

Portfolio Management Business Development Corporate Strategy Global Perspective

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COVID-19 has revealed serious flaws in our nation's supply chain management, especially critical, microprocessor, manufacturing technology. For whatever reason, our nation is losing the ability to manufacture cutting edge, microprocessor technology.

One way to jump start the repatriation of some of that "good ole" free-thinking, ingenuity that helped developed this critical technology.

INTC acquires AMD

Antitrust For the microprocessor (CPU) market, the competitive landscape lies between three basic chip architectures: x86, ARM and future Chinese entrants.

The x86 architecture is long in the tooth. It needs to consolidate to defend its position in the market. So, who should "lead" this combined organization?

Dr. Lisa T Su Hands down, the best executive to lead this combined organization. To start, examine the relative performance since she took command of AMD in October 2014, compared to the performance of INTC during the same period.

| CEO Leadership & the Creation of Value | | | |
|--|------------------|-------------------|-----------------|
| INTC US EQUITY | <u>10/8/2014</u> | <u>11/11/2020</u> | <u>% Growth</u> |
| Market Capitalization | \$ 169,671 | \$ 189,942 | 11.9% |
| AMD US EQUITY | <u>10/8/2014</u> | <u>11/11/2020</u> | <u>% Growth</u> |
| Market Capitalization | \$ 2,511 | \$ 97,756 | 3793.3% |
| The NASDAQ Composite Index | | | |
| CCMP INDEX | <u>10/8/2014</u> | <u>11/11/2020</u> | <u>% Growth</u> |
| Index Value | 4,469 | 11,786 | 163.8% |

Concentrate on the market capitalization growth rate for each organization – then compare it to the performance of the NASDAQ Composite Index. By any measure, the governance function within INTC has failed its ownership, its employees and its customers. To further illustrate this failure, please examine the following table.

| Category Comparison | AMD US EQUITY | | | INTC US EQUITY | | |
|----------------------|---------------|----------|----------|----------------|-------------|----------|
| | 2014 | 2019 | % Growth | 2014 | 2019 | % Growth |
| Annual Revenue | \$ 5,506 | \$ 6,731 | 22.2% | \$ 55,870 | \$ 71,965 | 28.8% |
| EBIT | \$ (155) | \$ 631 | 507.1% | \$ 15,347 | \$ 22,035 | 43.6% |
| Operating Cash Flow | \$ (98) | \$ 493 | 603.1% | \$ 20,418 | \$ 33,145 | 62.3% |
| Capital Expenditures | \$ (95) | \$ (217) | 128.4% | \$ (10,105) | \$ (16,213) | 60.4% |
| Cash & Marketable | \$ 1,040 | \$ 1,503 | 44.5% | \$ 21,151 | \$ 17,090 | 19.2% |
| R&D Expense | \$ 1,072 | \$ 1,547 | 44.3% | \$ 11,537 | \$ 13,362 | 15.8% |
| Credit | | | | | | |
| Total Debt | \$ 2,212 | \$ 728 | -67.1% | \$ 13,655 | \$ 29,551 | 116.4% |
| Debt / Mkt Cap | 108% | 1% | -98.7% | 8% | 11% | 49.7% |
| Debt / EBITDA | 46.08 | 0.80 | -98.3% | 0.57 | 0.89 | 56.5% |
| Equity | | | | | | |
| Shares Outstanding | \$ 776 | \$ 1,170 | 50.8% | \$ 4,748 | \$ 4,290 | -9.6% |

Other than revenue growth, Dr. Su has positioned AMD to sustainably outperform INTC over the long-term. Examine every line item – then assess the long-term, viability of each organization, especially from a leadership and governance perspective. Maybe its time to think outside of the box for a solution.

Private Public Partnership

U.S. Treasury Our nation needs to develop this critical manufacturing technology at home: the United States of America. Not to pick winners – but to satisfy a societal need – form a partnership with this industry to repatriate this critical manufacturing technology.

New Co.

Taiwan Semiconductor expansion plans include building a manufacturing facility in Arizona. Purchase the PPE of the combined organization (INTC/AMD). Create an incentive for the industry to strengthen (expand) its manufacturing ability in the USA. This could create meaningful, well-paying jobs in our country as well as competitively develop the cutting-edge, manufacturing technology desperately needed by our nation.

If the Chinese can intelligently allocate investment capital to improve its society, then why can't the United States of America? Why not work together: Private / Public? Utilize the deepest capital markets in the world to repatriate this advanced manufacturing technology?

Respectfully,
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