the U.S. dollar relative to the local currency could reduce sales of our products.

#### Operational and Technology Risks

We rely on third parties to manufacture our products, and if they are unable to do so on a timely basis in sufficient quantities and using competitive technologies, our business could be materially adversely affected.

We utilize third-party wafer foundries to fabricate the silicon wafers for all of our products. We rely on Taiwan Semiconductor Manufacturing Company Limited (TSMC) for the production of all wafers for our 7 nanometer (nm) products, and we rely primarily on GLOBALFOUNDRIES Inc. (GF) for wafers for products manufactured at process nodes larger than 7 nm. We also rely on third-party manufacturers to assemble, test, mark and pack (ATMP) our products. It is important to have reliable relationships with all of these third-party manufacturing suppliers to ensure adequate product supply to respond to customer demand.

We cannot guarantee that these manufacturers or our other third-party manufacturing suppliers will be able to meet our near-term or long-term manufacturing requirements. If we experience supply constraints from our third-party manufacturing suppliers, we may be required to allocate the affected products amongst our customers, which could have a material adverse effect on our relationships with these customers and on our financial condition. In addition, if we are unable to meet customer demand due to fluctuating or late supply from our manufacturing suppliers, it could result in lost sales and have a material adverse effect on our business. For example, if TSMC is not able to manufacture wafers for our 7 nm products in sufficient quantities to meet customer demand, it could have a material adverse effect on our business.

We do not have long-term commitment contracts with some of our third-party manufacturing suppliers. We obtain some of these manufacturing services on a purchase order basis and these manufacturers are not required to provide us with any specified minimum quantity of product beyond the quantities in an existing purchase order. Accordingly, we depend on these suppliers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. The manufacturers we use also fabricate wafers and ATMP products for other companies, including certain of our competitors. They could choose to prioritize capacity for other customers, increase the prices that they charge us on short notice, require prepayments, or reduce or eliminate deliveries to us, which could have a material adverse effect on our business.

Other risks associated with our dependence on third-party manufacturers include limited control over delivery schedules and quality assurance, lack of capacity in periods of excess demand, misappropriation of our intellectual property, dependence on several subcontractors, and limited ability to manage inventory and parts. Moreover, if any of our third-party manufacturers suffer any damage to facilities, lose benefits under material agreements, experience power outages, lack sufficient capacity to manufacture our products, encounter financial difficulties, are unable to secure necessary raw materials from their suppliers, suffer any other disruption or reduction in efficiency, or experience uncertain social economic or political circumstances or conditions, we may encounter supply delays or disruptions. If we are unable to secure sufficient or reliable supplies of products, our ability to meet customer demand may be adversely affected and this could materially affect our business.

If we transition the production of some of our products to new manufacturers, we may experience delayed product introductions, lower yields or poorer performance of our products. If we experience problems with product quality or are unable to secure sufficient capacity from a particular third-party manufacturer, or if we for other reasons cease utilizing one of those suppliers, we may be unable to secure an alternative supply for any specific product in a short time frame. We could experience significant delays in the shipment of our products if we are required to find alternative third-party manufacturers, which could have a material adverse effect on our business.

We are a party to a wafer supply agreement (WSA) with GF that governs the terms by which we purchase products manufactured by GF and is in place until 2024. In May 2021, we entered into an amendment (the "A&R Seventh Amendment") to the WSA that modifies certain terms applicable to wafer purchases at the 12 nm and 14 nm technology nodes by us. GF agreed to a minimum annual capacity allocation to us for years 2022, 2023 and 2024. The A&R Seventh Amendment also removes all prior exclusivity commitments and provides us with full flexibility to contract with any wafer foundry with respect to all products manufactured at any technology node. Further, the parties agreed to pricing and new annual wafer purchase targets for years 2022, 2023 and 2024, and we agreed to

pre-pay GF certain amounts for those wafers in 2022 and 2023. If we do not meet the annual wafer purchase target for any of these years, we will be required to pay to GF a portion of the difference between the actual wafer purchases and the wafer purchase target for that year. If our actual wafer requirements are less than the number of wafers required to meet the applicable annual wafer purchase target, we could have excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations. We could experience significant delays in the shipment of our products if we are required to find alternative third-party manufacturers, which could have a material adverse effect on our business.

We are party to two ATMP joint ventures (collectively, the ATMP JVs) with Tongfu Microelectronics Co., Ltd. The majority of our ATMP services are provided by the ATMP JVs and there is no guarantee that the ATMP JVs will be able to fulfill our long-term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business.

# If essential equipment, materials, substrates or manufacturing processes are not available to manufacture our products, we could be materially adversely affected.

We may purchase equipment, materials and substrates for use by our back-end manufacturing service providers from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials on a timely basis. Our third-party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials in the manufacture of our products. In addition, as many of our products increase in technical complexity, we rely on our third-party suppliers to update their processes in order to continue meeting our back-end manufacturing needs. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers, or in some cases, a sole supplier. We also depend on a limited number of suppliers to provide the majority of certain types of integrated circuit packages for our microprocessors, including our APU products. Similarly, certain non-proprietary materials or components such as memory, printed circuit boards (PCBs), interposers, substrates and capacitors used in the manufacture of our products are currently available from only a limited number of sources. If we are unable to procure a stable supply of substrates on an ongoing basis and at reasonable costs to meet our production requirements, we could experience a shortage in substrate supply or an increase in production costs, which could have a material adverse effect on our business. We have long-term purchase commitments with some of our substrate suppliers. If the delivery of such supply is delayed or does not occur for any reason, it could materially impact our ability to procure the required volume of substrates and to meet customer demand. Conversely, a decrease in customer demand could result in excess substrate inventory and an increase in our production costs. Because some of the equipment and materials that we and our third-party manufacturing suppliers purchase are complex, it is sometimes difficult to substitute one supplier for another. From time to time, suppliers may extend lead times, limit supply or increase prices due to capacity constraints or other factors. Also, some of these materials and components may be subject to rapid changes in price and availability. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. Dependence on a sole supplier or a limited number of suppliers exacerbates these risks. If we are unable to procure certain of these materials for our back-end manufacturing operations, or our third-party foundries or manufacturing suppliers are unable to procure materials for manufacturing our products, our business would be materially adversely affected.

## Failure to achieve expected manufacturing yields for our products could negatively impact our financial results.

Semiconductor manufacturing yields are a result of both product design and process technology, which is typically proprietary to the manufacturer, and low yields can result from design failures, process technology failures or a combination of both. Our third-party foundries are responsible for the process technologies used to fabricate silicon wafers. If our third-party foundries experience manufacturing inefficiencies or encounter disruptions, errors or difficulties during production, we may fail to achieve acceptable yields or experience product delivery delays. We cannot be certain that our third-party foundries will be able to develop, obtain or successfully implement leading-edge process technologies needed to manufacture future generations of our products profitably or on a timely basis or that our competitors will not develop new technologies, products or processes earlier. Moreover, during periods when foundries are implementing new process technologies, their manufacturing facilities may not be fully productive. A substantial delay in the technology transitions to smaller process technologies could have a material adverse effect on us, particularly if our competitors transition to more cost effective technologies before us. For example, we are presently focusing our 7 nm product portfolio on TSMC's 7 nm process. If TSMC is not able to manufacture wafers for our 7 nm products in sufficient quantities to meet customer demand, it could have a material adverse effect on our business.

Any decrease in manufacturing yields could result in an increase in per unit costs, which would adversely impact our gross margin and/or force us to allocate our reduced product supply amongst our customers, which could harm our relationships and reputation with our customers and materially adversely affect our business.

The success of our business is dependent upon our ability to introduce products on a timely basis with features and performance levels that provide value to our customers while supporting and coinciding with significant industry transitions.

Our success depends to a significant extent on the development, qualification, implementation and acceptance of new product designs and improvements that provide value to our customers. Our ability to develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis are significant factors in determining our competitiveness in our target markets. As consumers have new product feature preferences or have different requirements than those consumers in the PC market, PC sales could be negatively impacted, which could adversely impact our business. Our product roadmap includes our next-generation AMD Ryzen™, AMD Radeon™ and AMD EPYC™ processors using 7 nm process technology. We cannot assure you that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in developing, qualifying or shipping new products or technologies that provide value to our customers and address these new trends or if we fail to predict which new form factors consumers will adopt and adjust our business accordingly, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products. Although we make substantial investments in research and development, we cannot be certain that we will be able to develop, obtain or successfully implement new products and technologies on a timely basis or that they will be well-received by our customers. Moreover, our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. New investments may not generate sufficient revenue, may incur unanticipated liabilities and may divert our limited resources and distract management from our current operations. We cannot be certain that our ongoing investments in new products and technologies will be suc

Delays in developing, qualifying or shipping new products can also cause us to miss our customers' product design windows or, in some cases, breach contractual obligations or cause us to pay penalties. If our customers do not include our products in the initial design of their computer systems or products, they will typically not use our products in their systems or products until at least the next design configuration. The process of being qualified for inclusion in a customer's system or product can be lengthy and could cause us to further miss a cycle in the demand of end-users, which also could result in a loss of market share and harm our business. We also depend on the success and timing of our customers' platform launches. If our customers delay their product launches or if our customers do not effectively market their platforms with our products, it could result in a delay in bringing our products to market and cause us to miss a cycle in the demand of end-users, which could materially adversely affect our business. In addition, market demand requires that products incorporate new features and performance standards on an industry-wide basis. Over the life of a specific product, the sale price is typically reduced over time. The introduction of new products and enhancements to existing products is necessary to maintain the overall corporate average selling price. If we are unable to introduce new products with sufficiently high sale prices or to increase unit sales volumes capable of offsetting the reductions in the sale prices of existing products over time, our business could be materially adversely affected.

Our revenue from our semi-custom SoC products is dependent upon our semi-custom SoC products being incorporated into customers' products and the success of those products.

The revenue that we receive from our semi-custom SoC products is in the form of non-recurring engineering fees charged to third parties for design and development services and revenue received in connection with sales of our semi-custom SoC products to these third parties. As a result, our ability to generate revenue from our semi-custom products depends on our ability to secure customers for our semi-custom design pipeline, our customers' desire to pursue the project and our semi-custom SoC products being incorporated into those customers' products. Any revenue from sales of our semi-custom SoC products is directly related to sales of the third-party's products and reflective of their success in the market. Moreover, we have no control over the marketing efforts of these third parties, and we cannot make any assurances that sales of their products will be successful in current or future years. Consequently, the semi-custom SoC product revenue expected by us may not be fully realized and our

operating results may be adversely affected.

#### Our products may be subject to security vulnerabilities that could have a material adverse effect on us.

The products that we sell are complex and may be subject to security vulnerabilities that could result in, among other things, the loss, corruption, theft or misuse of confidential data or system performance issues. Our efforts to prevent and address security vulnerabilities may decrease performance, be only partially effective or not successful at all. We may depend on vendors to create mitigations to their technology that we incorporate into our products and they may delay or decline to make such mitigations. We may also depend on third parties, such as customers and end users, to deploy our mitigations alone or as part of their own mitigations, and they may delay, decline or modify the implementation of such mitigations. Our relationships with our customers could be adversely affected as some of our customers may stop purchasing our products, reduce or delay future purchases of our products, or use competing products. Any of these actions by our customers could adversely affect our revenue. We have and may in the future be subject to claims and litigation related to security vulnerabilities. Actual or perceived security vulnerabilities of our products may subject us to adverse publicity, damage to our brand and reputation, and could materially harm our business or financial results.

# IT outages, data loss, data breaches and cyber-attacks could compromise our intellectual property or other sensitive information, be costly to remediate or cause significant damage to our business, reputation and operations.

In the ordinary course of our business, we maintain sensitive data on our information technology (IT) assets, and also may maintain sensitive information on our business partners' and third-party providers' IT assets, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. The White House, SEC and other regulators have also increased their focus on companies cybersecurity vulnerabilities and risks. Maintaining the security of this information is important to our business and reputation. We believe that companies like AMD have been increasingly subject to a wide variety of security incidents, cyber-attacks, hacking and phishing attacks, business and system disruption attacks, and other attempts to gain unauthorized access. The increased prevalence of work-from-home arrangements at AMD and our providers has presented additional operational and cybersecurity risks to our IT systems. These threats can come from a variety of sources, all ranging in sophistication from an individual hacker or insider threat to a state-sponsored attack. Cyber threats may be generic, or they may be custom-crafted against our information systems. Cyber-attacks have become increasingly more prevalent and much harder to detect, defend against or prevent. Our network and storage applications, as well as those of our customers, business partners, and third-party providers, may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions.

It is often difficult to anticipate or immediately detect such incidents and the damage caused by such incidents. These data breaches and any unauthorized access, misuse or disclosure of our information or intellectual property could compromise our intellectual property and expose sensitive business information. Cyber-attacks on us or our customers, business partners or third-party providers could also cause us to incur significant remediation costs, result in product development delays, disrupt key business operations and divert attention of management and key information technology resources. These incidents could also subject us to liability, expose us to significant expense and cause significant harm to our reputation and business.

We also maintain confidential and personally identifiable information about our workers and consumers. The confidentiality and integrity of our worker and consumer data is important to our business and our workers and consumers have a high expectation that we adequately protect their personal information.

We anticipate ongoing and increasing costs related to: enhancing and implementing information security controls, including costs related to upgrading application, computer, and network security components; training workers to maintain and monitor our security controls; remediating any data security breach and addressing the related litigation; mitigating reputational harm; and compliance with external regulations, such as the European Union's General Data Protection Regulation and the California Consumer Privacy Act.

We often partner with third-party providers for certain worker services and we may provide certain limited worker information to such third parties based on the scope of the services provided to us. However, if these third parties fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, our workers' data may be improperly accessed, used or disclosed.

A breach of data privacy may cause significant disruption of our business operations. Failure to adequately maintain and update our security systems could materially adversely affect our operations and our ability to maintain worker confidence. Failure to prevent unauthorized access to electronic and other confidential information, IT outages, data

loss and data breaches could materially adversely affect our financial condition, our competitive position and operating results.

## Uncertainties involving the ordering and shipment of our products could materially adversely affect us.

We typically sell our products pursuant to individual purchase orders. We generally do not have long-term supply arrangements with our customers or minimum purchase requirements except that orders generally must be for standard pack quantities. Generally, our customers may cancel orders for standard products more than 30 days prior to shipment without incurring significant fees. We base our inventory levels in part on customers' estimates of demand for their products, which may not accurately predict the quantity or type of our products that our customers will want in the future or ultimately end up purchasing. Our ability to forecast demand is even further complicated when our products are sold indirectly through downstream channel distributors and customers, as our forecasts for demand are then based on estimates provided by multiple parties throughout the downstream channel. For instance, we have experienced and continue to experience increased demand for our products. To the extent we fail to forecast demand and product mix accurately or are unable to increase production or secure sufficient capacity and there is a mismatch between supply and demand for our products, it could limit our ability to meet customer demand and have a material adverse effect on our business.

Many of our markets are characterized by short product lifecycles, which can lead to rapid obsolescence and price erosion. In addition, our customers may change their inventory practices on short notice for any reason. For instance, our customers may experience a shortage of, or delay in receiving certain components to build their products, which in turn may affect the demand for or the timing of our products. We may build inventories during periods of anticipated growth, and the cancellation or deferral of product orders or overproduction due to failure of anticipated orders to materialize could result in excess or obsolete inventory, which could result in write-downs of inventory and an adverse effect on gross margins.

Factors that may result in excess or obsolete inventory, which could result in write-downs of the value of our inventory, a reduction in the average selling price or a reduction in our gross margin include: a sudden or significant decrease in demand for our products; a production or design defect in our products; a higher incidence of inventory obsolescence because of rapidly changing technology and customer requirements; a failure to accurately estimate customer demand for our products, including for our older products as our new products are introduced; or our competitors introducing new products or taking aggressive pricing actions.

## Our ability to design and introduce new products in a timely manner is dependent upon third-party intellectual property.

In the design and development of new and enhanced products, we rely on third-party intellectual property such as development and testing tools for software and hardware. Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet customer demand for more features and greater functionality from semiconductor products may exceed the capabilities of the third-party intellectual property or development or testing tools available to us. If the third-party intellectual property that we use becomes unavailable, is not available with required functionality or performance in the time frame, manufacturing technology, or price point needed for our new products or fails to produce designs that meet customer demands, our business could be materially adversely affected.

We depend on third-party companies for the design, manufacture and supply of motherboards, software, memory and other computer platform components to support our business.

We depend on third-party companies for the design, manufacture and supply of motherboards, graphics cards, software (e.g., BIOS, operating systems, drivers), memory and other components that our customers utilize to support and/or use our microprocessor, GPU and APU offerings. We also rely on our AIB partners to support our GPU and APU products. In addition, our microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. If the designers, manufacturers, AIBs and suppliers of motherboards, graphics cards, software, memory and other components cease or reduce their design, manufacture or production of current or future products that are based on or support our products, our business could be materially adversely affected.

# If we lose Microsoft Corporation's support for our products or other software vendors do not design and develop software to run on our products, our ability to sell our products could be materially adversely affected.

Our ability to innovate beyond the x86 instruction set controlled by Intel depends partially on Microsoft designing and developing its operating systems to run on or support our x86-based microprocessor products. With respect to our graphics products, we depend in part on Microsoft to design and develop its operating system to run on or support our graphics products. Similarly, the success of our products in the market, such as our APU products, is dependent on independent software providers designing and developing software to run on our products. If Microsoft does not continue to design and develop its operating systems so that they work with our x86 instruction sets or does not continue to develop and maintain their operating systems to support our graphics products, independent software providers may forego designing their software applications to take advantage of our innovations and customers may not purchase PCs with our products. In addition, some software drivers licensed for use with our products are certified by Microsoft. If Microsoft did not certify a driver, or if we otherwise fail to retain the support of Microsoft or other software vendors, our ability to market our products would be materially adversely affected.

# Our reliance on third-party distributors and AIB partners subjects us to certain risks.

We market and sell our products directly and through third-party distributors and AIB partners pursuant to agreements that can generally be terminated for convenience by either party upon prior notice to the other party. These agreements are non-exclusive and permit both our distributors and AIB partners to offer our competitors' products. We are dependent on our distributors and AIB partners to supplement our direct marketing and sales efforts. If any significant distributor or AIB partner or a substantial number of our distributors or AIB partners terminated their relationship with us, decided to market our competitors' products over our products or decided not to market our products at all, our ability to bring our products to market would be impacted and we would be materially adversely affected. In addition, if we are unable to collect accounts receivable from our significant distributors and/or AIB partners, it could have a material adverse effect on our business. If we are unable to manage the risks related to the use of our third-party distributors and AIB partners or offer appropriate incentives to focus them on the sale of our products, our business could be materially adversely affected.

Additionally, distributors and AIB partners typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as provide return rights for any product that we have removed from our price book and that is not more than 12 months older than the manufacturing date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIB partners protect their inventory of our products against price reductions. In the event of a significant decline in the price of our products, the price protection rights we offer would materially adversely affect us because our revenue and corresponding gross margin would decline.

# Our business is dependent upon the proper functioning of our internal business processes and information systems and modification or interruption of such systems may disrupt our business, processes and internal controls.

We rely upon a number of internal business processes and information systems to support key business functions, and the efficient operation of these processes and systems is critical to our business. Our business processes and information systems need to be sufficiently scalable to support the growth of our business and may require modifications or upgrades that expose us to a number of operational risks. As such, our information systems will continually evolve and adapt in order to meet our business needs. These changes may be costly and disruptive to our operations and could impose substantial demands on management time.

These changes may also require changes in our information systems, modification of internal control procedures and significant training of employees and third-party resources. We continuously work on simplifying our information systems and applications through consolidation and standardization efforts. There can be no assurance that our business and operations will not experience any disruption in connection with this transition. Our information technology systems, and those of third-party information technology providers or business partners, may also be vulnerable to damage or disruption caused by circumstances beyond our control including catastrophic events, power anomalies or outages, natural disasters, viruses or malware, cyber-attacks, data breaches and computer system or network failures, exposing us to significant cost, reputational harm and disruption or damage to our business.

In addition, as our IT environment continues to evolve, we are embracing new ways of communicating and sharing data internally and externally with customers and partners using methods such as mobility and the cloud that can promote business efficiency. However, these practices can also result in a more distributed IT environment, making it more difficult for us to maintain visibility and control over internal and external users, and meet scalability and administrative requirements. If our security controls cannot keep pace with the speed of these changes, or if we are not able to meet regulatory and compliance requirements, our business would be materially adversely affected.

## If our products are not compatible with some or all industry-standard software and hardware, we could be materially adversely affected.

Our products may not be fully compatible with some or all industry-standard software and hardware. Further, we may be unsuccessful in correcting any such compatibility problems in a timely manner. If our customers are unable to achieve compatibility with software or hardware, we could be materially adversely affected. In addition, the mere announcement of an incompatibility problem relating to our products could have a material adverse effect on our business.

#### Costs related to defective products could have a material adverse effect on us.

Products as complex as those we offer may contain defects or failures when first introduced or when new versions or enhancements to existing products are released. We cannot assure you that, despite our testing procedures, errors will not be found in new products or releases after commencement of commercial shipments in the future, which could result in loss of or delay in market acceptance of our products, material recall and replacement costs, loss of revenue, writing down the inventory of defective products, the diversion of the attention of our engineering personnel from product development efforts, defending against litigation related to defective products or related liabilities, including property damage, personal injury, damage to our reputation in the industry and loss of data or intangible property, and could adversely affect our relationships with our customers. In addition, we may have difficulty identifying the end customers of the defective products in the field. As a result, we could incur substantial costs to implement modifications to correct defects. Any of these problems could materially adversely affect our business.

We could be subject to potential product liability claims if one of our products causes, or merely appears to have caused, an injury, whether tangible or intangible. Claims may be made by consumers or others selling our products, and we may be subject to claims against us even if an alleged injury is due to the actions of others. A product liability claim, recall or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could have a material adverse effect on our business.

# If we fail to maintain the efficiency of our supply chain as we respond to changes in customer demand for our products, our business could be materially adversely affected.

Our ability to meet customer demand for our products depends, in part, on our ability to deliver the products our customers want on a timely basis. Accordingly, we rely on our supply chain for the manufacturing, distribution and fulfillment of our products. As we continue to grow our business, expand to high-growth adjacent markets, acquire new customers and strengthen relationships with existing customers, the efficiency of our supply chain will become increasingly important because many of our customers tend to have specific requirements for particular products, and specific time-frames in which they require delivery of these products. If we are unable to consistently deliver the right products to our customers on a timely basis in the right locations, our customers may reduce the quantities they order from us, which could have a material adverse effect on our business.

# We outsource to third parties certain supply-chain logistics functions, including portions of our product distribution, transportation management and information technology support services.

We rely on third-party providers to operate our regional product distribution centers and to manage the transportation of our work-in-process and finished products among our facilities, to our manufacturing suppliers and to our customers. In addition, we rely on third parties to provide certain information technology services to us, including help desk support, desktop application services, business and software support applications, server and storage administration, data center operations, database administration and voice, video and remote access. We cannot guarantee that these providers will fulfill their respective responsibilities in a timely manner in accordance with the contract terms, in which case our internal operations and the distribution of our products to our customers could be materially adversely affected. Also, we cannot guarantee that our contracts with these third-party providers will be renewed, in which case we would have to transition these functions in-house or secure new providers, which could have a material adverse effect on our business if the transition is not executed appropriately.

# Our inability to effectively control the sales of our products on the gray market could have a material adverse effect on us.

We market and sell our products directly to OEMs and through authorized third-party distributors. From time to time, our products are diverted from our authorized distribution channels and are sold on the "gray market." Gray market products result in shadow inventory that is not visible to us, thus making it difficult to forecast demand accurately. Also, when gray market products enter the market, we and our distribution channels compete with these heavily discounted gray market products, which adversely affects demand for our products and negatively impacts our margins. In addition, our inability to control gray market activities could result in customer satisfaction issues because any time products are purchased outside our authorized distribution channels there is a risk that our customers are buying counterfeit or substandard products, including products that may have been altered, mishandled or damaged, or are used products represented as new.

# Legal and Regulatory Risks

# Government actions and regulations such as export administration regulations, tariffs, and trade protection measures may limit our ability to export our products to certain customers.

We have equity interests in two joint ventures (collectively, the THATIC JV) with Higon Information Technology Co., Ltd. (THATIC), a third-party Chinese entity. In June 2019, the Bureau of Industry and Security (BIS) of the United States Department of Commerce added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. In October 2019, the BIS added additional Chinese entities to the Entity List. Also, the United States administration has called for changes to domestic and foreign policy. Specifically, United States-China trade relations remain uncertain. The United States administration has announced tariffs on certain products imported into the United States with China as the country of origin, and China has imposed tariffs in response to the actions of the United States. We are taking steps to mitigate the impact of these tariffs on our business and AMD processor-based products. There is also a possibility of future tariffs, trade protection measures, import or export regulations or other restrictions imposed on our products or on our customers by the United States, China or other countries that could have a material adverse effect on our business. A significant trade disruption or the establishment or increase of any tariffs, trade protection measures or restrictions could result in lost sales adversely impacting our reputation and business.

# If we cannot realize our deferred tax assets, our results of operations could be adversely affected.

Our deferred tax assets include net operating losses and tax credit carryforwards that can be used to offset taxable income and reduce income taxes payable in future periods. Each quarter, we consider both positive and negative evidence to determine whether all or a portion of the deferred tax assets are more likely than not to be realized. If we determine that some or all of our deferred tax assets are not realizable, it could result in a material expense in the period in which this determination is made which may have a material adverse effect on our financial condition and results of operations.

In addition, a significant amount of our deferred tax assets and a portion of the deferred tax assets related to net operating losses or tax credits which remain under a valuation allowance could be subject to limitations under Internal Revenue Code Section 382 or 383, separate return loss year rules, or dual consolidated loss rules. The limitations could reduce our ability to utilize the net operating losses or tax credits before the expiration of the tax attributes.

# Our business is subject to potential tax liabilities, including as a result of tax regulation changes.

We are subject to income tax, indirect tax or other tax claims by tax agencies in jurisdictions in which we conduct business. Significant judgment is required in determining our worldwide provision for income taxes. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Any changes to tax laws could have a material adverse effect on our tax obligations and effective tax rate.

In the ordinary course of our business, there are many transactions and calculations where the ultimate income tax, indirect tax, or other tax determination is uncertain. Although we believe our tax estimates are reasonable, we cannot assure that the final determination of any tax audits and litigation will not be materially different from that which is reflected in historical tax provisions and accruals. Should additional taxes be assessed as a result of an audit, assessment or litigation, there could be a material adverse effect on our cash, tax provisions and net income in the period or periods for which that determination is made.

We are party to litigation and may become a party to other claims or litigation that could cause us to incur substantial costs or pay substantial damages or prohibit us from selling our products.

From time to time, we are a defendant or plaintiff in various legal actions. For example, as described in Note 12 of our condensed consolidated financial statements, we have been subject to certain claims concerning federal securities laws and corporate governance. Our products are purchased by and/or used by consumers, which could increase our exposure to consumer actions such as product liability claims and consumer class action claims, including those described in Note 12 of our condensed consolidated financial statements. On occasion, we receive claims that individuals were allegedly exposed to substances used in our former semiconductor wafer manufacturing facilities and that this alleged exposure caused harm. Litigation can involve complex factual and legal questions, and its outcome is uncertain. It is possible that if a claim is successfully asserted against us, including the claims described in Note 12 of our condensed consolidated financial statements, it could result in the payment of damages that could be material to our business.

With respect to intellectual property litigation, from time to time, we have been notified of, or third parties may bring or have brought, actions against us and/or against our customers based on allegations that we are infringing the intellectual property rights of others, contributing to or inducing the infringement of the intellectual property rights of others, improperly claiming ownership of intellectual property or otherwise improperly using the intellectual property of others. If any such claims are asserted, we may seek to obtain a license under the third parties' intellectual property rights. We cannot assure you that we will be able to obtain all of the necessary licenses on satisfactory terms, if at all. These parties may file lawsuits against us or our customers seeking damages (potentially up to and including treble damages) or an injunction against the sale of products that incorporate allegedly infringed intellectual property or against the operation of our business as presently conducted, which could result in our having to stop the sale of some of our products or to increase the costs of selling some of our products or which could damage our reputation. The award of damages, including material royalty payments, or other types of damages, or the entry of an injunction against the manufacture and sale of some or all of our products could have a material adverse effect on us. We could decide, in the alternative, to redesign our products or to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time-consuming regardless of their merit, could cause delays in product release or shipment and/or could have a material adverse effect on us. We cannot assure you that litigation related to our intellectual property rights or the intellectual property rights of others can always be avoided or successfully concluded.

Even if we were to prevail, any litigation could be costly and time-consuming and would divert the attention of our management and key personnel from our business operations, which could have a material adverse effect on us.

We are subject to environmental laws, conflict minerals-related provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act as well as a variety of other laws or regulations that could result in additional costs and liabilities.

Our operations and properties have in the past been and continue to be subject to various United States and foreign laws and regulations, including those relating to materials used in our products and manufacturing processes, discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination. These laws and regulations require our suppliers to obtain permits for operations making our products, including the discharge of air pollutants and wastewater. Although our management systems are designed to oversee our suppliers' compliance, we cannot assure you that our suppliers have been or will be at all times in complete compliance with such laws, regulations and permits. If our suppliers violate or fail to comply with any of them, a range of consequences could result, including fines, suspension of production, alteration of manufacturing processes, import/export restrictions, sales limitations, criminal and civil liabilities or other sanctions. Such non-compliance from our manufacturing suppliers could result in disruptions in supply, higher sourcing costs, and/or reputational damage for us.

Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the European Union (EU) and China are two among a growing number of jurisdictions that have enacted restrictions on the use of lead and other materials in electronic products. These regulations affect semiconductor devices and packaging. As regulations restricting materials in electronic products continue to increase around the world, there is a risk that the cost, quality and manufacturing yields of products that are subject to these restrictions may be less favorable compared to products that are not subject to such restrictions, or that the transition to compliant products may not meet customer roadmaps, or produce sudden changes in demand, which may result in

excess inventory. A number of jurisdictions including the EU, Australia, California and China are developing or have finalized market entry or public procurement regulations for computers and servers based on ENERGY STAR specifications as well as additional energy consumption limits. There is the potential for certain of our products being excluded from some of these markets which could materially adversely affect us.

Certain environmental laws, including the United States Comprehensive, Environmental Response, Compensation and Liability Act of 1980, or the Superfund Act, impose strict or, under certain circumstances, joint and several liability on current and previous owners or operators of real property for the cost of removal or remediation of hazardous substances and impose liability for damages to natural resources. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances. These environmental laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated. Such persons can be responsible for cleanup costs even if they never owned or operated the contaminated facility. We have been named as a responsible party at three Superfund sites in Sunnyvale, California. Although we have not yet been, we could be named a potentially responsible party at other Superfund or contaminated sites in the future. In addition, contamination that has not yet been identified could exist at our other facilities.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted disclosure and reporting requirements for companies that use "conflict" minerals originating from the Democratic Republic of Congo or adjoining countries. We continue to incur additional costs associated with complying with these requirements, such as costs related to developing internal controls for the due diligence process, determining the source of any conflict minerals used in our products, auditing the process and reporting to our customers and the SEC. In addition to the SEC regulation, the European Union, China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Also, since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of the subject minerals. Moreover, we are likely to encounter challenges to satisfy those customers who require that all of the components of our products be certified as "conflict free." If we cannot satisfy these customers, they may choose a competitor's products.

The United States federal government has issued new policies for federal procurement focused on eradicating the practice of forced labor and human trafficking. Germany's federal procurement office, in collaboration with the Bitkom trade association, issued new supply chain labor requirements. In addition, the United Kingdom, Australia and the State of California have issued laws that require us to disclose our policy and practices for identifying and eliminating forced labor and human trafficking in our supply chain. Several customers as well as the Responsible Business Alliance have also issued expectations to eliminate these practices that may impact us. While we have a policy and management systems to identify and avoid these practices in our supply chain, we cannot guarantee that our suppliers will always be in conformance to these laws and expectations. We may face enforcement liability and reputational challenges if we are unable to sufficiently meet these expectations. Moreover, we are likely to encounter challenges with customers if we cannot satisfy their forced and trafficked labor polices and they may choose a competitor's product.

## Xilinx Merger and Acquisition Risks

Acquisitions, joint ventures and/or investments, including our recently announced acquisition of Xilinx, and the failure to integrate acquired businesses, could disrupt our business and/or dilute or adversely affect the price of our common stock.

Our success will depend, in part, on our ability to expand our product offerings and grow our business in response to changing technologies, customer demands and competitive pressures. In some circumstances, we may pursue growth through the acquisition of complementary businesses, solutions or technologies or through joint ventures or investments rather than through internal development. The identification of suitable acquisition or joint venture candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions or joint ventures.

For example, on October 26, 2020, we, along with a direct wholly-owned subsidiary of ours, entered into an Agreement and Plan of Merger (the Merger Agreement) with Xilinx, Inc. (Xilinx), whereby we agreed to acquire Xilinx (the Merger). We entered into the Merger Agreement with the belief that the Merger will result in certain benefits, including certain operational synergies and cost efficiencies, and drive product innovations. Achieving these anticipated benefits will depend on successfully combining our and Xilinx's businesses together. It is not certain that Xilinx's business can be successfully integrated with our business in a timely manner or at all, or that

any of the anticipated benefits will be realized for a variety of reasons, including, but not limited to: failure to obtain applicable regulatory approval in a timely manner or otherwise; failure to satisfy other closing conditions to the Merger; our inability to integrate or benefit from Xilinx's acquired technologies or services in a profitable manner; diversion of capital and other resources, including management's attention from our existing business; unanticipated costs or liabilities associated with the Merger; failure to leverage the increased scale of the combined businesses quickly and effectively; coordinating and integrating in countries in which we have not previously operated; the potential impact of the Merger on our relationships with employees, vendors, suppliers and customers; adverse changes in general economic conditions in regions in which we and Xilinx operate; potential litigation associated with the Merger; difficulties in the assimilation of employees and culture; difficulties in managing the expanded operations of a larger and more complex company; challenges in attracting and retaining key personnel; and difficulties with harmonizing our and Xilinx's financial reporting systems. Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in expected revenues and diversion of management's time and attention, which could materially impact the combined company. In addition, even if the operations of the businesses are integrated successfully, the full benefits of the Merger may not be realized within the anticipated time frame or at all. All of these factors could decrease or delay the expected accretive effect of the Merger and negatively impact the combined company. If we cannot successfully integrate our and Xilinx's businesses and operations, or if there are delays in combining the businesses, it could negatively impact our ability to develop or sell new products and impair our ability to grow our businesse, which in turn could a

Acquisitions and joint ventures may also involve the entry into geographic or business markets in which we have little or no prior experience. Consequently, we may not achieve anticipated benefits of acquisitions or joint ventures, which could harm our operating results. In addition, to complete an acquisition (and as contemplated in the Merger), we may issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock, and/or incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could adversely affect our results of operations. Moreover, if such acquisitions or joint ventures require us to seek additional debt or equity financing, we may not be able to obtain such financing on terms favorable to us or at all. Even if we successfully complete an acquisition or joint venture, we may not be able to assimilate and integrate effectively or efficiently the acquired business, technologies, solutions, assets, personnel or operations, particularly if key personnel of the acquired company decide not to work for us.

Acquisitions and joint ventures may also reduce our cash available for operations and other uses, which could harm our business. Also, any failure on our part to effectively evaluate and execute new business initiatives could adversely affect our business. We may not adequately assess the risks of new business initiatives and subsequent events may arise that alter the risks that were initially considered. Furthermore, we may not achieve the objectives and expectations with respect to future operations, products and services. The majority of our ATMP services are provided by the ATMP JVs, and there is no guarantee that the JVs will be able to fulfill our long-term ATMP requirements. If we are unable to meet customer demand due to fluctuating or late supply from the ATMP JVs, it could result in lost sales and have a material adverse effect on our business.

In addition, we may not realize the anticipated benefits from our business initiatives. For example, we may not realize the expected benefits from the THATIC JV's expected future performance, including the receipt of any future milestone payments and any royalties from certain licensed intellectual property. In June 2019, the BIS added certain Chinese entities to the Entity List, including THATIC and the THATIC JV. We are complying with U.S. law pertaining to the Entity List designation.

Our ability to complete the Merger is subject to closing conditions, including the receipt of consents and approvals from governmental authorities, which may impose conditions that could adversely affect us or cause the Merger not to be completed.

The Merger is subject to a number of closing conditions as specified in the Merger Agreement. These include, among others, the receipt of approvals under certain competition laws and the absence of governmental restraints or prohibitions preventing the consummation of the Merger. No assurance can be given that the required consents and approvals will be obtained or that the closing conditions will be satisfied in a timely manner or at all. Also, if a settlement or other resolution is not reached in any legal proceedings that have been, or might be, instituted against us, our directors, Xilinx or its directors relating to the transactions contemplated by the Merger Agreement and the plaintiffs in such proceedings secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting our and/or Xilinx's ability to complete the Merger on the terms contemplated by the Merger Agreement, then such injunctive or other relief may prevent the Merger from becoming effective in a timely manner, or at all. Any delay in

completing the Merger could cause the combined company not to realize, or to be delayed in realizing, some or all of the benefits that we expect to achieve. We cannot provide any assurances that these conditions will not result in the abandonment or delay of the Merger. The occurrence of any of these events could have a material adverse effect on our results of operations and the trading price of our common stock. Additionally, under the Merger Agreement, Xilinx will be required to pay a termination fee to us equal to \$1 billion if the Merger Agreement is terminated in certain circumstances, including if the Merger Agreement is terminated because Xilinx's board of directors has changed its recommendation. We will be required to pay a termination fee to Xilinx equal to \$1.5 billion if the Merger Agreement is terminated because our board of directors has changed its recommendation. We will be required to pay a termination fee equal to \$1 billion if the Merger Agreement is terminated in certain circumstances related to the failure to obtain required regulatory approvals by October 26, 2021 (subject to automatic extension first to January 26, 2022 and then to April 26, 2022, in each case, to the extent the regulatory closing conditions remain outstanding).

# Whether or not it is completed, the announcement and pendency of the Merger could cause disruptions in our business, which could have an adverse effect on our business and financial results.

Whether or not it is completed, the announcement and pendency of the Merger could cause disruptions in our business: our and Xilinx's current and prospective employees may experience uncertainty about their future roles with the combined company, which might adversely affect the ability to retain key employees; uncertainty regarding the completion of the Merger may cause customers, suppliers, distributors, vendors, strategic partners or others to delay or defer entering into contracts, make other decisions or seek to change or cancel existing business relationships; and the attention of management may be directed toward the completion of the Merger. If the Merger is not completed, we will have incurred significant costs, including the potential payment of termination fees and the diversion of management resources, for which we will have received little or no benefit.

# Any impairment of the combined company's tangible, definite-lived intangible or indefinite-lived intangible assets, including goodwill, may adversely impact the combined company's financial position and results of operations.

The Merger will be accounted for using the acquisition method of accounting under the provisions of ASC 805, Business Combinations, with AMD representing the accounting acquirer under this guidance. We will record assets acquired, including identifiable intangible assets, and liabilities assumed from Xilinx at their respective fair values at the date of completion of the Merger. Any excess of the purchase price over the net fair value of such assets and liabilities will be recorded as goodwill. In connection with the Merger, the combined company is expected to record significant goodwill and other intangible assets on its consolidated balance sheet.

Indefinite-lived intangible assets, including goodwill, will be tested for impairment at least annually, and all tangible and intangible assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, the combined company determines that tangible or intangible assets, including goodwill, are impaired, the combined company would record an impairment charge at that time. Impairment testing of goodwill and intangible assets requires significant use of judgment and assumptions, particularly as it relates to the determination of fair value. A decrease in the long-term economic outlook and future cash flows of the combined company's business could significantly impact asset values and potentially result in the impairment of intangible assets, including goodwill, which may have a material adverse impact on the combined company's financial position and results of operations.

# **Liquidity and Capital Resources Risks**

# The agreements governing our notes and our Revolving Credit Facility impose restrictions on us that may adversely affect our ability to operate our business.

The indenture governing our 7.50% Senior Notes due 2022 (7.50% Notes) contains various covenants which limit our ability to, among other things: make certain investments, including investments in our unrestricted subsidiaries; and consolidate or merge or sell our assets as an entirety or substantially as an entirety.

In addition, the Revolving Credit Facility's credit agreement (Credit Agreement) restricts our ability to make cash payments on the notes to the extent that (i) on the date of such payment, an event of default exists under the Credit Agreement or would result therefrom or (ii) if we would have, on a pro forma basis after giving effect to such payment, a consolidated total leverage ratio that exceeds 3.50x. Any of our future debt agreements may contain similar restrictions. If under certain circumstances we fail to make a cash payment on a series of notes when

required by the applicable indenture, it would constitute an event of default under such indenture, which, in turn, could constitute an event of default under the agreements governing our other indebtedness.

Our Revolving Credit Facility also contains various covenants which limit our ability to, among other things, incur additional indebtedness and liens, make certain investments, merge or consolidate with other entities, make certain dispositions, create any encumbrance on the ability of a subsidiary to make any upstream payments, make payments with respect to subordinated debt or certain borrowed money prior to its due date and enter into any non-arm's-length transaction with an affiliate (in each case, except for certain customary exceptions).

The agreements governing our notes and our Revolving Credit Facility contain cross-default provisions whereby a default under certain agreements with respect to other indebtedness would result in cross defaults under the indentures or the Revolving Credit Facility. For example, the occurrence of a default with respect to any indebtedness or any failure to repay indebtedness when due in an amount in excess of (i) \$50 million would cause a cross default under the indentures (to the extent such default would result in the acceleration of such indebtedness) governing our 7.50% Notes and 2.125% Convertible Senior Notes due 2026 (2.125% Notes), and (ii) \$100 million would cause a cross default under the Revolving Credit Facility. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders or the lenders under our Revolving Credit Facility to declare all amounts outstanding under the indentures or the Revolving Credit Facility to be immediately due and payable. If the note holders or the trustee under the indentures governing our 7.50% Notes or 2.125% Notes or the lenders under our Revolving Credit Facility accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings.

# Our indebtedness could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations.

Our total debt principal amount outstanding as of June 26, 2021 was \$313 million. Our indebtedness may make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments; limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes; limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes; require us to use a substantial portion of our cash flow from operations to make debt service payments; place us at a competitive disadvantage compared to our competitors with relatively less debt; and increase our vulnerability to the impact of adverse economic and industry conditions.

We may not be able to generate sufficient cash to meet our working capital requirements. Also, if we cannot generate sufficient revenue and operating cash flow, we may face a cash shortfall and be unable to make all of our planned investments in research and development or other strategic investments.

Our ability to generate sufficient cash to meet our working capital requirements will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter, and is subject to prevailing economic, financial and business conditions along with other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow in amounts sufficient to enable us to meet our working capital requirements. If we are not able to generate sufficient cash flow from operations, we may be required to sell assets or equity, reduce expenditures, refinance all or a portion of our existing debt or obtain additional financing.

In addition, our ability to fund research and development expenditures depends on generating sufficient revenue and cash flow from operations and the availability of external financing, if necessary. Our research and development expenditures, together with ongoing operating expenses, will be a substantial drain on our cash flow and may decrease our cash balances. If new competitors, technological advances by existing competitors, or other competitive factors require us to invest significantly greater resources than anticipated in our research and development efforts, our operating expenses would increase. If we are required to invest significantly greater resources than anticipated in research and development efforts without an increase in revenue, our operating results could decline.

Our inability to generate sufficient cash from operations may require us to abandon projects or curtail planned investments in research and development or other strategic initiatives. If we curtail planned investments in research and development or abandon projects, our products may fail to remain competitive and our business would be materially adversely affected.

#### **General Risks**

## Our worldwide operations are subject to political, legal and economic risks and natural disasters, which could have a material adverse effect on us.

We maintain operations around the world, including in the United States, Canada, Europe, Australia and Asia. We rely on third-party wafer foundries in the United States, Europe and Asia. Nearly all product assembly and final testing of our products is performed at manufacturing facilities, operated by third-party manufacturing facilities, in China, Malaysia and Taiwan. We also have international sales operations. International sales, as a percent of net revenue, were 74% and 75% for the three and six months ended June 26, 2021, respectively. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future.

The political, legal and economic risks associated with our operations in foreign countries include, without limitation: expropriation; changes in a specific country's or region's political or economic conditions; changes in tax laws, trade protection measures and import or export licensing requirements; difficulties in protecting our intellectual property; difficulties in managing staffing and exposure to different employment practices and labor laws; changes in foreign currency exchange rates; restrictions on transfers of funds and other assets of our subsidiaries between jurisdictions; changes in freight and interest rates; disruption in air transportation between the United States and our overseas facilities; loss or modification of exemptions for taxes and tariffs; and compliance with U.S. laws and regulations related to international operations, including export control and economic sanctions laws and regulations and the Foreign Corrupt Practices Act.

In addition, our worldwide operations (or those of our business partners) could be subject to natural disasters and climate change such as earthquakes, tsunamis, flooding, typhoons, droughts, fires, extreme heat and volcanic eruptions that disrupt our operations, or those of our manufacturers, vendors or customers. For example, our Santa Clara operations are located near major earthquake fault lines in California. There may be conflict or uncertainty in the countries in which we operate, including public health issues (for example, an outbreak of a contagious disease such as COVID-19, avian influenza, measles or Ebola), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors. For example, governments worldwide have implemented, and continue to implement, measures to slow down the outbreak of COVID-19. We have experienced, and will continue to experience, disruptions to our business as these measures have, and will continue to have, an effect on our business operations and practices. Also, the European Union's General Data Protection Regulation imposes significant new requirements on how we collect, process and transfer personal data, as well as significant fines for non-compliance. Any of the above risks, should they occur, could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, longer payment cycles, increased taxes, restrictions on the repatriation of funds and the burdens of complying with a variety of foreign laws, any of which could ultimately have a material adverse effect on our business.

## We may incur future impairments of goodwill and technology license purchases.

We perform our annual goodwill impairment analysis as of the first day of the fourth quarter of each year. Subsequent to our annual goodwill impairment analysis, we monitor for any events or changes in circumstances, such as significant adverse changes in business climate or operating results, changes in management's business strategy, an inability to successfully introduce new products in the marketplace, an inability to successfully achieve internal forecasts or significant declines in our stock price, which may represent an indicator of impairment. The occurrence of any of these events may require us to record future goodwill impairment charges.

We license certain third-party technologies and tools for the design and production of our products. We report the value of those licenses as other non-current assets on the balance sheet and we periodically evaluate the carrying value of those licenses based on their future economic benefit to us. Factors such as the life of the assets, changes in competing technologies, and changes to the business strategy may represent an indicator of impairment. The occurrence of any of these events may require us to record future technology license impairment charges.

# Our inability to continue to attract and retain qualified personnel may hinder our business.

Much of our future success depends upon the continued service of numerous qualified engineering, marketing, sales and executive employees. Competition for highly skilled executives and employees in the technology industry is intense and our competitors have targeted individuals in our organization that have desired skills and experience. If we are not able to continue to attract, train and retain our leadership team and our qualified employees necessary for our business, the progress of our product development programs could be hindered, and we could be materially

adversely affected. To help attract, retain and motivate our executives and qualified employees, we use share-based incentive awards such as employee stock options and non-vested share units (restricted stock units). If the value of such stock awards does not appreciate as measured by the performance of the price of our common stock, or if our share-based compensation otherwise ceases to be viewed as a valuable benefit, our ability to attract, retain and motivate our executives and employees could be weakened, which could harm our results of operations. Also, if the value of our stock awards increases substantially, this could potentially create great personal wealth for our executives and employees and affect our ability to retain our personnel. In addition, any future restructuring plans may adversely impact our ability to attract and retain key employees.

#### Our stock price is subject to volatility.

Our stock price has experienced price and volume fluctuations and could be subject to wide fluctuations in the future. The trading price of our stock may fluctuate widely due to various factors including actual or anticipated fluctuations in our financial conditions and operating results, changes in financial estimates by us or financial estimates and ratings by securities analysts, changes in our capital structure, including issuance of additional debt or equity to the public, interest rate changes, inflation, news regarding our products or products of our competitors, and broad market and industry fluctuations. Stock price fluctuations could impact the value of our equity compensation, which could affect our ability to recruit and retain employees. In addition, volatility in our stock price could adversely affect our business and financing opportunities.

In May 2021, we announced that our Board of Directors approved a new stock repurchase program to purchase up to \$4 billion of our outstanding common stock in the open market. This repurchase program does not obligate us to acquire any common stock, has no termination date and may be suspended or discontinued at any time. Our stock repurchases could affect the trading price of our stock, the volatility of our stock price, reduce our cash reserves, and may be suspended or discontinued at any time, which may result in a decrease in our stock price.

#### Worldwide political conditions may adversely affect demand for our products.

Worldwide political conditions may create uncertainties that could adversely affect our business. The United States has been and may continue to be involved in armed conflicts that could have a further impact on our sales and our supply chain. The consequences of armed conflict, political instability or civil or military unrest are unpredictable, and we may not be able to foresee events that could have a material adverse effect on us. Terrorist attacks or other hostile acts may negatively affect our operations, or adversely affect demand for our products, and such attacks or related armed conflicts may impact our physical facilities or those of our suppliers or customers. Furthermore, these attacks or hostile acts may make travel and the transportation of our products more difficult and more expensive, which could materially adversely affect us. Any of these events could cause consumer spending to decrease or result in increased volatility in the United States economy and worldwide financial markets.

#### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We issued warrants dated June 28, 2021 to purchase 107,314 shares, of our common stock to a commercial partner pursuant to a strategic arrangement with such partner. The warrants have an exercise price of \$25.50 per share and expire on June 28, 2024.

The warrants were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

# **Issuer Purchases of Equity Securities**

In May 2021, we announced that our Board of Directors approved a new stock repurchase program to purchase up to \$4 billion of our outstanding common stock in the open market. We expect to fund repurchases through cash generated from operations which have been strengthened by our strong operational results. Our stock repurchase program does not obligate us to acquire any common stock, has no termination date and may be suspended or discontinued at any time.

The following table provides information relating to our repurchase of common stock for the three months ended June 26, 2021:

	Total Number of Shares Repurchased	Av	erage Price Paid per Share	Total Number of Shares Repurchased as Part of Publicly Announced Program	of S	ximum Dollar Value Shares That May Yet Purchased Under the Program
	(In millions, except shares and per share data)					
March 28, 2021 - April 24, 2021	_	\$	_	_	\$	_
April 25, 2021 - May 22, 2021	386,649	\$	77.59	386,649	\$	3,970
May 23, 2021 - June 26, 2021	2,848,247	\$	79.35	3,234,896	\$	3,744
Total	3,234,896					

# **Equity Award Share Withholding**

During the six months ended June 26, 2021, we paid approximately \$14 million in employee withholding taxes due upon the vesting of net settled equity awards. We withheld approximately 0.2 million shares of common stock from employees in connection with such net share settlement at an average price of \$87.54 per share. These shares may be deemed to be "issuer purchases" of shares.

# **ITEM 6. EXHIBITS**

*10.1	Form of Performance-based Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan.
*10.2	Form of Restricted Stock Unit Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive Plan.
*10.3	Form of Stock Option Agreement for Senior Vice Presidents and Above under the 2004 Equity Incentive plan.
**10.4	Amended and Restated Wafer Supply Agreement Amendment No. 7, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES, Inc. and GLOBALFOUNDRIES U.S. Inc., dated as of May 12, 2021.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

<sup>\*</sup>Management contracts and compensatory plans or arrangements.

\*\*Portions of this exhibit have been omitted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed.

# **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

# ADVANCED MICRO DEVICES, INC.

July 28, 2021

By: /s/Devinder Kumar Name: Devinder Kumar

Title: Executive Vice President, Chief Financial Officer and Treasurer Signing on behalf of the Registrant as the Principal Financial Officer

# PERFORMANCE-BASED RESTRICTED STOCK UNIT GRANT NOTICE ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

Advanced Micro Devices, Inc., a Delaware corporation (the "Company" or "AMD"), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the "Plan"), hereby grants to the holder listed below ("Participant"), this award ("Award") of performance-based restricted stock units set forth below (the "PRSUs"). This Award is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the PRSUs (the "Terms and Conditions"), including any applicable country-specific terms set forth in the appendix thereto (the "Appendix") and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined, the terms in this Performance-Based Restricted Stock Unit Grant Notice (this "Grant Notice") and the Terms and Conditions shall have the same defined meanings assigned to them in the Plan.

Participant:	
Employee ID:	
Grant Date:	
Target Number of PRSUs:	
Performance Period:	
Intended Award Value:	
EPS Performance Period:	
Vesting Date:	
Settlement Date:	
Settlement Date.	

**Performance Vesting Conditions:** [To be specified in individual agreements.]

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (b) acknowledges and agrees that Participant has reviewed the Plan, the Terms and Conditions, the Appendix and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Terms and Conditions, the Appendix or this Grant Notice (including any exhibit attached hereto); and (d) acknowledges and agrees that if he or she fails to timely activate a brokerage account with the Company's designated brokerage firm (currently E\*Trade) on or before the last business day preceding the first vesting date of the PRSUs, then this Award will be immediately cancelled and forfeited and he or she will not receive any other benefits or compensation as replacement for this Award.

#### ADVANCED MICRO DEVICES, INC.

By: Lisa Su

Title: President and CEO

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# TERMS AND CONDITIONS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

These Terms and Conditions, collectively with the accompanying Performance-Based Restricted Stock Unit Grant Notice (the "Grant Notice") and any country-specific terms and conditions for your country contained in the Appendix hereto, as applicable (the "Appendix"), comprise your agreement (the "Agreement") with the Company regarding the performance-based restricted stock units (the "PRSUs") awarded under the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the "Plan"). Capitalized terms not specifically defined herein have the same meanings assigned to them in the Plan.

## 1. Vesting of Performance-Based Restricted Stock Units.

- (a) General. The PRSUs will vest on the vesting date(s) shown or referred to on the Grant Notice, provided that (i) the performance condition(s) for the vesting of such PRSUs have been met, specifically including any required certifications of such performance condition(s), and (ii) you continue to be an active Service Provider through each applicable vesting date. Without limiting the foregoing, the vesting of any PRSUs is conditioned on your performing the duties assigned to you by the Company's management or Board, as applicable, in a manner and with results satisfactory to the Company's management or Board, as applicable.
- (b) Termination Due to Death. Notwithstanding anything in Section 1(a) to the contrary, if your status as an active Service Provider terminates due to your death then your PRSUs will remain outstanding and, at the end of the performance period, will be deemed earned and vested based on the actual performance results for the performance period; provided, however, that if a Change of Control (as defined in the Plan) occurs before the end of the performance period you will instead immediately vest in the number of CoC PRSUs (as defined in Section 6(e)) that you would have been deemed to have earned had you continued as an active Service Provider from the date of your death through the date of the Change of Control.
- 2. <u>Settlement of Vested PRSUs; Issuance of Shares.</u> Subject to Sections 4 and 10 of these Terms and Conditions, and further subject to any applicable country-specific terms and conditions set forth in the Appendix, the shares ("*Shares*") of Company common stock issuable to you in settlement of your vested PRSUs will be issued in your name on the settlement date(s) shown or referred to in the Grant Notice, or if no settlement date is set forth in the Grant Notice, as soon as reasonably practicable after the underlying PRSUs vest (but not later than March 15 following the calendar year in which the underlying PRSUs vest). Until the Shares are actually issued to you in settlement of your vested PRSUs, the PRSUs represent an unfunded, unsecured obligation of the Company.
- 3. Nontransferability of PRSUs. Unless determined otherwise by the Administrator, the PRSUs may not be pledged, assigned, sold or otherwise transferred.
- 4. **Forfeiture of PRSUs.** Except as otherwise provided in Section 6(e) of these Terms and Conditions, if your status as a Service Provider terminates for any reason other than your death before the vesting date(s) shown on the Grant Notice, your unvested PRSUs will be cancelled and forfeited without consideration.

For purposes of this Award, your status as an active Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws) effective as of the date you are no longer actively employed by or providing services to the Company or an Affiliate, and will not be extended by any notice period mandated under Applicable Laws (e.g., active employment or service would not include a period of "garden leave" or similar period pursuant to Applicable Law). The Administrator will have the exclusive discretion to determine when your status as an active Service Provider terminates for purposes of this Award (including whether you may still be considered to be employed by or providing services to the Company or an Affiliate while on a leave of absence).

5. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer: (a) make no

PRSU 2021 Agreement SVP-EVP 2 Approved May 2021 – Terms and Conditions representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PRSUs, including, but not limited to, the grant, vesting or settlement of the PRSUs, the issuance of Shares upon settlement of the PRSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the PRSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax amounts if you are covered under a Company tax equalization policy). In this regard, you authorize the Company, the Employer, and their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation payable to you by the Company and/or the Employer;
- (b) withholding from proceeds of the sale of Shares issuable or issued to you upon vesting and/or settlement of the PRSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without your further consent or authorization);
  - (c) withholding in Shares to be issued upon vesting and/or settlement of the PRSUs; or
  - (d) requiring you to make a payment in cash by certified check or wire transfer.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, you are deemed for tax purposes to have been issued the full number of Shares subject to the vested PRSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company or Employer tax equalization policy, you agree to pay to the Company or Employer any additional hypothetical tax obligation calculated and paid under the terms of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

## 6. Other Terms and Conditions.

- (a) The Plan. The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt of the PRSUs and any Shares issuable in settlement of vested PRSUs, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.
- (b) Activation of Brokerage Account. This Award of PRSUs is subject to and conditioned on your activation of a brokerage account with the Company's designated brokerage firm on or before the last business day immediately preceding the first vesting date of the PRSUs. If you fail to timely activate a brokerage account with the Company's designated brokerage firm, then this Award and all of the PRSUs covered by this Award will be immediately cancelled and forfeited and you will not receive any other benefits or compensation as replacement for the PRSUs.
  - (c) Stockholder Rights. Until the Shares are issued, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the PRSUs.

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- (d) <u>Employment Relationship</u>. Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to terminate your employment at any time.
- (e) <u>Change of Control</u>. Notwithstanding anything in this Agreement to the contrary, in the event that the Company experiences a Change of Control (as defined in the Plan), then the Compensation and Leadership Resource Committee (the "*CLRC*") shall determine and approve the Company's performance with respect to the applicable performance vesting conditions based on the Company's performance as of the effective date of the Change of Control (assuming for this purpose that the Performance Period (as defined in the Grant Notice) ended on the date immediately preceding the date of the Change of Control). You will be deemed to have earned the number of PRSUs (the "*CoC PRSUs*") based on the Company's performance (as approved by the CLRC) and subject to any limitations set forth in the Grant Notice. All remaining unearned PRSUs will be automatically forfeited without consideration. At the time of such Change of Control, the CoC PRSUs (if any) will convert automatically into an equal number of time-based restricted stock units ("*CoC RSUs*") that will vest as on the first to occur of (x) the one-year anniversary of the Change of Control and (y) the last day of the originally scheduled Performance Period; *provided*, in each case, that you remain a Service Provider of the Company through such date. Notwithstanding the immediately preceding sentence, if you die or your employment or service is terminated by the Company for any reason other than for Misconduct or, if applicable, terminated by you as a Constructive Termination, then the CoC RSUs will become fully vested upon the date of such termination of employment or service. Solely for purposes of this Section 6(e), the "Company" includes any successor to the Company due to a Change of Control and any employer that is an Affiliate of such successor.
- (f) <u>Declination of PRSUs.</u> If you wish to decline your PRSUs, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits no later than one calendar month prior to the first vesting date of the PRSUs. Your declination is non-revocable, and you will not receive a grant of stock options or any other compensation as replacement for the declined PRSUs. Your decision to not timely file the Declination of Grant form will constitute your acceptance of the Award on the terms on which it is offered, as set forth in this Agreement and the Plan.
- Recovery in the Event of a Financial Restatement; Claw-Back Policy. In the event the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the PRSUs) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by Applicable Laws, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancelation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; provided, however, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the "SEC") (whichever first occurs) of the financial document embodying such financial reporting requirement. In determining whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation. Further, and notwithstanding the foregoing, the PRSUs (including any proceeds, gains or other economic benefit actually or constructively received by you upon any receipt of the PRSUs or upon the receipt or resale of any Shares underlying the PRSUs) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Laws, including without limitation, the Do
  - 7. Nature of Grant. In accepting this Award, you acknowledge, understand and agree that:
- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the PRSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PRSUs, or benefits in lieu of PRSUs, even if PRSUs have been granted in the past;

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- (c) all decisions with respect to future PRSU grants, if any, will be at the sole discretion of the Company;
- (d) you are voluntarily participating in the Plan;
- (e) the PRSUs and the Shares subject to the PRSUs, and the value of and income from such PRSUs and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (f) the PRSUs and the Shares subject to the PRSUs, and the value of and income from such PRSUs and Shares, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (g) the PRSU grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any Affiliate;
  - (h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (i) no claim or entitlement to compensation or damages will arise from forfeiture of the PRSUs resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the PRSUs to which you are otherwise not entitled, you irrevocably agree to (i) never institute any such claim against the Company, the Employer, or any of their respective Affiliates, (ii) waive your ability, if any, to bring any such claim against the Company, the Employer or any of their respective Affiliates, (iii) forever release the Company, the Employer or any of their respective Affiliates from any such claim, and (iv) execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of any such claim that is allowed by a court of competent jurisdiction, in each case to the maximum extent permitted by Applicable Laws;
- (j) the PRSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and
  - (k) if you are providing services outside the United States:
  - (i) the PRSUs and the Shares subject to the PRSUs, and the value of and income from such PRSUs, are not part of normal or expected compensation or salary for any purpose, including, without limitation, for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension benefits, retirement benefits, welfare benefits or similar mandatory payments; and
  - (ii) none of the Company, the Employer, or any of their respective Affiliates will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. Dollar that may affect the value of the PRSUs, any amounts due to you pursuant to the settlement of the PRSUs or the subsequent sale of any Shares acquired upon settlement.
- 8. <u>No Advice Regarding Grant</u>. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
- 9. <u>Data Privacy.</u> You understand that the Company and the Employer hold certain personal information about you, including, but not limited to, your name, home address, email address, and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all PRSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (your "Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that it will be necessary for your Data to be collected, used and transferred, in electronic or other form, as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company and any Affiliate. Such processing will be for the exclusive purpose of implementing, administering and managing your participation in the Plan, and therefore for the performance of the Agreement. The provision of your Data is a contractual requirement. Without the provision of your Data, it will not be possible to for the Company and/or the Employer to perform their obligations under the Agreement.

You understand that, in performing the Agreement, it will be necessary for:

- your Data to be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan;
- the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan, to receive, possess, use, retain and transfer your Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan; and
- · your Data to be held only as long as is necessary to implement, administer and manage your participation in the Plan.

If you are located in the European Union ("EU"), European Economic Area ("EEA") or the United Kingdom ("UK"), you understand that the recipients of your Data may be located in countries outside of the EU/EEA/UK, including the United States, and that the recipients' country may not have privacy laws and protections that are equivalent to those of the EU/EEA/UK member state in which you are based. You understand that if you reside in the EU/EEA/UK, you can request a list with the names and addresses of any recipients of your Data by contacting your local human resources representative.

You understand that if you reside in the EU/EEA/UK, you may, at any time and free of charge, request access to your Data, object to the processing of your Data, request to have access to it restricted, request additional information about the storage and processing of your Data, require any necessary amendments to your Data or ask for it to be erased by contacting your local human resources representative in writing. You may also have the right to receive a copy of your Data in a machine-readable format, and the right to not to be subject to any decision that significantly affects you being taken solely by automated processing, including profiling. We will process any request in line with applicable laws and our policies and procedures. You also have the right to lodge a complaint with a local supervisory authority.

10. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Shares may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company's common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the vesting or settlement as the Administrator may from time to time establish for reasons of administrative convenience. The Shares shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with securities or other laws applicable to issuance of Shares.

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- 11. <u>Successors and Assigns</u>. The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.
- 12. Governing Law; Jurisdiction; Severability. The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware, U.S.A., as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the Company and you evidenced by this grant or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.
- 13. **Further Instruments.** You agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.
- 14. <u>Administrator Authority</u>. The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any PRSUs have vested). All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made with respect to the Plan or the Agreement.
- 15. Language. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of the Agreement. Furthermore, if you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- 16. <u>Electronic Delivery and Acceptance</u>. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- 17. <u>Imposition of Other Requirements</u>. The Company reserves the right to impose other requirements on your participation in the Plan, on the PRSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- 18. <u>Headings</u>. The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.
- 19. Appendix. Notwithstanding any provisions in the Award Documentation, the PRSU grant will be subject to any additional terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements that may be necessary to accomplish the foregoing. The Appendix constitutes part of the Agreement.

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- 20. <u>Waiver</u>. You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.
- 21. **Entire Agreement.** The Plan, these Terms and Conditions, the Appendix and the Grant Notice, including Exhibit A thereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.
- 22. <u>Insider Trading Restrictions/Market Abuse Laws</u>. You acknowledge that, depending on your or your broker's country or the country in which the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (or rights linked to Shares) under the Plan (e.g., PRSUs) during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed insider information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties (including employees and other service providers) or causing them otherwise to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.
- Notices. Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to you shall be addressed to you at your last residential or email address reflected on the Company's records. By a notice given pursuant to this Section 23, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to your legal representative. Any notice shall be deemed duly given to you (or, if applicable, your legal representative), (a) if it is delivered by email, upon confirmation of receipt (with an automatic "read receipt" constituting acknowledgment of receipt for purposes of this Section 23(a)); and (b) if sent by certified mail (return receipt requested), on the second business day following deposit (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or similar local service in jurisdictions outside of the United States.
- 24. <u>Limitations Applicable to Section 16 Persons</u>. Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the PRSUs and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.
- 25. <u>Section 409A</u>. The PRSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the PRSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the PRSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.
- 26. <u>Limitation on Participant's Rights</u>. Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if

PRSU 2021 Agreement SVP-EVP 8 Approved May 2021 – Terms and Conditions any, with respect to the PRSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to PRSUs, as and when vested or settled pursuant to the terms hereof.

- 27. <u>Termination, Rescission and Recapture</u>. The PRSUs are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexpired or unpaid PRSUs ("*Termination*"), rescind any payment or delivery pursuant to the PRSUs ("*Rescission*") or recapture any Shares or any proceeds from your sale of Shares acquired pursuant to the PRSUs ("*Recapture*"), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 27, "*Competitive Organization or Business*" is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company's most recently filed annual report on Form 10-K.
- (a) You are acting contrary to the long-term interests of the Company if you at any time fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.
- (b) You are acting contrary to the long-term interests of the Company if you, while employed by the Company: (i) materially breach the AMD Agreement or any Company (or Affiliate) policy applicable to you, or any written agreement between you and the Company (or Affiliate); (ii) violate the Company's Worldwide Standards of Business Conduct or commit any other act of misconduct, or violate state or federal law relating to the workplace (including laws related to sexual harassment or age, sex or other prohibited discrimination); (iii) commit any act or omission resulting in your being charged with a criminal offense involving moral turpitude, dishonesty, or breach of trust; or (iv) engage in conduct that constitutes a felony, or enter a plea of guilty or nolo contendere with respect to a felony under applicable law. Whether you are acting contrary to the long-term interests of the Company for any of the reasons set forth in clauses (i) through (iv) above shall be determined by the Administrator in its sole discretion.
- (c) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:
  - (i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;
  - (ii) while employed by the Company or at any time thereafter, without the prior written consent of the Compensation and Leadership Resources Committee of the Board ("*CLRC*"), you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or (B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company's confidential information or trade secrets;
  - (iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a direct material Competitive Organization or Business (as conducted now or during the term of this Agreement);
  - (iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or
  - (v) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business that is or is working to become competitive with the Company.

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The activities described in this Section 27(b) are collectively referred to as "Activities Against the Company's Interest."

- (d) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 27(a) above or (b) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "Trigger Date"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the PRSUs or the Shares or proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the PRSUs to the extent that such PRSUs vested earlier than one year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any PRSU, you shall deliver to the Company the Shares acquired pursuant to the PRSUs, or, if you have sold such Shares, the gain realized, or payment received as a result of the rescinded payment or delivery. Any payment by you to the Company pursuant to this Section 27(d) shall be made either in cash or by returning to the Company the number of Shares that you received in connection with the rescinded payment or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of a Competitive Organization or Business, so long as (i) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (ii) such investment does not represent more than a five percent equity interest in the organization or business.
- (e) Upon payment or delivery of Shares pursuant to the PRSUs, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if your termination of employment has occurred, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-five-percent equity interest.
- (f) Notwithstanding the foregoing provisions of this Section 27, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the PRSUs shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other equity awards.
- (g) Nothing in this Section 27 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 27(g) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.
- (h) All administrative and discretionary authority given to the Company under this Section 27 shall be exercised by the CLRC, or an executive officer of the Company as the CLRC may designate from time to time.
- (i) Notwithstanding any provision of this Section 27, if any provision of this Section 27 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 27 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.
- (j) Notwithstanding the foregoing, this Section 27 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.
- 28. Foreign Asset/Account Reporting; Exchange Control Requirements. Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within

PRSU 2021 Agreement SVP-EVP 10 Approved May 2021 – Terms and Conditions a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

By signing the Grant Notice or otherwise accepting the PRSU grant and the Shares issued upon vesting of the PRSUs, you agree to be bound by terms of the Agreement and the Plan.

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## APPENDIX

# Terms and Conditions Performance-Based Restricted Stock Unit Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this "Appendix") have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the "Plan") and/or the Terms and Conditions to which this Appendix is attached (the "Terms and Conditions").

#### Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of PRSUs in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant of the PRSUs or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

## Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of April 2020. Such laws are often complex and change frequently. As a result, you should not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting of the PRSUs, the receipt of any dividends or dividend equivalents or the subsequent sale of the Shares.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the PRSUs are granted to you or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you in the same manner.

PRSU 2021 Agreement SVP-EVP Approved May 2021 – Appendix

## CANADA

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, PRSUs will be settled in Shares only, not cash.

Forfeiture of Performance-Based Restricted Stock Units. The following provisions replace the second paragraph of Section 4 of the Terms and Conditions (but are not intended to derogate from Section 12 ("Governing Law; Jurisdiction; Severability")):

For purposes of this Award, your status as an Employee will be considered terminated (regardless of the reason for termination and whether or not later found to be invalid or unlawful for any reason, including for breaching either Applicable Laws or your employment agreement, if any) effective as of the date that is the earliest of:

- (1) the date your status as an Employee is terminated,
- (2) the date that you receive notice of termination from the Employer, or
- (3) the date you are no longer actively employed by the Company or any Affiliate, regardless of any notice period or period of pay in lieu of such notice or related payments or damages provided or required under Applicable Laws (including, but not limited to statutory law, regulatory law and/or common law).

You will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which your right to vest terminates, nor will you be entitled to any compensation for lost vesting. The Administrator will have the exclusive discretion to determine when you are no longer actively employed for purposes of your PRSU grant (including whether you may still be considered to be actively employed while on a leave of absence). Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued entitlement to vesting during a statutory notice period, your right to vest in the PRSUs under the Plan, if any, will terminate effective as of the last day of your minimum statutory notice period, but you will not earn or be entitled to pro-rata vestings if the vesting date falls after the end of your statutory notice period, nor will you be entitled to any compensation for lost vesting.

The following provisions will apply if you are a resident of Quebec:

French Language Provision. The parties acknowledge that it is their express wish that the Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de la Convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à, la présente convention.

**Data Privacy**. The following provisions supplement Section 9 of the Terms and Conditions:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer and any other Affiliate and the Administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any other Affiliate to record such information and to keep such information in your employee file.

Notifications

PRSU 2021 Agreement SVP-EVP 1 Approved May 2021 – Appendix Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon vesting of the PRSUs within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

#### **CHINA**

Terms and Conditions

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion.

Settlement of Performance-Based Restricted Stock Units and Sale of Shares. The following provisions supplement Section 2 of the Terms and Conditions:

You agree to maintain any Shares you obtain upon vesting in an account with the designated broker prior to sale. Further, you agree to sell all Shares issued upon vesting of the PRSUs either immediately after vesting or, if no immediate sale is required, promptly upon notice of termination of your status as an Employee. You agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You agree to sign any forms and/or consents required by the Company's designated broker to effectuate the sale of Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Furthermore, you acknowledge that the sale of Shares upon termination of your status as an Employee will be made as soon as administratively possible after the Company's stock plan administration is aware of your termination, but the Company is not committed to sell the Shares at any particular time after termination of your status as an Employee. However, you are always free to sell the Shares yourself at any time prior to the date the Company arranges for the sale of the Shares. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon the vesting of the PRSUs as well as any cash dividends paid on such Shares to China. You further understand that, under Applicable Laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or any other Affiliate, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire or from cash dividends paid on such Shares will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Notifications

**Exchange Control Information**. Chinese residents may be required to report to exchange control regulators all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with individuals who are not Chinese residents.

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## UNITED KINGDOM

Terms and Conditions

Settlement of Performance-Based Restricted Stock Units. The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, PRSUs will be settled in Shares only, not cash.

**Responsibility for Taxes**. The following provisions supplement Section 5 of the Terms and Conditions:

Without limitation to Section 5 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax- Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision may not apply in case the indemnification could be considered a loan. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be obtained from you by the Company or the Employer at any time thereafter by any of the means referred to in Section 5 of the Terms and Conditions.

[End of Agreement]

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# RESTRICTED STOCK UNIT GRANT NOTICE ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the "Plan"), hereby grants to the holder listed below ("Participant") this award ("Award") of restricted stock units set forth below (the "RSUs"). This Award is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the RSUs (the "Terms and Conditions"), including any applicable country-specific terms and conditions for Participant's country set forth in the appendix thereto (the "Appendix") and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined, the terms defined in the Plan shall have the same defined meanings in this Restricted Stock Unit Grant Notice (the "Grant Notice") and the Terms and Conditions.

Participant:	
Employee ID:	
Grant Date:	
Number of Restricted Stock Units:	
Vesting Schedule:	
Intended Award Value: (For Internal Use Only)	\$
onditions of the Plan, the Terms and Condition ppendix and this Grant Notice in their entirel sions of the Plan, the Terms and Conditions, the nistrator upon any questions arising under the ely activate a brokerage account with the Con	acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the ns, the Appendix and this Grant Notice; (b) acknowledges that he or she has reviewed the Plan, the Terms and Condity, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice, and fully understate Appendix and this Grant Notice; (c) agrees to accept as binding, conclusive and final all decisions or interpretations Plan, the Terms and Conditions, the Appendix or this Grant Notice; and (d) acknowledges and agrees that if he or sh ngany's designated brokerage firm (currently E*Trade) on or before the last business day preceding the first vesting of alled and forfaited and he or she will not receive any other benefits or compensation as replacement for this Award

terms

and conditi litions, the Append nds all provisions of the Administra ne fails to timely ac date of

# ADVANCED MICRO DEVICES, INC.

By: Lisa Su

Title: President and CEO

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# TERMS AND CONDITIONS RESTRICTED STOCK UNIT AWARD ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

These Terms and Conditions ("Terms and Conditions") together with the Plan, the Grant Notice, any country-specific terms and conditions for your country contained in the Appendix hereto, comprise your agreement (the "Agreement") with the Company regarding the restricted stock units (the "RSUs") awarded under the Plan.

- 1. <u>Vesting of Restricted Stock Units</u>. The RSUs will vest on the date(s) shown on the Grant Notice provided that you continue to be an active Service Provider through each vesting date. Notwithstanding the immediately preceding sentence, if your status as an active Service Provider terminates due to your death you will immediately vest in the Number of RSUs set forth in the Grant Notice. Unless and until the RSUs have vested in accordance with the vesting schedule set forth in the Grant Notice, you will have no right to receive Shares in settlement of such RSUs.
- 2. <u>Settlement of Vested RSUs; Issuance of Shares.</u> Subject to Sections 4 and 10 of these Terms and Conditions, and further subject to any applicable country-specific terms and conditions set forth in the Appendix, the Shares in respect of vested RSUs will be issued in your name on or as soon as practicable following the date the underlying RSUs vest (the "Standard Settlement Date").

Until Shares are actually issued in settlement of any vested RSUs, such RSUs will represent an unfunded, unsecured obligation of the Company.

- 3. Nontransferability of Restricted Stock Units. Unless determined otherwise by the Administrator, the RSUs may not be pledged, assigned, sold or otherwise transferred.
- 4. **Forfeiture of Restricted Stock Units.** Except as otherwise provided in Section 6(e) of these Terms and Conditions, if your status as a Service Provider terminates for any reason other than your death before the vesting date(s) shown on the Grant Notice, your unvested RSUs will be cancelled and forfeited without consideration. In case of any dispute as to whether your status as a Service Provider has terminated, the Administrator will have sole discretion to determine whether such termination has occurred and the effective date of such termination.

For purposes of this Award, your status as an active Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws) effective as of the date you are no longer actively employed by or providing services to the Company or an Affiliate, and will not be extended by any notice period mandated under Applicable Laws (e.g., active employment or service would not include a period of "garden leave" or similar period pursuant to Applicable Law). The Administrator will have the exclusive discretion to determine when your status as an active Service Provider terminates for purposes of this Award (including whether you may still be considered to be employed by or providing services to the Company or an Affiliate while on a leave of absence).

5. Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer: make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the issuance of Shares upon settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and do not commit to and are under no obligation to structure the terms of the Award or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax

RSU 2021 Agreement SVP and up 2 Approved May 2021 – Terms and Conditions amounts if you are covered under a Company or Employer Tax equalization policy). In this regard, you authorize the Company, the Employer, and their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation payable to you by the Company and/or the Employer;
- (b) withholding from proceeds of the sale of Shares issuable or issued to you upon vesting and/or settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization without your further consent or authorization); or
  - (c) withholding in Shares to be issued upon vesting and/or settlement of the RSUs; or
  - (d) requiring you to make a payment in cash by certified check or wire transfer.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, you are deemed for tax purposes to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company or Employer tax equalization policy, you agree to pay to the Company or Employer any additional hypothetical tax obligation calculated and paid under the terms of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

#### Other Terms and Conditions.

- (a) The Plan. The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt of the RSUs and any Shares issuable in settlement of vested RSUs, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.
- (b) <u>Activation of Brokerage Account</u>. This Award of RSUs is subject to and conditioned on your activation of a brokerage account with the Company's designated brokerage firm on or before the last business day immediately preceding the first vesting date of the RSUs. If you fail to timely activate a brokerage account with the Company's designated brokerage firm, then this Award and all of the RSUs covered by this Award will be immediately cancelled and forfeited and you will not receive any other benefits or compensation as replacement for the RSUs.
  - (c) Stockholder Rights. Until the Shares are issued, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the RSUs.
- (d) <u>Employment Relationship</u>. Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to terminate your employment at any time.
- (e) <u>Change of Control</u>. If your employment is terminated by the Company or the Employer (including for this purpose any successor to the Company due to such Change of Control and any employer that is an Affiliate of such successor) for any reason other than for Misconduct or, if applicable, by you as a result of a Constructive Termination, within one year after a Change of Control, then the RSUs will become fully vested upon the date of termination.

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- (f) <u>Declination of RSUs.</u> If you wish to decline your RSUs, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits no later than one calendar month prior to the first vesting date of the RSUs. Your declination is non-revocable, and you will not receive a grant of stock options or any other compensation as replacement for the declined RSUs. Your decision to not timely file the Declination of Grant form will constitute your acceptance of the Award on the terms on which it is offered, as set forth in this Agreement and the Plan.
- Recovery in the Event of a Financial Restatement; Claw-Back Policy. In the event the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the RSUs) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by Applicable Laws, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancelation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; provided, however, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the "SEC") (whichever first occurs) of the financial document embodying such financial reporting requirement. In determining whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation. Further, and notwithstanding the foregoing, the RSUs (including any proceeds, gains or other economic benefit actually or constructively received by you upon any receipt of the RSUs or upon the receipt or resale of any Shares underlying the RSUs) shall be subject to the provisions of any clawback policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Applicable Laws, including without limitation, the Dodd-Fr
- 7. Nature of Grant. In accepting this Award, you acknowledge, understand and agree that:
- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;
  - (c) all decisions with respect to future RSU grants, if any, will be at the sole discretion of the Company;
  - (d) you are voluntarily participating in the Plan;
- (e) the RSUs and the Shares subject to the RSUs, and the value of and income from such RSUs and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (f) the RSUs and the Shares subject to the RSUs, and the value of and income from such RSUs and Shares, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (g) the RSU grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any Affiliate;
  - (h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (i) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the RSUs to which you are otherwise not entitled, you irrevocably agree to (i)

RSU 2021 Agreement SVP and up 4 Approved May 2021 – Terms and Conditions never institute any such claim against the Company, the Employer, or any of their respective Affiliates, (ii) waive your ability, if any, to bring any such claim against the Company, the Employer or any of their respective Parents, Subsidiaries or Affiliates, (iii) forever release the Company, the Employer and each of their respective Affiliates from any such claim, and (iv) execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of any such claim that is allowed by a court of competent jurisdiction, in each case to the maximum extent permitted by Applicable Laws;

- (j) the RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and
  - (k) if you are providing services outside the United States:
- (i) the RSUs and the Shares subject to the RSUs, and the value of and income from such RSUs, are not part of normal or expected compensation or salary for any purpose, including, without limitation, for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension benefits, retirement benefits or similar mandatory payments; and
- (ii) none of the Company, the Employer, or any of their respective Affiliates will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. Dollar that may affect the value of the RSUs, any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.
- 8. <u>No Advice Regarding Grant</u>. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
- 9. <u>Data Privacy.</u> You understand that the Company and the Employer hold certain personal information about you, including, but not limited to, your name, home address, email address, and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (your "Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that it will be necessary for your Data to be collected, used and transferred, in electronic or other form, as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company and any Affiliate. Such processing will be for the exclusive purpose of implementing, administering and managing your participation in the Plan, and therefore for the performance of the Agreement. The provision of your Data is a contractual requirement. Without the provision of your Data, it will not be possible to for the Company and/or the Employer to perform their obligations under the Agreement.

You understand that, in performing the Agreement, it will be necessary for:

- your Data to be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan;
- the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan, to receive, possess, use, retain and transfer your Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan; and

RSU 2021 Agreement SVP and up 5 Approved May 2021 – Terms and Conditions · your Data to be held only as long as is necessary to implement, administer and manage your participation in the Plan.

If you are located in the European Union ("EU"), European Economic Area ("EEA") or the United Kingdom ("UK"), you understand that the recipients of your Data may be located in countries outside of the EU/EEA/UK, including the United States, and that the recipients' country may not have privacy laws and protections that are equivalent to those of the EU/EEA/UK member state in which you are based. You understand that if you reside in the EU/EEA/UK, you can request a list with the names and addresses of any recipients of your Data by contacting your local human resources representative.

You understand that if you reside in the EU/EEA/UK, you may, at any time and free of charge, request access to your Data, object to the processing of your Data, request to have access to it restricted, request additional information about the storage and processing of your Data, require any necessary amendments to your Data or ask for it to be erased by contacting your local human resources representative in writing. You may also have the right to receive a copy of your Data in a machine-readable format, and the right to not to be subject to any decision that significantly affects you being taken solely by automated processing, including profiling. We will process any request in line with applicable laws and our policies and procedures. You also have the right to lodge a complaint with a local supervisory authority.

- 10. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Shares may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares prior to fulfillment of all of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company's common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the vesting or settlement as the Administrator may from time to time establish for reasons of administrative convenience. The Shares shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with securities or other laws applicable to issuance of Shares.
- 11. <u>Successors and Assigns.</u> The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.
- 12. Governing Law; Jurisdiction; Severability. The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware, U.S.A., as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the Company and you evidenced by this grant or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.
- 13. **Further Instruments.** You agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.

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- 14. Administrator Authority. The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any RSUs have vested). All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made with respect to the Plan or the Agreement
- 15. **Language**. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of the Agreement. Furthermore, if you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- 16. <u>Electronic Delivery and Acceptance</u>. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
- 17. <u>Imposition of Other Requirements</u>. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- 18. <u>Headings</u>. The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.
- 19. Appendix. Notwithstanding any provisions in the Award Documentation, the RSU grant will be subject to any additional terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements that may be necessary to accomplish the foregoing. The Appendix constitutes part of the Agreement.
- 20. <u>Waiver</u>. You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.
- 21. <u>Entire Agreement.</u> The Plan, these Terms and Conditions, the Appendix and the Grant Notice constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.
- 22. <u>Insider Trading Restrictions/Market Abuse Laws</u>. You acknowledge that, depending on your or your broker's country or the country in which the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (or rights linked to Shares) under the Plan (e.g., RSUs) during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed insider information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties (including employees and other service providers) or causing them otherwise to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

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- 23. Notices. Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to you shall be addressed to you at your last residential or email address reflected on the Company's records. By a notice given pursuant to this Section 23, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to your legal representative. Any notice shall be deemed duly given to you (or, if applicable, your legal representative), (a) if it is delivered by email, upon confirmation of receipt (with an automatic "read receipt" constituting acknowledgment of receipt for purposes of this Section 23(a)); and (b) if sent by certified mail (return receipt requested), on the second business day following deposit (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service or similar local service in jurisdictions outside of the United States.
- 24. <u>Limitations Applicable to Section 16 Persons</u>. Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the RSUs and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.
- 25. <u>Section 409A</u>. The RSUs are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the RSUs (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the RSUs to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.
- 26. <u>Limitation on Participant's Rights</u>. Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to RSUs, as and when vested or settled pursuant to the terms hereof.
- 27. <u>Termination, Rescission and Recapture</u>. The RSUs are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexpired or unpaid RSUs ("*Termination*"), rescind any payment or delivery of Shares pursuant to the RSUs ("*Rescission*") or recapture any Shares or any proceeds from your sale of Shares acquired pursuant to the RSUs ("*Recapture*"), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 27, "*Competitive Organization or Business*" is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company's most recently filed annual report on Form 10-K.
- (a) You are acting contrary to the long-term interests of the Company if you at any time fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.
- (b) You are acting contrary to the long-term interests of the Company if you, while employed by the Company: (i) materially breach the AMD Agreement or any Company (or Affiliate) policy applicable to you, or any written agreement between you and the Company (or Affiliate); (ii) violate the Company's Worldwide Standards of Business Conduct or commit any other act of misconduct, or violate state or federal law relating to the workplace (including laws related to sexual harassment or age, sex or other prohibited discrimination); (iii) commit any act or omission resulting in your being charged

RSU 2021 Agreement SVP and up 8 Approved May 2021 – Terms and Conditions with a criminal offense involving moral turpitude, dishonesty, or breach of trust; or (iv) engage in conduct that constitutes a felony, or enter a plea of guilty or nolo contendere with respect to a felony under applicable law. Whether you are acting contrary to the long-term interests of the Company for any of the reasons set forth in clauses (i) through (iv) above shall be determined by the Administrator in its sole discretion.

- (c) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:
- (i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;
- (ii) while employed by the Company or at any time thereafter, without the prior written consent of the Compensation and Leadership Resources Committee of the Board ("CLRC"), you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or (B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company's confidential information or trade secrets;
- (iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a direct material Competitive Organization or Business (as conducted now or during the term of this Agreement);
- (iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or
- (v) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business that is or is working to become competitive with the Company.

The activities described in this Section 27(c) are collectively referred to as "Activities Against the Company's Interest."

(d) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 27(a) or (b) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "*Trigger Date*"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the RSUs, Shares issued or issuable pursuant to the RSUs, or the proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the RSUs to the extent that such RSUs vested earlier than one year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any RSU, you shall deliver to the Company the Shares acquired pursuant to the RSUs, or, if you have sold such Shares, the gain realized, or payment received as a result of the rescinded payment or delivery. Any payment by you to the Company pursuant to this Section 27(d) shall be made either in cash or by returning to the Company the number of Shares that you received in connection with the rescinded payment or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of a Competitive Organization or Business, so long as (x) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (y) such investment does not represent more than a one percent equity interest in the organization or business.

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- (e) Upon payment or delivery of Shares pursuant to the RSUs, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if your termination of employment has occurred, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-one-percent equity interest.
- (f) Notwithstanding the foregoing provisions of this Section 27, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the RSUs shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other equity awards.
- (g) Nothing in this Section 27 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 27(f) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.
- (h) All administrative and discretionary authority given to the Company under this Section 27 shall be exercised by the CLRC, or an executive officer of the Company as the CLRC may designate from time to time.
- (i) Notwithstanding any provision of this Section 27, if any provision of this Section 27 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 27 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.
- (j) Notwithstanding the foregoing, this Section 27 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.
- 28. Foreign Asset/Account Reporting; Exchange Control Requirements. Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

By signing the Grant Notice or otherwise accepting the RSU grant and the Shares issued upon vesting of the RSUs, you agree to be bound by terms of the Agreement and the Plan.

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#### APPENDIX

#### Terms and Conditions Restricted Stock Unit Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this "Appendix") have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the "Plan") and/or the Terms and Conditions to which this Appendix is attached (the "Terms and Conditions").

This Appendix includes additional terms and conditions that govern the grant of RSUs in the United Kingdom. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant of the RSUs or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

The additional terms and conditions set forth herein are based on the laws in effect in the United Kingdom as of April 2020. The laws of the United Kingdom are complex and subject to change. As a result, you should not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting of the RSUs, the receipt of any dividends or dividend equivalents or the subsequent sale of the Shares. Accordingly, if you are subject to the laws of the United Kingdom, you should seek appropriate professional advice as to how those may apply to your particular situation.

#### UNITED KINGDOM

Terms and Conditions

**Settlement of Restricted Stock Units.** The following provision supplements Section 2 of the Terms and Conditions:

Notwithstanding any discretion contained in Section 11(d) of the Plan, RSUs will be settled in Shares only, not cash.

**Responsibility for Taxes**. The following provisions supplement Section 5 of the Terms and Conditions:

Without limitation to Section 5 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax- Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision may not apply in case the indemnification could be considered a loan. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be obtained from you by the Company or the Employer at any time thereafter by any of the means referred to in Section 5 of the Terms and Conditions.

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# STOCK OPTION GRANT NOTICE ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), pursuant to its 2004 Equity Incentive Plan (as amended and restated, the "Plan"), hereby grants to the holder listed below ("Participant") an option to purchase the number of Shares (as defined in the Plan) set forth below (the "Option"). The Option is subject to all of the terms and conditions set forth herein and in the Terms and Conditions to the Option (the "Terms and Conditions"), including any applicable country-specific terms and conditions for Participant's country set forth in the appendix thereto (the "Appendix") and in the Plan, each of which is incorporated herein by reference. Unless otherwise defined, the terms defined in the Plan shall have the same defined meanings in this Stock Option Grant Notice (the "Grant Notice") and the Terms and Conditions.

Participant:	
Employee ID:	
Grant Date:	
Intended Award Value:	
(For Internal Use Only)	\$
Exercise Price per Share:	\$
Total Exercise Price:	\$
Total Number of Shares Subject to the Option:	
Expiration Date:	
Type of Option:	Non-Qualified Stock Option
Vesting Schedule:	

By his or her signature below or by electronic acceptance or authentication in a form authorized by the Company, Participant hereby: (a) agrees to be bound by the terms and conditions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (b) acknowledges that he or she has reviewed the Plan, the Terms and Conditions, the Appendix, and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice, and fully understands all provisions of the Plan, the Terms and Conditions, the Appendix and this Grant Notice; (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Terms and Conditions, the Appendix, or this Grant Notice; and (d) acknowledges and agrees that if he or she fails to timely activate a brokerage account with the Company's designated brokerage firm (currently E\*Trade) on or before the last business day preceding the first vesting date of the Option, then the Option will be immediately cancelled and forfeited and he or she will not receive any other benefits or compensation as replacement for the Option.

### ADVANCED MICRO DEVICES, INC.

By: Lisa Su

Title: President and CEO

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#### TERMS AND CONDITIONS STOCK OPTION AWARD ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

These Terms and Conditions, together with the Plan, the Grant Notice, and any applicable country-specific terms and conditions for your country contained in the Appendix hereto, comprise your agreement (the "Agreement") with the Company regarding the grant of stock options under the Plan (the "Options") to purchase the number of Shares set forth in the Grant Notice, at the exercise price per share set forth in the Grant Notice (the "Exercise Price").

1. <u>Vesting of Options</u>. The Options will vest on the date(s) shown on the Grant Notice provided that you continue to be an active Service Provider through each vesting date

#### 2. Exercise of Options.

- (a) Right to Exercise. The Options are exercisable during their term in accordance with the vesting schedule set out in the Grant Notice and the applicable provisions of the Plan and the Agreement. The Options may only be exercised for whole Shares.
- (b) Method of Exercise. Unless otherwise determined by the Administrator, the Options are exercisable during your lifetime only by you, and after your death only by your legal representative. The Options may only be exercised by the delivery to the Company of a properly completed written notice of exercise (the "Notice of Exercise"), in the form specified by the Administrator or its designee, which may be electronic or written. The Notice of Exercise must specify the number of Shares to be purchased and the Exercise Price for such Shares, together with payment in full of such aggregate Exercise Price and all applicable Tax-Related Items (as defined in Section 7). In the event the Options or a portion thereof are exercised by any person or persons other than you, the Options may only be exercised by the delivery to the Company of appropriate proof of the right of such person or persons to exercise the Options. Payment must be made in a manner permitted in Section 3 below or as authorized by the Administrator pursuant to the Plan and/or as specified in the Appendix. The Options may not be exercised unless you agree to be bound by such documents as the Administrator may require, including all Award Documentation. The Notice of Exercise must be received by the Company prior to the termination or expiration of the Option.
- (c) <u>Exercise Price</u>. The Exercise Price shall be as set forth in the Grant Notice, without commission or other charge; *provided*, *however*, that the Exercise Price shall not be less than 100% of the Fair Market Value of a Share on the Grant Date. Notwithstanding the foregoing, if these Options are designated as Incentive Stock Options and you own (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company of the Code), the Exercise Price shall not be less than 110% of the Fair Market Value of a Share on the Grant Date.

The Administrator may deny any exercise otherwise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of U.S. federal, state or foreign securities laws.

- 3. Method of Payment. Payment of the aggregate Exercise Price must be by any of the following, or a combination thereof, unless provided otherwise in the Appendix:
  - (a) cash;
  - (b) check;
- (c) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, including without limitation, to the extent permitted by Applicable Laws, (i) other Shares which (A) in the case of Shares acquired upon exercise of a stock option, have been owned by you for such period of time as may be required by the Administrator in order to avoid accounting consequences and (B) have a Fair Market Value on the date of

Stock Option 2021 Agreement SVP and up 2 Approved May 2021 – Terms and Conditions surrender equal to the aggregate exercise price of the Shares as to which the Option shall be exercised or (ii) broker-assisted cashless exercise; and/or

(d) any other method authorized by the Administrator.

Notwithstanding the foregoing, the Company reserves the right to restrict the methods of payment of the Exercise Price if necessary to comply with Applicable Laws, as determined by the Company in its discretion.

- 4. Nontransferability of Options. The Options may not be pledged, assigned, sold or otherwise transferred other than by will or by the laws of descent and distribution, unless and until the Shares underlying the Options have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Options nor any interest or right therein shall be liable for the debts, contracts or engagements of you or your successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. The terms of the Plan and the Agreement will be binding upon your executors, administrators, heirs, successors and assigns.
- 5. Term of Option. The Options may be exercised only within the term set out in the Grant Notice, which shall in no event be more than seven years from the Grant Date, and may be exercised during such term only in accordance with the Plan and the terms of the Agreement. If these Options are designated as Incentive Stock Options and you owned (within the meaning of Section 424(d) of the Code), at the time the Options were granted, more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the term shall be in no event more than five years from the Grant Date.

#### 6. <u>Termination as a Service Provider</u>.

- (a) <u>Termination Generally.</u> If your status as an active Service Provider terminates for any reason, other than death or Disability or for Misconduct, vested Options may be exercised at any time before the earlier of (i) the expiration date set forth in the Grant Notice or (ii) the date that is three (3) months after your date of termination, whichever is the shorter period, but only to the extent you were entitled to exercise the Options at the date of termination, as described in Sections 1 and 2 hereof.
- (b) Termination Due to Death. If your status as an active Service Provider terminates due to your death, your then outstanding unvested Options are immediately vested. Your heirs or estate will have twelve (12) months from the date of your death to exercise any vested Options (including, for avoidance of doubt, any Options that vest pursuant to this Section 6(b)). In no case will the post-termination exercise period extend beyond the term limit for the Options as set out in the Grant Notice.
- (c) <u>Termination Due to Disability.</u> If your status as an active Service Provider terminates due to your Disability, any Options that would have vested in the calendar year of your Disability are immediately vested. You (or your legal representative, as applicable) will have twelve (12) months from the date your status as a Service Provider is terminated due to Disability to exercise any vested Options. In no case will the post-termination exercise period extend beyond the term limit for the Options as set out in the Grant Notice.
- (d) <u>Termination due to Misconduct</u>. If your status as an active Service Provider terminates for Misconduct or if you engage in Misconduct while the Options are outstanding, then the Options shall terminate immediately and cease to be outstanding. If your employment or service is suspended pending an investigation of whether you will be terminated for Misconduct, all of yours rights under the Options, including any right to exercise the Options, shall be suspended during the investigation period.

Stock Option 2021 Agreement SVP and up 3 Approved May 2021 – Terms and Conditions For purposes of the Options, your status as a Service Provider will be considered terminated (regardless of the reason for termination and whether or not the termination is in breach of Applicable Laws), effective as of the date that you are no longer actively employed or providing services and will not be extended by any notice period mandated under Applicable Laws (e.g., active employment or service would not include a period of "garden leave" or similar period pursuant to Applicable Laws). The Administrator will have the exclusive discretion to determine when you are no longer actively employed or providing services for purposes of your Options (including whether you may still be considered to be providing services while on a leave of absence).

Responsibility for Taxes. Regardless of any action the Company or, if different, your employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant, vesting or exercise of the Options, the issuance of Shares upon exercise of the Options, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items (including hypothetical withholding tax amounts if you are covered under a Company tax equalization policy). In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation payable to you by the Company and/or the Employer;
- (b) withholding from the proceeds of the sale of Shares acquired upon exercise of the Option, either through a voluntary sale (specifically including where you exercise this Option in accordance with Section 3(b) above) or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization) without your further consent or direction;
- (c) withholding in Shares to be issued upon exercise of the Options; or
- (d) requiring you to make a payment in cash by certified check or wire transfer.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Shares. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the exercise, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

If you are covered by a Company or Employer tax equalization policy, you agree to pay to the Company or Employer any additional hypothetical tax obligation calculated and paid under the terms of such tax equalization policy. Finally, you must pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

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#### 8. Other Terms and Conditions.

- (a) The Plan. The Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in the Agreement. As a condition to your receipt and exercise of the Options, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.
- (b) Activation of Brokerage Account. This award of Options is subject to and conditioned on your activation of a brokerage account with the Company's designated brokerage firm on or before the last business day immediately preceding the first vesting date of the Options. If you fail to timely activate a brokerage account with the Company's designated brokerage firm, then this award and all of the Options covered by this award will be immediately cancelled and forfeited and you will not receive any other benefits or compensation as replacement for the Options.
- (c) <u>Stockholder Rights</u>. Until the Shares are issued upon exercise, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the Options.
- (d) <u>Employment Relationship</u>. Nothing in the Agreement will confer on you any right to continue in the employ of the Company or the Employer or interfere with or restrict rights of the Company or the Employer, which are hereby expressly reserved, to terminate your employment at any time.
- (e) <u>Change of Control.</u> If your employment is terminated by the Company or the Employer (including for this purpose any successor to the Company due to such Change of Control and any employer that is an Affiliate of such successor) for any reason other than for Misconduct or, if applicable, by you as a result of a Constructive Termination, within one year after a Change of Control, then the Options will become fully vested upon the date of termination.
- (f) <u>Declination of Options</u>. If you wish to decline your Options, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits no later than one calendar month prior to the first vesting date of the Options. Your declination is non-revocable, and you will not receive any other benefits or compensation as replacement for the declined Options. Your decision to not timely file the Declination of Grant form will constitute your acceptance of the Award on the terms on which it is offered, as set forth in this Agreement and the Plan.
- Recovery in the Event of a Financial Restatement; Claw-Back Policy. In the event the Company is required to prepare an accounting restatement due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, the Administrator will review all equity-based compensation (including the Options) awarded to employees at the Senior Vice President level and above. If the Administrator (in its sole discretion) determines that you were directly involved with fraud, misconduct or gross negligence that contributed to or resulted in such accounting restatement, the Administrator may, to the extent permitted by governing law and as appropriate under the circumstances, recover for the benefit of the Company all or a portion of the equity-based compensation awarded to you, including (without limitation) by cancelation, forfeiture, repayment and disgorgement of profits realized from the sale of securities of the Company; provided, however, the Administrator will not have the authority to recover any equity-based compensation awarded more than 18 months prior to the date of the first public issuance or filing with the U.S. Securities and Exchange Commission (the "SEC") (whichever first occurs) of the financial document embodying such financial reporting requirement. In determining whether to seek recovery, the Administrator may take into account any considerations it deems appropriate, including Applicable Laws and whether the assertion of a recovery claim may prejudice the interests of the Company in any related proceeding or investigation. Further, and notwithstanding the foregoing, the Options (including any proceeds, gains or other economic benefit actually or constructively received by you under the Options or upon the receipt or resale of any Shares issued upon exercise of the Options) shall be subject to the provisions of any claw-back policy implemented by the Company, including, without limitation, any claw-back policy adopted to comply with the requirements of Appli
- (h) <u>Incentive Stock Options</u>. If you are a U.S. taxpayer and your Options are designated as Incentive Stock Options, you hereby acknowledge that, to the extent that the aggregate Fair Market Value (determined as of the time the Options are granted) of all Shares with respect to which Incentive Stock Options, including the Options (if applicable), are

Stock Option 2021 Agreement SVP and up 5 Approved May 2021 – Terms and Conditions exercisable for the first time by you in any calendar year exceeds \$100,000, the Options and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. You further acknowledge that the rule set forth in the preceding sentence shall be applied by taking the Options and other "incentive stock options" into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. You acknowledge that an Incentive Stock Option exercised more than three months after your termination of employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

- 9. **Nature of Grant**. In accepting the grant, you acknowledge, understand and agree that:
- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time:
- (b) the grant of the Options is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past;
  - (c) all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;
  - (d) you are voluntarily participating in the Plan;
- (e) the Options and the Shares subject to the Options, and the value of and income from the Options and Shares, are not intended to replace any pension rights, retirement benefits or other compensation;
- (f) the Options and the Shares subject to the Options, and the value of and income from the Options and Shares, are not part of normal or expected compensation or salary for any purpose;
- (g) the Option grant and your participation in the Plan will not be interpreted to form an employment contract or other service relationship with the Company, the Employer or any other Affiliate;
  - (h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
  - (i) if the underlying Shares do not increase in value, the Options will have no value;
- (j) if you exercise the Options and obtain Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price:
- (k) no claim or entitlement to compensation or damages will arise from forfeiture of the Options resulting from termination of your status as a Service Provider (for any reason whatsoever and whether or not in breach of Applicable Laws), and in consideration of the grant of the Options to which you are otherwise not entitled, you irrevocably agree to (i) never institute any such claim against the Company, the Employer, or any of their respective Affiliates, (ii) waive your ability, if any, to bring any such claim against the Company, the Employer or any of their respective Affiliates, (iii) forever release the Company, the Employer and each of their respective Affiliates from any such claim, and (iv) execute any and all documents necessary, or reasonably requested by the Company, to request dismissal or withdrawal of any such claim that is allowed by a court of competent jurisdiction, in each case to the maximum extent permitted by Applicable Laws;
- (l) the Options and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger of the Company with or into another company or the sale of substantially all of the assets of the Company; and
  - (m) if you are providing services outside the United States:
- (i) the Options and the Shares subject to the Options, and the value of and income from same, are not part of normal or expected compensation or salary for any purpose; and

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- (ii) none of the Company, the Employer, or any other Affiliate will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. Dollar that may affect the value of the Options, any amounts due to you pursuant to the exercise of the Options or the subsequent sale of any Shares acquired upon exercise.
- 10. <u>No Advice Regarding Grant</u>. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.
- 11. <u>Data Privacy.</u> You understand that the Company and the Employer hold certain personal information about you, including, but not limited to, your name, home address, email address, and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (your "Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that it will be necessary for your Data to be collected, used and transferred, in electronic or other form, as described in the Agreement and any other Award Documentation by and among, as applicable, the Employer, the Company and any Affiliate. Such processing will be for the exclusive purpose of implementing, administering and managing your participation in the Plan, and therefore for the performance of the Agreement. The provision of your Data is a contractual requirement. Without the provision of your Data, it will not be possible to for the Company and/ or the Employer to perform their obligations under the Agreement.

You understand that, in performing the Agreement, it will be necessary for:

- your Data to be transferred to a Company-designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country;
- the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan, to receive, possess, use, retain and transfer your Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan; and
- · your Data to be held only as long as is necessary to implement, administer and manage your participation in the Plan.

If you are located in the European Union ("EU"), European Economic Area ("EEA") or the United Kingdom ("UK"), you understand that the recipients of your Data may be located in countries outside of the EU/EEA/UK, including the United States, and that the recipients' country may not have privacy laws and protections that are equivalent to those of the EU/EEA/UK member state in which you are based. You understand that if you reside in the EU/EEA/UK, you can request a list with the names and addresses of any recipients of your Data by contacting your local human resources representative.

You understand that if you reside in the EU/EEA/UK, you may, at any time and free of charge, request access to your Data, object to the processing of your Data, request to have access to it restricted, request additional information about the storage and processing of your Data, require any necessary amendments to your Data or ask for it to be erased by contacting your local human resources representative in writing. You may also have the right to receive a copy of your Data in a machine-readable format, and the right to not to be subject to any decision that significantly affects you being taken solely by automated processing, including profiling. We will process any request in line with applicable laws and our policies and procedures. You also have the right to lodge a complaint with a local supervisory authority.

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- 12. Compliance with Laws and Regulations. The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Shares may be listed or quoted at the time of such issuance or transfer; and, you understand that the Company shall not be required to issue or deliver any Shares purchased upon the exercise of the Options or portion thereof prior to fulfillment of the following conditions: (a) the admission of such Shares to listing on all stock exchanges on which the Company's common stock is then listed; (b) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the SEC or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience. The Shares deliverable upon the exercise of the Options shall be fully paid and nonassessable. You understand that the Company is under no obligation to register or qualify the Shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, you agree that the Company has unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary or advisable to comply with Applicable Laws.
- 13. <u>Successors and Assigns.</u> The Company may assign any of its rights under the Agreement. The Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.
- 14. Administrator Authority. The Administrator has the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Options have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon you, the Company and all other interested persons. The Administrator will not be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Agreement.
- 15. Governing Law; Jurisdiction; Severability. The Agreement is to be governed by and construed in accordance with the internal laws of the State of Delaware, U.S.A., as such laws are applied to agreements between Delaware residents entered into and to be performed entirely within Delaware, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by any grant of Options or the Agreement, the Company and you hereby submit to and consent to the exclusive jurisdiction of the State of Delaware and agree that such litigation will be conducted only in the courts of New Castle County, Delaware, or the federal courts for the United States for the District of Delaware, and no other courts, where this grant is made and/or to be performed. If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.
- 16. **Further Instruments.** The parties agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.
- 17. Language. You acknowledge that you are sufficiently proficient in English, or have consulted with an advisor who is sufficiently proficient in English, to understand the terms and conditions of the Agreement. Furthermore, if you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
- 18. <u>Electronic Delivery and Acceptance</u>. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

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- 19. <u>Imposition of Other Requirements</u>. The Company reserves the right to impose other requirements on your participation in the Plan, on the Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.
- 20. <u>Headings</u>. The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of these Terms and Conditions, unless otherwise noted.
- 21. Appendix. Notwithstanding any provisions in the Award Documentation, the Options are subject to any additional terms and conditions for your country set forth in an Appendix to these Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Company reserves the right to require you to sign any additional agreements or undertakings that may be necessary to accomplish the forgoing. The Appendix constitutes part of the Agreement.
- 22. <u>Waiver</u>. You acknowledge that a waiver by the Company of breach of any provision of the Agreement will not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by you or any other Participant.
- 23. <u>Entire Agreement.</u> The Plan, these Terms and Conditions, the Appendix and the Grant Notice constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.
- 24. <u>Insider Trading Restrictions/Market Abuse Laws</u>. You acknowledge that, depending on your or your broker's country or the country in which the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares or rights to Shares (or rights linked to the value of Shares under the Plan (e.g., PRSUs)) during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed insider information. Furthermore, you could be prohibited from (a) disclosing the inside information to any third party (other than on a "need to know" basis) and (b) "tipping" third parties (including employees and other service providers) or causing them otherwise to buy or sell Company securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.
- Notices. Any notice to be given under the terms of the Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to you shall be addressed to you at your last residential or email address reflected on the Company's records. By a notice given pursuant to this Section 25, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to you shall, if you are then deceased, be given to your legal representative. Any notice shall be deemed duly given to you (or, if applicable, your legal representative), (a) if it is delivered by email, upon confirmation of receipt (with an automatic "read receipt" constituting acknowledgment of receipt for purposes of this Section 25(a)); and (b) if sent by certified mail (return receipt requested), on the second business day following deposit (with postage prepaid) in a post office or branch post office regularly maintained by the United States.
- 26. <u>Limitations Applicable to Section 16 Persons</u>. Notwithstanding any other provision of the Plan or the Agreement, if you are subject to Section 16 of the Exchange Act, the Plan, the Option and the Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Laws, the Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

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- 27. Section 409A. The Options are not intended to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code (together with any U.S. Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, "Section 409A"). However, notwithstanding any other provision of the Plan or the Agreement, if at any time the Administrator determines that the Options (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify you or any other person for failure to do so) to adopt such amendments to the Plan or the Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the Options to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.
- 28. <u>Limitation on Your Rights.</u> Participation in the Plan confers no rights or interests other than as herein provided. The Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. You shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Options, and rights no greater than the right to receive the Shares as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.
- 29. <u>Notification of Disposition</u>. If these Options are designated as Incentive Stock Options, you shall give prompt notice to the Company of any disposition or other transfer of any Shares acquired under the Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such Shares or (b) within one year after the transfer of such Shares to you. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by you in such disposition or other transfer.
- 30. <u>Termination, Rescission and Recapture</u>. The Options are intended to align your long-term interests with the long-term interests of the Company. If you engage in certain activities discussed below, either during employment with the Company or after such employment terminates for any reason, the Company may terminate any outstanding, unexercised, unexpired or unpaid Options ("*Termination*"), rescind any exercise, payment or delivery pursuant to the Options ("*Rescission*") or recapture any Shares or any proceeds from your sale of Shares acquired pursuant to the Options ("*Recapture*"), as more fully described below and to the extent permitted by Applicable Laws. For purposes of this Section 30, "*Competitive Organization or Business*" is defined as those corporations, institutions, individuals, or other entities identified by the Company as competitive or working to become competitive in the Company's most recently filed annual report on Form 10-K.
- (a) You are acting contrary to the long-term interests of the Company if you at any time fail to comply with any agreement or undertaking regarding inventions, intellectual property rights, and/or proprietary or confidential information or material that you signed or otherwise agreed to in favor of the Company.
- (b) You are acting contrary to the long-term interests of the Company if you, while employed by the Company: (i) materially breach the AMD Agreement or any Company (or Affiliate) policy applicable to you, or any written agreement between you and the Company (or Affiliate); (ii) violate the Company's Worldwide Standards of Business Conduct or commit any other act of misconduct, or violate state or federal law relating to the workplace (including laws related to sexual harassment or age, sex or other prohibited discrimination); (iii) commit any act or omission resulting in your being charged with a criminal offense involving moral turpitude, dishonesty, or breach of trust; or (iv) engage in conduct that constitutes a felony, or enter a plea of guilty or nolo contendere with respect to a felony under applicable law. Whether you are acting contrary to the long-term interests of the Company for any of the reasons set forth in clauses (i) through (iv) above shall be determined by the Administrator in its sole discretion.
- (c) You are acting contrary to the long-term interests of the Company if, during the restricted period set forth below, you engage in any of following activities in, or directed into, any State, possession or territory of the United States of America or any country in which the Company operates, sells products or does business:

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- (i) while employed by the Company, you render services to or otherwise directly or indirectly engage in or assist, any Competitive Organization or Business;
- (ii) while employed by the Company or at any time thereafter, without the prior written consent of the Compensation and Leadership Resources Committee of the Board (the "CLRC"), you (A) use any confidential information or trade secrets of the Company to render services to or otherwise engage in or assist any Competitive Organization or Business or (B) solicit away or attempt to solicit away any customer or supplier of the Company if in doing so, you use or disclose any of the Company's confidential information or trade secrets;
- (iii) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is a direct material Competitive Organization or Business (as conducted now or during the term of this Agreement);
- (iv) while employed by the Company or during the period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit away or influence or attempt to influence or solicit away any client, customer or other person either directly or indirectly to direct his/her or its purchase of the Company's products and/or services to any Competitive Organization or Business; or
- (v) while employed by the Company or during a period of twelve (12) months thereafter, without the prior written consent of the Board, you solicit or influence or attempt to influence or solicit any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his/her employment or consulting relationship with the Company or become an employee of or perform services for any outside organization or business that is or is working to become competitive with the Company.

The activities described in this Section 30(c) are collectively referred to as "Activities Against the Company's Interest."

- (d) If the Company determines, in its sole and absolute discretion, that: (i) you have violated any of the requirements set forth in Section 30(a) or (b) above or (ii) you have engaged in any Activities Against the Company's Interest (the date on which such violation or activity first occurred being referred to as the "Trigger Date"), then the Company will, in its sole and absolute discretion, impose a Termination, Rescission and/or Recapture of any or all of the Options, the Shares issued to you upon exercise of the Options or the proceeds you received therefrom, provided, that such Termination, Rescission and/or Recapture shall not apply to the Options, the Shares issued to you upon exercise of Options, to the extent that such Options was exercised earlier than one (1) year prior to the Trigger Date. Within ten days after receiving notice from the Company that Rescission or Recapture is being imposed on any Option, you shall deliver to the Company the Shares acquired pursuant to the Option, or, if you have sold such Common Stock, the gain realized, or payment received as a result of the rescinded exercise, payment, or delivery; provided, that if you return Common Stock that you purchased pursuant to the exercise of the Option (or the gains realized from the sale of such Common Stock), the Company shall promptly refund the exercise price, without earnings, that you paid for the Common Stock. Any payment by you to the Company pursuant to this Section 30(d) shall be made either in cash or by returning to the Company the number of shares of Common Stock that you received in connection with the rescinded exercise, payment, or delivery. It shall not be a basis for Termination, Rescission or Recapture if after your termination of employment, you purchase, as an investment or otherwise, stock or other securities of an organization or business in competition with the Business of the Company, so long as (i) such stock or other securities are listed upon a recognized securities exchange or traded over-the-counter, and (
- (e) Upon exercise of the Option or payment or delivery of Shares pursuant to the Option, you shall, if requested by the Company, certify on a form acceptable to the Company that you are in compliance with the terms and conditions of this Agreement and, if your termination of employment has occurred, shall state the name and address of your then-current employer or any entity for which you perform business services and your title, and shall identify any organization or business in which you own a greater-than-one-percent equity interest.

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- (f) Notwithstanding the foregoing provisions of this Section 30, in exceptional cases, the Company has sole and absolute discretion not to require Termination, Rescission and/or Recapture, and its determination not to require Termination, Rescission and/or Recapture with respect to any particular act by you or the Options shall not in any way reduce or eliminate the Company's authority to require Termination, Rescission and/or Recapture with respect to any other act by you or other stock options or equity awards.
- (g) Nothing in this Section 30 shall be construed to impose obligations on you to refrain from engaging in lawful competition with the Company after the termination of employment. For the avoidance of doubt, you acknowledge that this Section 30(g) shall not limit or supersede any other agreement between you and the Company concerning restrictive covenants.
- (h) All administrative and discretionary authority given to the Company under this Section 30 shall be exercised by the CLRC, or an executive officer of the Company as the CLRC may designate from time to time.
- (i) Notwithstanding any provision of this Section 30, if any provision of this Section 30 is determined to be unenforceable or invalid under any Applicable Laws, such provision will be applied to the maximum extent permitted by Applicable Laws, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under Applicable Laws. Furthermore, if any provision of this Section 30 is illegal under any Applicable Laws, such provision shall be null and void to the extent necessary to comply with Applicable Laws.
- (j) Notwithstanding the foregoing, this Section 30 shall not be applicable to you from and after your termination of employment if such termination of employment occurs after a Change of Control.
- 31. Foreign Asset/Account Reporting; Exchange Control Requirements. Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

By signing the Grant Notice or otherwise accepting the Option grant and any Shares acquired at exercise of the Options, you agree to be bound by terms of the Agreement and the Plan.

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#### APPENDIX

#### Terms and Conditions Stock Option Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

Capitalized terms not specifically defined in this Appendix (this "Appendix") have the same meaning assigned to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (as amended and restated, the "Plan") and/or the Terms and Conditions to which this Appendix is attached (the "Terms and Conditions").

This Appendix includes additional terms and conditions that govern the grant of Options in the United Kingdom. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant of the Options or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will be applicable to you.

The additional terms and conditions set forth herein are based on the laws in effect in the United Kingdom as of April 2020. The laws of the United Kingdom are complex and subject to change. As a result, you should not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting or exercise of the Options, receipt of any dividends or the subsequent sale of the Shares. Accordingly, if you are subject to the laws of the United Kingdom, you should seek appropriate professional advice as to how those may apply to your particular situation.

#### UNITED KINGDOM

Terms and Conditions

Responsibility for Taxes. The following provisions supplement Section 7 of the Terms and Conditions:

Without limitation to Section 7 of the Terms and Conditions, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax- Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision may not apply in case the indemnification could be considered a loan. In this case, the amount of income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be obtained from you by the Company or the Employer at any time thereafter by any of the means referred to in Section 7 of the Terms and Conditions.

[End of Agreement]

 $\begin{array}{ll} \textbf{Stock Option 2021 Agreement SVP and up} & 13 \\ \textbf{Approved May 2021-Appendix} \end{array}$ 

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would

#### AMENDED AND RESTATED WAFER SUPPLY AGREEMENT AMENDMENT NO. 7

This Amended and Restated Seventh Amendment to the WAFER SUPPLY AGREEMENT (this "A&R Seventh Amendment"), dated as of May 12, 2021, amends that certain Wafer Supply Agreement, dated March 2, 2009 (the "Original WSA," as amended by this A&R Seventh Amendment, the "Agreement"), as previously amended by the Wafer Supply Agreement Amendment No. 1 dated as of April 2, 2011, Wafer Supply Agreement Amendment No. 2 dated as of March 4, 2012, Wafer Supply Agreement Amendment No. 3 dated as of December 6, 2012, Wafer Supply Agreement Amendment No. 4 dated as of March 30, 2014, Wafer Supply Agreement Amendment No. 5, dated as of April 16, 2015, Wafer Supply Agreement Amendment No. 6 dated as of August 30, 2016, and Wafer Supply Agreement Amendment No. 7 dated as of January 28, 2019 (collectively, the "Prior Amendments"), by and among (i) Advanced Micro Devices, Inc., a Delaware corporation ("AMD"); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo's guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands ("FoundryCo"), on behalf of itself and its direct and indirect whollyowned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; and (iii) subject to FoundryCo's guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware Corporation ("USOpCo"), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo's sales activities (AMD, FoundryCo and USOpCo are collectively referred to herein as the "Parties"). Capitalized terms used in this A&R Seventh Amendment shall have the meanings ascribed to them herein. Capitalized terms without definitions herein shall have the meanings set forth in the Original WSA.

WHEREAS, as a matter of convenience and without waiving any of their respective rights, the Parties wish to merge the remaining obligations of the Prior Amendments such that except as expressly agreed to the contrary herein, the Original WSA and this A&R Seventh Amendment shall set forth all of the obligations among them with respect to AMD's purchase of Products to be manufactured by FoundryCo;

WHEREAS, the Parties wish to set forth their agreement with respect to certain purchase commitments, pricing and other terms of the Agreement primarily regarding MPU Products, GPU Products and Chipset Products manufactured using any Process Nodes larger than the 7nm Process Node during the period commencing on January 1, 2019 and continuing through December 31, 2024 (the "New Period"), and to remove all future exclusivity obligations of AMD and FoundryCo with respect to all Products manufactured using any Process Nodes;

NOW, THEREFORE, in consideration of the promises and mutual agreements and covenants set forth, and intending to be legally bound, the Parties hereby agree as follows:

#### 1. TERM

- a. The term of this A&R Seventh Amendment shall be concurrent with the New Period. This A&R Seventh Amendment shall supersede all Prior Amendments, and such Prior Amendments shall have no further force and effect, except with respect to Sections 7 and 8 below, such provisions shall apply to reports, auditable items and Disputes that relate to products purchased, or obligations or events occurring or arising prior to the effective date of this A&R Seventh Amendment.
- b. Section 12.1 of the Original WSA is hereby amended and restated in its entirety as follows:
  - "12.1 Term. This Agreement shall commence on the Effective Date and shall continue until December 31, 2024."

### 2. EXCLUSIVITY; WAIVER PRODUCTS

### a. Elimination of Exclusivity Obligations

AMD and FoundryCo agree that

- i. notwithstanding any provision of the Original WSA to the contrary, AMD may as of the date hereof tape out products of any type with and procure foundry manufacturing services from any other foundry with respect to any and all products at any and all Process Nodes (e.g. 28nm, 14nm, 10nm, 7nm, 5nm, 3nm) without any obligation or liability of any kind to FoundryCo as a result;
- notwithstanding the final sentence of Section 2.1(a) of the Original WSA, AMD shall have no obligation to transition manufacture of any MPU Products of any business AMD may acquire from a third party to FoundryCo; and
- iii. as to all other matters not addressed here, each of AMD's and FoundryCo's rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Original WSA.

### b. [\*\*\*\*] Waivers

With respect to the Products entitled [\*\*\*\*] and [\*\*\*\*] (the "[\*\*\*\*] Waiver Products"), which one or more Prior Amendments permitted AMD to manufacture with [\*\*\*\*], including any minor modifications and enhancements thereof (collectively the "Prior Waiver"), the Prior Waiver

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shall extend indefinitely throughout the entire life cycle of the [\*\*\*\*] Waiver Products; provided, however, that such manufacturing of [\*\*\*\*] Products will be limited to [\*\*\*\*], and the manufacturing of [\*\*\*\*] Products will be limited to [\*\*\*\*]. The Parties agree that any waiver with respect to the [\*\*\*\*] Products set forth in Prior Amendments has expired.

### c. [\*\*\*\*] Waiver

Subject to AMD's timely payment of the [\*\*\*\*] Waiver Payments pursuant to Section 2.d and any Mitigation Payments owed pursuant to Section 4 of this A&R Seventh Amendment, FoundryCo hereby waives any claim it may have arising out of or relating to the requirements of Sections 2.1(a) and 2.1(b) of the Agreement with respect to the tape out to and sourcing by AMD from [\*\*\*\*] of the [\*\*\*\*] Products named [\*\*\*\*] (each of the [\*\*\*\*] aforementioned Products a "[\*\*\*\*] Waiver Product," and a waiver relating to such [\*\*\*\*] Waiver Product, a "[\*\*\*\*] Waiver"). As used in this A&R Seventh Amendment, [\*\*\*\*] and [\*\*\*\*] shall include [\*\*\*\*]. AMD may not avoid the requirements in this Section 2.c by changing the names of Products or their scope. For the avoidance of doubt, AMD and FoundryCo agree that any future related Products or derivatives relating to or emanating from any of the [\*\*\*\*] Waiver Products, other than minor enhancements or modifications of the foregoing that result in Products that could be sold as substitutes for one or more of the [\*\*\*\*] Waiver Products without changes in AMD's product features, shall not be covered by any [\*\*\*\*] Waiver. Changes in AMD's product features shall include, without limitation, [\*\*\*\*]. To the extent that AMD believes that a minor enhancement or modification of any of the [\*\*\*\*] Waiver Products is covered by the [\*\*\*\*] Waiver, no later than [\*\*\*\*] prior to taping out the enhanced or modified Product (or for such [\*\*\*\*], promptly following AMD's receipt of [\*\*\*\*]), AMD shall provide FoundryCo with a written notice that includes a description of the enhancement or modification. In lieu of the notice requirements set forth in Section 15.4 of the Agreement, the notice requirement may be fulfilled via an email to the FoundryCo non-CFO Partnership Committee members. For the avoidance of doubt, no waivers exist for any other [\*\*\*\*] Products.

### d. [\*\*\*\*] Waiver Payments

- i. Intentionally omitted.
- ii. **Quarterly Payments.** As partial consideration for the [\*\*\*\*] Waivers, AMD shall pay FoundryCo, on a quarterly basis, payments on a per-wafer basis to be calculated pursuant to Schedule 2(d)(i)("[\*\*\*\*] **Quarterly** [\*\*\*\*] **Waiver Payments**"), such that for each relevant year in Column A, the total production wafer volume for such [\*\*\*\*] Waiver Products supplied to AMD by [\*\*\*\*] in the aggregate during such fiscal

quarter is multiplied by the dollar amount in Column B. The term "AMD [\*\*\*\*] Wafers" means [\*\*\*\*]. For purposes of calculating the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments, any AMD [\*\*\*\*] Wafer volumes that were included in AMD's Binding Forecasts to FoundryCo and were accepted by FoundryCo in writing, but that AMD subsequently purchased from [\*\*\*\*] solely because FoundryCo subsequently informed AMD in writing that FoundryCo would not make the necessary capacity available to AMD ("Decommitted Wafers"), will be treated as if they had been purchased from FoundryCo rather than from [\*\*\*\*]. In order to facilitate and formalize the Parties' communications regarding forecasts, the Parties will hold periodic forecast interlock meetings. During such meetings, the Parties will discuss in good faith AMD's forecast of [\*\*\*\*] Wafers during the Binding Forecast Period and FoundryCo's supply capability for such [\*\*\*\*] Wafers. Following each interlock, the Parties will memorialize FoundryCo's acceptance of the agreed portions of AMD's [\*\*\*\*] Wafer forecasts with respect to the Binding Forecast Period in writing, which writing may be fulfilled by an email exchange between each Party's designated member of the Partnership Committee expressly setting forth the agreement with respect to the applicable forecast and including the phrases "Agreed by AMD" and "Agreed by Globalfoundries" respectively. Any disagreements between the Parties with respect to [\*\*\*\*] Wafer forecast commitments shall be escalated pursuant to Section 3.2 of the Agreement. AMD will calculate the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments no later than [\*\*\*\*] following the end of each fiscal quarter in which AMD purchased any [\*\*\*\*] Waiver Product from [\*\*\*\*], and shall pay the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments no later than [\*\*\*\*] of the end of the quarter in which the purchases occurred. AMD's obligation to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments is unconditional, and AMD's failure to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments shall, in addition to any other remedies available to FoundryCo in this Agreement, or at law or equity, result in the termination of the [\*\*\*\*] Waivers as follows: (A) for a failure to make a timely [\*\*\*\*] Waiver Payment where such payment default is not disputed by AMD in good faith, FoundryCo may terminate the [\*\*\*\*] Waivers following [\*\*\*\*] written notice to AMD if such payment default is not cured by AMD within such [\*\*\*\*] period; and (B) for a payment default disputed by AMD in good faith, a Party may escalate the dispute to the Partnership Committee, and if the Partnership Committee is unable to resolve the dispute within [\*\*\*\*] of escalation, then the dispute will be escalated to the Chief Executive Officers of AMD and FoundryCo for resolution. If the Chief Executive Officers discuss and fail to resolve the dispute within [\*\*\*\*] of escalation, then FoundryCo may terminate the [\*\*\*\*] Waivers upon written notice of termination to AMD.

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- e. Intentionally omitted
- f. Intentionally omitted

### g. Chipset Products

The following defined term shall be added to the Agreement immediately following Section 1.29:

"1.29.1 "Chipset Products" shall mean one or more integrated circuits marketed and sold by AMD as a separate product, that are manufactured at a Process Node that is equal to or smaller than [\*\*\*\*]nm but larger than 7nm, and that are designed to mediate the flow of data between the central processing unit and peripheral devices using a PCI, PCIe, universal serial bus (USB) Serial ATA (SATA), low pin count (LPC), Integrated Drive Electronics (IDE), Azalia HD Audio (AZ), Serial Peripheral Interface (SPI), Secure Digital Input Output (SDIO) or similar bus."

### 3. AMENDMENTS RELATED TO PRODUCT, PRODUCT PRICING, AND MANUFACTURING CAPACITY

### a. Product Forecasts, Purchase Orders and Roadmaps

i. In lieu of the forecasting requirements of Section 5.1 of the Original WSA, AMD will provide FoundryCo, in writing on a monthly basis, with a non-binding, rolling [\*\*\*\*] forecast of its monthly volume requirements for the Products listed in Schedule 3(a)(i) (the "Pre-Approved Products") or other substitute Products approved in writing by FoundryCo subsequent to the date of this A&R Seventh Amendment (the "FoundryCo Approved Substitute Products"), identified by Product and Process Node. Notwithstanding the foregoing, the first [\*\*\*\*] of the [\*\*\*\*] rolling forecast referenced above will be binding with respect to the total Wafer volume on a Product level basis during such [\*\*\*\*] period only, and the [\*\*\*\*] of the [\*\*\*\*] rolling forecast will be binding with respect to the total Wafer volume on a Process Node basis during such [\*\*\*\*] period only (accordingly, notwithstanding the Original WSA, the term "Binding Forecast" will mean AMD's Product forecast for the first [\*\*\*\*] of such [\*\*\*\*] forecast as provided herein, and "Binding Forecast Period" will mean such [\*\*\*\*] period). AMD acknowledges and agrees that FoundryCo may rely on such forecasts for the purposes of scheduling manufacturing and other resources in accordance with the terms of the Agreement. AMD's Binding Forecast for [\*\*\*\*] is attached as Schedule 3(a)(i).

ii. In addition to the forecast requirements described in Section 3(a)(i) above, AMD shall provide FoundryCo a non-binding volumes forecast that includes all Products, separately aggregated by technology and by product type ([\*\*\*\*] MPU Products, [\*\*\*\*] MPU Products, GPU Products, Chipset Products, and Other Future Products), for the remainder of the New Period, to be updated and provided to FoundryCo on or before [\*\*\*\*] of each year.

### iii. Intentionally omitted

- AMD agrees to provide FoundryCo detailed Product mix information in the form of its Universal Order Book and purchase orders on a [\*\*\*\*] frequency. The Product mix information and purchase orders shall be released and reflect the Product mix for at least [\*\*\*\*] in advance of the commencement of manufacturing for each Product. Notwithstanding the foregoing or any other provision of this Agreement or any purchase order to the contrary, but without diminishing any of AMD's obligations to comply with Section 4 of this A&R Seventh Amendment, FoundryCo acknowledges and agrees that AMD may update actual Product mix information in accordance with AMD's [\*\*\*\*] process (currently referred to as the Universal Order Book process), by which AMD will provide FoundryCo updated Product mix information by [\*\*\*\*]. Without diminishing any of AMD's obligations to comply with Section 4 of this A&R Seventh Amendment, the Parties agree to meet and discuss in good faith any flexibility regarding product volumes, taking into consideration purchase orders, pricing, capacity constraints, Product started to date and margin. In the event the Parties are unable to agree within [\*\*\*\*] after discussing in good faith, such disagreement will be escalated to the Partnership Committee and, if required, the Parties' respective Chief Executive Officers pursuant to Section 3.2 of the Agreement.
- v.FoundryCo may at its option [\*\*\*\*]. Within [\*\*\*\*] of receiving such notice, AMD shall provide FoundryCo with its desired Product mix for such [\*\*\*\*] period, and FoundryCo will adhere to such Product mix. If AMD does not respond within [\*\*\*\*], FoundryCo may [\*\*\*\*] based on the latest the Product mix information released by AMD to FoundryCo and such Product mix shall be binding upon AMD.

With respect to Production Wafers that are covered by the [\*\*\*\*] of AMD's binding forecast, FoundryCo may also [\*\*\*\*], but only upon mutual agreement with AMD regarding the Product mix, such agreement not to be unreasonably withheld or delayed.

FoundryCo shall have the option of selecting the location for storage of such Production Wafers at either FoundryCo's own premises or at a third party's premises subcontracted by FoundryCo, provided that such third party is obligated to maintain the Wafers in accordance with industry standards. [\*\*\*\*] shall bear the storage costs of any Production Wafers stored at [\*\*\*\*]. FoundryCo agrees to use reasonable commercial efforts to properly store such Production Wafers in accordance with applicable industry standards. FoundryCo agrees that it will deliver to storage pursuant to this Section 3(a)(v) only Production Wafers that exceed the applicable [\*\*\*\*] determined as mutually agreed by the Parties at the time [\*\*\*\*] and that Section 9 of the Agreement shall apply to the Production Wafers placed in storage pursuant to this Section 3.a.v, including for any Production Wafers that do not meet such [\*\*\*\*]. In the event of capacity constraints relating to [\*\*\*\*], FoundryCo may deliver to storage Production Wafers which are [\*\*\*\*]. The applicable [\*\*\*\*] for such wafers upon [\*\*\*\*] shall be based on the [\*\*\*\*] of such wafers [\*\*\*\*]. Title and risk of loss of any stored Production Wafers shall remain with FoundryCo until delivered to AMD in accordance with the applicable delivery schedule and terms for such Production Wafers.

vi. If and to the extent that AMD has not delivered the applicable Product mix information relating to Production Wafers in accordance with the dates set forth in Section3(a)(iii) or 3(a)(iv) above, then FoundryCo may manufacture such Production Wafers based on the most recent Product mix information in the Universal Order Book (or absent Universal Order Book information, in the most recent forecast), provided by AMD pursuant to Section 3(a)(i) above; provided, that if AMD had not previously made available the contemplated Product mix information FoundryCo may develop and submit its plan for production of Products to AMD for discussion, and in the absence of a definitive response by AMD within [\*\*\*\*] of receipt of such plan FoundryCo may manufacture such Production Wafers based on its proposed plan and AMD shall be obligated to take delivery of and pay for such Wafers pursuant to the payment provisions set forth in the Agreement. If and to the extent that AMD has not delivered purchase orders for specified Production Wafers in accordance with the dates set forth in Section 3(a)(iii) or 3(a)(iv) above, then FoundryCo shall thereafter have the right to send an invoice to AMD at the time when the applicable specified Production Wafers are delivered reflecting the price of the applicable Production Wafers for which such purchase orders have not been provided.

### b. Product Pricing

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Notwithstanding Section 7.1 and Exhibit A of the Original WSA, the Parties agree to the pricing for 2019, 2020, 2021, 2022, 2023 and 2024 products as set forth in Schedule 3(b)(i) herein.

### c. Manufacturing Capacity

- i. Provided AMD is in compliance with its obligations under Section 4 herein, FoundryCo shall provide manufacturing capacity support to AMD for Pre-Approved Products and FoundryCo Approved Substitute Products in the amount of at least [\*\*\*\*] wafers per year [\*\*\*\*] for each of 2022, 2023 and 2024 (the "Annual Capacity Reservation"), and reserve such applicable capacity as described above for each of the years 2022, 2023, and 2024, accordingly.
- ii. For the purposes of this A&R Seventh Amendment, the following definitions shall apply:
  - "Actual Annual Delivery" shall for a given fiscal year be the dollar amount equal to the quantity of each Pre-Approved Product and FoundryCo Approved Substitute Product that FoundryCo delivers to AMD during a given fiscal year multiplied by the applicable price for each such Product.
  - 2. **"Annual Delivery Obligation"** shall for a given fiscal year be the dollar amount equal to the Annual Capacity Reservation multiplied by the applicable price for each such Product.
  - 3. "Annual Delivery Delta" shall mean, in cases where the Actual Annual Delivery during a given fiscal year is less than the Annual Delivery Obligation for such fiscal year, the dollar amount equal to the difference between these two amounts. Notwithstanding the above, for purposes of the calculation of the Annual Delivery Delta, quantities of Pre-Approved Products and FoundryCo Approved Substitute Products that FoundryCo failed to deliver during a given fiscal year solely as a result of the occurrence of a force majeure event (pursuant to Section 15.3 of the Original WSA) shall not be included as part of the Annual Delivery Obligation quantities for such fiscal year.
- iii. In the event the Actual Annual Delivery is less than the Annual Delivery Obligation for a given fiscal year, FoundryCo shall make shortfall payments ("Shortfall Payments") to AMD, within [\*\*\*\*] of the end of such fiscal year, equal to the following:

- 1. In the event the Annual Delivery Delta is less than [\*\*\*\*] for the applicable fiscal year, FoundryCo shall pay to AMD an amount equal to [\*\*\*\*] of the Annual Delivery Delta for the applicable fiscal year.
- 2. In the event the Annual Delivery Delta is greater than or equal to [\*\*\*\*] for the applicable fiscal year, FoundryCo shall pay to AMD an amount equal to [\*\*\*\*] of the Annual Delivery Delta for the applicable fiscal year.
- iv. AMD agrees that receipt of the Shortfall Payments shall be the sole and exclusive remedy for FoundryCo's failure to meet the Annual Delivery Obligation. The foregoing sentence shall not limit AMD's remedies with respect to any other failure or breach of the Agreement by FoundryCo.
- v.The provisions of Section 3(c)(ii, iii and iv) above shall survive the expiration of the New Period but only as applicable to any Shortfall Payments owed with respect to the New Period.

#### 4. ANNUAL FLOOR, MITIGATION PAYMENTS AND ADVANCE PAYMENTS

#### a. Annual Revenue Floor

- i. AMD shall purchase from FoundryCo, for each fiscal year during the New Period, at a minimum the applicable New Annual Fixed Revenue Floor.
- ii. For the purposes of this A&R Seventh Amendment, the following definitions shall apply:
  - 1. "New Annual Fixed Revenue Floor" shall for a given fiscal year equal the dollar amounts set forth for that year in Schedule 4(a)(ii)(1) attached hereto.
  - 2. "Delta from the New Applicable Floor" shall mean, in cases where FoundryCo's Actual Annual Revenue from AMD is less than the New Annual Fixed Revenue Floor in any given year, the dollar amount equal to the difference between these two amounts.
  - 3. **"FoundryCo's Actual Annual Revenue From AMD"** shall mean the total amounts invoiced by FoundryCo ([\*\*\*\*]) from AMD's purchase of Production Wafers from FoundryCo during

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each fiscal year. For the avoidance of doubt, "FoundryCo's Actual Annual Revenue From AMD" shall include [\*\*\*\*].

- b. In the event FoundryCo's Actual Annual Revenue From AMD is less than the New Annual Fixed Revenue Floor, AMD shall make mitigation payments ("Mitigation Payments") to FoundryCo, within [\*\*\*\*] of the end of such fiscal year, equal to the following:
  - i. In the event the Delta from the New Applicable Floor is less than [\*\*\*\*] for the applicable year, AMD shall pay to FoundryCo an amount equal to [\*\*\*\*] of the Delta from the New Applicable Floor for the applicable fiscal year.
  - ii. In the event the Delta from the New Applicable Floor is greater than or equal to [\*\*\*\*] for the applicable year, AMD shall pay to Foundry an amount equal to [\*\*\*\*] of the Delta from the New Applicable Floor for the applicable fiscal year.
  - iii. An illustrative example of the calculation of Mitigation Payments is set forth in Schedule 4(b)(iii) attached hereto.
- c. In the event AMD is unable to meet the requirements of Section 4(a) during any fiscal year as a direct result of FoundryCo's failure to deliver its Annual Capacity Reservation obligations under this A&R Seventh Amendment for such fiscal year (including failure to deliver due to an event of force majeure), then for purposes of calculating the Mitigation Payments for such fiscal year, the New Annual Fixed Revenue Floor shall be automatically reduced by a dollar amount equal to the quantity of Products not delivered during such fiscal year multiplied by the applicable price for such Products.

FoundryCo agrees that receipt of the Mitigation Payments shall be the sole and exclusive remedy for AMD's failure to meet the New Annual Fixed Revenue Floor. The foregoing sentence shall not limit FoundryCo's remedies with respect to any other failure or breach of the Agreement by AMD, including without limitation any failure by AMD to comply with its obligations to remit payments for Products, services and waivers in a timely manner.

- d. **Payments.** Section 7.3(a) of the Agreement shall be amended in its entirety as follows:
  - "(a) The FoundryCo Sales Entities will invoice AMD for all Products (including Product Development Wafers) shipped to AMD in a manner to be mutually agreed by the applicable FoundryCo Sales Entities and AMD.

Unless otherwise agreed by the Parties, payment shall be made in U.S. Dollars in cash (i) within [\*\*\*\*] after the invoice date until [\*\*\*\*]; and (ii) within [\*\*\*\*] thereafter."

- e. **Advance Payments**. Provided FoundryCo is in compliance with its obligations under Section 3(c)(i) above, AMD agrees to make the following three advanced cash payments:
  - i. AMD shall pay a lump sum amount equal to [\*\*\*\*] as an advance payment to FoundryCo on or by [\*\*\*\*], 2022 (the "First 2022 Advance Payment"), and FoundryCo shall provide a credit to AMD against each invoice issued (up to but not exceeding the total invoice amount) in accordance with this Agreement; provided that any such credit obligations of FoundryCo expire at the earlier of (a) such time as the entire First 2022 Advance Payment is returned in full to AMD; or (b) [\*\*\*\*], on which date FoundryCo shall return in full to AMD any credit balance that remained on [\*\*\*\*].
  - ii. AMD shall pay a lump sum amount equal to [\*\*\*\*] as an advance payment to FoundryCo on or by [\*\*\*\*], 2022 (the "Second 2022 Advance Payment"), and FoundryCo shall provide a credit to AMD against each invoice issued (up to but not exceeding the total invoice amount less any remaining credit relief related to the First 2022 Advance Payment) in accordance with this Agreement; provided that any such credit obligations of FoundryCo expire at the earlier of (a) such time as the entire Second 2022 Advance Payment is returned in full to AMD; or (b) [\*\*\*\*], on which date FoundryCo shall return in full to AMD any credit balance that remained on [\*\*\*\*].
  - iii. AMD shall pay a lump sum amount equal to [\*\*\*\*] as an advance payment to FoundryCo on or by [\*\*\*\*] (the "2023 Advance Payment"), and FoundryCo shall provide a credit to AMD against each invoice issued (up to but not exceeding the total invoice amount less any remaining credit relief related to the Second 2022 Advance Payment) in accordance with this Agreement; provided that any such credit obligations of FoundryCo expire at the earlier of (a) such time as the entire 2023 Advance Payment is returned in full to AMD; or (b) [\*\*\*\*], on which date FoundryCo shall return in full to AMD any credit balance remaining on [\*\*\*\*].
- f. The provisions of this Section 4 shall survive the expiration of the New Period but only as applicable to any Mitigation Payments owed with respect to the New Period.

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#### 5. SORTING AND MASK SERVICES

- a. The Parties agree that Section 4.2(a) of the Original WSA will no longer apply, and that the Parties shall negotiate in good faith and mutually agree upon terms and conditions to govern AMD's future purchases of Sort Services from FoundryCo. Notwithstanding the foregoing, AMD shall [\*\*\*\*]. The Parties' good faith discussions shall take into account FoundryCo's utilization of its existing equipment and tooling, and its performance of Sort Services on all new Products (including [\*\*\*\*]), and that consignment by AMD of equipment and tooling necessary for FoundryCo to perform Sort Services, [\*\*\*\*], will be only as mutually agreed.
- b. To assist AMD with the [\*\*\*\*] or other AMD Furnished Property for use at FoundryCo's manufacturing site in Dresden, Germany from a place outside the European Union ("EU"), upon request, FoundryCo will provide logistics and clearance services for such AMD Furnished Property ("Import Services"). Such requests will be made in the form of a purchase order for Import Services at a mutually agreed price quoted by FoundryCo. AMD will deliver the AMD Furnished Property DAP to FoundryCo's Fab 1 in Dresden, Germany. Upon acceptance of such purchase order and completion of performance of such Import Services, FoundryCo will invoice AMD for the Import Services and any expenses necessarily incurred in connection therewith, which expenses may include freight, duties, clearance costs, and any value added tax ("VAT"). AMD shall pay such invoices in accordance with Section 7.3 of the Agreement.
- c. Once such AMD Furnished Property is no longer required, in particular due to Product termination or end of life, FoundryCo will give AMD no less than [\*\*\*\*] prior written notice to take delivery of such AMD Furnished Property. FoundryCo will deliver the AMD Furnished Property FCA FoundryCo's Fab 1 in Dresden, Germany. If AMD fails to collect the AMD Furnished Property, FoundryCo will be entitled to scrap, dispose or destroy such AMD Furnished Property in a manner FoundryCo elects, provided that industry-standard measures are used to protect AMD's intellectual property in such AMD Furnished Property. The Parties assume that the return of AMD Furnished Property is not subject to VAT. However, in case FoundryCo is required to pay VAT related to AMD Furnished Property by a tax authority, FoundryCo will invoice VAT, including interest (if charged by the tax authority) to AMD and AMD will pay such invoice in accordance with Section 7.4 of the Agreement.
- d. AMD agrees that it shall procure mask services for Production Wafers provided by FoundryCo [\*\*\*\*] from FoundryCo during the New Period.

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### **6.** [\*\*\*\*]

a. There are no [\*\*\*\*] or [\*\*\*\*] requirements or other committed [\*\*\*\*] with respect to any Products to be delivered by FoundryCo to AMD during the New Period, other than any mutually agreed arrangements in response to [\*\*\*\*]. FoundryCo's obligations with respect to [\*\*\*\*] and [\*\*\*\*] shall remain as set forth in the Original WSA.

#### 7. REPORTS AND AUDIT

- a. **Reports Related to Waived Products.** In order to assist FoundryCo in confirming AMD's compliance with the applicable waiver payments, AMD agrees to provide the following written reports, which AMD represents to be true and accurate upon issuance of each report and which, in all cases, shall be subject to the audit provisions set forth in Section 8 of the Agreement.
  - i. No later than [\*\*\*\*] following the conclusion of each [\*\*\*\*], AMD shall provide FoundryCo with a written report stating:
    - 1. the name and technology node of each [\*\*\*\*] Waiver Product and [\*\*\*\*] Waiver Product;
    - 2. the total wafer volumes purchased of the [\*\*\*\*] Waiver Products and [\*\*\*\*] Waiver Products that were manufactured at [\*\*\*\*] during the prior [\*\*\*\*].
- b. Intentionally omitted.
- c. Audit Rights. Section 8.1(b) of the Original WSA is hereby amended and restated in its entirety as follows:

"AMD. AMD shall keep records in sufficient detail to enable FoundryCo to determine that AMD has complied with its [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payment and Prior Waiver commitments pursuant to the Agreement. AMD shall permit said records to be inspected, at FoundryCo's expense, upon reasonable advance notice, during regular business hours by an independent auditor selected by FoundryCo and approved by AMD, which approval shall not be unreasonably withheld. The audit shall be for the purposes of (i) verifying that AMD has complied with its [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payment and Prior Waiver commitments pursuant to the Agreement and (ii) confirming the accuracy of any additional amounts payable by AMD to

FoundryCo as described in Section 2, Section 3 and Section 4 of the A&R Seventh Amendment. Inspections conducted under this Section 8.1(b) shall be at FoundryCo's expense, unless AMD has failed to comply with its payment obligations and commitments pursuant to the Agreement, or has a non-compliance variance adverse to FoundryCo with respect to additional amounts payable pursuant to Section 2, Section 3 and/or Section 4 of the A&R Seventh Amendment of [\*\*\*\*] percent ([\*\*\*\*]%) or more, in which case AMD shall bear the reasonable expenses of such audit."

d. The provisions of this Section 7 shall survive the expiration of the New Period but only as applicable to activities that occurred during the New Period, and payments owed in connection with such activities.

### 8. PRIOR AMENDMENTS

- a. Section 1.48 of the Agreement is hereby amended and restated in its entirety to read as follows:
  - "1.48 *FoundryCo Sales Entities* shall mean USOpCo, GLOBALFOUNDRIES Singapore Pte. Ltd. (a private limited Singapore company and a wholly-owned subsidiary of FoundryCo) and any other direct or indirect wholly-owned subsidiaries of FoundryCo to which FoundryCo has delegated the responsibility to process purchase orders from AMD and to offer to sell and sell Products to AMD in accordance with this Agreement."
- b. Section 15.11(c) of the Agreement shall be amended and restated in its entirety as follows:
  - "(c) Any Dispute not resolved within thirty (30) days of the Dispute Notice being received shall be referred to, and shall be finally and exclusively resolved by, arbitration under the LCIA Rules then in effect, as amended by this Section 15.11, which LCIA Rules are deemed to be incorporated by reference into this Section 15.11. The seat, or legal place, of the arbitration shall be London, England. The language of the arbitration shall be English. The number of arbitrators shall be three. Each party shall nominate one arbitrator and the two arbitrators nominated by the Parties shall, within thirty (30) days of the appointment of the second arbitrator, agree upon and nominate a third arbitrator who shall act as Chairman of the Tribunal. If no agreement is reached within thirty (30) days, the LCIA Court shall appoint a third arbitrator to act as Chairman of the Tribunal. It is hereby expressly agreed that if there is more than one claimant party or more than one respondent party, the claimant parties shall together nominate one arbitrator and the respondent parties shall together nominate one arbitrator. In the event that a sole claimant or the claimant parties, on the one side, or a

sole respondent or the respondent parties, on the other side, fails to nominate its/their arbitrator, such arbitrator shall be appointed by the LCIA Court. Any award issued by the arbitrators shall be final and binding upon the Parties, and, subject to this Section 15.11, may be entered and enforced in any court of competent jurisdiction by any of the Parties. In the event any party subject to such final and binding award desires to have it confirmed by a final order of a court, the only court which may do so shall be a court of competent jurisdiction located in London, England; provided however, that nothing in this sentence shall prejudice or prevent a party from enforcing the arbitrators' final and binding award in any court of competent jurisdiction. The Parties hereto acknowledge and agree that any breach of the terms of this Agreement could give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, the Parties agree that, prior to the formation of the Tribunal, the Parties have the right to apply exclusively to any court of competent jurisdiction or other judicial authority located in London, England for interim or conservatory measures, including, without limitation, to compel arbitration (an "Interim Relief Proceeding"). Furthermore, the Parties agree that, after the formation of the Tribunal, the arbitrators shall have the sole and exclusive power to grant temporary, preliminary and permanent relief, including injunctive relief and specific performance, and any then pending Interim Relief Proceeding shall be discontinued without prejudice to the rights of any of the parties thereto. Unless otherwise ordered by the arbitrators pursuant to the terms hereof, the arbitrators' expenses shall be shared equally by the Parties. In furtherance of the foregoing, each of the Parties hereto irrevocably submits to: (i) the exclusive jurisdiction of the courts of England located in London, England in relation to any Interim Relief Proceeding and; (ii) the non-exclusive jurisdiction of the courts of England located in London, England with respect to the enforcement of any arbitral award rendered in accordance with this Section 15.11; and, with respect to any such suit, action or proceeding, waives any objection that it may have to the courts of England located in London. England on the grounds of inconvenient forum. For the avoidance of doubt, where an arbitral tribunal is appointed under this Agreement, the whole of its award shall be deemed for the purposes of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 to be contemplated by this Agreement, as the case may be (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 15.11)."

c. The provisions of this Section 8 shall survive the expiration of the New Period but only as applicable to activities that occurred during the New Period.

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#### 9. ADDITIONAL AGREEMENTS

a. Section 15.4 of the Original WSA is hereby amended and restated in its entirety as follows:

"Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by an internationally recognized overnight courier service, by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 15.4):

(a) If to FoundryCo or USOpCo:

GLOBALFOUNDRIES Legal Department 400 Stone Break Road Extension Malta, NY 12020 USA Attention: General Counsel

(b) If to AMD:

Advanced Micro Devices, Inc. 7171 Southwest Parkway MS 100.T Austin, Texas 78735 Attention: General Counsel

#### 10. MISCELLANEOUS

- a. The Partnership Committee will consist of the people listed in Schedule 10(a) or their equivalent replacements. The Partnership Committee may invite any other executives or subject matter experts to attend a Partnership Committee meeting to the extent required to resolve a dispute. For the avoidance of doubt, the Partnership Committee responsibilities, in addition to the responsibilities set forth in Section 3.2(a) of the Agreement, include the following specific items:
  - 1. Any disputes arising out of the calculations or payments to be made as a result of [\*\*\*\*] Waiver Payments or other payments to be made under the A&R Seventh Amendment; and

- 2. Any disputes arising out of the calculations or payments to be made pursuant to Section 3(c) or Section 4 of this A&R Seventh Amendment.
- b. Each of FoundryCo and AMD represents and warrants that this A&R Seventh Amendment has been duly authorized, executed and delivered by it, that this A&R Seventh Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this A&R Seventh Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party.
- c. Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such, agrees to work together and coordinate such communications and announcements, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 10(c) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.
- d. In order to avoid miscommunications or misunderstandings concerning whether a Party has agreed to amend or waive any provision of the Agreement, no amendments or waivers shall be effective or agreed by any Party unless such amendment or waiver is expressed in a writing specifically identified as such and signed by the Chief Executive Officer or Chief Financial Officer of FoundryCo and by the Chief Executive Officer or Chief Financial Officer of AMD, and no emails or other written communications, oral communications or actions or inactions by employees of any Party that may be inconsistent with the expressed written provisions of the Agreement shall serve as a basis for any Party to argue or establish that an amendment, waiver, or estoppel has been effected with respect to any written provision of this Agreement.
- e. All references to "fiscal quarter" or "fiscal year" herein shall mean FoundryCo's fiscal quarter or fiscal year, unless explicitly noted otherwise.
- f. Other than as expressly provided in this A&R Seventh Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

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IN WITNESS WHEREOF, the Parties have caused this A&R Seventh Amendment to be executed as of the date first written above by their
respective officers thereunto duly authorized.

ADVANCED MICRO DEVICES, INC.

By: <u>/s/ Devinder Kumar</u>

Name: Devinder Kumar

Title: Executive Vice President, CFO & Treasurer

GLOBALFOUNDRIES INC.

By: /s/ David Reeder

Name: David Reeder

Title: Senior Vice President & CFO

GLOBALFOUNDRIES U.S. INC.

By: /s/ David Reeder

Name: David Reeder

Title: Senior Vice President & CFO

# Schedule 2(d)(i)-[\*\*\*\*] Waiver Payment

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## Schedule 3(a)(i)

AMD Binding Forecast for [\*\*\*\*] – [\*\*\*\*]

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Schedule 3(b)(i)

2019-2021 Wafer Pricing

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Schedule 3(b)(i), Cont'd

2022-2024 Wafer Pricing

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### Schedule 4(a)(ii)(1)

### **New Annual Fixed Revenue Floors**

Calendar Year	2019	2020	2021	2022	2023	2024
<b>Annual Fixed Revenue</b>	[****]	[****]	[****]	[****]	[****]	[****]
Floor						

<sup>\*</sup> Notwithstanding the above, if FoundryCo fails to meet its obligation under Section 3(c)(i) of this A&R Seventh Amendment by [\*\*\*\*] or more in the aggregate over the [\*\*\*\*] fiscal years, then the New Annual Fixed Revenue Floor applicable to [\*\*\*\*] shall automatically be reduced by the equivalent number of wafers that FoundryCo has failed to deliver

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# Schedule 4(b)(iii) – Illustrative Examples of Mitigation Payments

Example 1:
[****]
Example 2
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[****] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitive harmful if publicly disclosed.

S	chedul	e 10	(a) -	Partnersh	in Com	mittee	Mem	bers	hin

For AMD: [****]
For FoundryCo: [****]
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[****] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively
[****] = Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

#### Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

### I, Lisa T. Su, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc. (the "Company");
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: July 28, 2021

/s/Lisa T. Su

Lisa T. Su President and Chief Executive Officer (Principal Executive Officer)

### Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

#### I, Devinder Kumar, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc. (the "Company");
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
- 4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
- 5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: July 28, 2021

/s/Devinder Kumar

Devinder Kumar Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

### Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Quarterly Report on Form 10-Q of the Company for the period ended June 26, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2021

/s/Lisa T. Su

Lisa T. Su President and Chief Executive Officer (Principal Executive Officer)

### Certification of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Advanced Micro Devices, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

- (i.) the Quarterly Report on Form 10-Q of the Company for the period ended June 26, 2021 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii.) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2021

/s/Devinder Kumar

Devinder Kumar Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)