



Wafer Supply Agreement Amendment

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FORWARD LOOKING DISCLAIMER

This presentation contains forward-looking statements concerning AMD, its estimated payment to GLOBALFOUNDRIES in 2012 for wafer purchases under the Wafer Supply Agreement, a charge in the first quarter of 2012 and its Non-GAAP gross margin guidance for the first quarter of 2012 and fiscal 2012, and the anticipated benefits as a result of entering into the second amendment to the Wafer Supply Agreement 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 presentation are based on current beliefs, assumptions and expectations, speak only as of the date of this presentation 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 targeting the company's business may negatively impact the company's plans; the company will be unable to develop, launch and ramp new products and technologies in the volumes required by the market and at mature yields on a timely basis; that the company's third party wafer foundry suppliers will be unable to transition the company's 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 the company's projected manufacturing capacity needs at GLOBALFOUNDRIES' microprocessor manufacturing facilities in 2012 and beyond; 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 market growth and demand for the company's products and technologies in light of the product mix that it 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; 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 Annual Report on Form 10-K for the year ended December 31, 2011.



AGENDA

- Wafer Supply Agreement (WSA)
- WSA Amendment for 2012
- WSA Financial Impact
- Q&A



WAFER SUPPLY AGREEMENT (WSA) AND 2011 AMENDMENT

- AMD and GLOBALFOUNDRIES (GF) have had a WSA in place since the formation of GF in March 2009, expiring by 2024.
- The purpose of the WSA is to define the terms by which AMD purchases products manufactured by GF.
- On April 1, 2011, AMD announced an amendment to the WSA. The terms included:
 - AMD paying GF a fixed price for 45nm wafers delivered in 2011.
 - AMD paying GF for good 32nm die that meet predetermined specifications.
 - AMD making an additional quarterly payment obligation to GF during 2012 if GF met specified conditions related to continued availability of 32nm capacity in 2012.
 - AMD was to resume compensating GF on a cost-plus basis to manufacture wafers for its MPU and APU products in 2012, then expecting to pay GF between and \$1.5 to \$1.9 billion in 2012 for wafer purchases.



2012 AMENDMENT TO WAFER SUPPLY AGREEMENT

On March 4, 2012, AMD executed a second amendment to its WSA with GF. Key elements of the amendment:

- 1) Wafer pricing established:
 - AMD and GLOBALFOUNDRIES negotiated fixed wafer pricing in 2012
 - Established a framework for wafer pricing in 2013
- 2) \$430 million payment obligation from 2011 WSA amendment is waived.
- 3) Waives the exclusivity arrangement for AMD to manufacture certain 28nm APU products at GLOBALFOUNDRIES for a specified period. As a result:
 - AMD agreed to pay GF a cash payment of \$425 million over a period of two AMD fiscal years.
 - AMD transferred all of its remaining ownership interest in GF* to GF, and no longer has a GF board seat.

* As of Q4'11, AMD's ownership in GF was 8.8% on a fully diluted basis.



WSA AMENDMENT FINANCIAL IMPACT

2012

- AMD expects to pay GF approximately \$1.5 billion for wafers in 2012
- \$703 million one-time GAAP charge in Q1'12
 - \$425M cash payment to GF over a period of two fiscal years
- AMD no longer has equity ownership in GF
- 2012 non-GAAP gross margin guidance of 44 – 48% remains unchanged

2013

- AMD established a framework for wafer pricing in 2013



MODELING UPDATE

- The **\$703 million one-time GAAP charge** will be recorded in the Cost of Sales P&L line item consisting of:
 - **\$425 million cash payment** to GF over a period of two fiscal years.
 - \$150 million paid on March 5, 2012
 - \$50 million will be paid by July 2, 2012
 - \$50 million will be paid by October 2, 2012
 - \$175 million will be paid in the first quarter of 2013.
 - AMD issued a \$225 million non-interest bearing promissory note to GLOBALFOUNDRIES for the payments due by October 2, 2012 and first quarter 2013.
 - **\$278 million non-cash expense** for AMD's GF equity ownership transfer to GF to be recorded in Q1'12.
- Q1'12 non-GAAP gross margin guidance of approximately 45% remains unchanged.
- 2012 guidance, as announced at AMD's Financial Analyst Day on February 2nd, 2012, remains unchanged
- AMD no longer has equity ownership in GF and the related asset on our balance sheet will be reduced to zero.

SUMMARY

The amended WSA :

- Enables a pricing strategy that more closely aligns to our business case.
- Allows for 28nm production flexibility to best execute to our roadmap.
- Balances manufacturing supply chain.
- Demonstrates AMD and GF remain committed as long-term strategic business partners.



Q&A

