

December 6, 2012



## AMD Amends Wafer Supply Agreement With GLOBALFOUNDRIES

SUNNYVALE, CA -- (Marketwire) -- 12/06/12 -- [AMD](#) (NYSE: AMD) today announced that it successfully amended its Wafer Supply Agreement (WSA) with GLOBALFOUNDRIES Inc.

The closure of amendment negotiations solidifies AMD's new operating model as communicated at the third quarter 2012 earnings announcement.

To better align with today's PC market dynamics, AMD and GLOBALFOUNDRIES agreed on purchase commitments for fourth quarter 2012 and established fixed pricing and other terms of the WSA which apply to products AMD will purchase from GLOBALFOUNDRIES through Dec. 31, 2013.

"Today's announcement demonstrates that the long-term strategic partnership between AMD and GLOBALFOUNDRIES continues to benefit both companies," said Rory Read, president and chief executive officer, AMD. "GLOBALFOUNDRIES' performance in meeting our delivery requirements in 2012 was strong and they remain a strategic and important foundry partner moving forward. We are committed to develop and grow our business with GLOBALFOUNDRIES, increasing our engagement across our industry leading APU and graphics roadmaps. The newly amended agreement is another step we are taking to further strengthen our relationship with GLOBALFOUNDRIES as well as AMD's financial foundation."

Announcement details:

- AMD lowered its wafer purchase commitments for the fourth quarter 2012.
  - AMD currently estimates that it will purchase wafers from GLOBALFOUNDRIES for approximately \$115 million in the fourth quarter 2012 and \$1.15 billion in fiscal 2013. AMD has also committed to purchase wafers from GLOBALFOUNDRIES for approximately \$250 million during first quarter 2014.
  - AMD expects to negotiate the remainder of its 2014 purchase commitments from GLOBALFOUNDRIES in 2013.
- AMD will make a termination payment of \$320 million related to the take-or-pay agreement with GLOBALFOUNDRIES associated with the adjusted wafer purchase commitments in fourth quarter 2012.
  - The cash impact of the termination fee will spread over several quarters:
    - \$80 million by Dec. 28, 2012;
    - \$40 million by Apr. 1, 2013; and
    - A \$200 million promissory note issued by AMD to GLOBALFOUNDRIES due on Dec. 31, 2013.
  - The termination fee will result in a net one-time charge of approximately \$165 million(1) recorded in the fourth quarter 2012.

Separately, as AMD moves to standard 28nm process technology, AMD will reduce future reimbursements to GLOBALFOUNDRIES for certain research and development costs.

As a result of the amendment, AMD expects to return to free cash flow generation in the second half of 2013.

#### *AMD Teleconference*

AMD will hold a conference call at 2:30 p.m. PT (5:30 p.m. ET) Thursday, Dec. 6, 2012 to discuss the amendment to its Wafer Supply Agreement with GLOBALFOUNDRIES. AMD will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its website at [ir.amd.com](http://ir.amd.com). The webcast will be available for 90 days after the conference call.

#### *About AMD*

AMD (NYSE: AMD) is a semiconductor design innovator leading the next era of vivid digital experiences with its groundbreaking AMD Accelerated Processing Units (APUs) that power a wide range of computing devices. AMD's server computing products are focused on driving industry-leading cloud computing and virtualization environments. AMD's superior graphics technologies are found in a variety of solutions ranging from game consoles, PCs to supercomputers. For more information, visit <http://www.amd.com>.

#### *Cautionary Statement*

This release contains forward-looking statements concerning AMD, its operating model, estimated payments to GLOBALFOUNDRIES for wafer purchases under the Wafer Supply Agreement, AMD's ability to negotiate the remainder of its 2014 purchase commitments from GLOBALFOUNDRIES in 2013; a charge in the fourth quarter of 2012 and its ability to return to free cash flow generation in the second half of 2013 which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by words such as "would," "may," "expects," "believes," "plans," "intends," "projects," and other terms with similar meaning. Investors are cautioned that the forward-looking statements in this release are based on current beliefs, assumptions and expectations, speak only as of the date of this release and involve risks and uncertainties that could cause actual results to differ materially from current expectations. Material factors and assumptions that were applied in making these forward-looking statements include, without limitation, AMD's current expectations regarding GLOBALFOUNDRIES manufacturing yields and wafer volumes and demand for its products. Risks include the possibility that Intel Corporation's pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities may negatively impact the company's plans; the company may be unable to develop, launch and ramp new products and technologies in the volumes that are required by the market at mature yields on a timely basis; that the company's third party foundry suppliers will be unable to transition its products to advanced manufacturing process technologies in a timely and effective way or to manufacture the company's products on a timely basis in sufficient quantities and using competitive technologies; the company will be unable to obtain sufficient manufacturing capacity or components to meet demand for its products or will not fully utilize its commitment with respect to GLOBALFOUNDRIES microprocessor manufacturing facilities that customers stop buying the company's products or materially reduce their operations or demand for the company's products; that the company may be unable to maintain the level of investment in research and development that is required to remain competitive; that there may be unexpected variations in the market growth and demand for its products and technologies in light of the product mix that the company may have available at any particular time or a decline in demand; that the company will require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; that global business and economic conditions will not improve or will worsen; that demand for computers will be lower than currently expected; and the effect of political or economic instability, domestically or internationally, on the company's sales or supply chain. Investors

are urged to review in detail the risks and uncertainties in the company's Securities and Exchange Commission filings, including but not limited to the quarterly report on Form 10-Q for the quarter ended Sept. 29, 2012.

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(1) The accounting impact of the termination payment will result in a one-time charge of approximately \$210 million offset by a \$45 million credit in the fourth quarter of 2012. The \$45 million credit was owed for wafer purchases under the 2012 Amendment to the WSA but is no longer owed under the terms of the third Amendment. Approximately \$110 million of the \$320 million termination payment will be capitalized into inventory in the fourth quarter 2012.

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