UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 25, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from _________ to _________

Commission File Number 001-07882

ADVANCED MICRO DEVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**94-1692300**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
One AMD Place, Sunnyvale, California	**94088**
(Address of principal executive offices)	**(Zip Code)**

(408) 749-4000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	(Name of each exchange on which registered)
Common Stock per share $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 26, 2010, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $4.6 billion based on the reported closing sale price of $8.09 per share as reported on the New York Stock Exchange on June 25, 2010, which was the last business day of the registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 685,229,616 shares of common stock, $0.01 par value per share, as of February 14, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders, which we expect will be held on or about May 3, 2011 (2011 Proxy Statement) are incorporated into Part II and Part III hereof.

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Advanced Micro Devices, Inc.

FORM 10-K
For The Fiscal Year Ended December 25, 2010

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PART I

ITEM 1. BUSINESS

Cautionary Statement Regarding Forward-Looking Statements

The statements in this report include forward-looking statements. These forward-looking 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 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," or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: demand for our products; the timing of new product releases and technology transitions; the growth and competitive landscape of the markets in which we participate; capital expenditures; our planned research and development spending; the outcome of legal proceedings and the related impact of such outcome on our financial condition or results of operations; our future payments to GLOBALFOUNDRIES Inc., or GF, under the wafer purchase agreement; our product roadmap; the non-cash gain we expect to recognize in the first quarter of 2011 as a result of the dilution of our equity interest in GF; our opportunity in 2011 in the server market; the operating results of the Handheld business unit; the level of international sales as compared to total sales; unrecognized tax benefits; and availability of external financing. Material factors and assumptions that were applied in making these forward-looking statements include, without limitation, the following: the expected rate of market growth and demand for our products and technologies (and the mix thereof); our expected market share; our expected product costs and average selling price; our overall competitive position and the competitiveness of our current and future products; our ability to introduce new products, consistent with our current roadmap; our ability to raise sufficient capital on favorable terms; our ability to make additional investment in research and development and that such opportunities will be available; our ability to realize the anticipated benefits of our fabless business model; the expected demand for computers; our current expectations regarding GF's manufacturing yields, wafer volumes and demand for our products and the state of credit markets and macroeconomic conditions. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: that Intel Corporation's pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities may negatively impact our plans; that we 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 our third party foundries will be unable to manufacture our products on a timely basis in sufficient quantities and using competitive technologies; that we will be unable to obtain sufficient manufacturing capacity or components to meet demand for our products or will under-utilize our commitment with respect to GFs microprocessor manufacturing facilities; that we may be unable to realize the anticipated benefits of our fabless business model or our relationship with GF because, among other things, the synergies expected from the transaction may not be fully realized or may take longer to realize than expected; that customers stop buying our products or materially reduce their operations or demand for our products; that we 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 our products and technologies in light of the product mix that we may have available at any particular time or a decline in demand; that our substantial indebtedness could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations; that we 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 continue to 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 our sales or supply chain.

For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part I, Item 1A—Risk Factors" and the "Financial Condition" section set forth in "Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations," or MD&A,

beginning on page 39 below and such other risks and uncertainties as set forth below 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.

General

We are a global semiconductor company with facilities around the world. Within the global semiconductor industry, we offer primarily:

(i) x86 microprocessors, for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers; and

(ii) graphics, video and multimedia products for desktop and notebook computers, including home media PCs, professional workstations and servers and technology for game consoles.

For financial information about geographic areas and for segment information with respect to revenues and operating results, refer to the information set forth in Note 13 of our consolidated financial statements, beginning on page 111 below.

Additional Information

We were incorporated under the laws of Delaware on May 1, 1969 and became a publicly held company in 1972. Since 1979 our common stock has been listed on the New York Stock Exchange under the symbol "AMD." Our mailing address and executive offices are located at One AMD Place, Sunnyvale, California 94088, and our telephone number is (408) 749-4000. References in this report to "AMD," "we," "us," "management," "our," or the "Company" means Advanced Micro Devices, Inc. and our consolidated subsidiaries.

AMD, the AMD Arrow logo, ATI, the ATI logo, AMD Athlon, AMD Opteron, AMD Phenom, AMD Sempron, AMD Turion, FirePro, FireStream, FireMV, CrossFire, Radeon, and combinations thereof are trademarks of Advanced Micro Devices, Inc. Microsoft, Windows, Windows Vista, and DirectX are registered trademarks of Microsoft Corporation in the United States and/or other jurisdictions. HyperTransport is a licensed trademark of the HyperTransport Technology Consortium. Other names are for informational purposes only and may be trademarks of their respective owners.

Website Access to Company Reports and Corporate Governance Documents

We post on the Investor Relations pages of our Web site, www.amd.com, a link to our filings with the SEC, our Principles of Corporate Governance, our Code of Ethics for our Executive Officers and all other senior finance executives, our "Worldwide Standards of Business Conduct," which applies to our Board of Directors and all of our employees, and the charters of our Audit and Finance, Compensation and Nominating and Corporate Governance committees of our Board of Directors. Our filings with the SEC are posted as soon as reasonably practical after they are electronically filed with, or furnished to, the SEC. You can also obtain copies of these documents by writing to us at: Corporate Secretary, AMD, 7171 Southwest Parkway, M/S 100, Austin, Texas 78735, or emailing us at: Corporate.Secretary@amd.com. All of these documents and filings are available free of charge. Please note that information contained on our Web site is not incorporated by reference in, or considered to be a part of, this report.

Our Industry

Semiconductors are components used in a variety of electronic products and systems. An integrated circuit, or IC, is a semiconductor device that consists of many interconnected transistors on a single chip. Since the invention of the transistor in 1948, improvements in IC process and design technologies have led to the development of smaller, more complex and more reliable ICs at a lower cost per function. In order to satisfy the demand for faster, smaller and lower-cost ICs, semiconductor companies have continually developed improvements in manufacturing and process technology and design. ICs are increasingly being manufactured using smaller geometries on larger silicon wafers. Use of smaller process geometries can result in products that are higher performing, use less power and cost less to manufacture on a per unit basis.

Computing Solutions

The x86 Microprocessor Market

A microprocessor is an IC that serves as the central processing unit, or CPU, of a computer. It generally consists of millions of transistors that process data and control other devices in the system, acting as the brain of the computer. The performance of a microprocessor is a critical factor impacting the performance of a computer and numerous other electronic systems. The principal indicators of CPU performance are work-per-cycle, or how many instructions are executed per cycle, clock speed, representing the rate at which a CPU's internal logic operates, measured in units of hertz, or cycles per second, and power consumption. Other factors impacting microprocessor performance include the number of CPUs, or cores, on a microprocessor, the bit rating of the microprocessor, memory size and data access speed.

Developments in circuit design and manufacturing process technologies have resulted in significant advances in microprocessor performance. Currently, microprocessors are designed to process 32-bits or 64-bits of information at one time. The bit rating of a microprocessor generally denotes the largest size of numerical data that a microprocessor can handle. Microprocessors with 64-bit processing capabilities enable systems to have greater performance by allowing software applications and operating systems to access more memory.

Moreover, as businesses and consumers require greater performance from their computer systems due to the growth of digital data and increasingly sophisticated software applications, semiconductor companies are designing and developing multi-core microprocessors, where multiple processor cores are placed on a single die or in a single processor. Multi-core microprocessors offer enhanced overall system performance and efficiency because computing tasks can be spread across two or more processing cores each of which can execute a task at full speed. Moreover, multiple processor cores packaged together can increase performance of a computer system without greatly increasing the total amount of power consumed and the total amount of heat emitted. This type of "symmetrical multiprocessing" is effective in both multi-tasking environments where multiple cores can enable operating systems to prioritize and manage tasks from multiple software applications simultaneously and also for "multi-threaded" software applications where multiple cores can process different parts of the software program, or "threads," simultaneously thereby enhancing performance of the application. Businesses and consumers also require computer systems with improved power management technology, which allows them to reduce the power consumption of their computer systems thereby reducing the total cost of ownership.

While general purpose computer architectures based on the x86 architecture are sufficient for many customers, for selected applications, an architecture that enables the ideal resource to be used for a given workload can provide a substantial improvement in user experience, performance and energy efficiency. In this environment, we believe an accelerated computing architecture can benefit customers. An accelerated computing architecture enables "offloading" of selected tasks, thereby optimizing the use of multiple computational units such as the CPU and graphics processing unit, or GPU, depending on the application or workload. For example, serial workloads are better suited for CPUs, while highly parallel tasks may be better performed by a GPU. Our AMD Fusion Accelerated Processing Unit, or APU, combines our CPU and GPU onto a single piece of silicon. We believe that high performance computing workloads, workloads that are visual in nature and even traditional applications such as photo and video editing or other multi-media applications can benefit from our accelerated computing architecture.

Microprocessor Products

We currently offer microprocessor products for servers, notebooks and desktop PCs and other consumer devices. We base our microprocessors and chipsets on the x86 instruction set architecture and AMD's Direct Connect Architecture, which connects an on-chip memory controller and input/output, or I/O, channels directly to one or more microprocessor cores. We typically integrate two or more processor cores onto a single die, and each core has its own dedicated cache, which is memory that is located on the semiconductor die, permitting quicker access to frequently used data and instructions. Some of our microprocessors have additional levels of cache such as L2, or second level cache, and L3, or third level cache, to enable faster data access and higher performance. In March 2010, we launched Direct Connect Architecture 2.0 as part of the AMD Opteron™ 6000 Series platform. Direct Connect Architecture 2.0 is designed to improve performance as memory is accessed more directly, resulting in increased bandwidth and reduced memory latencies.

Our processors and chipsets support multiple generations of HyperTransport™ technology, which is a high-bandwidth communications interface that enables higher levels of multi-processor performance and scalability over traditional front side bus-based microprocessor technology. Energy efficiency and power consumption continue to be key design principles for our products. We focus on continually improving power management technology, or "performance-per-watt." To that end, we offer processors and chipsets with features that we have designed to reduce system level energy consumption, with multiple levels of lower clock speed and voltage states that reduce processor power consumption during idle times. We design our microprocessors to be compatible with operating system software such as the Microsoft® Windows® family of operating systems, Linux®, NetWare®, Solaris and UNIX.

Our microprocessors and chipsets are incorporated into computing platforms that also include GPUs and core software. A platform is a collection of technologies that are designed to work together to provide a more complete computing solution. We believe that integrated, balanced platforms consisting of CPUs, GPUs, and chipsets that work together at the system level bring end users improved system stability, increased performance and enhanced power efficiency. Also, by offering our customers an all-AMD platform, we are able to provide them with a single point of contact for the key platform components and enable them to bring the platforms to market faster in a variety of client and server system form factors.

Our AMD Fusion family of APUs represents a new approach to processor design and software development, delivering serial, parallel and visual compute capabilities for HD video, 3D and data-intensive workloads in the APU. APUs combine high-performance serial and parallel processing cores with other special-purpose hardware accelerators. We designed our APUs for improved visual computing, security, performance-per-watt and smaller device form factors. In November 2010, we began shipping the first of our AMD Fusion family of APU processor products. These APUs feature our new x86 CPU core, codenamed "Bobcat," which is designed specifically for the low-powered and ultra-thin PC markets.

Server. Our microprocessors for server platforms consist primarily of multi-core AMD Opteron processors. A server is a system that performs services for connected clients as part of a client-server architecture. Servers are designed to run an application or applications, often for extended periods of time with minimal human direction. Examples of servers include web servers, e-mail servers, print servers and cloud computing servers. These servers run a variety of applications including business intelligence, enterprise resource planning, customer relationship management and advanced scientific or engineering models commonly referred to as high performance computing. Cloud computing is a computing model where data, applications and services are delivered over the internet or an intranet. High performance computing involves the use of supercomputers and computer clusters to solve advanced computational problems in disciplines ranging from financial modeling to weather forecasting to oil and gas exploration.

AMD Opteron processors also allow enterprise customers to efficiently implement virtualization across their businesses. Virtualization is the use of software to allow multiple discrete operating systems and application environments (i.e., multiple virtual servers) to share a single physical computer. By enabling multiple operating systems and applications to run on the same server, virtualization offers the benefit of consolidating workloads and reducing hardware requirements, which can also reduce power, cooling and system management costs.

In March 2010, we launched the AMD Opteron 6000 Series platform, our 8- and 12-core x86 processors for the high volume 2 processor (2P) and value 4 processor (4P) server markets. In June 2010, we launched the AMD Opteron 4000 Series platform designed specifically for the unique needs of cloud and hyperscale data centers.

Notebook. Consumers continue to demand thinner and lighter notebook platforms with longer battery life. In response to this demand, we continue to invest in designing and developing low power notebook platforms.

Our microprocessors for notebook PC platforms consist of the AMD Dual-Core Accelerated Processor E-350, AMD Dual-Core Accelerated Processor C-50, AMD Phenom™ II Dual-Core Mobile Processor, AMD Phenom II Quad-Core Mobile Processor, AMD Turion™ X2 Mobile Processor, AMD Turion II Mobile Processor, AMD Turion II Ultra Mobile Processor, AMD Turion Neo X2 Mobile Processor, AMD Athlon™ II processor, AMD Athlon Neo processor, AMD Athlon Neo X2 Dual-Core processor and the Mobile AMD Sempron™ processor. We design our mobile processor products for higher performance and longer battery life.

In May 2010, we launched two notebook platforms targeted at the mainstream market and the market for small and thin-and-light notebooks. In January 2011, we launched a low power notebook platform in two APU variations: E-Series and C-Series. Our low powered platform with the E-Series "Zacate" APU is targeted at mainstream notebooks, while our low powered platform with the C-Series "Ontario" APU is targeted at HD netbooks. In January 2011, we also updated our mainstream notebook platform, in order to deliver to users more performance and a better experience when multi-tasking and on entertainment and media applications.

Desktop. Our microprocessors for desktop PC platforms consist primarily of the following tiered product brands: AMD Phenom II, AMD Phenom, AMD Athlon II, AMD Athlon X2, AMD Athlon and AMD Sempron processors, which are based on AMD64 Technology. Processors marked under these brand names include single-, dual-, triple-, quad- and six- core versions. All AMD desktop microprocessors are based on AMD Direct Connect Architecture. AMD Phenom branded processors are designed for megatasking, or running multiple, multi-threaded applications at the same time. Additionally, our Direct Connect Architecture allows all cores to have optimum access to the integrated memory controller and integrated HyperTransport links, so that performance scales well with the number of cores. We designed the AMD Athlon processors for advanced multitasking on mainstream desktop PCs, and they are currently available with single or dual-core technology. We designed the AMD Athlon dual-core processors for users who run software applications, such as productivity applications, multimedia applications and basic content creation, simultaneously. Our AMD processors are designed to enable an end-user to perform multiple tasks with little or no performance interruption, such as downloading audio files such as MP3s, recording to digital media devices, checking and writing email and editing a digital photo.

In April 2010, we launched new mainstream and enthusiast desktop platforms. These new platforms are enhanced with our latest graphics technology for HD digital media and 3D entertainment and multi-core processors for multi-tasking, including the new six-core AMD Phenom II X6 processor. Consistent with our other AMD Phenom processors, both the AMD Phenom II X6 1055T and 1090T contain AMD's Turbo CORE technology. AMD Turbo CORE technology is a performance boosting technology that automatically switches from six cores to three turbocharged cores for applications that require speed over multiple cores. While in Turbo CORE mode, the AMD Phenom II X6 processor shifts frequency speed from 3.2GHz on six cores, to 3.6GHz on three cores. In addition, the E-Series 2011 low power platform can be used in all-in-ones and small form factor desktop PCs.

Embedded Processor Products

Our embedded products address customer needs in PC-adjacent markets. Typically, our embedded products are used in applications that require high to moderate levels of performance where key features include low cost, mobility, low power and small form factor. High performance graphics are increasingly important in many embedded systems. Customers of our embedded products include vendors in industrial controls, digital signage, point of sale/self-service kiosks, medical imaging, set-top box and casino gaming machines as well as enterprise class telecommunications, networking, security, storage systems and thin-clients, or computers that serve as an access device on a network.

The embedded market has moved from developing proprietary, custom designs to leveraging the industry-standard x86 instruction set architecture as a way to reduce costs and speed time to market. Customer requirements for these systems include: very low power for small enclosures and 24x7 operation, support for Linux, Windows and other operating systems, and high-performance for increasingly sophisticated applications. Other requirements include advanced specifications for industrial temperatures, shock and vibration, and reliability.

Our embedded platforms include options from the AMD Opteron, AMD Athlon, AMD Turion, and AMD Sempron processor families; the AMD Embedded G-Series, which is the embedded version of our APUs; the AMD Radeon™ graphics processor family; and numerous AMD chipsets. These products are part of the AMD Longevity Program, which provides for an availability period of up to five years in some cases in order to support lengthy development and qualification cycles and long-term life of the system in the market.

In April 2010, we announced two new complete platforms for the embedded market, the compact ASB2 platform and the high-performance AM3 platform with improved graphics performance and I/O features. Our embedded platforms consist of chipset and graphics solutions along with high-performance CPUs. In January 2011, we launched the AMD Embedded G-Series platform. Based on AMD Fusion technology, the new G-Series delivers a full-featured embedded platform and is designed to help reduce power consumption, physical footprint of the components and the costs to design and produce highly-integrated embedded solutions.

Chipset Market and Products

Chipsets send data between the microprocessor and input, display and storage devices, such as the keyboard, mouse, monitor, hard drive and CD or DVD drive. Chipsets perform essential logic functions, such as balancing the performance of the system and removing bottlenecks. Chipsets also extend the graphics, audio, video and other capabilities of computer systems. All desktop, notebook and server PCs incorporate a chipset. In many PCs, the chipset is integrated with additional functions such as a GPU. An integrated chipset solution is commonly known as an IGP (integrated graphics processor) chipset. Chipsets that do not integrate a graphics core will be connected to what is known as a discrete GPU. IGP chipsets offer a lower cost solution and in some circumstances can offer reduced power consumption or smaller system form factors. A majority of PCs make use of IGP chipsets, while discrete GPUs are used in higher performance PCs and servers.

In November 2010, we began shipping the first of our AMD Fusion family of APU processor products. The APU architecture replaces an IGP-type chipset with an AMD Fusion Controller Hub chip which performs the input and output functions of the chipset. We believe that the combination of an APU and the AMD Fusion Controller Hub will eventually replace our market for IGP chipsets. We expect that our portfolio of products will continue to include discrete GPUs as we continue to introduce high performance CPUs in 2011.

Graphics Products

Graphics Market

The primary product of a semiconductor graphics supplier is the GPU. The GPU is specifically architected for high performance graphics processing, unlike the CPU. In this way, a dedicated GPU and CPU work in tandem to increase overall speed and performance of the system. A graphics solution can be in the form of either a discrete GPU, an integrated chipset, or an embedded graphics processor solution. The semiconductor graphics market addresses the need for visual or parallel processing in various computing and entertainment platforms such as desktop PCs, notebook PCs and workstations. Users of these products value a rich visual experience, particularly in the high-end enthusiast market where consumers often seek out the fastest and highest performing visual processing products to enable the most compelling and immersive gaming experiences. Moreover, for many consumers, the PC is evolving from a traditional data and communications processing machine to an entertainment platform. Visual realism and graphical display capabilities are key elements of product differentiation among various product platforms. This has led to the increasing creation and use of processing intensive multimedia content for PCs and to PC manufacturers designing PCs for playing games, displaying photos and capturing TV and other multimedia content, viewing online videos, photo editing and managing digital content. In turn, the trend has contributed to the development of higher performance graphics solutions.

Graphics Products

Our customers generally use our graphics solutions to increase the speed of rendering images and to improve image resolution and color definition. Our products include 3D graphics and video and multimedia products developed for use in desktop and notebook PCs, including home media PCs, professional workstations and servers. With each of our graphics products, we provide drivers and supporting software packages that enable the effective use of these products under a variety of operating systems and applications. Our latest generation of graphics products and related software offer full support for the Microsoft® Windows® 7 and Microsoft® Windows® Vista operating systems. In addition, our graphics products support Apple's Mac OS X, as well as Linux® -based applications.

Heavy computational workloads have traditionally been processed on a CPU, but we believe that the industry is shifting to a new computing paradigm that relies more on the GPU or a combination of GPU and CPU. AMD Accelerated Parallel Processing or GPGPU (General Purpose GPU) refers to a set of advanced hardware and software technologies that enable AMD GPUs, working in concert with the computer system's CPUs, to accelerate applications beyond traditional graphics and video processing by allowing the CPUs and GPUs to process information cooperatively. Heterogeneous computing enables PCs and servers to run computationally-intensive tasks more efficiently, providing a superior application experience to the end user. In addition, our latest generation of graphics products offers full support for the Microsoft DirectX® 11 (DX 11) and OpenCL application programming interface standards which enable the handling of key multimedia tasks such as gaming programming and video. OpenCL is the widely adopted industry standard for running parallel tasks on CPUs and GPUs using the same code.

We believe that consumers will increasingly utilize graphic intensive applications that will require discrete GPUs. With our APUs, we offer discrete level GPU performance at value and mainstream price points with the added benefit of long battery life in notebook PCs and lower power computing devices. Additionally, a mainstream APU, when paired with an AMD discrete GPU, in multi-GPU configuration will enable greater graphics performance and parallel processing. As the visual experience grows in importance, semiconductor graphics suppliers and software developers are recognizing the potential of leveraging the GPU's computing capabilities to accelerate certain workloads. As a result, we expect that competitors in the CPU market will continue to deliver products that will require discrete GPUs to meet end user expectations.

Discrete Desktop Graphics. Although desktop PC manufacturers have tended to rely on IGP chipsets for graphics, we believe that discrete graphic solutions will continue to be the preferred solution across desktop PC configurations and platforms designed for gaming enthusiasts, computer aided design, or CAD, professionals and animators as well as for multimedia, photo and video editing and other graphic-intensive applications. Our discrete GPUs for desktop PCs include the AMD Radeon HD 6000 series, ATI Radeon HD 5000 series, ATI Radeon HD 4000 series and ATI Radeon HD 3000 series. In February 2010, we introduced the ATI Radeon HD 5830 with full support for DX 11 gaming, AMD Eyefinity technology and AMD Stream capabilities. AMD Eyefinity is a technology that allows a game to be played across multiple screens in a panoramic view with minimal distortion by allowing up to six monitors to be connected to one graphics card. Also in February 2010, we launched the ATI Radeon HD 5570 graphics card, targeting end-users seeking an energy efficient, low-profile DX 11 card for small form factor PCs, and the ATI Radeon HD 5450 graphics card designed to deliver enthusiast HD multimedia and game experience at a value price. In December 2010, we launched the AMD Radeon HD 6900 series graphics processors, providing gaming enthusiasts with AMD's second-generation DX 11-capable architecture, AMD HD3D technology for 3D entertainment, and AMD Eyefinity multi-display technology.

Discrete Notebook Graphics. When selecting a graphics solution, key considerations for notebook PC manufacturers are visual performance, power consumption, form factor and cost. Our discrete GPU's for notebook PCs include: the AMD Radeon HD 6000M series, ATI Mobility Radeon HD 5000 series and ATI Mobility Radeon HD 4000 series. In January 2010, we launched our ATI Mobility Radeon HD 5800 series for gaming enthusiasts, the ATI Mobility Radeon HD 5700 and 5600 series for multimedia performance notebooks, and ATI Mobility Radeon HD 5400 series for value and ultra-thin notebooks. In September 2010, we launched the ATI Radeon HD 5870 and the ATI Radeon HD 5850. The ATI Radeon HD 5800 series of graphics cards is designed to expand PC users' computing experience with AMD Eyefinity multi-display technology and accelerate their computing experience with AMD Accelerated Parallel Processing. In January 2011, we launched the AMD Radeon HD 6000M series graphics, which feature second generation DX 11-capable architecture, enhanced 3D gaming and Blu-ray 3D video playback capabilities, AMD Eyefinity support and enhanced power management features.

Professional Graphics. Our AMD FirePro™ family of professional graphics products consist of 3D and 2D multi-view graphics cards and GPUs that we designed for integration in notebook and desktop workstations, as well as business PCs. We designed our AMD FirePro 3D graphics cards for demanding applications such as CAD and digital content creation, with drivers specifically tuned for maximum performance, stability and reliability across a wide range of software packages. Our AMD FirePro 2D Multi-View graphics cards and AMD FireMV 2D workstation cards are designed for financial and corporate environments.

We also provide graphics products for the server market, where we leverage our graphics expertise and align our offerings to provide the stability, video quality and bus architectures desired by our customers. Through our ATI CrossFire™ Pro, we enable CAD professionals and digital content creators to connect two identical AMD FirePro 3D graphics cards with a flex cable connection that can enhance performance of geometry-limited applications.

FireStream Processors. We designed our AMD FireStream™ series of products to utilize the parallel stream processing power of the GPU for heavy floating-point computations and to meet the requirements of various industries, such as the high-performance computing and the scientific and financial sectors. In June 2010, we launched the ATI FireStream 9350 and 9370 GPU compute accelerators targeted to handle high performance computing, and cloud and enterprise scale deployments for commercial, scientific and academic research markets.

Game Consoles. Semiconductor graphics suppliers have leveraged their core visual and graphics processing technologies developed for the PC market by providing graphic solutions to game console manufacturers. In this market, semiconductor graphics suppliers work alongside game console manufacturers to enhance the visual experience for users of sophisticated video games. We leverage our core visual processing technology into the game console market by providing customized GPUs for graphics in videogame consoles such as the Microsoft® Xbox 360™ and Nintendo Wii.

Marketing and Sales

We sell our products through our direct sales force and through independent distributors and sales representatives in both domestic and international markets pursuant to non-exclusive agreements. Our sales arrangements generally operate on the basis of product forecasts provided by the particular customer, but do not typically include any commitment or requirement for minimum product purchases. We primarily use purchase orders, sales order acknowledgments and contractual agreements as evidence of our sales arrangements. Our agreements typically contain standard terms and conditions covering matters such as payment terms, warranties and indemnities for issues specific to our products.

We generally warrant that our microprocessors, GPUs and chipsets sold to our customers will conform to our approved specifications and be free from defects in material and workmanship under normal use and service for one year. Subject to certain exceptions, we also offer a three-year limited warranty to end users for microprocessor products that are commonly referred to as “processors in a box” and for ATI branded PC workstation products. We have also offered extended limited warranties to certain customers of “tray” microprocessor products and/or workstation graphics products who have written agreements with us and target their computer systems at the commercial and/or embedded markets.

We market and sell our microprocessor and embedded processor products under the AMD trademark. Our desktop PC product brands for microprocessors are AMD Phenom, AMD Athlon and AMD Sempron. Our notebook PC brands for microprocessors are AMD Phenom, AMD Turion, AMD Athlon and AMD Sempron. AMD Athlon processors and AMD Turion processors are sometimes marketed using the “Neo” model designator for low power products targeted at the thin-and-light notebook segment. Our server brand for microprocessors is AMD Opteron. We also sell low-power versions of our AMD Opteron, AMD Athlon, AMD Turion and AMD Sempron processors as embedded processor solutions. We market and sell our chipsets under the AMD trademark.

Prior to October 2010, we marketed and sold GPUs for the consumer and professional markets under the ATI trademark. In October 2010, we transitioned the consumer graphics brand name from ATI Radeon to AMD Radeon for new products. All previously launched products retain the ATI Radeon brand name. In January 2011, we transitioned the brand name from ATI to AMD for new professional graphics products launching in 2011. All previously launched professional graphics products will retain the following brand names: ATI FirePro, ATI FireGL™ and ATI FireMV.

We launch or update new platforms for consumers in the desktop and notebook markets under our VISION Technology from AMD brand. We launched VISION Technology in late 2009 as a new way to help consumers select the PC that best meets their needs. We designed VISION Technology to simplify the buying process for consumers by more clearly connecting our brand to the level of activities that consumers want to perform on the PC. VISION Technology contains multiple levels of increasingly rich PC system capabilities to address the diverse needs of today’s PC users. In January 2010, we introduced VISION Pro Technology. Designed for business users, VISION Pro Technology extends the approach of VISION Technology to commercial PC platforms. In May 2010, we introduced VISION Black, to enable the highest end capabilities sought by enthusiasts, primarily on desktop PCs.

We market our products through our direct marketing and co-marketing programs. In addition, we have cooperative advertising and marketing programs with customers or third parties, including market development programs, pursuant to which we may provide product information, training, marketing materials and funds. Under our co-marketing development programs, eligible customers can use market development funds as partial reimbursement for advertisements and marketing programs related to our products, subject to meeting defined criteria. Original Equipment Manufacturers, or OEMs, customers may qualify for market development funds based on purchases of eligible products.

Customers

Our microprocessor customers consist primarily of OEMs, original design manufacturers, or ODMs, system builders and independent distributors in both domestic and international markets. ODMs provide design and/or manufacturing services to branded and unbranded private label resellers, OEMs and system builders. Our graphics products customers include the foregoing as well as AIBs, or add-in-board manufacturers.

Customers of our chipset products consist primarily of PC and server OEMs, often through ODMs or other contract manufacturers who build the OEM motherboards, as well as desktop and server motherboard manufacturers who incorporate chipsets into their channel motherboards.

Our sales and marketing teams work closely with our customers to define product features, performance and timing of new products so that the products we are developing meet our customers' needs. We also employ application engineers to assist our customers in designing, testing and qualifying system designs that incorporate our products in order to assist in optimizing product compatibility. We believe that our commitment to customer service and design support improves our customers' time-to-market and fosters relationships that encourage customers to use the next generation of our products.

Original Equipment Manufacturers

We focus on three types of OEMs: multi-nationals, selected regional accounts and target market customers. Large multi-nationals and regional accounts are our core OEM customers. Our OEM customers include numerous foreign and domestic manufacturers of servers and workstations, desktop and notebook PCs, and PC motherboards.

In 2010, Hewlett-Packard Company accounted for more than 10% of our consolidated net revenues. Sales to Hewlett-Packard consisted primarily of products from our Computing Solutions segment. Five customers, including Hewlett-Packard, accounted for approximately 55% of the net revenue attributable to our Computing Solutions segment. In addition, five customers accounted for approximately 46% of the net revenue attributable to our Graphics segment. A loss of any of these customers could have a material adverse effect on our business.

Third-Party Distributors

Our authorized distributors resell to sub-distributors and mid-sized and smaller OEMs and ODMs. Typically, distributors handle a wide variety of products, including those that compete with our products. Distributors typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions and provide return rights with respect to any product that we have removed from our price book that is not more than twelve months older than the manufacturing code date. In addition, some agreements with our distributors may contain standard stock rotation provisions permitting limited levels of product returns.

AIB Manufacturers and System Integrators

We strive to establish and broaden our relationships with AIB manufacturers. We offer component-level graphics and chipset products to AIB manufacturers who in turn build and sell board-level products using our technology to system integrators, or SIs, and at retail. Our agreements with AIBs protect their inventory of our products against price reductions. We also sell directly to our SI customers. SIs typically sell from positions of regional or product-based strength in the market. They usually operate on short design cycles and can respond quickly with new technologies. SIs often use discrete graphics solutions as a means to differentiate their products and add value to their customers.

Competition

Generally, the IC industry is intensely competitive. Products typically compete on product quality, power consumption, reliability, performance, size (or form factor), cost, selling price, adherence to industry standards, software and hardware compatibility and stability, brand recognition, timely product introductions and availability. Technological advances in the industry result in frequent product introductions, regular price reductions, short product life cycles and increased product capabilities that may result in significant performance improvements. Our ability to compete depends on our ability to develop, introduce and sell new products or enhanced versions of existing products on a timely basis and at competitive prices, while reducing our costs.

Competition in the Microprocessor Market

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

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 and channel partners;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system, or 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 OEM customers.

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 dominant 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, motherboards and other components necessary to assemble a computer system. OEMs that purchase microprocessors for computer systems are highly dependent on Intel, less innovative on their own and, to a large extent, are distributors of Intel technology. Additionally, Intel is able to drive de facto standards for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

Intel also leverages its dominance in the microprocessor market to sell its integrated chipsets. Intel manufactures and sells integrated graphics chipsets bundled with their microprocessors and is a dominant competitor with respect to this portion of our business. Moreover, computer manufacturers are increasingly using integrated graphics chipsets rather than discrete graphics components, particularly for notebooks, because they cost less than traditional discrete graphics components while offering satisfactory graphics performance for most mainstream PCs. Intel could also take actions that place our discrete GPUs at a competitive disadvantage, including giving one or more of our competitors in the graphics market, such as Nvidia Corporation (Nvidia), preferential access to its proprietary graphics interface or other useful information.

Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on research and development than we do. We expect Intel to maintain its dominant position and 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's dominant position in the microprocessor market and integrated graphics chipset market, its existing relationships with top-tier OEMs and its aggressive marketing and pricing strategies could result in lower unit sales and a lower average selling price for our products, which could have a material adverse effect on us.

Other potential competitors include solution providers of ARM Ltd.'s (ARM) powered products used in the mobile and embedded electronics market as relatively low cost and small microprocessors and also in form factors that offer an alternative to mainstream PCs such as netbooks and tablets. In addition, Nvidia recently announced its plans to build custom CPU cores based on ARM architecture to support future products ranging from PCs and servers to workstations and super computers.

Competition in the Chipset Market

In the chipset market, our competitors include suppliers of integrated graphics chipsets. PC manufacturers are increasingly choosing to use integrated chipsets, particularly for notebooks, because they cost less than traditional discrete GPUs while offering acceptable graphics performance for most mainstream PC users. Intel manufactures and sells integrated graphics chipsets bundled with their microprocessors and is a dominant competitor in this market.

Competition in the Graphics Market

In the graphics market, our competitors include integrated graphics and discrete graphics suppliers. Intel manufactures and sells integrated graphics chipsets bundled with their microprocessors and is a dominant competitor with respect to this portion of our business. Intel could leverage its dominance in the microprocessor market to sell its integrated chipsets. Moreover, computer manufacturers are increasingly using integrated graphics chipsets, particularly for notebooks, because they cost less than traditional discrete GPUs while offering acceptable graphics performance for most mainstream PC users.

Intel could take actions that place our discrete GPUs and integrated chipsets at a competitive disadvantage such as giving one or more of our competitors in the graphics market, such as Nvidia, preferential access to its proprietary graphics interface or other useful information.

Other than Intel, our principal competitor is Nvidia. AMD and Nvidia are the two principal players offering discrete graphics solutions. Other competitors include a number of smaller companies, which may have greater flexibility to address specific market needs, but less financial resources to do so, especially as we believe that the growing complexity of visual processors and the associated research and development costs represent an increasingly higher barrier to entry in this market.

In the game console category, we compete primarily against Nvidia. Other competitors include Intel and IBM.

Research and Development

We focus our research and development activities on improving and enhancing product design. One main area of focus is on delivering the next generation of products with greater system level integration of the CPU and GPU, improved system performance and performance-per-watt characteristics. For example, we are focusing on improving the battery life of our microprocessors and APU products for notebook PCs and the power efficiency of our microprocessors for servers. We are also focusing on delivering a range of low power integrated platforms to serve key markets, including commercial clients, mobile computing, and gaming and media computing. We believe that these integrated platforms will bring customers better time-to-market and increased performance and energy efficiency. We also work with industry leaders on process technology, software and other functional intellectual property and we work with others in the industry, public foundations, universities and industry consortia to conduct early stage research and development.

Our research and development expenses for 2010, 2009, and 2008 were approximately $1.4 billion, $1.7 billion and $1.8 billion. For more information, see Part II, Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations," or MD&A.

We conduct product and system research and development activities for our products in the United States with additional design and development engineering teams located in Canada, India, Germany, United Kingdom, Singapore, China, Japan, and Taiwan.

Manufacturing Arrangements and Assembly and Test Facilities

Third-Party Foundry Facilities

GLOBALFOUNDRIES, Inc. On March 2, 2009, together with Advanced Technology Investment Company LLC (ATIC) and West Coast Hitech L.P., (WCH), acting through its general partner, West Coast Hitech G.P., Ltd., we formed GLOBALFOUNDRIES, Inc. (GF), a manufacturing joint venture that manufactures semiconductor products and provides certain foundry services to us. Pursuant to the Master Transaction Agreement entered into among the parties on October 6, 2008, as amended, we contributed certain manufacturing -related assets and liabilities to GF in exchange for securities of GF and the assumption of specified AMD liabilities by GF. At the closing of the transactions, we also entered into a Shareholders' Agreement (the Shareholders' Agreement), a Funding Agreement (the Funding Agreement), and a Wafer Supply Agreement (the Wafer Supply Agreement), with ATIC and GF, certain terms of each of which are summarized below.

Shareholders' Agreement. The Shareholders' Agreement sets forth the rights and obligations of AMD and ATIC as shareholders of GF. The number of directors a GF shareholder may designate is determined according to the percentage of GF shares it owns on a fully converted to GF Ordinary Shares basis. We currently have the right to designate one director. Pursuant to the Shareholders' Agreement, if a change of control of AMD occurs within two years of the closing of the transactions, or March 2, 2011, ATIC will have the right to put any or all GF securities (valued at their fair market value) held by ATIC and its permitted transferees to us in exchange for cash. In addition, in the event of a change of control of AMD, ATIC will have the option to purchase in cash any or all GF securities (valued at their fair market value) held by us and our permitted transferees, ATIC can require us or the other party to the change in control transaction to assume a pro-rata portion of ATIC's funding commitment under the Funding Agreement until 2013, and ATIC can require the other party to the change in control transaction to guarantee all of our obligations under the transaction documents.

Funding Agreement. The Funding Agreement provides for the future funding of GF and governs the terms and conditions under which ATIC is obligated to provide such funding. Pursuant to the Funding Agreement, ATIC committed to additional equity funding of a minimum of $3.6 billion and up to $6.0 billion to be provided in phases over a five-year period commencing from the closing of the transactions. We have the right, but not the obligation, to provide additional future capital to GF in an amount pro rata to our interest in the fully converted Ordinary Shares of GF. To the extent we choose not to participate in an equity financing of GF, ATIC is obligated to purchase our share of GF securities, subject to ATIC's funding commitments under the Funding Agreement. ATIC's obligations to provide funding are subject to certain conditions.

On December 27, 2010, ATIC International Investment Company LLC, an affiliate of ATIC, contributed all of the outstanding Ordinary Shares of GLOBALFOUNDRIES Singapore Pte. Ltd., (formerly Chartered

Semiconductor Manufacturing Ltd.) (GFS), to GF. As a result, we amended and restated the Shareholders' Agreement and the Funding Agreement. Subject to certain exceptions set forth in the Amended and Restated Shareholders' Agreement, our right to designate one representative to the GF board of directors will continue for at least two years following the date on which our ownership in GF, on a fully converted to GF Ordinary Shares basis, falls below 10%, the point at which we previously lost the right to such board representative. Pursuant to the Amended and Restated Funding Agreement, for each equity funding under the Funding Agreement on or after November 17, 2010, the securities issued in consideration thereof will consist solely of GF's Class A Preferred Shares. In addition, the purchase price per Class A Preferred Share is determined by dividing GF's net tangible assets (derived from its most recent fiscal year-end audited consolidated balance sheet) by GF's total number of outstanding preferred shares (assuming the conversion of any outstanding GF Class A subordinated convertible notes into Class A Preferred Shares and Class B subordinated convertible notes into Class B Preferred Shares) as of the date of the balance sheet referred to above and multiplying by 1.10. Prior to November 17, 2010, the funding multiple was 0.90.

Wafer Supply Agreement. We purchase substantially all of our microprocessor product requirements from GF pursuant to the terms of the Wafer Supply Agreement. We currently pay GF for wafers on a cost-plus basis. If we acquire a third-party business that manufactures microprocessor products, we will have up to two years to transition the manufacture of such products to GF. In addition, once GF develops certain specific qualified processes for bulk silicon wafers, we will purchase from GF, where competitive, specified percentages of our GPU wafer requirements. We agreed not to sell, transfer or dispose of all or substantially all of our assets related to GPU products and related technology to any third party without GF's consent, unless the transferee agrees to be bound by the terms of the Wafer Supply Agreement, including its minimum purchase obligations, where competitive, with respect to GPU products. We will provide GF with binding product forecasts of our product requirements. After reviewing forecasts provided by us, as agreed by the parties, GF will allocate capacity sufficient to produce our microprocessor product volumes as set forth in the binding forecasts. At our request, GF will also provide sort services to us on a product-by-product basis. The price for GPU products will be determined by the parties when GF is able to begin manufacturing GPU products for us.

The Wafer Supply Agreement terminates no later than March 2, 2024. However, the Wafer Supply Agreement may be terminated if a business plan deadlock occurs because AMD or ATIC, as the shareholders of GF, are unable to agree on GF's annual business plan and ATIC elects to enter into a transition period pursuant to the Funding Agreement. GF agreed to use commercially reasonable efforts to assist us to transition the supply of products to another provider and continue to fulfill purchase orders for up to two years following the termination or expiration of the Wafer Supply Agreement. During the transition period, pricing for microprocessor products will remain as set forth in the Wafer Supply Agreement, but our purchase commitments to GF will no longer apply.

GF fabricates wafers for our microprocessors at its facilities primarily on 45nm process technology. In addition, we are in the process of qualifying GF's 32nm process technology for our products.

We also have foundry arrangements with Taiwan Semiconductor Manufacturing Company (TSMC) for the production of our graphics and chipset products, embedded processors, as well as two of our APU products. Currently, we are in production in TSMC's 300 millimeter and 200 millimeter fabrication facilities in technologies ranging from 40nm to 250nm. We are currently in the process of qualifying 28nm process technology at multiple foundries for certain products. Smaller process geometries can lead to gains in graphics processing performance, lower power consumption and lower per unit manufacturing costs.

Other Third-Party Manufacturers

We outsource board-level graphics product manufacturing to third-party manufacturers. These include Foxconn and PC Partner with locations in China. Our facility in Markham, Ontario, Canada is primarily devoted to prototyping for new graphics product introductions.

Assembly, Test, Mark and Packaging Facilities

We own and operate three microprocessor assembly, test, mark and packaging facilities. Wafers for our microprocessor and embedded processor products are delivered from third party foundries, to our assembly, test, mark and packaging facilities. Our microprocessor assembly, test, mark and packaging facilities are described in the chart set forth below:

Facility Location	Approximate Manufacturing Area Square Footage	Activity
Penang, Malaysia	206,000	Assembly & Test
Singapore[(1)]	215,000	Test, Mark & Packaging
Suzhou, China	44,000	Test, Mark & Packaging

(1) 165,000 sq. ft. of the Singapore facility is currently vacant. The facility is 380,000 square feet in total.

Wafers for our graphics products are delivered from the third party foundry to our test, assembly and packaging partners, which include Advanced Semiconductor Engineering Group, Amkor, King Yuan Electronics, Siliconware Precision Industries and STATS-ChipPAC Limited, who package and test the final semiconductor products.

Intellectual Property and Licensing

We rely on contracts and intellectual property rights to protect our products and technologies from unauthorized third-party copying and use. Intellectual property rights include copyrights, patents, patent applications, trademarks, trade secrets and maskwork rights. As of December 25, 2010 we had more than 4,100 patents in the United States and approximately 1,300 patent applications pending in the United States. In certain cases, we have filed corresponding applications in foreign jurisdictions. We expect to file future patent applications in both the United States and abroad on significant inventions, as we deem appropriate. We do not believe that any individual patent, or the expiration thereof, is or would be material to our business.

As is typical in the semiconductor industry, we have numerous cross-licensing and technology exchange agreements with other companies under which we both transfer and receive technology and intellectual property rights. One such agreement is the cross-license agreement that we entered into with Intel on November 11, 2009, in connection with the settlement of our litigation. Under the cross license agreement, Intel has granted to us and our subsidiaries, and we have granted Intel and its subsidiaries, non-exclusive, royalty-free licenses to all patents that are either owned or controlled by the parties at any time that have a first effective filing date or priority date prior to the five-year anniversary of the effective date of the cross license agreement, referred to as the “Capture Period,” to make, have made, use, sell, offer to sell, import and otherwise dispose of certain semiconductor- and electronic-related products anywhere in the world. Under the cross license agreement, Intel has rights to make semiconductor products for third parties, but the third party product designs are not licensed as a result of such manufacture. We have rights to perform assembly and testing for third parties but not rights to make semiconductor products for third parties. The term of the cross license agreement continues until the expiration of the last to expire of the licensed patents, unless earlier terminated. A party can terminate the cross license agreement or the rights and licenses of the other party if the other party materially breaches the cross license agreement and does not correct the noticed material breach within 60 days. Upon such termination, the terminated party’s license rights terminate but the terminating party’s license rights continue, subject to that party’s continued compliance with the terms of the cross license agreement. The cross license agreement and the Capture Period will automatically terminate if a party undergoes a change of control (as defined in the cross license agreement) and both parties’ licenses will terminate. Upon the bankruptcy of a party, that party may assume, but may not assign, the cross license agreement, and in the event that the cross license agreement cannot be assumed, the cross license agreement and the licenses granted will terminate.

We also have a patent cross license agreement with GF pursuant to which each party granted to the other a non-exclusive license under patents filed by a party (or are otherwise acquired by a party) within a certain number of years following the effective date of the agreement. In 2009, under the agreements with GF, we assigned approximately 3,000 patents and approximately 1,000 patent applications to GF. GF owns its allocation of patents and applications subject to pre-existing rights, licenses or immunities granted to third parties relating to such patents and applications. The patents and patent applications to be owned by each party after the division were licensed to the other party pursuant to the agreement.

In addition, we entered into a Non-Patent Intellectual Property and Technology Transfer Agreement with GF pursuant to which we assigned to GF all of our right, title and interest in technology and non-patent intellectual property rights used exclusively in the manufacture, sorting and/or intermediate testing of semiconductor products. We retained technology and non-patent intellectual property rights used exclusively in the design and/or post-fabrication delivery testing of semiconductors. Technology and non-patent intellectual property rights used both in the manufacture, sorting and/or intermediate testing of semiconductor products and in the design and/or post-fabrication delivery testing of semiconductor products is owned jointly by us and GF.

Backlog

We sell standard lines of products. Sales are made primarily pursuant to purchase orders for current delivery or agreements covering purchases over a period of time. Some of these orders or agreements may be revised or cancelled without penalty. Generally, in light of current industry practice, we do not believe that such orders or agreements provide meaningful backlog figures or are necessarily indicative of actual sales for any succeeding period.

Employees

As of December 25, 2010, we had approximately 11,100 employees.

Environmental Regulations

Many aspects of our business operations and products are regulated by domestic and international environmental laws and regulations. These regulations include limitations on discharge of pollutants to air, water, and soil; remediation requirements; product chemical content limitations; manufacturing chemical use and handling restrictions; pollution control requirements; waste minimization considerations; and requirements with respect to treatment, transport, storage and disposal of solid and hazardous wastes. If we fail to comply with any of the applicable environmental regulations we may be subject to fines, suspension of production, alteration of our manufacturing processes, import/export restrictions, sales limitations, and/or criminal and civil liabilities. Existing or future regulations could require us to procure expensive pollution abatement or remediation equipment; to modify product designs; or to incur other expenses to comply with environmental regulations. Any failure to adequately control the use, disposal or storage, or discharge of hazardous substances could expose us to future liabilities that could have a material adverse effect on our business. We believe we are in material compliance with applicable environmental requirements and do not expect those requirements to result in material expenditures in the foreseeable future.

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 in recent years restrictions on the use of lead, among other chemicals, in electronic products with other countries considering similar restrictions. These regulations affect semiconductor packaging. There is a risk that the cost, quality and manufacturing yields of lead-free products may be less favorable compared to lead-based products or that the transition to lead-free products may produce sudden changes in demand, which may result in excess inventory. The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones of the Democratic Republic of Congo (DRC). As a result, the SEC is required to promulgate by April 15, 2011, new annual disclosure and reporting requirements for those companies who use “conflict” minerals mined from the DRC and adjoining countries in their products. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of semiconductor devices. As a result, there may only be a limited pool of suppliers who provide conflict free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins for all metals used in our products through the due diligence procedures that we implement.

Other regulatory requirements potentially affecting our back-end manufacturing processes and the design and marketing of our products are in development throughout the world. In addition, a number of jurisdictions including the EU, Australia and China are considering market entry requirements for computers based on the ENERGY STAR specification (Version 5.0) as well as additional limits. The proposed requirements, which have not yet been finalized, could potentially be approved and implemented as early as the fourth quarter of 2011. If such requirements are implemented in the proposed time frame and to the proposed specification there is the potential for certain of our microprocessor, chipset and GPU products, as incorporated in desktop and mobile PCs, being excluded from these markets. We have management systems in place to identify and ensure compliance with such requirements and have budgeted for foreseeable associated expenditures. However, we cannot assure you that future environmental legal requirements will not become more stringent or costly in the future. Therefore, we cannot assure you that our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past and future releases of, or exposure to, hazardous substances will not have a material adverse effect on us.

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.

Intel Corporation’s dominance of the microprocessor market and its aggressive business practices may limit our ability to compete effectively.

Intel Corporation has dominated the market 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 discipline customers who do business with us. These aggressive activities have in the past and are likely in the future to result in lower unit sales and a lower average selling price for our products and adversely affect our margins and profitability.

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 and channel partners;
- control over industry standards, PC manufacturers and other PC industry participants, including motherboard, memory, chipset and basic input/output system, or 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 OEM customers.

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 dominant 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, motherboards and other components necessary to assemble a computer system. OEMs that purchase microprocessors for computer systems are highly dependent on Intel, less innovative on their own and, to a large extent, are distributors of Intel technology. Additionally, Intel is able to drive de facto standards for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

Intel also leverages its dominance in the microprocessor market to sell its integrated chipsets. Intel manufactures and sells integrated graphics chipsets bundled with their microprocessors and is a dominant competitor with respect to this portion of our business. Moreover, computer manufacturers are increasingly using integrated graphics chipsets rather than discrete graphics components, particularly for notebooks, because they cost less than traditional discrete graphics components while offering satisfactory graphics performance for most mainstream PCs. Intel could also take actions that place our discrete 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.

Intel has substantially greater financial resources than we do and accordingly spends substantially greater amounts on research and development than we do. We expect Intel to maintain its dominant position and 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's dominant position in the microprocessor market and integrated graphics chipset market, its existing relationships with top-tier OEMs and its aggressive marketing and pricing strategies could result in lower unit sales and a lower average selling price for our products, which could have a material adverse effect on us.

The success of our business is dependent upon our ability to introduce products on a timely basis with required features and performance levels that provide value to our customers and support and coincide 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 and qualify 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. For example, we expect our customers to ship computer systems with our AMD Fusion accelerated APU codenamed "Llano," in the second quarter of 2011. If we fail to or are delayed in developing or qualifying new products or technologies, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products.

Delays in developing or qualifying new products can also cause us to miss our customers' product design windows. If our customers do not include our products in the initial design of their computer systems, they will typically not use our products in their systems until at least the next design configuration. The process of being qualified for inclusion in a customer's system 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.

Moreover, market demand requires that products incorporate new features and performance standards on an industry-wide basis. Over the life of a specific product, the average selling price undergoes regular price reductions. The introduction of new products and enhancements to existing products is necessary to maintain an overall corporate average selling price. If we are unable to introduce new products with sufficient increases in average selling price or increased unit sales volumes capable of offsetting the reductions in the average selling price of existing products, our business could be materially adversely affected.

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

We rely on third party wafer foundries to fabricate the silicon wafers for all of our products. We also rely on third party providers to assemble, test, mark and pack certain of 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.

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 manufacturing supplier, 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 manufacturing suppliers, which could have a material adverse effect on our business.

Moreover, if any of our third party manufacturing suppliers suffer any damage to facilities, lose benefits under material agreements, experience power outages, lack sufficient capacity to manufacture our products, encounter financial difficulties or suffer any other disruption or reduction in efficiency, we may encounter supply delays or disruptions. Macroeconomic challenges, such as those that recently affected the global economy, may impact our key suppliers who may reduce their output or become insolvent. Any of these situations could materially adversely impact our business.

Additionally, we do not have long-term commitment contracts with some of our third party manufacturing suppliers. We obtain these manufacturing services on a purchase order basis and these manufacturers are not required to provide us with any specified minimum quantity of product. 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 at acceptable prices. We cannot assure you that these manufacturers will be able to meet our near-term or long-term manufacturing requirements. For example, we experienced constrained wafer foundry capacity for our graphics products that we introduced in the second half of 2009 and the first half of 2010. If we experience supply constraints, we may be required to allocate these products amongst our customers. Some of the manufacturers we use also fabricate wafers and assemble, test and package products for other companies, including certain of our competitors. They could choose to prioritize capacity for other users, increase the prices that they charge us on short notice 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 small undercapitalized subcontractors, and limited ability to manage inventory and parts. 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 do not fully utilize GF's manufacturing facilities or do not otherwise realize the anticipated benefits of our relationship with GF, our business could be adversely impacted.

Although we anticipate realizing certain benefits to our business from our relationship with GF, including a more variable cost model and the ability to take advantage of the shift by integrated device manufacturers to a fabless business model, we cannot assure you that our relationship with GF and ATIC will result in the full realization of these or any other benefits.

Pursuant to the Wafer Supply Agreement between us and GF, we compensate GF on a cost plus-basis to manufacture the silicon wafers for our microprocessor and future APU products, which can result in increased per unit manufacturing costs for AMD compared to manufacturing wafers in-house and may have a negative impact on our reported gross margins. If GF fails to operate at a competitive cost level, our business could be materially adversely affected. In addition, our contractual commitments to GF under the Wafer Supply Agreement require us to use GF's manufacturing facilities for our microprocessor products. In January 2010, GF announced that it is integrating operations with GFS and in December 2010, GF and GFS legally merged. As a result, GF significantly expanded its customer base to over 150 customers. Although GF manufacturing capacity also increased, the integration process and the increased customer base could lead to delays or disruptions in manufacturing our products, which could materially adversely impact our business.

In addition, the under-utilization of GF manufacturing facilities may increase our per unit costs. It is difficult to predict future growth or decline in the demand for our products, making it difficult to forecast our requirements accurately. If our target markets do not grow, we may under-utilize GF manufacturing facilities. Because of our commitments to GF, during periods in which we under-utilize GF manufacturing facilities as a result of reduced demand for our products, we may not be able to reduce our costs in proportion to the reduced revenues for such a period. If this occurs, our operating results will 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 either design or process technology failures. Our third-party foundries are responsible for the process technologies used to fabricate silicon wafers. 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. 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, GF will manufacture certain of our APUs using 32nm process technology. GF has experienced delays in transitioning to 32nm process technology, which has delayed the introduction of certain APU products. If GF continues to experience delays or difficulties transitioning to 32nm or other advanced process technologies, our business would be materially adversely affected. Moreover, if GF continues to experience manufacturing inefficiencies or other third-party foundries experience manufacturing inefficiencies, we may fail to achieve acceptable yields or experience product delivery delays. 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 with our customers and reputation and materially adversely affect our business.

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

Uncertain global economic conditions have and may in the future adversely impact our business. 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. 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.

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 products and product enhancements, we rely on third-party intellectual property such as software development tools and hardware testing tools. The design requirements necessary to meet consumer demands for more features and greater functionality from semiconductor products in the future may exceed the capabilities of the third-party development tools available to us. If the third-party intellectual property that we use becomes unavailable or fails to produce designs that meet consumer demands, our business could be materially adversely affected.

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

We depend on third-party companies for the design, manufacture and supply of motherboards, BIOS software and other components that our customers utilize in support our microprocessor offerings. Our microprocessors are not designed to function with motherboards and chipsets designed to work with Intel microprocessors. If the designers, manufacturers and suppliers of motherboards and other components decrease their support for our product offerings, 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 microprocessor products. Similarly, the success of our products in the market, such as our AMD Fusion 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, independent software providers may forego designing their software applications to take advantage of our innovations and customers may not purchase PCs with our microprocessors. In addition, software drivers sold 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.

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

Collectively, our top five customers accounted for approximately 49% of our net revenue in 2010. On a segment basis, during 2010 five customers accounted for approximately 55% of the net revenue of our Computing Solutions segment and five customers accounted for approximately 46% of the net revenue of our Graphics segment. We expect that a small number of customers will continue to account for a substantial part of revenues of our microprocessor and graphics businesses in the future. If one of our top microprocessor or graphics business customers decided to stop buying our products, or if one of these customers were to materially reduce its operations or its demand for our products, our business would be materially adversely affected.

We are currently conducting a search for a chief executive officer, and our inability to attract and retain qualified personnel may hinder our business.

We are currently conducting a search for a chief executive officer. The transition to a chief executive officer may be disruptive to our operations and create uncertainty about our business and future direction. Until a chief executive officer is identified, it may be more difficult for us to hire and retain other key personnel. Much of our future success depends upon the continued service of numerous qualified engineering, marketing, sales and executive personnel. If we are unable to successfully hire a chief executive officer or to continue to attract, train, and retain qualified personnel, the progress of our product development programs could be hindered, and we could be materially adversely affected. Even if we are able to hire and retain a qualified chief executive officer in a timely manner, we may continue to experience operational inefficiencies and disruptions during the transition period and our business may be materially adversely affected.

If we cannot generate sufficient revenues and operating cash flow or obtain external financing, we may face a cash shortfall and be unable to make all of our planned investments in research and development.

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. Our ability to fund research and development expenditures depends on generating sufficient 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.

We regularly assess markets for external financing opportunities, including debt and equity financing. Additional debt or equity financing may not be available when needed or, if available, may not be available on satisfactory terms. The health of the credit markets may adversely impact our ability to obtain financing when needed. In addition, any downgrades from credit rating agencies such as Moody's or Standard & Poor's may adversely impact our ability to obtain external financing or the terms of such financing. Credit agency downgrades may also impact relationships with our suppliers, who may limit our credit lines. Our inability to obtain needed financing or to generate sufficient cash from operations may require us to abandon projects or curtail planned investments in research and development. 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.

We have a substantial amount of indebtedness which could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations.

Our debt and capital lease obligations as of December 25, 2010 were $2.4 billion, which reflects the debt discount adjustment on our 6.00% Notes and 8.125% Notes. This amount also includes approximately $229 million related to our accounts receivable financing arrangement with the IBM Parties, which is not a cash obligation.

Our substantial 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 less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

We may not be able to generate sufficient cash to service our debt obligations.

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

Our debt instruments impose restrictions on us that may adversely affect our ability to operate our business.

The indentures governing our 8.125% Notes and 7.75% Notes contain various covenants which limit our ability to:

- incur additional indebtedness;
- pay dividends and make other restricted payments;
- make certain investments, including investments in our unrestricted subsidiaries;
- create or permit certain liens;
- create or permit restrictions on the ability of certain restricted subsidiaries to pay dividends or make other distributions to us;
- use the proceeds from sales of assets;
- enter into certain types of transactions with affiliates; and
- consolidate or merge or sell our assets as an entirety or substantially as an entirety.

In addition, the guarantee agreement related to the euro 700 Million Term Loan Facility that we transferred to GF contains restrictive covenants that require us to maintain specified financial ratios when group consolidated cash is below specified amounts. Our ability to satisfy these financial ratios and tests can be affected by events beyond our control. We cannot assure you that we will meet those requirements. A breach of any of these financial ratios or tests could result in a default under the term loan facility, which could cause the lenders to exercise their rights under the guarantee agreement.

The agreements governing our borrowing arrangements contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. For example, the occurrence of a default with respect to any indebtedness or any failure to repay debt when due in an amount in excess of $50 million would cause a cross default under the indentures governing our 7.75% Notes, 8.125% Notes, 5.75% Notes and 6.00% Notes. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable. If the note holders or the trustee under the indentures governing our 7.75% Notes, 8.125% Notes, 5.75% Notes or 6.00% Notes accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings and our other indebtedness.

In the event of a change of control, we may not be able to repurchase our outstanding debt as required by the applicable indentures, which would result in a default under the indentures.

Upon a change of control, we will be required to offer to repurchase all of the 7.75% Notes and 8.125% Notes then outstanding at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date. Moreover, the indentures governing our 5.75% Notes and 6.00% Notes require us to offer to repurchase these securities upon certain change of control events. As of December 25, 2010, the aggregate outstanding principal amount of the outstanding 8.125% Notes, 5.75% Notes, 7.75% Notes and 6.00% Notes was $2.3 billion. Future debt agreements may contain similar provisions. We may not have the financial resources to repurchase our indebtedness.

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

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/demand imbalances in the semiconductor industry;
- a decline in demand for end-user products (such as PCs) that incorporate our products;
- excess inventory levels in the channels of distribution, including those of our customers; and
- excess production capacity.

Global economic uncertainty and weakness have also 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 demand for our products depends in part on the market conditions in the industries and geographies into which they are sold. Fluctuations in demand for our products or a market decline in any of these industries or geographies would have a material adverse effect on our results of operations.

Our business is dependent upon the market for desktop and notebook PCs and servers. Historically, a significant portion of our Computing Solutions revenue has been related to desktop PCs. Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past, are currently affecting us and may materially adversely affect us in the future. As a result of macroeconomic challenges that recently affected the global economy in 2008 and 2009, end-user demand for PCs and servers decreased significantly. Although end-user PC demand increased in the first half of 2010, the pace of that growth slowed in the second half of 2010. In addition, form factors have steadily shifted from desktop PCs to mobile PCs over the past three years, and we expect that this trajectory will continue.

The growth of our business is also dependent on continued demand for our products from high-growth global markets. If demand from these markets is below our expectations, sales of our products may decrease, which could have a material adverse effect on us.

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, power consumption (including battery life), reliability, selling price, speed, size (or form factor), cost, adherence to industry standards (and the creation of open industry standards), software and hardware compatibility and stability and brand awareness.

We expect that competition will continue to be intense due to rapid technological changes, frequent product introductions by our competitors of products that provide better performance or include additional features that render our products uncompetitive and aggressive pricing by competitors, especially during challenging economic times. For example, since their introduction, tablets have experienced increasing adoption by consumers. Tablet sales could negatively impact sales of PCs to consumers, which could adversely impact our business. Also, Intel has transitioned to 32nm process technology and is transitioning to 28nm process technology before us. Using a more advanced process technology can contribute to lower product manufacturing costs and improve a product's performance and power efficiency. Some competitors may have greater access or rights to companion technologies, including interface, processor and memory technical information. Competitive pressures could adversely impact the demand for our products, which could harm our business.

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

A substantial portion of our quarterly sales have historically been made in the last month of the quarter. This uneven sales pattern makes prediction of revenues 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. For example, historically, demand in the retail sector of the PC market is often stronger during the fourth quarter as a result of the winter holiday season and weaker in the first quarter. European sales have also been historically weaker during the summer months. Many of the factors that create and affect seasonal trends are beyond our control.

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

We purchase equipment and materials for our internal back-end manufacturing operations 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 manufacturing suppliers also depend on the same timely delivery of adequate quantities of equipment and materials in the manufacture of our products. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers. For example, in manufacturing our microprocessor and APU products, GF is largely dependent on one supplier of our silicon-on-insulator (SOI) wafers. We also depend on a limited number of suppliers to provide the majority of certain types of integrated circuit packages for our microprocessor and APU products. Similarly, certain non-proprietary materials or components such as memory, PCBs, substrates and capacitors used in the manufacture of our graphics products are currently available from only a limited number of sources. 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 and our third party manufacturing suppliers are unable to procure certain of these materials, or our foundries are unable to procure materials for manufacturing our products, our business would be materially adversely affected.

Our issuance to WCH of warrants to purchase 35,000,000 shares of our common stock, if and when exercised by WCH, will dilute the ownership interests of our existing stockholders, and the conversion of the remainder of our 5.75% Notes and 6.00% Notes may dilute the ownership interest of our existing stockholders.

The warrants issued to WCH became exercisable in July 2009. Any issuance by us of additional shares to WCH upon exercise of the warrants will dilute the ownership interests of our existing stockholders. Any sales in the public market by WCH of any shares owned by WCH could adversely affect prevailing market prices of our common stock, and the anticipated exercise by WCH of the warrants could depress the price of our common stock.

Moreover, the conversion of our remaining 5.75% Notes and 6.00% Notes may dilute the ownership interests of our existing stockholders. The conversion of the 5.75% Notes and the 6.00% Notes could have a dilutive effect on our earnings per share to the extent that the price of our common stock exceeds the conversion price of the 5.75% Notes and 6.00% Notes. Any sales in the public market of our common stock issuable upon conversion of the 5.75% Notes or 6.00% Notes could adversely affect prevailing market prices of our common stock. In addition, the conversion of the 5.75% Notes or 6.00% Notes into cash and shares of our common stock could depress the price of our common stock.

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 after our products are shipped in volume, 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, delay in recognition or loss of revenues, 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 property damage or personal injury, and damage to our reputation in the industry 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. 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.

Our receipt of royalty revenues is dependent upon our technology being designed into third-party products and the success of those products.

Our graphics technology for game consoles is used in game consoles, including the Nintendo Wii and Microsoft Xbox 360. The revenues that we receive from these products are in the form of non-recurring engineering fees charged for design and development services, as well as royalties paid to us by these third parties. Our royalty revenues are directly related to the sales of these products and reflective of their success in the market. If these third parties do not include our graphics technology in future generations of their game consoles, our revenues from royalties would decline significantly. Moreover, we have no control over the marketing efforts of these third parties and we cannot make any assurances that sales of those products will achieve expected levels in the current or future fiscal years. Consequently, the revenues from royalties expected by us from these products may not be fully realized, and our operating results may be adversely affected.

If we fail to maintain the efficiency of our supply chain as we respond to increases or 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, acquire new OEM customers and strengthen relationships with existing OEM customers, the efficiency of our supply chain will become increasingly important because OEMs 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 affect 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, our manufacturing suppliers and to our customers. In addition, we rely on third parties to provide certain information technology services to us, including helpdesk 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.

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 more than 30 days prior to shipment without incurring significant fees. We base our inventory levels 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 we sell indirectly through distributors, as our forecasts for demand are then based on estimates provided by multiple parties. Moreover, PC and consumer 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. 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, and/or a reduction in our gross margin include:

- a sudden and significant decrease in demand for 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 older products as our new products are introduced; or
- our competitors taking aggressive pricing actions.

Because market conditions are uncertain, these and other factors could materially adversely affect our business.

Our reliance on third-party distributors and add-in-board partners (AIBs) subjects us to certain risks.

We market and sell our products directly and through third-party distributors and AIBs 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 AIBs to offer our competitors' products. We are dependent on our distributors and AIBs to supplement our direct marketing and sales efforts. If any significant distributor or AIB or a substantial number of our distributors or AIBs terminated their relationship with us or decided to market our competitors' products over our products, our ability to bring our products to market would be impacted and we would be materially adversely affected.

Additionally, distributors and AIBs 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 twelve months older than the manufacturing code date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIBs protect their inventory of our products against price reductions. We defer the gross margins on our sales to distributors and AIBs, resulting from both our deferral of revenue and related product costs, until the applicable products are re-sold by the distributors or the AIBs. However, 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 would decline.

Our worldwide operations are subject to political 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 and Asia. We rely on third party wafer foundries in Europe and Asia. Nearly all product assembly and final testing of our products is performed at manufacturing facilities, operated by us as well as third party manufacturing facilities, in China, Malaysia, Singapore and Taiwan. We also have international sales operations. International sales, as a percent of net revenue were 88% in 2010. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future.

The political 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 achieving headcount reductions;
- 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 regulations and the Foreign Corrupt Practices Act.

In addition, our worldwide operations could be subject to natural disasters such as earthquakes, typhoons and volcanic eruptions that disrupt manufacturing or other operations. For example, our Sunnyvale operations are located near major earthquake fault lines in California. Any conflict or uncertainty in the countries in which we operate, including public health or safety, natural disasters or general economic factors, could have a material adverse effect on our business. 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, potentially longer payment cycles, potentially 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.

Worldwide economic and political conditions may adversely affect demand for our products.

Economic instability in the United States could negatively impact our business. Continued uncertainty over the worldwide economic environment may adversely impact consumer confidence and spending, causing our customers to postpone purchases.

Moreover, 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 conflicts are unpredictable and we may not be able to foresee events that could have a material adverse effect on us. Also, the occurrence and threat of terrorist attacks and the consequences of sustained military action in the Middle East have in the past, and may in the future, adversely affect demand for our products. Terrorist attacks may negatively affect our operations, directly or indirectly, and such attacks or related armed conflicts may directly impact our physical facilities or those of our suppliers or customers. Furthermore, these attacks 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.

Unfavorable currency exchange rate fluctuations could continue to adversely affect us.

We have costs, assets and liabilities that are denominated in foreign currencies, primarily the euro and Canadian dollar. 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. In the past, the value of the U.S. dollar has fallen significantly, leading to increasingly unfavorable currency exchange rates on foreign denominated expenses. 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.

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 channel compete with these heavily discounted gray market products, which adversely affects demand for our products and negatively impact 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 channel there is a risk that our customers are buying counterfeit or substandard products, including products that may have been altered, mishandled or damaged, or used products represented as new.

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 there under may not provide a competitive advantage to us. 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.

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. We also sell products to consumers, which could increase our exposure to consumer actions such as product liability claims. 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. Any claim that is successfully asserted against us may 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, or third parties may bring or have brought actions against us, based on allegations that we are infringing the intellectual property rights of others. If any such claims are asserted against us, 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. In the event that we do not obtain a license, these parties may file lawsuits against us seeking damages (potentially up to and including treble damages) or an injunction against the sale of our 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 the entry of an injunction against the manufacture and sale of some or all of our products, would 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.

Certain individuals have been charged by federal authorities with illegally trading in our stock using certain AMD confidential information.

Several individuals have pled guilty to conspiracy and securities fraud charges and, among other things, providing confidential information about us to a person who has been charged by federal authorities with illegally trading in our stock on the basis of that confidential information. In addition, one former employee has been charged in connection with ongoing proceedings relating to illegally trading in our stock using certain AMD confidential information. At this time, we cannot give any assurances as to whether any facts that may be discovered during the proceedings relating to this matter or other similar matters will be damaging to our business, results of operations or reputation.

Failures in the global credit markets have impacted and may continue to impact the liquidity of our auction rate securities.

As of December 25, 2010, the par value of all our auction rate securities, or ARS, was $66 million with an estimated fair value of $57 million. As of December 25, 2010, our investments in ARS included estimated fair values of approximately $32 million of student loan ARS and $25 million of municipal and corporate ARS. The uncertainties in the credit markets have affected all of our ARS and auctions for these securities have failed to settle on their respective settlement dates. The auctions failed because there was insufficient demand for these securities. A failed auction does not represent a default by the issuer of the ARS. For each unsuccessful auction, the interest rate is reset based on a formula set forth in each security, which is generally higher than the current market unless subject to an interest rate cap. When auctions for these securities fail, the investments may not be readily convertible to cash until a future auction of these investments is successful, a buyer is found outside of the auction process, the issuers of the ARS establish a different form of financing to replace these securities or redeem them, or final payment is due according to contractual maturities (currently, ranging from 2030 to 2050 for our ARS). Although we have had redemptions since the failed auctions began, the liquidity of these investments continues to be adversely impacted.

We cannot predict with certainty when liquidity in the ARS market will return. If this market illiquidity continues or worsens, we may be required to record additional impairment charges with respect to these investments in the future, which could adversely impact our results of operations.

We are subject to a variety of environmental laws that could result in liabilities.

Our operations and properties have in the past and continue to be subject to various United States and foreign environmental 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 us to obtain permits for our operations, including the discharge of air pollutants and wastewater. Although our management systems are designed to maintain compliance, we cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we 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. We could also be held liable for any and all consequences arising out of exposure to hazardous materials used, stored, released, disposed of by us or located at, under or emanating from our facilities or other environmental or natural resource damage.

Certain environmental laws, including the U.S. 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.

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 in recent years restrictions on the use of lead, among other chemicals, in electronic products with other countries considering similar restrictions. These regulations affect semiconductor packaging. There is a risk that the cost, quality and manufacturing yields of lead-free products may be less favorable compared to lead-based products or that the transition to lead-free products may produce sudden changes in demand, which may result in excess inventory. The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones of the DRC. As a result, the SEC is required to promulgate by April 15, 2011, new annual disclosure and reporting requirements for those companies who use “conflict” minerals mined from the DRC and adjoining countries in their products. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of semiconductor devices. As a result, there may only be a limited pool of suppliers who provide conflict free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins for all metals used in our products through the due diligence procedures that we implement.

Other regulatory requirements potentially affecting our back-end manufacturing processes and the design and marketing of our products are in development throughout the world. In addition, a number of jurisdictions including the EU, Australia and China are considering market entry requirements for computers based on the ENERGY STAR specification (Version 5.0) as well as additional limits. The proposed requirements, which have not yet been finalized, could potentially be approved and implemented as early as the fourth quarter of 2011. If such requirements are implemented in the proposed time frame and to the proposed specification there is the potential for certain of our microprocessor, chipset and GPU products, as incorporated in desktop and mobile PCs, being excluded from these markets which could materially adversely affect us.

While we have budgeted for foreseeable associated expenditures, we cannot assure you that future environmental legal requirements will not become more stringent or costly in the future. Therefore, we cannot assure you that our costs of complying with current and future environmental and health and safety laws, and our liabilities arising from past and future releases of, or exposure to, hazardous substances will not have a material adverse effect on us.

Our business is subject to potential tax liabilities.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have not received any written comments that were issued not less than 180 days before December 25, 2010, the end of the fiscal year covered by this report, from the Securities and Exchange Commission staff regarding our periodic or current reports under the Securities Exchange Act of 1934 that remain unresolved.

ITEM 2. PROPERTIES

At December 25, 2010, we owned principal research and development, engineering, manufacturing, warehouse and administrative facilities located in the United States, Canada, Taiwan, China, Singapore and Malaysia. These facilities totaled approximately 2.4 million square feet.

Our main facility with respect to our graphics and chipset products is located in Markham, Ontario, Canada. This facility consists of approximately 240,000 square feet of office and research and development space. We occupy two other facilities in Markham, Ontario that comprise over 215,000 square feet, including approximately 65,000 square-feet of manufacturing and warehouse space. We also currently own and operate three microprocessor assembly and test facilities comprising an aggregate of 465,000 square feet. Our current microprocessor assembly and test facilities are located in Malaysia, Singapore and China and are described in further detail in the "Assembly, Test, Mark and Packaging Facilities," above.

In some cases, we lease all or a portion of the land on which our facilities are located. We lease approximately 218,000 square feet of land in Singapore and 422,000 square feet of land in Suzhou, China for our microprocessor assembly and test facilities.

As of December 25, 2010, we also leased approximately 3.2 million square feet of space for engineering, manufacturing, warehouse and administrative use, including a number of smaller regional sales offices located in commercial centers near customers, principally in the United States, Latin America, Europe and Asia. These leases expire at varying dates through 2018.

We also have approximately 310,000 square feet of building space that is currently vacant. We continue to have lease obligations with respect to this space that expire at various dates through 2012. We are actively marketing this space for sublease.

We currently do not anticipate difficulty in either retaining occupancy of any of our facilities through lease renewals prior to expiration or through month-to-month occupancy, or replacing them with equivalent facilities.

We believe that our existing facilities are suitable and adequate for our present purposes, and that, except as discussed above, the productive capacity of such facilities is substantially being utilized or we have plans to utilize it.

ITEM 3. LEGAL PROCEEDINGS

In addition to ordinary routine litigation incidental to the business, AMD or its indirectly wholly-owned subsidiary, ATI, is party to the following material legal proceedings. The outcome of any litigation is uncertain, and, should any of the actions or proceedings where we are a defendant be successful, we may be subject to significant damages awards which could have a material adverse effect on our financial condition.

AMD v. Samsung Electronics Co. et al.

On February 19, 2008, AMD and ATI filed a complaint against Samsung Electronics Co., Ltd. (Samsung) and related Samsung entities alleging infringement of six AMD patents. The complaint was amended in May 2008 to add a seventh patent and also to add two additional Samsung entities as defendants to the suit. The case was filed in U.S. District Court, Northern District of California. The AMD patents generally relate to semiconductors, semiconductor memory, and related products. AMD sought damages and injunctive relief. Samsung filed an answer and counterclaims, alleging infringement by AMD and/or ATI of six Samsung patents. The Samsung patents generally relate to semiconductor fabrication and design. Samsung sought damages and injunctive relief.

On December 22, 2010, we entered into a Patent License and Settlement Agreement with Samsung. Pursuant to this agreement, all claims between the parties were dismissed with prejudice, and Samsung agreed to pay us $283 million less any withholding taxes not to exceed a maximum rate of 16.5%. We received the first payment of $119 million (which represents $143 million less withholding taxes) in December 2010. The remaining amount of $117 million (which represents $140 million less withholding taxes) will be paid in two equal installments by May 31, 2011 and November 30, 2011.

SGI (Graphics Properties Holding, Inc.) v. ATI and AMD, Case No.06-C-0611 in the United States District Court for the Western District of Wisconsin

On October 23, 2006, Silicon Graphics Inc. (SGI) filed a patent infringement lawsuit against ATI and AMD in the United States District Court for the Western District of Wisconsin, the original SGI v. ATI suit. SGI alleged that certain ATI products infringe U.S. Patent No. 6,650,327 (the '327 patent) and later amended its complaint to add two additional patents. AMD asserted counterclaims against SGI. SGI later abandoned its claims as to one patent, the District Court granted AMD's motion for summary judgment of non-infringement as to a second patent, and the District Court also granted in part AMD's motion for summary judgment of non-infringement on the '327 patent. Immediately following the District Court's entry of partial summary judgment, SGI moved to dismiss its remaining infringement claims, and those claims were dismissed. The District Court granted AMD's request to proceed with the trial on AMD's counterclaims of invalidity and inequitable conduct. The jury verdict on February 8, 2008, found that certain claims of one of SGI's patents were not invalid, and the District Court subsequently dismissed an inequitable conduct claim raised by AMD. AMD and SGI both appealed various aspects of the District Court's rulings to the Court of Appeals for the Federal Circuit.

On April 1, 2009, SGI filed for bankruptcy, and through the bankruptcy proceeding changed its name to Graphics Properties Holdings, Inc. ("GPHI"). The Court of Appeals postponed the oral argument based on the automatic stay provisions of the bankruptcy code and the intertwined nature of AMD and SGI/GPHI's appeals. On August 12, 2009, the bankruptcy court overseeing the SGI/GPHI matter issued an order lifting the stay, and SGI/GPHI requested that the Court of Appeals reschedule the oral argument. Oral argument took place on November 3, 2009. On June 4, 2010, the Court of Appeals issued an opinion in which it reversed portions of the Wisconsin District Court's decision. The case was subsequently remanded to the Wisconsin District Court. On November 10, 2010, a Preliminary Pretrial Conference Order was filed to set the schedule for the case. The trial has been set for May 9, 2011. On January 31, 2011, the District Court entered an order on threshold issues, which, among other things, permits AMD to pursue its invalidity affirmative defense at trial and does not permit SGI to accuse AMD's R7xx series of graphics products of infringement in this case. Pursuant to this order, SGI, which had asked to change its damages expert, may substitute its experts, but new experts are bound by the opinions already expressed by the former experts to the same extent the original experts would be. SGI served its damages report on February 7, 2011; however, the report is subject to the protective order entered by the District Court.

Graphics Properties Holdings, Inc. (GPHI) v. Nintendo, Acer, Sony, Apple, and Toshiba, Cause No. 10-CV-08655 in the Southern District of New York

On November 16, 2010, GPHI (see SGI v ATI, above) filed suit against several AMD customers alleging infringement of the '327 patent identified in the original SGI v. ATI suit. All defendants except Nintendo are also accused of infringing U.S. Patent No. 7,518,615 (the '615 patent). Both patents relate to three-dimensional graphics. AMD has received requests for indemnification from some of the defendants in this lawsuit and is evaluating these requests.

Graphics Properties Holdings, Inc. (GPHI) v. Dell, Alienware, Lenovo, Gateway, and Hewlett-Packard, Cause No. 10-CV-00992 in the District of Delaware

On November 18, 2010, GPHI (see SGI v ATI above) filed suit against several AMD customers alleging infringement of two patents: the '327 patent identified in the original SGI v. ATI suit and the '615 patent. Both patents relate to three-dimensional graphics. AMD has received requests for indemnification from some of the defendants in this lawsuit and is evaluating these requests.

Environmental Matters

We are named as a responsible party on Superfund clean-up orders for three sites in Sunnyvale, California that are on the National Priorities List. Since 1981, we have discovered hazardous material releases to the groundwater from former underground tanks and proceeded to investigate and conduct remediation at these three sites. The chemicals released into the groundwater were commonly used in the semiconductor industry in the United States in the wafer fabrication process prior to 1979.

In 1991, the Company received Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites. We have entered into settlement agreements with other responsible parties on two of the orders. During the term of such agreements other parties have agreed to assume most of the foreseeable costs as well as the primary role in conducting remediation activities under the orders. We remain responsible for additional costs beyond the scope of the agreements as well as all remaining costs in the event that the other parties do not fulfill their obligations under the settlement agreements.

To address anticipated future remediation costs under the orders, we have computed and recorded an estimated environmental liability of approximately $3.6 million and have not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. The progress of future remediation efforts cannot be predicted with certainty and these costs may change. We believe that the potential liability, if any, in excess of amounts already accrued, will not have a material adverse effect on our financial condition or results of operations.

Other Matters

We are a defendant or plaintiff in various other actions that arose in the normal course of business. In the opinion of management, the aggregate liability, if any, with respect to these matters will not have a material adverse effect on our financial condition or results of operations.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock (symbol "AMD") is listed on the New York Stock Exchange. On February 14, 2011, there were 7,389 registered holders of our common stock. The following table sets forth on a per share basis the high and low intra-day sales prices on the New York Stock Exchange for our common stock for the periods indicated:

	High	Low
Year ended December 25, 2010		
First quarter	$ 10.04	$ 7.10
Second quarter	$ 10.24	$ 7.30
Third quarter	$ 8.25	$ 5.53
Fourth quarter	$ 8.43	$ 6.77

	High	Low
Year ended December 26, 2009		
First quarter	$ 3.78	$ 1.86
Second quarter	$ 4.90	$ 3.04
Third quarter	$ 6.30	$ 3.22
Fourth quarter	$ 9.95	$ 4.33

Currently, we do not have any plans to pay dividends on our common stock. Under the terms of our Indenture for the 8.125% Senior Notes due 2017 dated November 30, 2009 with Wells Fargo Bank, N.A., as Trustee and our Indenture for the 7.75% Senior Notes due 2020 dated August 4, 2010 with Wells Fargo Bank, N.A., as Trustee, we are prohibited from paying cash dividends if the aggregate amount of dividends and other restricted payments made by us since entering into each Indenture would exceed the sum of specified financial measures including fifty percent of consolidated net income as that term is defined in the Indentures.

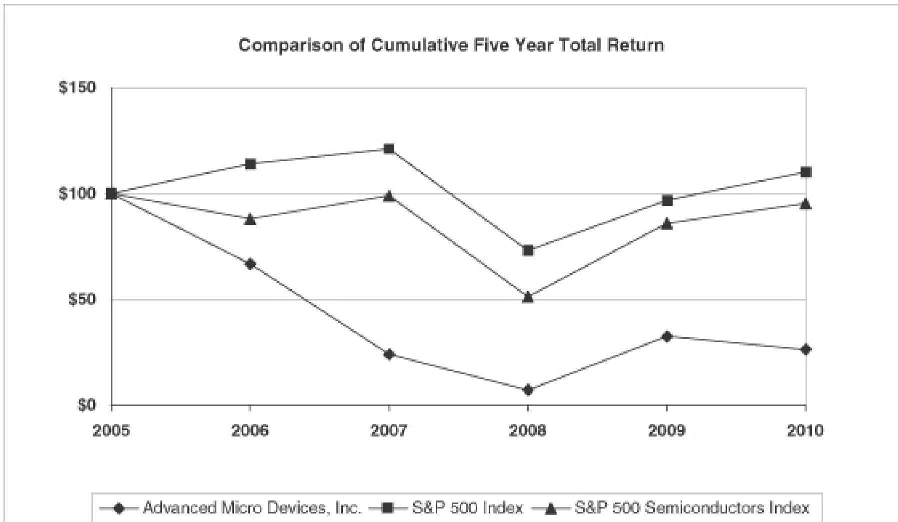
The information under the caption "Equity Compensation Plan Information" in our 2011 Proxy Statement is incorporated herein by reference.

We have an ongoing authorization from the Board of Directors to repurchase up to $300 million worth of our common stock over a period of time to be determined by management. These repurchases may be made in the open market or in privately negotiated transactions from time to time in compliance with applicable rules and regulations, subject to market conditions, applicable legal requirements and other factors. We are not required to repurchase any particular amount of our common stock. During 2010, we did not repurchase any of our equity securities pursuant to this authorization.

Performance Graph

Comparison of Five-Year Cumulative Total Returns
Advanced Micro Devices, S&P 500 Index and S&P 500 Semiconductor Index

The following graph shows a five-year comparison of cumulative total return on our common stock, the S&P 500 Index and the S&P 500 Semiconductor Index from December 23, 2005 through December 25, 2010. The past performance of our common stock is no indication of future performance.



Company / Index	Base Period 12/23/05	Years Ending 12/31/06	12/29/07	12/27/08	12/26/09	12/25/10
Advanced Micro Devices, Inc.	**100**	66.72	24.00	7.15	32.49	26.36
S&P 500 Index	**100**	113.94	121.02	73.17	96.74	110.11
S&P 500 Semiconductors Index	**100**	88.06	98.98	51.20	85.92	95.27

ITEM 6. SELECTED FINANCIAL DATA

Five Years Ended December 25, 2010
(In millions except per share amounts)

	2010(1)	2009(1)	2008(1)	2007(1)	2006(1)
Net revenue	$6,494	$5,403	$ 5,808	$ 5,858	$ 5,627
Income (loss) from continuing operations(2)(3)(4)	471	296	(2,412)	(2,808)	(108)
Income (loss) from discontinued operations, net of tax(5)	—	(3)	(684)	(551)	(30)
Net income (loss) attributable to AMD common stockholders	$ 471	$ 304	$(3,129)	$ (3,394)	$ (166)
Net income (loss) attributable to AMD common stockholders per common share					
Basic					
Continuing operations	$ 0.66	$ 0.46	$ (4.03)	$ (5.09)	$ (0.28)
Discontinued operations	—	—	(1.12)	(0.99)	(0.06)
Basic net income (loss) attributable to AMD common stockholders per common share	$ 0.66	$ 0.46	$ (5.15)	$ (6.08)	$ (0.34)
Diluted					
Continuing operations	$ 0.64	$ 0.45	$ (4.03)	$ (5.09)	$ (0.28)
Discontinued operations	—	—	(1.12)	(0.99)	(0.06)
Diluted net income (loss) attributable to AMD common stockholders per common share	$ 0.64	$ 0.45	$ (5.15)	$ (6.08)	$ (0.34)
Shares used in per share calculation					
Basic	711	673	607	558	492
Diluted	733	678	607	558	492
Long-term debt, capital lease obligations and other, less current portion and other long term liabilities(6)	$2,270	$4,947	$ 5,059	$ 5,421	$ 4,189
Total assets(7)	$4,964	$9,078	$ 7,672	$11,547	$13,147

(1) 2006 includes the operations of ATI, which we acquired in October 2006. In addition, 2006 consisted of 53 weeks, whereas 2010, 2009, 2008 and 2007 consisted of 52 weeks. As a result, 2006 is not fully comparable to the other periods presented.

(2) In 2007 and 2008, we recorded pre-tax goodwill impairment charges of $1,132 million and $1,089 million.

(3) On November 11, 2009, we entered into a comprehensive settlement agreement with Intel. Pursuant to the settlement agreement, Intel paid us $1,250 million and we recorded a $1,242 million gain, net of certain expenses in 2009. On December 22, 2010, we entered into a settlement agreement with Samsung. Pursuant to the settlement agreement, Samsung agreed to pay us $283 million, net of withholding taxes. We recorded this amount as a gain in 2010.

(4) As of the beginning of 2010, we deconsolidated GF and began to account for our ownership interest in GF under the equity method of accounting. We recorded a one-time, non-cash gain of $325 million on deconsolidation of GF and a loss of $462 million for our share of GF's operating results in 2010.

(5) During 2008, we decided to divest our Digital Television business and classified it as discontinued operations and we entered into an agreement with Broadcom to sell certain assets related to this business. The sale transaction was completed during 2008 for $141.5 million and all periods prior to the sale have been recast to conform to this presentation.

(6) Total long-term debt, capital lease obligations and other, less current portion and other long term liabilities decreased by $2,677 million from 2009 to 2010, primarily due to the deconsolidation of GF and the repurchase of $1,016 million principal amount of our 6.00% Notes in 2010.

(7) Total assets decreased by $4,114 million from 2009 to 2010, primarily due to the deconsolidation of GF. Total assets increased by $1,406 million from 2008 to 2009, primarily due to higher cash, cash equivalents and marketable securities due to the cash received, including GF's cash, which we consolidated in connection with the consummation of the GF manufacturing joint venture transaction. Total assets decreased by $3,875 million from 2007 to 2008, primarily due to the impairment of ATI acquisition-related goodwill and acquired intangible assets, lower cash, cash equivalents and marketable securities used to fund our operations, and the sale and impairment of assets associated with the divestiture of the Digital Television business unit in 2008. Total assets decreased by $1,600 million from 2006 to 2007, primarily due to the impairment of ATI acquisition-related goodwill and acquired intangible assets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the consolidated financial statements as of December 25, 2010 and December 26, 2009 and for each of the three years in the period ended December 25, 2010 and related notes, which are included in this Form 10-K as well as with the other sections of this Form 10-K, including "Part I, Item 1: Business," "Part II, Item 6: Selected Financial Data," and "Part II, Item 8: Financial Statements and Supplementary Data."

Introduction

We are a global semiconductor company with facilities around the world. Within the global semiconductor industry, we offer primarily:

- x86 microprocessors, for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers; and
- graphics, video and multimedia products for desktop and notebook PCs, including home media PCs, professional workstations and servers, and technology for game consoles.

In MD&A, we will describe the general financial condition and the results of operations for Advanced Micro Devices, Inc. and its consolidated subsidiaries, including a discussion of our results of operations for 2010 compared to 2009 and 2009 compared to 2008, an analysis of changes in our financial condition and a discussion of our contractual obligations and off balance sheet arrangements. For accounting purposes, we consolidated the accounts of GLOBALFOUNDRIES, Inc. (GF) and its consolidated subsidiaries from March 2, 2009 through December 26, 2009. Accordingly, for this period, references in this Item 7 and in Item 8 "Financial Statements and Supplementary Data" to "us," "our," or "AMD" include the consolidated operating results of AMD and its consolidated subsidiaries, including GF and its consolidated subsidiaries.

Overview

Entering 2010, our most important goals were: to deliver winning platform products; to differentiate ourselves with our graphics technology; to launch the AMD Fusion family of APUs and to demonstrate the success of our financial and business models focusing on semiconductor design.

In 2010, we delivered a number of new products. In April 2010, we launched our new mainstream and enthusiast desktop platforms, and in May 2010, we launched two notebook platforms targeted at the mainstream market and the small and thin-and-light notebook market. At a time when visual computing is becoming an increasingly important part of the user experience, we introduced the industry's first mobile graphics processor with Microsoft DirectX® 11 (DX 11) gaming support for notebook computers and extended this family of DX 11 capable graphics into the mainstream and value segments of the PC market. Also, for servers, we launched our AMD Opteron 6000 series and Opteron 4000 series platforms, targeting the performance and value conscious markets. At the end of 2010, we had more than 70 designs with the major OEMs. However, despite the number of systems, we did not have the volume of sales that we would have liked, and we expect to increase our focus on this opportunity in 2011. Also in 2010, although we experienced a delay in delivering our APU manufactured using 32nm technology, we shipped the first of our AMD Fusion family of APU processor products featuring our new x86 CPU core, codenamed "Bobcat."

On a macroeconomic level, consumer demand for end-user PC products grew in the first half of 2010, but the pace of that growth slowed in the second half of 2010. Despite the more challenging economic environment in the latter half of 2010, we were profitable in 2010. Our financial results improved in 2010 compared to 2009 as the demand for our Graphics and Computing Solutions segment products increased. Net revenue for 2010 was $6.5 billion, a 20% increase compared to net revenue of $5.4 billion for 2009, and during 2010, our sales in

China and Japan increased significantly by $561 million and $255 million, respectively, as compared to 2009. Beginning in the first quarter of 2010, we deconsolidated GF, and began accounting for our investment in GF under the equity method of accounting. Entering 2011, we announced that we will be applying the cost method of accounting for our investment in GF, and will no longer recognize any share of GF's net income or loss in our consolidated statements of operations.

In 2010, we also made significant progress in improving our balance sheet by reducing our debt and adjusting our debt maturity schedule. Without taking into account GF's debt, in the aggregate, we reduced our debt by approximately $357 million during 2010. Specifically, during 2010, we repurchased $1,016 million in aggregate principal amount of our outstanding 6.00% Senior Notes due 2015 (6.00% Notes), reducing the outstanding aggregate principal amount to $780 million, and we issued $500 million of 7.75% Senior Notes due 2020 (7.75% Notes). Our debt and capital lease obligations as of December 25, 2010 were $2.4 billion, which reflects the debt discount adjustment of $103 million on our 6.00% Notes and 8.125% Senior Notes Due 2017 (8.125% Notes). This amount also includes approximately $229 million related to our accounts receivable financing arrangement with IBM, which is not a cash obligation and is described in more detail in the "Financial Condition –Liquidity" section below. Furthermore, GAAP net cash used in operating activities was $412 million. We also generated non-GAAP adjusted free cash flow, which we describe in more detail in the "Financial Condition –Liquidity" section, of $355 million. Our cash, cash equivalents and marketable securities as of December 25, 2010 were $1.8 billion compared to $2.7 billion at December 26, 2009, of which $904 million represented GF cash and cash equivalents. Without taking into account the GF financial position, our cash, cash equivalents and marketable securities were essentially flat when compared to 2009.

GLOBALFOUNDRIES

Formation and Accounting in 2009

On March 2, 2009, we consummated the transactions contemplated by the Master Transaction Agreement among us, ATIC, and WCH, pursuant to which we formed GF. At the closing of these transactions (the Closing), we contributed certain assets and liabilities to GF, including, among other things, shares of the groups of German subsidiaries owning our manufacturing facilities, certain manufacturing assets, real property, tangible personal property, employees, inventories, books and records, a portion of our patent portfolio, intellectual property and technology, rights under certain material contracts and authorizations necessary for GF to carry on its business. In exchange we received GF securities consisting of one Class A Ordinary Share, 1,090,950 Class A Preferred Shares and 700,000 Class B Preferred Shares, and the assumption of certain liabilities by GF. ATIC contributed $1.4 billion of cash to GF in exchange for GF securities consisting of one Class A Ordinary Share, 218,190 Class A Preferred Shares, 172,760 Class B Preferred Shares, $202 million aggregate principal amount of 4% Class A Subordinated Convertible Notes (the Class A Notes) and $807 million aggregate principal amount of 11% Class B Subordinated Convertible Notes (the Class B Notes), and transferred $700 million of cash to us in exchange for the transfer by us of 700,000 GF Class B Preferred Shares.

At the Closing, we also issued to WCH, for an aggregate purchase price of $125 million, 58 million shares of our common stock and warrants to purchase 35 million shares of our common stock at an exercise price of $0.01 per share (the Warrants). The Warrants are currently exercisable and expire on March 2, 2019. The shares issuable under these Warrants have been included in our basic and diluted earnings per share calculation since the third quarter of 2009 when the Warrants became exercisable.

Under the Master Transaction Agreement, the cash consideration that WCH and ATIC paid and the securities that they received are as follows:

- Cash paid by WCH to AMD for the purchase of 58 million shares of AMD common stock and Warrants: $125 million;
- Cash paid by ATIC to GF for the aggregate principal amount of Class A Notes, which are convertible into 201,810 Class A Preferred Shares: $202 million;

- Cash paid by ATIC to GF for the aggregate principal amount of Class B Notes, which are convertible into 807,240 Class B Preferred Shares: $807 million;
- Cash paid by ATIC to GF for 218,190 Class A Preferred Shares: $218 million;
- Cash paid by ATIC to GF for 172,760 Class B Preferred Shares: $173 million; and
- Cash paid by ATIC to AMD for 700,000 Class B Preferred Shares: $700 million.

At the Closing, AMD and ATIC owned 1,090,950, or 83%, and 218,190, or 17%, respectively, of Class A Preferred Shares, and ATIC owned 100% of the Class B Preferred Shares and 100% of the Class A Notes and Class B Notes.

In November 2009, upon the settlement of the Intel litigation (discussed in the "Legal Settlements" section, below) and the execution of a patent cross license agreement between us and Intel, the requirements satisfying the Reconciliation Event were met. As a result, GF's Class A and Class B Preferred Shares vote on an as converted basis with any outstanding GF Ordinary Shares.

Class B Preferred Shares. GF's Class B Preferred Shares rank senior in right of payment to all other classes or series of equity securities of GF for purposes of dividends, distributions and upon a liquidation, dissolution or winding up of GF (Liquidation Event). Each Class B Preferred Share is deemed to accrete in value at a rate of 12% per year, compounded semiannually, of the initial purchase price per such share. The accreted value accrues daily from the Closing and is taken into account upon certain distributions to the holders of Class B Preferred Shares or upon conversion of the Class B Preferred Shares. Upon a Liquidation Event, each Class B Preferred Share will be entitled to receive, prior to any distribution to the holders of any other classes or series of equity securities, an amount equal to its accreted value. Each Class B Preferred Share is convertible, at the option of the holder thereof, into Class B Ordinary Shares at the then applicable Class B Conversion Rate. Each Class B Preferred Share will also automatically convert into Class B Ordinary Shares at the then applicable Class B Conversion Rate upon the earlier of (i) an initial public offering of GF (IPO) or (ii) a change of control transaction of GF. The initial Class B Conversion Rate is 100 Class B Ordinary Shares for each Class B Preferred Share converted, subject to customary anti-dilution adjustments. The Class B Preferred Shares currently vote on an as-converted basis with any outstanding Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

Class A Preferred Shares. GF's Class A Preferred Shares rank senior in right of payment to the Ordinary Shares of GF and junior in right of payment to the Class B Preferred Shares for purposes of dividends, distributions and upon a Liquidation Event. The Class A Preferred Shares are not entitled to any dividend or pre-determined accretion in value. Upon a Liquidation Event, each Class A Preferred Share will be entitled to receive, after the distribution to the holders of the Class B Preferred Shares but prior to any distribution to the holders of Ordinary Shares, out of any remaining assets of GF, an amount equal to the initial purchase price per share of the Class A Preferred Shares. Each Class A Preferred Share is convertible, at the option of the holder, into Class B Ordinary Shares at the then applicable Class A Conversion Rate. Each Class A Preferred Share will also automatically convert into Class B Ordinary Shares at the then applicable Class A Conversion Rate upon the earlier of (i) an IPO or (ii) a change of control transaction of GF. The initial Class A Conversion Rate is 100 Class B Ordinary Shares for each Class A Preferred Share, subject to customary anti-dilution adjustments. The Class A Preferred Shares currently vote on an as-converted basis with any outstanding Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

Class A Subordinated Convertible Notes. GF's Class A Notes accrue interest at a rate of 4% per annum, compounded semiannually. Interest on the Class A Notes is payable semiannually in additional Class A Notes. The Class A Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class A Notes are not redeemable by GF without the note holder's consent. The Class A Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class A Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date based on the conversion ratio in effect on the date of conversion. The Class A Notes mature ten years from the date of issuance. However, they automatically convert into Class A Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Class B Subordinated Convertible Notes. GF's Class B Notes accrue interest at a rate of 11% per annum, compounded semiannually. Interest on the Class B Notes is payable semiannually in additional Class B Notes. The Class B Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class B Notes are not redeemable by GF without the note holder's consent. The Class B Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class B Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date at the conversion ratio in effect on the date of conversion. The Class B Notes mature ten years from the date of issuance. However, they automatically convert into GF Class B Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Based on the structure of the transaction and the guidance on accounting for interests in variable interest entities, during 2009, GF was deemed a variable-interest entity, and we were deemed to be the primary beneficiary. Therefore, we were required to consolidate the accounts of GF from March 2, 2009 through December 26, 2009. For this period, ATIC's noncontrolling interest, represented by its equity interests in GF, was presented outside of stockholders' equity in the consolidated balance sheet due to ATIC's right to put those securities back to us in the event of a change of control of AMD during the two years following the date of the Closing. Our net income attributable to common stockholders per share consists of our consolidated net income, as adjusted for (i) the portion of GF's losses attributable to ATIC, which is based on ATIC's proportional ownership interest in GF's Class A Preferred Shares (17% in 2009), and (ii) the non-cash accretion on GF's Class B Preferred Shares attributable to us, based on our proportional ownership interest of GF's Class A Preferred Shares (83% in 2009).

At the Closing, we, ATIC and GF also entered into a Shareholders' Agreement (the Shareholders' Agreement), a Funding Agreement (the Funding Agreement), and a Wafer Supply Agreement (the Wafer Supply Agreement), certain terms of which are summarized below.

Shareholders' Agreement. The Shareholders' Agreement sets forth the rights and obligations of AMD and ATIC as shareholders of GF. The initial GF board of directors (GF Board) consisted of eight directors, and AMD and ATIC each designated four directors. After the Reconciliation Event (discussed above), the number of directors a GF shareholder may designate increases or decreases according to the percentage of GF's shares it owns on a fully diluted basis. We had the right to designate three directors to the GF Board as of December 26, 2009. Pursuant to the Shareholders' Agreement, if a change of control of AMD occurs within two years of Closing, ATIC will have the right to put any or all GF securities (valued at their fair market value) held by ATIC and its permitted transferees to us in exchange for cash. In addition, if a change of control of AMD occurs after the Reconciliation Event, ATIC will have the option to purchase in cash any or all of the GF securities (valued at their fair market value) held by us and our permitted transferees, ATIC can require us or the other party to the change in control transaction to assume a pro-rata portion of ATIC's funding commitment under the Funding Agreement until 2013, and ATIC can require the other party to the change in control transaction to guarantee all of our obligations under the transaction documents.

Funding Agreement. The Funding Agreement provides for the funding of GF and governs the terms and conditions under which ATIC is obligated to provide such funding. Pursuant to the Funding Agreement, ATIC has committed to additional equity funding of a minimum of $3.6 billion and up to $6.0 billion to be provided in phases over five years from the Closing. The aggregate amount of equity funding to be provided by the shareholders in any year depends on the time period of such funding and the amounts set forth in the five-year capital plan of GF. In addition, GF is required to obtain specified third-party debt in any given year, as set forth in its five-year capital plan. To the extent that GF obtains more than the specified amount of third-party debt, ATIC is able to reduce its funding commitment accordingly. We have the right, but not the obligation, to provide additional future capital to GF in an amount pro rata to our interest in the fully converted Ordinary Shares of GF. To the extent we choose not to participate in an equity financing of GF, ATIC is obligated to purchase our share of GF securities, subject to ATIC's funding commitments under the Funding Agreement.

ATIC's obligations to provide funding are subject to certain conditions, including the accuracy of GF's representations and warranties in the Funding Agreement, the absence of a material adverse effect on GF or us and the absence of a material breach or default by GF or us under the provisions of any transaction document. There are additional funding conditions for each of the phases which are set forth in more detail in the Funding Agreement.

During 2009, pursuant to a funding request from GF in accordance with the Funding Agreement, ATIC contributed $260 million of cash to GF in exchange for GF securities consisting of $52 million aggregate principal amount of Class A Notes and $208 million aggregate principal amount of Class B Notes. We declined to participate in the funding. As of December 26, 2009, our ownership interest in GF (on a fully converted to Ordinary Shares basis) was approximately 32%.

Wafer Supply Agreement. The Wafer Supply Agreement governs the terms by which we purchase products manufactured by GF. Pursuant to the Wafer Supply Agreement, we purchase substantially all of our microprocessor unit (MPU) product requirements from GF. We currently pay GF for wafers on a cost-plus basis. If we acquire a third-party business that manufactures MPU products, we will have up to two years to transition the manufacture of such MPU products to GF. In addition, once GF establishes certain specific qualified processes for bulk silicon wafers, we will purchase from GF, where competitive, specified percentages of our GPU requirements. At our request, GF will also provide sort services to us on a product-by-product basis.

We will provide GF with binding product forecasts of our MPU and GPU product requirements. The price for GPU products will be determined by the parties when GF is able to begin manufacturing GPU products for us.

The Wafer Supply Agreement is in effect through March 2, 2024. However, the Wafer Supply Agreement may be terminated if a business plan deadlock occurs because we or ATIC, as the shareholders of GF, are unable to agree on GF's annual business plan and ATIC elects to enter into a transition period pursuant to the Funding Agreement. GF has agreed to use commercially reasonable efforts to assist us to transition the supply of products to another provider, and to continue to fulfill purchase orders for up to two years following the termination or expiration of the Wafer Supply Agreement. During the transition period, pricing for microprocessor products will remain as set forth in the Wafer Supply Agreement, but our purchase commitments to GF will no longer apply.

Governance Changes, Funding and Accounting in 2010

Deconsolidation of GF

On December 18, 2009, ATIC International Investment Company (ATIC II) acquired Chartered Semiconductor Manufacturing Ltd. (Chartered). On December 28, 2009, with our consent, ATIC II, Chartered and GF entered into a Management and Operating Agreement (MOA), which provided for the joint management and operation of GF and Chartered, thereby allowing GF and Chartered to share costs, take advantage of operating synergies and market wafer fabrications services on a collective basis. In order to allow for the signing of the MOA on December 28, 2009, prior to obtaining any regulatory approvals, we agreed to irrevocably waive rights under the Shareholders Agreement with respect to certain matters that require unanimous GF Board approval. Additionally, if any such matters come before the GF Board, we agreed that our designated GF directors will vote in the same manner as the majority of ATIC-designated GF Board members voting on any such matters. As a result of waiving such approval rights, as of December 28, 2009, for financial reporting purposes we no longer shared control with ATIC over GF. Based on our fully diluted ownership interest in GF, we had the right to designate two directors to the GF Board of Directors as of December 25, 2010.

In June 2009, the FASB issued an amendment to improve financial reporting by enterprises involved with variable interest entities. This new guidance became effective for us beginning the first day of 2010. Under the new guidance, the investor who is deemed to both (i) have the power to direct the activities of the variable interest entity that most significantly impact the variable interest entity's economic performance and (ii) be exposed to losses and returns will be the primary beneficiary who should then consolidate the variable interest entity. We evaluated whether the governance changes described above would, pursuant to the new guidance, affect our consolidation of GF. We considered the purpose and design of GF, the activities of GF that most significantly affect the economic performance of GF and the concept of "who has the power," as contemplated by the new guidance. Based on the results of this evaluation and in light of the governance changes whereby we believe we only had protective rights relative to the operations of GF, we concluded that the other investor in GF, ATIC, is the party who has the power to direct the activities of GF that most significantly impact GF's performance and is, therefore, the primary beneficiary of GF. Accordingly, effective as of December 27, 2009, we deconsolidated GF and started accounting for our ownership interest in GF under the equity method of accounting. For purposes of our application of the equity method of accounting during 2010, we recorded our share of GF's results, excluding the results of Chartered because GF did not have an equity ownership interest in Chartered. The terms of the Funding Agreement and the Wafer Supply Agreement described above were not affected by the deconsolidation of GF. Following the deconsolidation, GF became our related party. Our expenses related to GF's wafer manufacturing were $1.2 billion and related to GF's research and development activities were $114 million for the year ended December 25, 2010.

Funding of GF

Pursuant to each GF funding request from the beginning of 2010 through November 17, 2010, the equity securities issued by GF consisted of 20% of Class A Preferred Shares and 80% of Class B Preferred Shares. On November 24, 2010, we, ATIC and GF signed a letter agreement regarding fundings of GF. Pursuant to this letter agreement, the parties agreed that the securities to be issued in consideration of any future GF funding would consist solely of GF's Class A Preferred Shares. In addition, the purchase price per Class A Preferred Share would be determined by dividing GF's net tangible assets (derived from its most recent fiscal year-end audited consolidated balance sheet) by GF's total number of outstanding preferred shares (assuming the conversion of any outstanding GF Class A Notes into Class A Preferred Shares and Class B Notes into Class B Preferred Shares) as of the date of the balance sheet referred to above and multiplying by 1.10. Prior to the letter agreement, the funding multiple was 0.90.

During 2010, ATIC contributed $930 million of cash to GF in exchange for GF securities consisting of 444,313 Class A Preferred Shares and 617,695 Class B Preferred Shares. We did not participate in the fundings. As a result, our ownership interest in GF's Class A Preferred Shares decreased from approximately 83% as of December 26, 2009 to approximately 62% as of December 25, 2010, and our ownership interest in GF, on a fully converted to Ordinary Shares basis, was approximately 23%. These contributions resulted in an aggregate gain on issuance of new GF shares of $232 million, which we recorded as part of the equity in net loss of investee line item on our consolidated statement of operations.

GLOBALFOUNDRIES Singapore Pte. Ltd. (formerly Chartered) Contribution in Fiscal 2011

On December 27, 2010, ATIC International Investment Company LLC, an affiliate of ATIC, contributed all of the outstanding Ordinary Shares of GLOBALFOUNDRIES Singapore Pte. Ltd., a private limited company organized in Singapore (formerly Chartered), to GF in exchange for 2,808,981 newly issued Class A Preferred Shares. As a result, we amended and restated the Shareholders' Agreement and the Funding Agreement. Subject to certain exceptions set forth in the Amended and Restated Shareholders' Agreement, our right to designate one representative to the GF board of directors will continue for at least two years following the date on which our ownership in GF, on a fully converted to GF Ordinary Shares basis, falls below 10%, the point at which we previously lost the right to such board representative. Among other things, the Amended and Restated Funding Agreement incorporated the terms of the letter agreement referenced above.

The issuance of Class A Preferred Shares to ATIC International diluted our ownership interest in GF from 23% to 14% on a fully converted to GF Ordinary Shares basis and from 34% to 18% on a voting basis. Moreover, as a result of the contribution, we expect to realize a non-cash gain as a result of the dilution of our equity interest in GF, which will be reflected in our investment in GF balance during the first quarter of 2011. We cannot estimate the amount of gain at this time, but we expect it to be material.

In connection with our reduced ownership interest in GF, we were required to decrease the number of AMD-designated directors on GF's Board from two to one. Also, in connection with the contribution and the amendments to the Shareholders' Agreement and the Funding Agreement, we assessed our ability to exercise significant influence over GF. We considered factors such as representation on GF's Board, participation in GF's policy-making processes, material intra-entity transactions, interchange of managerial personnel, technological dependency, and the extent of our ownership in GF in relation to ownership by the other shareholder. Based on the results of the assessment, we concluded that as of December 27, 2010, we no longer have the ability to exercise significant influence over GF. Accordingly, effective as of December 27, 2010, we changed our method of accounting for our ownership interest in GF from the equity method to the cost method of accounting. Under the cost method of accounting, we will no longer recognize any share of GF's net income or loss in our statement of operations.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts in our consolidated financial statements. 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, actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions.

We believe the following critical accounting estimates are the most significant to the presentation of our financial statements and require the most difficult, subjective and complex judgments.

Revenue Allowances. We record a provision for estimated sales returns and allowances on product sales for estimated future price reductions and other customer incentives in the same period that the related revenues are recorded. We base these estimates on actual historical sales returns, allowances, historical price reductions, market activity, and other known or anticipated trends and factors. These estimates are subject to management's judgment, and actual provisions could be different from our estimates and current provisions, resulting in future adjustments to our revenues and operating results.

Inventory Valuation. At each balance sheet date, we evaluate our ending inventories for excess quantities and obsolescence. This evaluation includes analysis of sales levels by product and projections of future demand. These projections assist us in determining the carrying value of our inventory and are also used for near-term factory production planning. Generally, inventories on hand in excess of forecasted demand for the next two quarters are not valued. In addition, we write off inventories that are considered obsolete. We adjust the remaining specific inventory balances to approximate the lower of our standard manufacturing cost or market value. Among other factors, management considers forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining obsolescence and net realizable value. If, in any period, we anticipate future demand or market conditions to be less favorable than our previous estimates, additional inventory write-downs may be required and would be reflected in cost of sales in the period the revision is made. This would have a negative impact on our gross margin in that period. If in any period we are able to sell inventories that were not valued or that had been written off in a previous period, related revenues would be recorded without any offsetting charge to cost of sales, resulting in a net benefit to our gross margin in that period.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Goodwill amounts are not amortized, but rather are tested for impairment at least annually, or more frequently if there are indicators of impairment present. We perform the annual goodwill impairment analysis as of the first day of the fourth quarter of each fiscal year. We evaluate whether goodwill has been impaired at the reporting unit level by first determining whether the estimated fair value of the reporting unit is less than its carrying value and, if so, by determining whether the implied fair value of goodwill within the reporting unit is less than the carrying value. Implied fair value of goodwill is determined by considering both the income and market approach. While market valuation data for comparable companies is gathered and analyzed, we believe that there has not been sufficient comparability between the peer groups and the specific reporting units to allow for the derivation of reliable indications of value using a market approach. Therefore, we have ultimately employed the income approach which requires estimates of future operating results and cash flows of each of the reporting units, discounted using estimated discount rates. The key assumptions we have used to determine the fair value of our reporting units includes projected cash flows for the next 10 years and discount rates ranging from 15% to 30%. Discount rates are based on our weighted average cost of capital, adjusted for the risks associated with operations. A variance in the discount rate could have a significant impact on the amount of the goodwill impairment charge recorded, if any.

Impairment of Long-Lived Assets including Acquired Intangible Assets. We consider quarterly whether indicators of impairment of long-lived assets and intangible assets are present. These indicators may include, but are not limited to, significant decreases in the market value of an asset and significant changes in the extent or manner in which an asset is used. If these or other indicators are present, we test for recoverability of the asset by determining whether the estimated undiscounted cash flows attributable to the assets in question are less than their carrying value. If less, we recognize an impairment loss based on the excess of the carrying amount of the assets over their respective fair values. Fair value is determined by discounted future cash flows, appraisals or other methods. Significant judgment is involved in estimating future cash flows and deriving the discount rate to apply to the estimated future cash flows, and in evaluating the results of appraisals or other valuation methods. For example, in recent analyses performed, discount rates have ranged from 18% to 32%, but this may not be indicative of future analyses. If the asset determined to be impaired is to be held and used, we recognize an impairment loss through a charge to our operating results, which also reduces the carrying basis of the related asset. The new carrying value of the related asset is depreciated or amortized over the remaining estimated useful life of the asset. We also must make subjective judgments regarding the remaining useful life of the asset. We may incur additional impairment losses in future periods if factors influencing our estimates of the undiscounted cash flows change. For assets held for sale, impairment losses are measured at the lower of the carrying amount of the assets or the fair value of the assets less costs to sell. For assets to be disposed of other than by sale, impairment losses are measured as their carrying amount less salvage value, if any, at the time the assets cease to be used.

Income Taxes. In determining taxable income for financial statement reporting purposes, we must make certain estimates and judgments. These estimates and judgments are applied in the calculation of certain tax liabilities and in the determination of the recoverability of deferred tax assets, which arise from temporary differences between the recognition of assets and liabilities for tax and financial statement reporting purposes.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, we must increase our charge to income tax expense, in the form of a valuation allowance, for the deferred tax assets that we estimate will not ultimately be recoverable. We consider past performance, future expected taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance.

In addition, the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the Internal Revenue Service or other taxing jurisdiction. If our estimates of these taxes are greater or less than actual results, an additional tax benefit or charge will result. We recognize potential accrued interest and penalties related to unrecognized tax benefits as interest expense and income tax expense, respectively.

Results of Operations

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

We review and assess operating performance using segment net revenues and operating income (loss) before interest, other income (expense), net, equity in net loss of investee and income taxes. These performance measures include the allocation of expenses to the operating segments based on management's judgment.

In the first quarter of 2008, we reviewed and addressed operating performance using the following reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue;
- the Graphics segment, which included graphics, video and multimedia products and related revenue; and
- the Consumer Electronics segment, which included products used in handheld devices, digital televisions and other consumer electronics products, as well as revenue from royalties received in connection with sales of game console systems that incorporate our graphics technology.

In the second quarter of 2008, we decided to divest our Handheld and Digital Television business units, which were previously part of the Consumer Electronics segment. As a result, we classified these business units as discontinued operations in our financial statements and began reviewing and assessing operating performance using the following reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue; and
- the Graphics segment, which included graphics, video and multimedia products and related revenue as well as revenue received in connection with the development and sale of game console systems that incorporate our graphics technology.

In the fourth quarter of 2008, we determined that, based on ongoing negotiations related to the divestiture of the Handheld business unit, the discontinued operations classification criteria for this business unit were no longer met. As a result, we classified the results of the Handheld business unit back into continuing operations.

In the first quarter of 2009, as a result of the formation of GF, we began reviewing and assessing operating performance using the following reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue;

- the Graphics segment, which included graphics, video and multimedia products and related revenue as well as revenue received in connection with the development and sale of game console systems that incorporate our graphics technology; and
- the Foundry segment, which included operating results attributable to front end wafer manufacturing operations and related activities, including the operating results of GF, from March 2, 2009 to December 26, 2009.

In addition to these reportable segments, we had an All Other category, which was not a reportable segment. This category included certain expenses and credits that were not allocated to any of the operating segments because management did not consider these expenses and credits in evaluating the performance of the operating segments. These expenses were non-Foundry segment related expenses and included impairment of goodwill and acquired intangible assets, employee stock-based compensation expense, restructuring charges and amortization of acquired intangible assets. We also reported the results of the Handheld business unit in the All Other category because the operating results of this business unit were not material. The Handheld business unit consisted of the AMD Imageon™ media processor brand and handheld products that were part of the Handheld business unit prior to the sale of certain graphics and multimedia technology assets and intellectual property to Qualcomm Incorporated (Qualcomm) during the first quarter of 2009. We also had an Intersegment Eliminations category, which was also not a reportable segment. This category included intersegment eliminations for revenue, cost of sales and profits on inventory related to transactions between the Computing Solutions segment and the Foundry segment.

Beginning in the first quarter of 2010, as a result of the deconsolidation of GF, we no longer had a Foundry segment or an Intersegment Eliminations category. We began reviewing and assessing operating performance using the following reportable segments:

- the Computing Solutions segment, which includes microprocessors, chipsets and embedded processors and related revenue; and
- the Graphics segment, which includes graphics, video and multimedia products and related revenue as well as revenue received in connection with the development and sale of game console systems that incorporate our graphics technology.

In addition, starting in the first quarter of 2010, we began accounting for the embedded graphics business under the Computing Solutions segment. Previously, operating results related to this business were recorded as part of the Graphics segment. Information for prior periods has been recast to reflect this change.

We continue to have an All Other category, as described above, and the results of the Handheld business unit continue to be reported in this category because we expect that the operating results of this business unit will continue to be immaterial.

We use a 52- to 53-week fiscal year. Our fiscal year ends on the last Saturday in December. The years ended December 25, 2010, December 26, 2009 and December 27, 2008 each included 52 weeks. References in this report to 2010, 2009 and 2008 refer to the fiscal year unless explicitly stated otherwise.

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The following table provides a summary of net revenue and operating income (loss) by segment and income (loss) from continuing operations before income taxes for 2010, 2009 and 2008. Information specific to the Foundry segment and Intersegment Eliminations for 2008 have not been recast to reflect the Foundry segment changes noted above for 2009 because it is not practicable to do so. Accordingly, 2009 information is not comparable to prior period information.

	2010	2009	2008
		(In millions)	
Net revenue:			
Computing Solutions	$4,817	$ 4,170	$ 4,591
Graphics	1,663	1,167	1,132
Foundry	—	1,101	—
All Other	14	66	85
Intersegment Eliminations	—	(1,101)	—
Total net revenue	$6,494	$ 5,403	$ 5,808
Operating income (loss):			
Computing Solutions	$ 529	$ 142	$ (458)
Graphics	149	35	9
Foundry	—	(433)	—
All Other	170	968	(1,506)
Intersegment Eliminations	—	(48)	—
Total operating income (loss)	$ 848	$ 664	$(1,955)
Interest income	11	16	39
Interest expense	(199)	(438)	(391)
Other income (expense), net	311	166	(37)
Equity in net loss of investee	(462)	—	—
Income (loss) from continuing operations before income taxes	$ 509	$ 408	$(2,344)

Computing Solutions

Computing Solutions net revenue of $4.8 billion in 2010 increased 16% compared to net revenue of $4.2 billion in 2009, primarily as a result of an 18% increase in unit shipments partially offset by a 2% decrease in average selling price. The increase in unit shipments was attributable to an increase in unit shipments of our microprocessor products for notebook PCs as well as chipset products, resulting primarily from an improved economic environment. In addition, chipset unit shipments increased as customers increasingly adopted AMD chipsets with our microprocessor products, while unit shipments of our microprocessors for notebook PCs increased due to increased demand from existing and new customers for our new notebook platforms. Average selling price decreased due to a decrease in average selling price of embedded processors, partially offset by an increase in average selling price of our chipsets and microprocessor products. Average selling price of embedded processors decreased due to a shift in our product mix to lower-end, legacy products. Average selling price of microprocessor products increased due to a favorable shift in our product mix to higher end microprocessors, especially for servers, as customers continued to transition to our AMD Opteron™ 6000 series server platforms. Average selling price of our chipsets products increased primarily due to a shift in product mix.

Computing Solutions net revenue of $4.2 billion in 2009 decreased 9% compared to net revenue of $4.6 billion in 2008. In 2008, Computing Solutions net revenue included $191 million in revenue from the licensing of certain manufacturing process technology to a third party, which accounted for 4% of this total. Without the effect of the process technology license revenue, Computing Solutions net revenue would have decreased 5% primarily as a result of a 16% decrease in the average selling price partially offset by a 13% increase in unit shipments. The average selling price decreased primarily due to a decrease in the average selling price of microprocessors, especially for notebook PCs, and a greater mix of chipsets, which typically have a lower average selling price. Competitive market conditions and the macroeconomic challenges that affected the global economy, especially in the first half of 2009, caused us to decrease the price of many of our Computing Solutions products, and also contributed to a shift in our product mix to lower end microprocessors. The increase in unit shipments was primarily attributable to an increase in demand for chipsets and microprocessors for notebooks. Chipset unit shipments increased, especially in the second half of 2009, as customers increasingly adopted AMD chipsets with our microprocessor products. Unit shipments of our microprocessors for notebooks increased, especially in the fourth quarter of 2009, due to increased demand in the overall notebook PC market, as end users increasingly demanded notebook PCs over desktop PCs.

Computing Solutions operating income was $529 million in 2010 compared to $142 million in 2009. The improvement was primarily due to the increase in net revenue referenced above and a $25 million decrease in cost of sales, partially offset by a $224 million increase in research and development expenses and a $61 million increase in marketing, general and administrative expenses. Cost of sales decreased due to reductions in manufacturing costs and a one-time benefit related to the deconsolidation of GF in 2010. Research and development expenses and marketing, general and administrative expenses increased for the reasons set forth under “Expenses,” below.

Computing Solutions operating income was $142 million in 2009 compared to an operating loss of $458 million in 2008. Operating results for 2009 are not comparable to operating results for 2008 because of the creation of the Foundry segment in the first quarter of 2009, which resulted in our reporting certain research and development and marketing, general and administrative expenses in the Foundry segment that we would previously have reported in the Computing Solutions segment. Operating loss in 2008 included a $193 million gain on the sale of 200 millimeter equipment and $191 million of process technology license revenue that did not occur in 2009.

Graphics

Graphics net revenue of $1.7 billion in 2010 increased 43% compared to net revenue of $1.2 billion in 2009. The increase was due to a 49% increase in net revenue from sales of GPU products. Net revenue from sales of GPU products increased primarily due to an increase in both GPU unit shipments and average selling price. Unit shipments increased due to strong demand for our DX 11—ATI Radeon™ products. However, the increase was limited by supply constraints primarily related to constrained wafer foundry capacity in the first half of 2010. Supply constraints improved in the third quarter of 2010, and we did not experience any supply constraints during the fourth quarter of 2010. GPU average selling price increased due to a favorable shift in our product mix to higher end GPU products.

Graphics net revenue of $1.2 billion in 2009 increased 3% compared to net revenue of $1.1 billion in 2008. The increase was due to a 5% increase in revenue from the sale of GPU products partially offset by a 3% decrease in royalty revenue received in connection with sales of game console systems that incorporate our graphics technology. Revenue from the sale of GPU products increased due to an increase in GPU unit shipments partially offset by a decrease in GPU average selling price. GPU unit shipments increased primarily due to an increase in demand for our graphics products, especially our 40nm ATI Radeon HD 5000 series of products, which we introduced in September 2009. We believe that the increase in GPU unit shipments was limited as a result of supply constraints with respect to our next generation GPUs. GPU average selling price decreased due to competitive pricing pressure and a shift in our product mix to more value-priced GPUs. However, the decline in GPU average selling price that we experienced during the first three quarters of 2009 was mitigated by improved GPU average selling price in the fourth quarter of 2009 primarily due to sales of our higher priced ATI Radeon HD 5000 series of products. Royalty revenue decreased primarily due to decreased demand for the latest generation of game consoles in light of the macroeconomic environment in the first half of 2009.

Graphics operating income was $149 million in 2010 compared to $35 million in 2009. The improvement was primarily due to the increase in net revenue referenced above, partially offset by a $345 million increase in cost of sales due to higher GPU unit shipments, a $22 million increase in research and development expenses and a $15 million increase in marketing, general and administrative expenses. Research and development expenses and marketing, general and administrative expenses increased for the reasons set forth under “Expenses,” below.

Graphics operating income was $35 million in 2009 compared to operating income of $9 million 2008. The increase in operating results was primarily due to a $41 million increase in net revenue described above and a $29 million decrease in marketing, general and administrative expenses due to a reduction in discretionary spending. These were partially offset by a $29 million increase in cost of sales because of higher GPU unit shipments.

Foundry

Foundry net revenue was $1.1 billion in 2009. Foundry operating loss was $433 million in 2009. In 2010 and 2008, we did not have a Foundry segment.

All Other

All Other net revenue of $14 million in 2010 decreased by 79% compared to net revenue of $66 million in 2009. All Other net revenue decreased because of a significant reduction in customer orders for Handheld products. Customer orders decreased as we continued to exit this business.

All Other net revenue of $66 million in 2009 decreased 21% compared to $85 million in 2008. All Other net revenue decreased because we no longer developed new Handheld products, and we experienced reduced customer orders in 2009. We decided to exit the Handheld business after selling certain graphics and multimedia technology assets and intellectual property to Qualcomm in the first quarter of 2009.

All Other operating income in 2010 was $170 million compared to $968 million in 2009. The decrease in operating results was primarily attributable to an absence of $1.2 billion of income from the settlement of our litigation with Intel in the fourth quarter of 2009 and the decrease in revenue referenced above, partially offset by $283 million of income from the settlement of our litigation with Samsung in the fourth quarter of 2010, a $77 million decrease in cost of sales, an absence of $65 million in restructuring charges, a $38 million decrease in research and development expenses, a $21 million decrease in marketing, general and administrative expenses and a $9 million decrease in amortization due to certain fully amortized acquired intangible assets. Cost of sales decreased primarily due to a one-time benefit recognized in the first quarter of 2010 related to the deconsolidation of GF and lower Handheld product unit shipments. Research and development expenses and marketing, general and administrative expenses decreased for the reasons set forth under “Expenses,” below.

All Other operating income of $968 million in 2009 increased by $2.5 billion compared to an operating loss of $1.5 billion in 2008. The improvement in operating results was primarily attributable to $1.242 billion of income from the settlement of our litigation with Intel in the fourth quarter of 2009. Additionally, in 2008, we had a $1.1 billion impairment charge, which included a goodwill write-down of $1.0 billion and a write-down of specific intangible assets of $130 million. There were no corresponding charges in 2009. The improvement was also impacted by a $67 million decrease in amortization of acquired intangible assets due to the write-down of certain intangible assets in 2008 and a $25 million decrease in restructuring charges.

Intersegment Eliminations

Intersegment eliminations represent eliminations during consolidation in revenue and in cost of sales and profits on inventory between the Computing Solutions segment and the Foundry segment. For 2009, intersegment eliminations of revenue were $1.1 billion and intersegment eliminations of cost of sales and profits on inventory were $48 million. Prior to the first quarter of 2009 and in 2010, we did not have an Intersegment Eliminations category and, therefore, the results of operations in 2009 for that category are not comparable to 2010 and 2008.

Comparison of Gross Margin, Expenses, Interest Income, Interest Expense, Other Income (Expense), Net, Income Taxes and Equity in Net Loss of Investee

The following is a summary of certain consolidated statement of operations data for 2010, 2009 and 2008.

	2010	2009	2008
	(In millions, except for percentages)		
Cost of sales	$ 3,533	$ 3,131	$ 3,488
Gross margin	2,961	2,272	2,320
Gross margin percentage	46%	42%	40%
Research and development	1,405	1,721	1,848
Marketing, general and administrative	934	994	1,304
Legal settlement	(283)	(1,242)	—
Amortization of acquired intangible assets	61	70	137
Impairment of goodwill and acquired intangible assets	—	—	1,089
Restructuring charges (reversal)	(4)	65	90
Gain on sale of 200 millimeter equipment	—	—	(193)
Interest income	11	16	39
Interest expense	(199)	(438)	(391)
Other income (expense), net	311	166	(37)
Provision for income taxes	38	112	68
Equity in net loss of investee	(462)	—	—

Gross Margin

Gross margin as a percentage of net revenue was 46% in 2010 compared to 42% in 2009. Gross margin in 2010 included the $69 million benefit related to the deconsolidation impact of GF. Gross margin in 2009 included $159 million attributable to the Foundry segment and Intersegment Eliminations related to profits on inventory and a $171 million benefit related to the sale of inventory that had been written-down in the fourth quarter of 2008. The factors that led to the sale of the inventory that was previously written down were the stabilization of the overall macroeconomic environment and improved business conditions in 2009 compared to the end of 2008, which led to an increase in end-user demand for PCs and, correspondingly, an increase in customer orders for, and shipments of, our products.

Absent the effects of the events described above, which we believe are not indicative of our ongoing operating performance, our gross margin would have been 45% in 2010 compared to 36% in 2009. The improvement in gross margin, as adjusted for the factors described above, was primarily attributable to an improvement in our manufacturing costs, including our utilization of GF’s manufacturing facilities, and higher average selling price for microprocessors and GPUs due to a favorable shift in product mix.

Gross margin as a percentage of net revenue was 42% in 2009 compared to 40% in 2008. Gross margin in 2009 included a $171 million, or 3%, benefit related to the sale of inventory that had been written-down in the fourth quarter of 2008. Gross margin in 2008 included a $191 million, or 2%, benefit from process technology license revenue recorded in our Computing Solutions segment and a $227 million, or 4%, negative impact from an incremental write-down of inventory. Without the effect of the above events in 2009 and 2008, which we believe gives a more comparable view of these periods, gross margin would have been 39% in 2009 compared to 42% in 2008. Gross margin in the first half of 2009 was adversely impacted by depressed average selling price and the under-utilization of GF’s manufacturing facilities as a result of reduced demand for our microprocessor products. However, the adverse impact of these factors on 2009 gross margin was partially mitigated by developments during the second half of 2009, including improvements in utilization of GF’s manufacturing facilities and an improvement in our unit costs primarily due to an increase in unit shipments of microprocessors manufactured using 45nm process technology.

During 2009 and 2008, we recorded grants and allowances received from the State of Saxony and the Federal Republic of Germany in connection with the manufacturing facilities in Dresden, Germany as long-term liabilities on our consolidated financial statements. We amortized these amounts as they were earned as a reduction to operating expenses. The amortization of the production related grants and allowances was recorded as a credit to cost of sales. The credit to cost of sales totaled $46 million in 2009 and $86 million in 2008. The fluctuations in the recognition of these credits did not significantly impact our consolidated gross margins. With the deconsolidation of GF as of the beginning of 2010, our consolidated financial statements no longer directly reflected such credits to cost of sales. However, these credits had a favorable impact on the amounts that we paid GF pursuant to the Wafer Supply Agreement.

Expenses

Research and Development Expenses

Research and development expenses of $1.4 billion in 2010, decreased by $316 million, or 18%, compared to $1.7 billion in 2009. In 2009, research and development expenses included $524 million in research and development expenses related to the Foundry segment. Without taking into account the research and development expenses attributable to the Foundry segment, which are not indicative of our ongoing performance, research and development expenses would have increased by $208 million in 2010 as compared to 2009. This increase was due to a $224 million increase in research and development expenses attributable to our Computing Solutions segment and a $22 million increase in research and development expenses attributable to our Graphics segment, partially offset by a $38 million decrease in research and development expenses attributable to our All Other category. The increase in research and development expenses attributable to our Computing Solutions segment was primarily due to a $91 million increase in product engineering and design costs for our future products, a $68 million increase in employee benefit and compensation expense and a $64 million increase in manufacturing process technology expenses related to GF for our future products. The increase in research and development expenses attributable to our Graphics segment was primarily due to a $33 million increase in employee benefit and compensation expense, partially offset by a $13 million decrease in product engineering and design costs due to lower material costs used in 2010. The decrease in research and development expenses attributable to our All Other category was primarily because of lower research and development expenses related to handheld products because we no longer develop these products.

Research and development expenses decreased $127 million, or 7%, from $1.8 billion in 2008 to $1.7 billion in 2009. This decrease was primarily due to a $193 million decrease in product engineering and design costs, which reflected our efforts to reduce operating expenses, and was partially offset by a $62 million increase in manufacturing process technology expenses mainly incurred by GF.

In 2009, GF applied for subsidies relating to certain research and development projects, and in 2008 we applied for these subsidies. We recorded these research and development subsidies in our consolidated financial statements as a reduction of research and development expenses when all conditions and requirements set forth in the subsidy allowance were met. The credit to research and development expenses was $46 million in 2009 and $36 million in 2008. With the deconsolidation of GF in 2010, we no longer record these credits in our consolidated financial statements.

Marketing, General and Administrative Expenses

Marketing, general and administrative expenses of $934 million in 2010, decreased by $60 million, or 6%, compared to $994 million in 2009. Marketing, general and administrative expenses in 2009 included $116 million attributable to the Foundry segment. Without taking into account the marketing, general and administrative expenses attributable to the Foundry segment, which are not indicative of our ongoing performance, marketing, general and administrative expenses would have increased by $56 million. This increase was due to a $61 million increase in marketing, general and administrative expenses attributable to our

Computing Solutions segment and a $15 million increase in marketing, general and administrative expenses attributable to our Graphics segment, partially offset by a $21 million decrease in general and administrative expenses attributable to our All Other category. The increase in marketing, general and administrative expenses in our Computing Solutions segment was primarily due to a $101 million increase in sales and marketing activities, a $26 million increase in employee benefit and compensation expenses, a $15 million increase in labor expenses and a $7 million increase in other general and administrative expenses. These increases were partially offset by an $88 million decrease in legal expenses following our settlement with Intel in 2009. The increase in marketing, general and administrative expenses attributable to our Graphics segment was primarily due to a $15 million increase in employee benefit and compensation expenses and other general and administrative expenses. The decrease in marketing, general and administrative expenses attributable to the All Other category was mainly due to the absence of $21 million of expenses incurred in connection with the formation of GF in the first quarter of 2009.

Marketing, general and administrative expenses decreased $310 million or 24%, from $1.3 billion in 2008 to $994 million in 2009. This decrease was primarily due to a $216 million decrease in cooperative advertising programs due to decreased sales and cost reduction activities, a $99 million decrease in corporate sales and marketing expenses due to our cost cutting efforts and a $16 million decrease in other administrative expenses.

Legal Settlements

Samsung Settlement

On December 22, 2010, we entered into a Patent License and Settlement Agreement with Samsung to end all outstanding legal disputes related to pending patent litigation between us and Samsung. Pursuant to this agreement, all claims between the parties were dismissed with prejudice and Samsung agreed to pay us $283 million less any withholding taxes. We received the first payment of $119 million (which represents $143 million less withholding taxes) in December 2010. The remaining amount of $117 million (which represents $140 million less withholding taxes) will be paid in two equal installments by May 31, 2011 and by November 30, 2011. In addition, pursuant to the settlement agreement, Samsung granted to us, and we granted to Samsung, non-exclusive, royalty-free licenses to all patents and patent applications for ten years after the effective date of the Agreement to make, have made, use, sell, offer to sell, import and otherwise dispose of certain semiconductor- and electronic-related products anywhere in the world.

This settlement encompasses all patent litigation and disputes between the parties, and we do not have any future obligations that we are required to perform in order to earn this settlement payment. Accordingly, we recognized the entire settlement amount in our 2010 operating results.

Intel Settlement

On November 12, 2009, we entered into an agreement with Intel to end all outstanding legal disputes between us and Intel including antitrust litigation and patent cross license disputes. Under the terms of the agreement:

- AMD and Intel agreed to a new 5-year patent cross license agreement that gives AMD broad rights and the freedom to operate a business utilizing multiple foundries;
- Intel and AMD waived all claims of breach from the previous license agreement;
- Intel paid us $1.25 billion;
- Intel agreed to abide by a set of business practice provisions going forward;
- we dropped all pending litigation, including a case in U.S. District Court in Delaware and two cases pending in Japan; and
- we withdrew all of our regulatory complaints worldwide.

This settlement encompasses all past antitrust litigation between us and Intel and disputes and there are no future obligations that we need to perform to earn this settlement payment. That is, the patent cross license agreement represents fully paid up licenses by both AMD and Intel for which no future payments or delivery is required. Accordingly, we recognized the entire settlement amount in our 2009 operating results.

Amortization of Acquired Intangible Assets and Impairment of Goodwill and Acquired Intangible Assets

Amortization of Acquired Intangible Assets

Amortization of acquired intangible assets decreased $9 million, or 13%, from $70 million in 2009 to $61 million in 2010. This decrease was due to the reduced amortization base amount of the acquired intangible assets.

Amortization of acquired intangible assets decreased $67 million, or 49%, from $137 million in 2008 to $70 million in 2009. This decrease was due to the write-down of certain acquired intangible assets as a result of the 2008 impairment analyses.

Impairment of Goodwill and Acquired Intangible Assets

2010 and 2009 Impairment Analyses

In the fourth quarters of 2010 and 2009, we conducted our annual impairment tests of goodwill. We considered the income and market approaches in determining the implied fair value of the goodwill. The income approach required estimates of future operating results and cash flows of each of the reporting units discounted using estimated discount rates of 22% in 2010 and from 15% to 18% in 2009. Based on the results of our annual analysis of goodwill in 2010 and 2009, the fair values exceeded the carrying values by a significant amount (Step 1), indicating that there was no goodwill impairment. As of December 25, 2010 and December 26, 2009, we did not have any reporting units that were at risk of failing Step 1 of the goodwill impairment test.

2008 Impairment Analyses

During 2008, we concluded that the carrying amount of goodwill associated with our Handheld business unit was impaired and recorded an impairment charge of $336 million. In addition, we concluded that the carrying amounts of goodwill assigned to the Graphics and Computing Solutions segments exceeded their implied fair values and recorded impairment charges of $161 million and $461 million, respectively. We considered the income and market approaches in determining the implied fair value of the goodwill. The income approach required estimates of future operating results and cash flows of each of the reporting units discounted using applicable estimated discount rates ranging from 19% to 30%.

The conclusion regarding goodwill impairment was also due to the deterioration in the price of our common stock and the resulting reduced market capitalization. We included the impairment charges in the caption "Impairment of goodwill and acquired intangible assets" in our 2008 consolidated statement of operations.

We further concluded that the carrying amount of goodwill associated with our Digital Television business unit was impaired and recorded impairment charges of $473 million related to the Digital Television (DTV) business unit, which is included in the caption "Loss from discontinued operations, net of tax" in our 2008 consolidated statement of operations. The assumptions used for the assessment of the DTV business unit were consistent with those used for the Handheld business unit described above.

The outcome of our 2008 goodwill impairment analyses indicated that the carrying amount of certain acquisition-related intangible assets or asset groups may not be recoverable. We assessed the recoverability of the acquisition-related intangible assets or asset groups, as appropriate, by determining whether the unamortized balances could be recovered through undiscounted future net cash flows. We determined that certain of the acquisition-related intangible assets associated with our Computing Solutions and Graphics segments and our

Handheld business unit were impaired primarily due to the revised lower revenue forecasts associated with the products incorporating the developed product technology, the customer relationships, and the trademarks and trade names. We measured the amount of impairment by calculating the amount by which the carrying value of the assets exceeded their estimated fair values, which were based on projected discounted future net cash flows. As a result of these impairment analyses, we recorded an impairment charge of approximately $130 million, which is included in the caption "Impairment of goodwill and acquired intangible assets" in our 2008 consolidated statement of operations.

Gain on sale of 200 millimeter equipment and the license of related process technology

During 2008, in conjunction with the conversion of Fab 30, our former manufacturing facility in Dresden, Germany, from 200 millimeter to 300 millimeter fabrication, we sold certain 200 millimeter manufacturing equipment and licensed certain process technology to a third party. We evaluated this multiple-element arrangement and determined that each component was considered a separate unit of accounting. In addition, the transaction consideration was allocated to each unit based on their relative fair values.

Based on the evaluation, we recognized a gain of approximately $167 million on the equipment sale, and a $191 million gain on the license of process technology. The difference between the $167 million gain recognized in the transaction described above and the $193 million gain shown in the consolidated statement of operations for 2008 represents gains recognized on sales of 200 millimeter equipment to other third parties.

Effects of Restructuring Plans

In the second and fourth quarters of 2008, we initiated restructuring plans to reduce our cost structure. Both plans primarily involved the termination of employees. The restructuring charges recorded in conjunction with the plans initiated during 2008 primarily represented severance and costs related to the continuation of certain employee benefits, contract or program termination costs, asset impairments and exit costs for facility consolidations and closures. The remaining liability for these plans is related to lease obligations that will be paid through 2012. We anticipate cash payments related to the remaining liability for the 2008 restructuring plans to be $3.5 million in 2011 and $3.5 million in 2012. In December 2002, we initiated a restructuring plan. As of December 25, 2010, the 2008 and 2002 plans are substantially completed.

The following table provides a summary of each major type of cost associated with the 2008 and 2002 restructuring plans for the periods presented:

	2010	2009	2008
		(In millions)	
Severance and benefits	$ (4)	$ 25	$53
Contract or program terminations	—	12	13
Asset impairments	—	8	18
Facility consolidations and closures	—	20	6
Total	$ (4)	$ 65	$90

Interest Income

Interest income of $11 million in 2010 decreased by $5 million from $16 million in 2009, primarily due to the absence of $4 million representing GF interest income, which is not reflected in our results of operations in 2010 as a result of the deconsolidation of GF.

Interest income of $16 million in 2009 decreased from $39 million in 2008, primarily due to a 66% decrease in weighted-average interest rates during 2009 compared to 2008, partially offset by an increase in average cash balances during 2009.

Interest Expense

	2010	2009	2008
		(In millions)	
Total interest charges	$ 199	$ 439	$ 400
Less: interest capitalized	—	(1)	(9)
Interest expense	$ 199	$ 438	$ 391

Total interest charges of $199 million in 2010 decreased by $240 million from $439 million in 2009. Interest expense decreased, primarily due to the absence, as a result of the deconsolidation of GF, of $153 million of interest expense incurred by GF in 2009 and a net reduction in the principal amount of our outstanding debt, which resulted in a net decrease of $77 million in interest expense.

Total interest charges of $439 million in 2009 increased by $39 million from $400 million in 2008, primarily due to GF's issuance of Class A Notes and Class B Notes to ATIC on March 2, 2009, which resulted in $92 million of interest expense in 2009. The increase was partially offset by a decrease of interest expense due to a lower principal amount outstanding under the 700 million euro Term Loan Facility Agreement related to the Dresden manufacturing facilities and our 6.00% Notes due to repurchases occurring in the second and third quarters of 2009. During 2008, we had capitalized interest primarily in connection with the construction of the Fab 36 wafer fabrication facility and equipment facilitization activities in Dresden, Germany. We discontinued capitalizing interest for Fab 36 in the first quarter of 2008 when it was in full production. There was $1 million of interest capitalized in 2009 related to GF's construction of Fab 2, its semiconductor facility in Saratoga County, New York.

Other Income (Expense), Net

Other income, net in 2010 was $311 million compared to $166 million of other income, net in 2009 and $37 million of other expense, net in 2008.

In 2010, we recognized a one-time, non-cash gain related to the deconsolidation of GF of approximately $325 million, a $17 million gain from the sale of our marketable securities and an $8 million gain related to an earn-out payment that we received in connection with the acquisition of a company that we had invested in, partially offset by a $24 million loss related to our repurchase of $1,016 million principal amount of our 6.00% Notes and $14 million loss due to foreign exchange rate fluctuations.

In 2009, we repurchased $344 million principal amount of our 6.00% Notes, resulting in a gain of $174 million, and we repurchased $1,015 million principal amount of our 5.75% Notes, resulting in a gain of $6 million. In addition, we recognized a gain of $15 million on settlement of a liability related to certain foreign currency exchange contracts, a gain of $28 million on the sale of certain Handheld assets, and a $25 million gain from a class action legal settlement with DRAM manufacturers. These gains were partially offset by a $27 million foreign exchange loss, a $17 million charge for real estate transfer taxes in connection with the GF manufacturing joint venture transaction and a $10 million charge related to the AMTC joint venture. During 2009, we also redeemed the remaining outstanding principal amount of our 7.75% Notes resulting in a net loss of $11 million and recorded other than temporary impairment charge of $3 million relating to our investment in Spansion Inc.

In 2008, we recorded a $53 million other than temporary impairment charge related to our investment in Spansion Inc. and a $24 million other than temporary impairment charge related to our portfolio of auction rate securities (ARS). These charges were partially offset by a $33 million gain related to the repurchase of $60 million principal amount of our 6.00% Notes for approximately $20 million in cash and a gain of $11 million on acquiring the put option related to our holdings of UBS ARS, representing the fair value of this financial instrument.

Income Taxes

We recorded an income tax provision of $38 million in 2010, $112 million in 2009 and $68 million in 2008.

The income tax provision in 2010 was primarily due to withholding taxes paid to the Korean tax authorities in connection with the payment we received from Samsung in December 2010 pursuant to the Patent License and Settlement Agreement as well as foreign taxes in profitable locations offset by benefits including the monetization of U.S. research and development credits, an alternative minimum tax refund on net operating loss carryback in the United States and the reversal of unrecognized tax benefits in foreign jurisdictions.

The income tax provision in 2009 was primarily due to a one-time loss of deferred tax assets for German net operating loss carryovers upon transfer of our ownership interests in the Dresden subsidiaries to GF plus foreign taxes in profitable locations offset by discrete tax benefits, including the monetization of U.S. research and development credits.

The income tax provision in 2008 primarily resulted from increases in net deferred tax liabilities in our former German subsidiaries reduced by net current tax benefits in other jurisdictions.

As of December 25, 2010, substantially all of our U.S. and foreign deferred tax assets, net of deferred tax liabilities, continued to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which, at December 25, 2010, in management's estimate, is not more likely than not to be achieved.

Equity in Net Loss of Investee

During the time that we applied the equity method of accounting for our ownership interest in GF, our equity in net loss of investee primarily consisted of our proportionate share of GF's losses for the period based on our ownership percentage of GF's Class A Preferred Shares, our portion of the non-cash accretion on GF's Class B Preferred Shares, the elimination of intercompany profit, reflecting the mark-up on inventory that remained on our consolidated balance sheet at the end of the period, the amortization of basis differences identified from the purchase price allocation process, based on the fair value of GF upon deconsolidation and, to the extent applicable, the gain or loss on dilution of our ownership interest as a result of the capital infusion into GF by ATIC.

Stock-Based Compensation Expense

Stock-based compensation expense related to employee stock options, restricted stock and restricted stock units for the years ended December 25, 2010, December 26, 2009 and December 27, 2008 was allocated in our consolidated statements of operations as follows:

	2010	2009	2008
		(In millions)	
Cost of sales	$ 4	$ 3	$10
Research and development	46	40	44
Marketing, general and administrative	37	32	23
Total stock-based compensation expense, net of tax	$87	$ 75	$77

During 2010, 2009, and 2008, we did not realize any excess tax benefits related to stock-based compensation and therefore we did not record any related financing cash flows.

Stock-based compensation expenses of $87 million in 2010 increased $12 million compared to $75 million in 2009. This increase was primarily due to a higher average grant date fair value in 2010 as compared to 2009.

Stock-based compensation expenses of $75 million in 2009 decreased $2 million compared to $77 million in 2008. This decrease was primarily a result of: (i) a cumulative catch up adjustment of expenses to reflect the effect of applying a higher forfeiture rate retrospectively in 2009; (ii) a lower average grant date fair value in 2009 as compared to 2008, and (iii) the forfeiture of certain stock option and RSU grants from employees transferring to GF. The decreases were substantially offset by the charges associated with the accelerated vesting of stock awards upon the retirement of our former Executive Chairman and Chairman of the Board in 2009.

In 2010 and 2009, we did not have employee stock-based compensation expense for discontinued operations. For the year ended December 27, 2008, employee stock-based compensation expense included in discontinued operations and excluded from continuing operations was $2 million.

As of December 25, 2010, we had $19 million of total unrecognized compensation expense, net of estimated forfeitures, related to stock options that will be recognized over the weighted average period of 1.71 years. Also, as of December 25, 2010, we had $99 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock and restricted stock units that will be recognized over the weighted average period of 1.93 years.

International Sales

International sales as a percentage of net revenue were 88% in 2010, 87% in 2009 and 88% in 2008. 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.

FINANCIAL CONDITION

Liquidity

As of December 25, 2010, our cash, cash equivalents and marketable securities balances were approximately $1.8 billion. In comparison, cash, cash equivalents and marketable securities as of December 26, 2009 were approximately $2.7 billion, of which $904 million represented GF cash and cash equivalents. Without taking into account GF's financial position, our cash, cash equivalents and marketable securities were essentially flat in 2010 when compared to 2009.

Our debt and capital lease obligations as of December 25, 2010 were $2.4 billion, which reflects a debt discount adjustment of $103 million on our 6.00% Notes and 8.125% Notes. This amount also includes approximately $229 million related to our accounts receivable financing arrangement with IBM, which is not a cash obligation. Our financing arrangement with IBM is described in more detail below and under "Contractual Obligations—Receivable financing arrangement." Without taking into account GF's indebtedness, we reduced our debt by approximately $357 million during 2010.

For 2010, our adjusted free cash flow was $355 million. Adjusted free cash flow is a non-GAAP measure, which we calculated by taking GAAP net cash used in operating activities of $412 million and adding an amount of $915 million, which represents payments made by certain of our distributor customers to IBM Credit LLC and certain of its subsidiaries (collectively, the IBM Parties) pursuant to an accounts receivable financing arrangement among AMD, certain AMD subsidiaries and the IBM Parties. We adjusted the resulting amount of $503 million by subtracting capital expenditures, which were $148 million for 2010. Prior to 2010, we did not calculate adjusted non-GAAP free cash flow.

We have various supplier agreements with the IBM Parties pursuant to which we sold invoices of selected distributor customers. Because we do not recognize revenue until our distributors sell our products to their customers, under U.S. GAAP, we classify funds received from the IBM Parties as debt on the balance sheet. Moreover, for cash flow purposes, we classify these funds as cash flows from financing activities. When a distributor pays the applicable IBM Party, we reduce the distributor's accounts receivable and the corresponding debt, resulting in a non-cash accounting entry. Because we do not receive the cash from the distributor to reduce the accounts receivable, the distributor's payment is never reflected in our cash flows from operating activities. On February 11, 2011, we terminated these supplier agreements.

Generally, under U.S. GAAP, the reduction in accounts receivable is assumed to be a source of operating cash flows. Therefore, we believe that treating the payments from our distributor customers to the IBM Parties as if we actually received the cash from the distributor and then used that cash to pay down the debt to the IBM Parties is more reflective of the economic substance of our financing arrangement with the IBM Parties. We calculate and communicate adjusted free cash flow because our management believes it is of importance to investors to understand the nature of these cash flows. Our calculation of adjusted free cash flow may or may not be consistent with the calculation of this measure by other companies in the same industry. Investors should not view adjusted free cash flow as an alternative to GAAP liquidity measures of cash flows from operating or financing activities.

We believe that in the event we require additional funding, we will be able to access the capital markets on terms and in amounts adequate to meet our objectives. However, given the possibility of changes in market conditions or other occurrences, we cannot be certain that such funding will be available on terms favorable to us or at all.

Over the longer term, should additional funding be required, such as to meet payment obligations of our long-term debt when due, we may need to raise the required funds through borrowings or public or private sales of debt or equity securities, which may be issued from time to time under an effective registration statement, through the issuance of securities in a transaction exempt from registration under the Securities Act of 1933, or a combination of one or more of the foregoing. However, global market and economic conditions have been challenging, with tighter credit conditions and recession in most major economies. While global economic conditions have improved since the first half of 2009, there can be no assurance that conditions will continue to improve, and they could worsen. If market conditions do not continue to improve or deteriorate, it may limit our ability to access the capital markets to meet liquidity needs, on favorable terms or at all, resulting in adverse effects on our liquidity and financial condition, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs.

Auction Rate Securities

As a result of the uncertainties in the credit markets as mentioned above, all of our ARS were negatively affected and auctions for these securities failed to settle on their respective settlement dates. While many of these securities continue to be illiquid, there have been no defaults, and we have received all interest payments as they became due.

In October 2008, UBS AG (UBS) offered to repurchase all of the ARS that we purchased from UBS prior to February 13, 2008. We accepted this offer. We had the right, but not the obligation, to sell, at par, these ARS to UBS from June 30, 2010 through July 2, 2012. During the third quarter of 2010, UBS had redeemed all of our UBS ARS without us exercising the put option.

During 2010, we received $27 million upon the redemption of ARS we had carried at $26 million.

As of December 25, 2010, the par value of our ARS was $66 million, with an estimated fair value of $57 million. Total ARS, at fair value, represented 3% of our total investment portfolio as of December 25, 2010.

Based on the recent tender and redemption activities and the fact that the secondary market for these securities has become more liquid, with pricing generally similar to our carrying value, we classified these securities as marketable securities as of December 25, 2010, because we have the intent and believe we have the ability to sell these securities within the next 12 months.

Operating Activities

Net cash used in operating activities was $412 million in 2010. Net income of $471 million was adjusted for non-cash charges consisting primarily of a $462 million loss from the application of the equity method of accounting for our investment in GF, $383 million of depreciation and amortization expense, $87 million of stock-based compensation expense, $30 million of interest expense primarily related to our 6.00% Notes and our 8.125% Notes and a $24 million net loss primarily related to our repurchase of an aggregate of $1,016 million principal amount of our 6.00% Notes for $1,011 million in cash. These charges were partially offset by a one-time, non-cash gain of $325 million related to the deconsolidation of GF, amortization of foreign grants of $16 million and a net gain of $17 million from the sale of marketable securities. The net changes in operating assets at December 25, 2010 compared to December 26, 2009 included an increase in accounts receivable of $1,138 million, which included the non-cash impact of our financing arrangements with the IBM Parties. During 2010, the IBM Parties collected approximately $915 million from our distributor customers pursuant to these arrangements. Without considering the collection by the IBM Parties of the accounts receivables that we sold to them, our accounts receivable increased $223 million. This increase was primarily due to the introduction and sale of new products towards the end of 2010 and the timing of the related collections. Excluding the effects of the deconsolidation of GF, there was also a decrease in accounts payable, accrued liabilities and other of $184 million, primarily due to the timing of payments. Accounts payable to GF increased by $55 million due to the timing of payments during 2010.

Net cash provided by operating activities was $473 million in 2009, which included $1.2 billion from the settlement of our litigation with Intel. Net income of $293 million was adjusted for non-cash charges consisting primarily of $1.1 billion of depreciation and amortization expense, $121 million of interest expense primarily related to GF's Class A Notes and Class B Notes and our 6.00% Notes, $75 million of stock-based compensation expense, a $28 million net loss from the sale and disposal of property, plant and equipment and an $11 million net loss primarily related to the redemption of all of our 7.75% Notes. These charges were offset by a net gain of $180 million related to our repurchase of an aggregate of $344 million principal amount of our 6.00% Notes for $161 million in cash and $1,015 million principal amount of our 5.75% Notes for $1,002 million in cash, amortization of foreign grants and allowances of $110 million and a gain of $28 million from the sale of certain Handheld assets. The net changes in operating assets at December 26, 2009 compared to December 27, 2008 included an increase in accounts receivable of $960 million. During 2009, the IBM Parties collected approximately $535 million from our distributor customers pursuant to the financial arrangement described above. Without considering the collections by the IBM Parties of the accounts receivables that we sold to them, the increase in accounts receivable was $425 million. This increase was primarily due to timing of sales and collections during 2009. There was also a decrease in accounts payable and accrued liabilities of $105 million, primarily due to lower purchases reflecting the effect of our cost cutting efforts and timing of payments.

Net cash used in operating activities was $692 million in 2008. Net loss of $3.1 billion was adjusted for non-cash charges consisting primarily of $1.7 billion of goodwill and acquisition-related intangible impairment charges attributable to discontinued operations, $1.2 billion of depreciation and amortization expense, $83 million of stock-based compensation expense, $77 million of other than temporary impairment on our marketable securities, $29 million net loss from the sale and disposal of property, plant and equipment and $29 million of interest expense primarily related to our 6.00% Notes. These charges were offset by a $193 million net gain on the sale of certain 200-millimeter wafer fabrication equipment, the amortization of foreign grants and allowances of $107 million and a net gain of $34 million on our repurchase of a portion of our 6.00% Notes. The net changes in our operating assets at December 27, 2008 compared to December 29, 2007 included a decrease of $722 million in accounts payable and accrued liabilities primarily reflecting the effects of our cost cutting efforts and a decrease of $101 million in accounts receivable. During 2008, the IBM Parties collected approximately $221 million from our distributor customers pursuant to the financing arrangements described above. Without considering the collections by the IBM Parties of the accounts receivables that we sold to them, the decrease in accounts receivable was $322 million primarily due to a decrease in sales and improved cash collection efforts in 2008. There was also a decrease of $64 million in prepaid and other current assets primarily related to a decrease in receivables of foreign grants and allowances.

Investing Activities

Net cash used in investing activities was $1.1 billion in 2010. The cash flow effect of the deconsolidation of GF was an outflow of $904 million, which consisted of GF's cash and cash equivalents. In addition, we had a net cash outflow of $147 million for purchases of property, plant and equipment and of $160 million for purchases of available-for-sale securities. The net cash outflows were partially offset by a net cash inflow of $69 million from the sale of trading securities.

Net cash used in investing activities was $1.3 billion in 2009 primarily as a result of a net cash outflow of $883 million for the purchase of available-for-sale securities and $466 million for purchases of property, plant and equipment, of which $394 million related to property, plant and equipment attributable to the Foundry segment. This was partially offset by $58 million of proceeds from sale of certain Handheld assets and $14 million of proceeds from the maturity of trading securities.

Net cash used in investing activities was $27 million in 2008. A cash outflow of $624 million for purchases of property, plant and equipment and $95 million in connection with the exercise of our call option to repurchase the partnership interests in AMD Fab 36 KG held by one of the unaffiliated partners, Fab 36 Beteiligungs GmbH & Co. KG, were partially offset by $343 million of proceeds from the sale of property, plant and equipment, primarily 200 millimeter equipment, $216 million in net proceeds from the sale and maturity of available-for-sale securities and $127 million of cash proceeds from sale of our Digital Television business unit.

Financing Activities

Net cash provided by financing activities was $484 million in 2010 primarily as a result of proceeds of $988 million from our financing arrangements with the IBM Parties, $490 million from the sale and issuance of $500 million aggregate principal amount of the 7.75% Notes, $19 million in proceeds from foreign grants from the Canadian government for research and development activities related to our Fusion products and from the Malaysian and Chinese governments for our local microprocessor assembly, test and packaging facilities and $15 million from the exercise of employee stock options. These amounts were partially offset by payments of $1,011 million to repurchase $1,016 million aggregate principal amount of our 6.00% Notes. During 2010, we did not realize any excess tax benefit related to stock-based compensation. Therefore, we did not record any related financing cash flows.

Net cash provided by financing activities was $1.5 billion in 2009 primarily as a result of proceeds of $2.3 billion from the issuance of GF's Class A Notes, Class B Notes, Class A Preferred Shares and Class B Preferred Shares, of which $1.6 billion constituted cash proceeds to GF, proceeds of $605 million from the sale of certain of our accounts receivable to the IBM Parties pursuant to the financing arrangement described above, proceeds of $440 million from the issuance of $500 million aggregate principle of 8.125% Notes, proceeds of $15 million from the AMD China Revolving Credit Line, proceeds of $125 million from the sale of 58 million shares of AMD common stock and warrants to purchase 35 million shares of AMD common stock at an exercise price of $0.01 per share to WCH in connection with the formation of the GF manufacturing joint venture, and proceeds from grants and allowances from the Federal Republic of Germany and the State of Saxony of $55 million for GF's Dresden manufacturing facilities. These amounts were partially offset by payments to Leipziger Messe of $180 million to repurchase its partnership interests in AMD Fab 36 KG, $67 million related to the guaranteed rate of return on those partnership interests and $10 million related to a call option premium to Leipziger Messe for the early repurchase of its partnership interests. Net cash provided by financing activities was also partially offset by $1.8 billion of payments on certain debt and cash obligations, consisting of $1,002 million to repurchase $1,015 million aggregate principal amount of our 5.75% Notes, $398 million to redeem $390 million aggregate principal amount of our 7.75% Notes and $161 million to repurchase $344 million aggregate principal amount of our 6.00% Notes. During 2009, we did not realize any excess tax benefit related to stock-based compensation. Therefore, we did not record any related financing cash flows.

Net cash provided by financing activities was $220 million in 2008, primarily due to proceeds of $308 million from the financing arrangement with the IBM Parties described above and proceeds of grants and allowances from the Federal Republic of Germany and the State of Saxony of $161 million for our former Dresden manufacturing facilities. These amounts were partially offset by $166 million of payments on certain debt and cash obligations, consisting of $20 million for the repurchase of $60 million aggregate principal amount of our 6.00% Notes, $38 million for the exercise of our call option to repurchase the silent partnership contributions in AMD Fab 36 KG held by Fab 36 Beteiligungs GmbH & Co. KG, $25 million for the mandatory repurchase of a portion of the silent partnership contributions in AMD Fab 36 KG held by Leipziger Messe and $19 million in payments for the guaranteed return on the unaffiliated limited partners' limited partnership contributions. During 2008, we did not realize any excess tax benefit related to stock-based compensation. Therefore, we did not record any related financing cash flows.

Contractual Obligations

The following table summarizes our consolidated principal contractual cash obligations, as of December 25, 2010, and is supplemented by the discussion following the table:

	Payment due by period						
	Total	2011	2012	2013	2014	2015	2016 and beyond
	(In millions)						
5.75% Convertible Senior Notes due 2012	$ 485	$—	$485	$—	$—	$—	$ —
6.00% Convertible Senior Notes due 2015[1]	780	—	—	—	—	780	—
8.125% Senior Notes due 2017[1]	500	—	—	—	—	—	500
7.75% Senior Notes due 2020	500	—	—	—	—	—	500
Other long-term liabilities	46	—	28	16	1	1	—
Aggregate interest obligation[2]	909	154	145	126	126	99	259
Capital lease obligations[3]	36	5	6	6	6	6	7
Operating leases	176	35	30	25	24	20	42
Purchase obligations[4][5]	419	294	61	34	18	12	—
Total contractual obligations[6]	$3,851	$488	$755	$207	$175	$918	$ 1,308

(1) Represents aggregate par value of the notes, without the effect of associated discounts.

(2) Represents estimated aggregate interest obligations for our outstanding debt obligations that are payable in cash, excluding capital lease obligations. Also excludes non-cash amortization of debt discounts on the 8.125% Notes and the 6.00% Notes.

(3) Includes principal and imputed interest.

(4) We have purchase obligations for goods and services where payments are based, in part, on the volume or type of services we require. In those cases, we only included the minimum volume of purchase obligations in the table above. Also, purchase orders for goods and services that are cancelable upon notice and without significant penalties are not included in the amounts above.

(5) This amount does not include estimates of future purchase obligations to GF under the Wafer Supply Agreement, which we expect will continue to be material. See "Purchase Obligations," below.

(6) This amount does not include the amounts we receive in connection with our accounts receivable financing arrangement with the IBM Parties. See "Receivable financing arrangement," below.

5.75% Convertible Senior Notes due 2012

On August 14, 2007, we issued $1.5 billion aggregate principal amount of 5.75% Convertible Senior Notes due 2012 (the 5.75% Notes). The 5.75% Notes are our general unsecured senior obligations. Interest is payable in arrears on February 15 and August 15 of each year beginning February 15, 2008 until the maturity date of August 15, 2012. The terms of the 5.75% Notes are governed by an Indenture (the 5.75% Indenture), dated as of August 14, 2007, by and between us and Wells Fargo Bank, National Association, as Trustee.

In 2009, we repurchased $1,015 million in aggregate principal amount of our outstanding 5.75% Notes for $1,002 million in cash. As of December 25, 2010, the remaining outstanding aggregate principal amount of our 5.75% Notes was $485 million.

The 5.75% Notes will be convertible, in whole or in part, at any time prior to the close of business on the business day immediately preceding the maturity date of the 5.75% Notes, into shares of our common stock based on an initial conversion rate of 49.6771 shares of common stock per $1,000 principal amount of the 5.75% Notes, which is equivalent to an initial conversion price of approximately $20.13 per share. This initial conversion price represents a premium of 50% relative to the last reported sale price of our common stock on August 8, 2007 (the trading date preceding the date of pricing of the 5.75% Notes) of $13.42 per share. This initial conversion rate will be adjusted for certain anti-dilution events. In addition, the conversion rate will be increased in the case of corporate events that constitute a fundamental change (as defined in the 5.75% Indenture) of AMD under certain circumstances. Holders of the 5.75% Notes may require us to repurchase the 5.75% Notes for cash equal to 100% of the principal amount to be repurchased plus accrued and unpaid interest upon the occurrence of a fundamental change (as defined in the 5.75% Indenture) or a termination of trading (as defined in the 5.75% Indenture). Additionally, an event of default (as defined in the 5.75% Indenture) may result in the acceleration of the maturity of the 5.75% Notes.

The 5.75% Notes rank equally with our existing and future senior debt and are senior to all of our future subordinated debt. The 5.75% Notes rank junior to all of our existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of our subsidiaries.

We may elect to purchase or otherwise retire the remaining amount of our 5.75% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries, or by tender offer, when we believe the market conditions are favorable to do so.

6.00% Convertible Senior Notes due 2015

On April 27, 2007, we issued $2.2 billion aggregate principal amount of 6.00% Convertible Senior Notes due 2015. The 6.00% Notes are our general unsecured senior obligations. Interest is payable on May 1 and November 1 of each year beginning November 1, 2007 until the maturity date of May 1, 2015. The terms of the 6.00% Notes are governed by an Indenture (the 6.00% Indenture) dated April 27, 2007, by and between us and Wells Fargo Bank, National Association, as Trustee.

In 2008, we repurchased $60 million in aggregate principal amount of our 6.00% Notes for $21 million. In 2009 we repurchased $344 million in aggregate principal amount of our 6.00% Notes for $161 million. In 2010, we repurchased $1,016 million in aggregate principal amount our 6.00% Notes for $1,011 million. As of December 25, 2010, the outstanding aggregate principal amount of our 6.00% Notes was $780 million and the remaining carrying value was approximately $723 million, net of debt discount of $57 million.

Upon the occurrence of certain events described in the 6.00% Indenture, the 6.00% Notes will be convertible into cash up to the principal amount, and if applicable, into shares of our common stock issuable upon conversion of the 6.00% Notes in respect of any conversion value above the principal amount, based on an initial conversion rate of 35.6125 shares of common stock per $1,000 principal amount of 6.00% Notes, which is equivalent to an initial conversion price of $28.08 per share. This initial conversion price represents a premium of 100% relative to the last reported sale price of our common stock on April 23, 2007 (the trading date preceding the date of pricing of the 6.00% Notes) of $14.04 per share. The conversion rate will be adjusted for certain anti-dilution events. In addition, the conversion rate will be increased in the case of corporate events that constitute a fundamental change (as defined in the 6.00% Indenture) under certain circumstances. Holders of the 6.00% Notes may require us to repurchase the 6.00% Notes for cash equal to 100% of the principal amount to be repurchased plus accrued and unpaid interest upon the occurrence of a fundamental change or a termination of trading (as defined in the 6.00% Indenture). Additionally, an event of default (as defined in the 6.00% Indenture) may result in the acceleration of the maturity of the 6.00% Notes.

The 6.00% Notes rank equally with our existing and future senior debt and are senior to all of our future subordinated debt. The 6.00% Notes rank junior to all of our existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of our subsidiaries.

We may elect to purchase or otherwise retire the remaining balance of our 6.00% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries, or by tender offer, when we believe the market conditions are favorable to do so.

8.125% Senior Notes Due 2017

On November 30, 2009, we issued $500 million of the 8.125% Notes at a discount of 10.204%. The 8.125% Notes are our general unsecured senior obligations. Interest is payable on June 15 and December 15 of each year beginning June 15, 2010 until the maturity date of December 15, 2017. The discount of $51 million is recorded as contra debt and is amortized to interest expense over the life of the 8.125% Notes using the effective interest method. The 8.125% Notes are governed by the terms of an indenture (the 8.125% Indenture) dated November 30, 2009 between us and Wells Fargo Bank, National Association, as Trustee.

At any time (which may be more than once) before December 15, 2012, we can redeem up to 35% of the aggregate principal amount of the 8.125% Notes within 90 days of the closing of an equity offering with the net proceeds thereof at a redemption price not greater than 108.125% of the principal amount thereof, together with accrued and unpaid interest to but excluding the date of redemption. Prior to December 15, 2013, we may redeem some or all of the 8.125% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a “make whole” premium (as defined in the 8.125% Indenture).

From December 15, 2013, we may redeem the 8.125% Notes for cash at the following specified prices plus accrued and unpaid interest:

Period	Price as Percentage of Principal Amount
Beginning on December 15, 2013 through December 14, 2014	104.063%
Beginning on December 15, 2014 through December 14, 2015	102.031%
On December 15, 2015 and thereafter	100.000%

Holders have the right to require us to repurchase all or a portion of our 8.125% Notes in the event that we undergo a change of control, as defined in the 8.125% Indenture at a repurchase price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 8.125% Indenture) may result in the acceleration of the maturity of the 8.125% Notes.

The 8.125% Indenture contains certain covenants that limit, among other things, our ability and the ability of our subsidiaries, from:

- incurring additional indebtedness, except specified permitted debt;
- paying dividends and making other restricted payments;
- making certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- creating or permitting certain liens;
- creating or permitting restrictions on the ability of our subsidiaries to pay dividends or make other distributions to us;
- using the proceeds from sales of assets;
- entering into certain types of transactions with affiliates; and
- consolidating, merging or selling our assets as an entirety or substantially as an entirety.

The 8.125% Notes rank equally with our existing and future senior debt and are senior to all of our future subordinated debt. The 8.125% Notes rank junior to all of our existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of our subsidiaries.

We may elect to purchase or otherwise retire the 8.125% Notes with cash, stock or other assets from time to time in open market or private negotiated transactions, either directly or through intermediaries, or by tender offer, when we believe the market conditions are favorable to do so.

7.75% Senior Notes Due 2020

On August 4, 2010, we issued $500 million of the 7.75% Notes. The 7.75% Notes are our general unsecured senior obligations. Interest is payable on February 1 and August 1 of each year beginning February 1, 2011 until the maturity date of August 1, 2020. The 7.75% Notes are governed by the terms of an indenture (the 7.75% Indenture) dated August 4, 2010 between us and Wells Fargo Bank, National Association, as Trustee.

At any time (which may be more than once) before August 1, 2013, we can redeem up to 35% of the aggregate principal amount of the 7.75% Notes within 90 days of the closing of an equity offering with the net proceeds thereof at a redemption price not greater than 107.75% of the principal amount thereof, together with accrued and unpaid interest to but excluding the date of redemption. Prior to August 1, 2015, we may redeem some or all of the 7.75% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a “make whole” premium (as defined in the 7.75% Indenture).

From August 1, 2015, we may redeem the 7.75% Notes for cash at the following specified prices plus accrued and unpaid interest:

Period	Price as Percentage of Principal Amount
Beginning on August 1, 2015 through July 31, 2016	103.875%
Beginning on August 1, 2016 through July 31, 2017	102.583%
Beginning on August 1, 2017 through July 31, 2018	101.292%
and on August 1, 2018 and thereafter	100.000%

Holders have the right to require us to repurchase all or a portion of our 7.75% Notes in the event that we undergo a change of control, as defined in the 7.75% Indenture at a repurchase price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 7.75% Indenture) may result in the acceleration of the maturity of the 7.75% Notes.

The 7.75% Indenture contains certain covenants that limit, among other things, our ability and the ability of our subsidiaries, from:

- incurring additional indebtedness, except specified permitted debt;
- paying dividends and making other restricted payments;
- making certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- creating or permitting certain liens;
- creating or permitting restrictions on the ability of our subsidiaries to pay dividends or make other distributions to us;
- using the proceeds from sales of assets;

- entering into certain types of transactions with affiliates; and
- consolidating, merging or selling our assets as an entirety or substantially as an entirety.

The 7.75% Notes rank equally with our existing and future senior debt and are senior to all of our future subordinated debt. The 7.75% Notes rank junior to all of our existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of our subsidiaries.

We may elect to purchase or otherwise retire the 7.75% Notes with cash, stock or other assets from time to time in open market or private negotiated transactions, either directly or through intermediaries, or by tender offer, when we believe the market conditions are favorable to do so.

The agreements governing our 5.75% Notes, 6.00% Notes, 8.125% Notes and 7.75% Notes contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering the other borrowings. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable.

Other Long-Term Liabilities

Other long-term liabilities in the contractual obligations table above include $11 million related to employee benefit obligations and $35 million of payments due under certain software and technology licenses that will be paid through 2013 and 2015, respectively.

Other long-term liabilities excludes amounts recorded on our consolidated balance sheet that do not require us to make cash payments, which, as of December 25, 2010, primarily consisted of $20 million of deferred gains resulting from the sale and leaseback of certain of our facilities. Also excluded from other long-term liabilities is $11 million of non-current unrecognized tax benefits, which are included in the caption “Other long-term liabilities” on our consolidated balance sheet at December 25, 2010. Included in the non-current unrecognized tax benefits is a potential cash payment of approximately $4 million that could be payable by us upon settlement with a taxing authority. We have not included this amount in the contractual obligations table above because we cannot make a reasonably reliable estimate regarding the timing of any settlement with the taxing authority, if any.

Capital Lease Obligations

As of December 25, 2010, we had aggregate outstanding capital lease obligations of $30 million for one of our facilities in Canada, which is payable in monthly installments through 2017.

Operating Leases

We lease certain of our facilities and in some jurisdictions we lease the land on which these facilities are built, under non-cancelable lease agreements that expire at various dates through 2018. We lease certain manufacturing and office equipment for terms ranging from 1 to 5 years. Total future non-cancelable lease obligations as of December 25, 2010 were $176 million, of which $7 million is accrued as a liability for certain facilities that were included in our 2008 restructuring plans. These payments will be made through 2012.

Purchase Obligations

Total non-cancelable purchase obligations, other than those to GF under the wafer supply agreement, as of December 25, 2010 were $419 million for periods through 2016. Our purchase obligations primarily include our obligations to purchase wafers and substrates from third parties. We currently estimate that we will pay GF approximately $1.5 billion in 2011 and $1.5 billion in 2012. We based our 2011 and 2012 estimated costs in part on our current expectations regarding GF's manufacturing yields, wafer volumes, and demand for our products. We are not able to meaningfully quantify or estimate our purchase obligations to GF beyond 2012, but we expect that our future purchases from GF will continue to be material.

Receivable financing arrangement

The contractual obligations table above excludes the amounts we receive in connection with our accounts receivable financing arrangement with the IBM Parties because we are not required to make cash payments pursuant to the terms of the arrangement. As of December 25, 2010, only selected distributor customers have participated in this program. Because we do not recognize revenue until our distributors sell our products to our customers, we classify funds received from the IBM parties as debt. The debt is reduced as the IBM parties receive payments from our customers. In 2010, we received proceeds of approximately $988 million from the sale of accounts receivable under these financing arrangements, and the IBM parties collected approximately $915 million from the distributors participating in the arrangements. $229 million and $156 million were outstanding under these agreements as of December 25, 2010 and December 26, 2009, respectively. These amounts appear as "Other short-term obligations" on our consolidated balance sheets and are not considered cash commitments. On February 11, 2011, we terminated these supplier agreements. As a result, we expect that as of the third quarter of 2011, we will transition away from making the adjustment for the distributors' payments to the IBM Parties to our GAAP net cash provided by operating activities when calculating our non-GAAP adjusted free cash flow.

Off-Balance Sheet Arrangements

Guarantees of Indebtedness Not Recorded on our Consolidated Balance Sheet

Fab 36 Guarantee

On April 21, 2004, our former German subsidiary, AMD Fab 36 KG, the legal entity that owned our 300-millimeter wafer fabrication facility, Fab 36, entered into a 700 million euro Term Loan Facility Agreement among AMD Fab 36 KG, as borrower, and a consortium of banks led by Dresdner Bank AG, as lenders, and other related agreements (collectively, the Fab 36 Loan Agreements) to finance the purchase of equipment and tools required to operate Fab 36. We guaranteed the obligations of AMD Fab 36 KG to the lenders under the Fab 36 Loan Agreements.

In connection with the consummation of the GF manufacturing joint venture transaction on March 2, 2009, the terms of the Fab 36 Loan Agreements were amended to allow for the transfer of our former 300-millimeter wafer fabrication facility and its affiliated companies to GF. In addition, we also amended the terms of the related guarantee agreement such that we and GF are joint guarantors of the borrower's obligations to the lenders under the Fab 36 Loan Agreements. However, if we are called upon to make any payments under the guarantee agreement, GF has separately agreed to indemnify us for the full amount of such payments. As of December 25, 2010, the total amount outstanding under the Fab 36 Term Loan was $170 million, and the rate of interest on the loan was 2%. This loan is repayable by GF in quarterly installments which terminate in March 2011.

Effective with the deconsolidation of GF, the Fab 36 Term Loan was no longer an obligation of AMD and, therefore, it does not appear as debt on our December 25, 2010 consolidated balance sheet. However, we remain subject to the terms of the guarantee agreement until the loan is repaid by GF. As of December 25, 2010, we were in compliance with the covenants under the guarantee agreement.

AMTC and BAC Guarantees

The Advanced Mask Technology Center GmbH & Co. KG (AMTC) and Maskhouse Building Administration GmbH & Co. KG (BAC) are joint ventures initially formed for the purpose of constructing and operating an advanced photomask facility in Dresden, Germany. AMTC provides advanced photomasks for use in manufacturing our microprocessors.

In January 2010, we signed binding agreements to transfer our limited partnership interests in the AMTC and BAC to GF. On March 31, 2010, our limited partnership interests in AMTC and BAC were effectively transferred to an affiliate of GF. Concurrent with the transfer, a term loan related to BAC, a revolving credit facility for the benefit of the AMTC and related documents were amended. Toppan Photomasks Germany GmbH (Toppan Germany) leased a portion of the BAC facility from the BAC. In connection with the amendments to the BAC term loan, AMTC assumed all of Toppan Germany's rental obligations and Toppan Germany and GF agreed to guarantee AMTC's payment obligations to the BAC. The remaining portion of the BAC facility is leased by AMTC through a separate lease agreement. The initial guarantee agreement concerning AMTC's rental payments was terminated and replaced with a new AMTC rental contract guarantee. Pursuant to this guarantee, we, Toppan Germany and GF guarantee AMTC's rental obligations relating to the remaining portion of the BAC facility. Our portion of the guarantee corresponds with our exposure under the initial guarantee agreement and is made on a joint and several basis with GF. Moreover, GF has separately agreed to indemnify us under certain circumstances if we are called upon to make any payments under the AMTC rental contract guarantee. As of December 25, 2010, our joint and several guarantee of the rental obligation was $3 million.

In connection with the amendment to the AMTC revolving credit facility, the guarantee agreement was amended so that we and GF are joint and several guarantors of 50% of AMTC's outstanding loan balance under the AMTC revolving credit facility. In the event we are called upon to make any payments under the guarantee agreement, GF has separately agreed to indemnify us so long as certain conditions are met. As of December 25, 2010, the amount outstanding under this loan was $40 million and our joint and several guarantee obligation was $20 million.

Discontinued Operations

In 2008, we evaluated the viability of our non-core businesses and determined that our Digital Television business unit was not directly aligned with our core strategy of computing and graphics market opportunities. Accordingly, we decided to divest this business unit.

We performed an interim impairment test of goodwill and acquired intangible assets during 2008. We concluded that the carrying amounts of goodwill and certain acquisition-related intangible assets associated with the Digital Television business unit were impaired, and we recorded an impairment charge of $473 million.

During the third quarter of 2008, we entered into an agreement with Broadcom Corporation to sell the Digital Television business unit for $141.5 million. The transaction was completed on October 27, 2008. Based on the final terms of the sale transaction, we recorded an additional goodwill impairment charge of $135 million. As a result of the decisions and transactions described above, pursuant to applicable accounting guidance, the operating results of the Digital Television business unit are presented as discontinued operations in the consolidated statements of operations for the applicable periods presented. Cash flows from discontinued operations were not material and were combined with cash flows from continuing operations within the consolidated statement of cash flows categories.

The results from discontinued operations for our former Digital Television business unit were as follows:

	2009	2008
	(In millions)	
Net revenue	$—	$ 73
Expenses	(3)	(147)
Impairment of goodwill and acquired intangible assets	—	(609)
Restructuring charges	—	(1)
Loss from discontinued operations	$ (3)	$(684)

Recently Adopted Accounting Standards

Noncontrolling Interest. In June 2009, the FASB issued guidance that amends the evaluation criteria to identify the primary beneficiary of a variable interest entity. Additionally, this guidance requires ongoing reassessments of whether an enterprise is the primary beneficiary of the variable interest entity. This guidance became effective for interim and annual reporting periods after November 15, 2009. We adopted this new guidance as of the beginning of 2010, and we applied such guidance in evaluating whether we could deconsolidate GF given the changes in governance over the operations of GF that occurred effective December 28, 2009. See Note 3 of Notes to Consolidated Financial Statements for additional information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our investment portfolio and long-term debt. We usually invest our cash in investments with short maturities or with frequent interest reset terms. Accordingly, our interest income fluctuates with short-term market conditions. As of December 25, 2010, our investment portfolio consisted primarily of time deposits, money market funds, commercial paper and ARS. With the exception of our ARS, these investments were highly liquid. Due to the short-term nature of our investment portfolio and the current low interest rate environment, our exposure to interest rate risk is minimal.

As of December 25, 2010, all of our outstanding debt is fixed interest rate debt. Consequently, our exposure to market risk for changes in interest rates on reported interest expense and corresponding cash flows is minimal.

We will continue to monitor our exposure to interest rate risk.

Default Risk. We mitigate default risk in our investment portfolio by investing in only the highest credit quality securities and by constantly positioning our portfolio to respond appropriately to a significant reduction in a credit rating of any investment issuer or guarantor. Our portfolio includes investments in debt and marketable equity securities with active secondary or resale markets to ensure portfolio liquidity. We are averse to principal loss and strive to preserve our invested funds by limiting default risk and market risk.

We actively monitor market conditions and developments specific to the securities and security classes in which we invest. We believe that we take a conservative approach to investing our funds in that we invest only in highly-rated debt securities with relatively short maturities and do not invest in securities we believe involve a higher degree of risk. As of December 25, 2010, substantially all of our investments in debt securities were AAA rated by at least one of the rating agencies. While we believe we take prudent measures to mitigate investment related risks, such risks cannot be fully eliminated as there are circumstances outside of our control. We believe the current credit market difficulties do not have a material impact on our financial position. However, a future degradation in credit market conditions could have a material adverse effect on our financial position.

As a result of the uncertainties in the credit markets, all of our ARS were negatively affected and auctions for these securities failed to settle on their respective settlement dates. As of December 25, 2010, we had approximately $57 million of investments in ARS. See "Part II, Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" in this report for further information. The following table presents the cost basis, fair value and related weighted-average interest rates by year of maturity for our investment portfolio and debt obligations as of December 25, 2010:

	2011	2012	2013	2014	2015	Thereafter	Total	2010 Fair Value
				(In millions, except for percentages)				
Investment Portfolio								
Cash equivalents:								
Fixed rate amounts	$ 51	$ —	$—	$—	$—	$ —	$ 51	$ 51
Weighted-average rate	0.48%	—	—	—	—	—	0.48%	
Variable rate amounts	$ 405	$ —	$—	$—	$—	$ —	$ 405	$ 405
Weighted-average rate	0.21%	—	—	—	—	—	0.21%	
Marketable securities								
Equity investments	$ 8	$ —	$—	$—	$—	$ —	$ 8	$ 8
Fixed rate amounts	$1,118	$ —	$—	$—	$—	$ —	$1,118	$ 1,118
Weighted-average rate	0.69%	—	—	—	—	—	0.69%	
Variable rate amounts	$ —	$ —	$—	$—	$—	$ 66	$ 66	$ 57
Weighted-average rate	—	—	—	—	—	1.84%	1.84%	
Long-term investments:								
Equity Investments	$ 1	$ —	$—	$—	$—	$ —	$ 1	$ 1
Variable rate amounts	$ 29	$ —	$—	$—	$—	$ —	$ 29	$ 29
Weighted-average rate	0.20%	—	—	—	—	—	0.20%	
Total Investment Portfolio	$1,612	$ —	$—	$—	$—	$ 66	$1,678	$ 1,669
Debt Obligations								
Fixed rate amounts	$ —	$ 485	$—	$—	$723	$ 954	$2,162	$ 2,326
Weighted-average rate	—	5.75%	—	—	8%	8.82%	7.86%	7.3%

Foreign Exchange Risk. As a result of our foreign operations, we incur costs and we carry assets and liabilities that are denominated in foreign currencies, primarily the Canadian dollar, while sales of products are primarily denominated in U.S. dollars. Prior to the deconsolidation of GF in 2009, we also incurred cost and carried assets and liabilities that were denominated primarily in the euro.

We maintain a foreign currency hedging strategy, which uses derivative financial instruments to mitigate the risks associated with changes in foreign currency exchange rates. This strategy takes into consideration all of our exposures. We do not use derivative financial instruments for trading or speculative purposes.

In applying our strategy in 2010, we used foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies, primarily the euro and Canadian dollar. We designated these contracts as cash flow hedges of forecasted expenses, to the extent eligible under the accounting rules (refer to the discussion below related to euro currency forward contracts), and evaluate hedge effectiveness prospectively and retrospectively. As such, the effective portion of the gain or loss on these contracts is reported as a component of accumulated other comprehensive income (loss) and reclassified to earnings in the same line item as the associated forecasted transaction and in the same period during which the hedged transaction affects earnings. Any ineffective portion is immediately recorded in earnings.

Upon deconsolidation of GF in the first quarter of 2010, our outstanding euro currency forward contracts no longer qualified for cash flow hedge accounting treatment because we no longer had direct exposure to the euro denominated forecasted spending incurred by GF that those contracts were intended to hedge. However, subsequent to the deconsolidation of GF, GF invoiced us in U.S. dollars under the Wafer Supply Agreement and these invoices reflected fluctuations in the euro because some of GF's wafer costs are based on euro denominated costs. Therefore, our operating results and cash flows in 2010 were indirectly exposed to fluctuations in the euro even after deconsolidation. We may continue to economically hedge any material indirect euro exposure by entering into euro currency forward contracts. However, because these contracts do not qualify as cash flow hedges, gains or losses on these contracts cannot be included in cost of sales, and mark-to-market gains and losses on these contracts can no longer be deferred until the forecasted transactions occur. For the year ended December 25, 2010, we recorded a loss of $16 million related to these euro currency forward contracts in other income (expense), net in our consolidated statement of operations.

We also use, from time to time, foreign currency forward contracts to economically hedge recognized foreign currency exposures on the balance sheets of various subsidiaries, primarily those denominated in Canadian dollars. We do not designate these forward contracts as hedging instruments. Accordingly, the gain or loss associated with these contracts is immediately recorded in earnings.

The following table provides information about our foreign currency forward contracts as of December 25, 2010 and December 26, 2009. All of our foreign currency forward contracts mature within 12 months.

	December 25, 2010			December 26, 2009		
	Notional Amount	Average Contract Rate	Estimated Fair Value Gain (Loss)	Notional Amount	Average Contract Rate	Estimated Fair Value Gain (Loss)
	(In millions except contract rates)					
Foreign currency forward contracts:						
Canadian Dollar	$ 155	1.0176	$ 1	$ 147	1.0516	$ —
Euro	147	1.3486	(4)	237	1.4811	(6)
Total:	$ 302		$ (3)	$ 384		$ (6)

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Advanced Micro Devices, Inc.

Consolidated Statements of Operations

	Year Ended December 25, 2010	Year Ended December 26, 2009	Year Ended December 27, 2008
	(In millions, except per share amounts)		
Net revenue	$ 6,494	$ 5,403	$ 5,808
Cost of sales	3,533	3,131	3,488
Gross margin	2,961	2,272	2,320
Research and development	1,405	1,721	1,848
Marketing, general and administrative	934	994	1,304
Legal settlement	(283)	(1,242)	—
Amortization of acquired intangible assets	61	70	137
Impairment of goodwill and acquired intangible assets	—	—	1,089
Restructuring charges (reversals)	(4)	65	90
Gain on sale of 200 millimeter equipment	—	—	(193)
Operating income (loss)	848	664	(1,955)
Interest income	11	16	39
Interest expense	(199)	(438)	(391)
Other income (expense), net	311	166	(37)
Income (loss) before equity in net loss of investees and income taxes	971	408	(2,344)
Provision for income taxes	38	112	68
Equity in net loss of investee	(462)	—	—
Income (loss) from continuing operations	471	296	(2,412)
Loss from discontinued operations, net of tax	—	(3)	(684)
Net income (loss)	471	293	(3,096)
Net income (loss) attributable to noncontrolling interest	—	83	(33)
Class B preferred accretion	—	(72)	—
Net income (loss) attributable to AMD common stockholders	$ 471	$ 304	$ (3,129)
Net income (loss) attributable to AMD common stockholders per common share			
Basic			
Continuing operations	$ 0.66	$ 0.46	$ (4.03)
Discontinued operations	—	—	(1.12)
Basic net income (loss) attributable to AMD common stockholders per common share	$ 0.66	$ 0.46	$ (5.15)
Diluted			
Continuing operations	$ 0.64	$ 0.45	$ (4.03)
Discontinued operations	—	—	(1.12)
Diluted net income (loss) attributable to AMD common stockholders per common share	$ 0.64	$ 0.45	$ (5.15)
Shares used in per share calculation			
Basic	711	673	607
Diluted	733	678	607

See accompanying notes to consolidated financial statements.

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Advanced Micro Devices, Inc.

Consolidated Balance Sheets

	December 25, 2010	December 26, 2009*
	(In millions, except par value amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 606	$ 1,657
Marketable securities	1,183	1,019
Total cash and cash equivalents and marketable securities	1,789	2,676
Accounts receivable, net	968	745
Inventories, net	632	567
Prepaid expenses and other current assets	205	287
Total current assets	3,594	4,275
Property, plant and equipment, net	700	3,809
Acquisition related intangible assets, net	37	98
Goodwill	323	323
Other assets	310	573
Total assets	$ 4,964	$ 9,078
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 376	$ 647
Accounts payable to GLOBALFOUNDRIES	205	—
Accrued liabilities	698	795
Deferred income on shipments to distributors	143	121
Other short-term obligations	229	171
Current portion of long-term debt and capital lease obligations	4	308
Other current liabilities	19	168
Total current liabilities	1,674	2,210
Long-term debt and capital lease obligations, less current portion	2,188	4,252
Other long-term liabilities	82	892
Noncontrolling interest	—	1,076
Accumulated loss in excess of investment in GLOBALFOUNDRIES	7	—
Commitments and contingencies (see Notes 16 and 17)		
Stockholders' equity:		
Capital stock:		
Common stock, par value $0.01; 1,500 shares authorized on December 25, 2010 and December 26, 2009; shares issued: 691 on December 25, 2010 and 679 on December 26, 2009; shares outstanding: 683 on December 25, 2010 and 671 on December 26, 2009.	7	7
Additional Paid in Capital	6,575	6,524
Treasury stock, at cost (8 shares on December 25, 2010 and December 26, 2009)	(102)	(98)
Accumulated deficit	(5,468)	(5,939)
Accumulated other comprehensive income	1	154
Total stockholders' equity	1,013	648
Total liabilities and stockholders' equity	$ 4,964	$ 9,078

*Includesthe account balances of GF which were deconsolidated as of the beginning of the first quarter of 2010.

See accompanying notes to consolidated financial statements.

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Advanced Micro Devices, Inc.

Consolidated Statements of Stockholders' Equity
Three Years Ended December 25, 2010
(In millions)

	Number of shares	Amount	Additional Paid in Capital	Treasury stock	Retained earnings (deficit)	Accumulated other comprehensive income (loss)	Total stockholders' equity
December 29, 2007	606	$ 6	$ 6,271	$ (95)	$ (3,115)	$ 163	$ 3,230
Comprehensive loss:							
Net loss attributable to AMD common stockholders	—	—	—	—	(3,129)	—	(3,129)
Other comprehensive income (loss):							
Net change in unrealized gains on cash flow hedges, net of taxes of $0	—	—	—	—	—	(29)	(29)
Reclassification adjustment for gain included in earnings, net of taxes of $1	—	—	—	—	—	(23)	(23)
Minimum pension liability	—	—	—	—	—	(3)	(3)
Total other comprehensive income							(55)
Total comprehensive loss							(3,184)
Issuance of shares:							
Employee stock plans	3	—	1	(2)	—	—	(1)
Compensation recognized under employee stock plans	—	—	82	—	—	—	82
December 27, 2008	609	$ 6	$ 6,354	$ (97)	$ (6,244)	$ 108	$ 127
Comprehensive income:							
Net income attributable to AMD common stockholders	—	—	—	—	304	—	304
Other comprehensive income (loss):							
Net change in unrealized gain on investments, net of taxes of $0	—	—	—	—	—	14	14
Net change in unrealized loss on cash flow hedges, net of taxes of $0	—	—	—	—	—	(1)	(1)
Reclassification adjustment for loss included in earnings, net of taxes of $0	—	—	—	—	—	29	29
Minimum pension liability	—	—	—	—	—	4	4
Total other comprehensive income							46
Total comprehensive income							350
Issuance of shares:							
Employee stock plans	4	—	2	(1)	—	—	1
Compensation recognized under employee stock plans	—	—	75	—	—	—	75
Common stock and warrants issued, net of issuance cost	58	1	124	—	—	—	125
Adjustment to equity component of the 6.00% Notes resulting from debt buyback	—	—	(27)	—	—	—	(27)
Others	—	—	(4)	—	1	—	(3)
December 26, 2009	671	$ 7	$ 6,524	$ (98)	$ (5,939)	$ 154	$ 648
Comprehensive income:							
Net income attributable to AMD common stockholders	—	—	—	—	471	—	471
Other comprehensive income (loss):							
Net change in unrealized gain on investments, net of taxes of $0	—	—	—	—	—	(16)	(16)
Net change in unrealized loss on cash flow hedges, net of taxes of $0	—	—	—	—	—	4	4
Reclassification adjustment for loss included in earnings, net of taxes of $0	—	—	—	—	—	1	1
Net change in cumulative translation adjustments related to GF	—	—	—	—	—	(142)	(142)
Total other comprehensive income							(153)
Total comprehensive income							318
Issuance of shares:							
Employee stock plans	5	—	15	(4)	—	—	11
Compensation recognized under employee stock plans	—	—	87	—	—	—	87
Common stock and warrants issued, net of issuance cost	7	—	—	—	—	—	—
Adjustment to equity component of the 6.00% Notes resulting from debt buyback	—	—	(57)	—	—	—	(57)
Others	—	—	6	—	—	—	6
December 25, 2010	683	$ 7	$ 6,575	$ (102)	$ (5,468)	$ 1	$ 1,013

See accompanying notes to consolidated financial statements.

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Advanced Micro Devices, Inc.

Consolidated Statements of Cash Flows

	Year Ended		
	December 25, 2010	December 26, 2009	December 27, 2008
		(In millions)	
Cash flows from operating activities:			
Net income (loss)	$ 471	$ 293	$ (3,096)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Equity in net loss of investee	462	—	—
Gain on deconsolidation of GLOBALFOUNDRIES	(325)	—	—
Depreciation and amortization	383	1,128	1,223
Provision (benefit) for deferred income taxes	(5)	130	82
Net loss (gain) on debt redemption	24	(169)	(34)
Gain on sale of certain Handheld assets	—	(28)	—
Amortization of foreign grant and allowance income	(16)	(110)	(107)
Impairment of goodwill and acquired intangible assets	—	—	1,687
Net loss on disposal of property, plant and equipment	—	28	29
Compensation recognized under employee stock plans	87	75	83
Non-cash interest expense	30	121	29
Other than temporary impairment on marketable securities	—	3	77
Gain on sale of 200 millimeter equipment	—	—	(193)
Net gain on sale of marketable securities	(17)	—	—
Other	(11)	41	(72)
Changes in operating assets and liabilities:			
Accounts receivable	(1,138)	(960)	101
Inventories	(144)	89	152
Prepaid expenses and other current assets	(97)	(17)	64
Other assets	11	(18)	(41)
Income taxes payable	2	(28)	46
Accounts payables, accrued liabilities and other	(184)	(105)	(722)
Accounts payable to GLOBALFOUNDRIES	55	—	—
Net cash provided by (used in) operating activities	(412)	473	(692)
Cash flows from investing activities:			
Purchases of available-for-sale securities	(1,800)	(1,486)	(200)
Purchases of property, plant and equipment	(148)	(466)	(624)
Proceeds from sale of certain Handheld assets	—	58	—
Cash decrease due to deconsolidation of GLOBALFOUNDRIES	(904)	—	—
Proceeds from sale and maturity of available-for-sale securities	1,640	603	416
Proceeds from sale and maturity of trading securities	69	14	—
Proceeds from sale of property, plant and equipment	1	—	343
Proceeds from sale of Digital Television business unit	—	—	127
Purchase of limited partner contribution	—	—	(95)
Other	19	4	6
Net cash used in investing activities	(1,123)	(1,273)	(27)
Cash flows from financing activities:			
Proceeds from issuance of GLOBALFOUNDRIES convertible notes	—	1,269	—
Proceeds from issuance of preferred securities of GLOBALFOUNDRIES	—	1,091	—
Proceeds from borrowings, net of issuance cost	1,520	1,060	308
Proceeds from issuance of AMD common stock	15	125	—
Net proceeds from foreign grants and allowances	19	55	161
Repurchase of noncontrolling interest	—	(158)	—
Repayments of debt and capital lease obligations	(1,074)	(1,820)	(166)
Payments on return of noncontrolling interest contributions	—	(67)	(19)
Payments under silent partner obligation	—	(32)	(63)
Proceeds from issuance of common stock under stock-based compensation plans	—	2	—
Other	4	(1)	(1)
Net cash provided by financing activities	484	1,524	220
Net increase (decrease) in cash and cash equivalents	(1,051)	724	(499)
Cash and cash equivalents at beginning of year	1,657	933	1,432
Cash and cash equivalents at end of year	$ 606	$ 1,657	$ 933
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 164	$ 319	$ 339
Income taxes	$ 12	$ 14	$ 11
Non-cash financing activities:			
Capital leases	$ —	$ 36	$ —

See accompanying notes to consolidated financial statements.

Advanced Micro Devices, Inc.

Notes to Consolidated Financial Statements

December 25, 2010, December 26, 2009 and December 27, 2008

NOTE 1: Nature of Operations

Advanced Micro Devices, Inc. (the Company or AMD) is a global semiconductor company with facilities throughout the world. References herein to the "Company" mean AMD and its subsidiaries, and for 2009 also includes GLOBALFOUNDRIES (GF) and its subsidiaries. The Company provides

(i) x86 microprocessors, for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers; and

(ii) graphics, video and multimedia products for desktop and notebook computers, including home media PCs, professional workstations and servers and technology for game consoles.

During the fourth quarter of 2008, the Company completed the sale of its Digital Television business unit to Broadcom Corporation. As a result, the Company no longer sells video processors used in digital television products.

NOTE 2: Summary of Significant Accounting Policies

Fiscal Year. The Company uses a 52- to -53 week fiscal year ending on the last Saturday in December. Fiscal 2010, 2009 and 2008 ended December 25, December 26 and December 27, respectively. Fiscal 2010, 2009 and 2008 all consisted of 52 weeks.

Principles of Consolidation. The consolidated financial statements include the Company's accounts and those of its wholly-owned subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated, and amounts pertaining to the noncontrolling ownership interests held by third parties in the operating results and financial position of the Company's subsidiaries are reported as noncontrolling interest.

Beginning in the first quarter of 2010, the Company concluded that it is no longer the primary beneficiary of GF. Accordingly, it ceased consolidating the results of operations and financial position of GF and started accounting for GF under the equity method of accounting (See Note 3). Therefore, the users of the Company's consolidated financial statements should consider the effect of deconsolidation when comparing 2010 to the periods prior to 2010.

Reclassifications. Certain reclassifications have been made to prior year balances in order to conform to the current year's presentation of financial information.

Use of Estimates. The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results are likely to differ from those estimates, and such differences may be material to the financial statements. Areas where management uses subjective judgment include, but are not limited to, revenue allowances, inventory valuation, valuation of goodwill and acquisition-related intangible assets, impairment of long-lived assets, including goodwill and acquisition-related intangible assets, valuation of investments in marketable securities and deferred income taxes.

Revenue Recognition. The Company recognizes revenue from products sold directly to customers, including original equipment manufacturers (OEMs), when persuasive evidence of an arrangement exists, the price is fixed or determinable, delivery has occurred and collectibility is reasonably assured. Estimates of product returns, allowances and future price reductions, based on actual historical experience and other known or anticipated trends and factors, are recorded at the time revenue is recognized. The Company sells to distributors under terms allowing the majority of distributors certain rights of return and price protection on unsold merchandise held by them. The distributor agreements, which may be cancelled by either party upon specified notice, generally contain a provision for the return of those of the Company's products that the Company has removed from its price book or that are not more than twelve months older than the manufacturing code date. In addition, some agreements with distributors may contain standard stock rotation provisions permitting limited levels of product returns. Accordingly, the Company defers the gross margin resulting from the deferral of both revenue and related product costs from sales to distributors with agreements that have the aforementioned terms until the merchandise is resold by the distributors and reports such deferred amounts as "Deferred income on shipments to distributors" on its consolidated balance sheet. Products are sold to distributors at standard published prices that are contained in price books that are broadly provided to the Company's various distributors. Distributors are then required to pay for these products within the Company's standard commercial terms, which are typically net 30 days. The Company records allowances for price protection given to distributors and customer rebates in the period of distributor re-sale. The Company determines these allowances based on specific contractual terms with its distributors. Price reductions generally do not result in sales prices that are less than the Company's product cost. Deferred income on shipments to distributors is revalued at the end of each period based on the change in inventory units at distributors, latest published prices, and latest product costs.

The Company also sells its products to distributors under sales arrangements whose terms do not allow for rights of return or price protection on unsold products held by them. In these instances, the Company recognizes revenue when it ships the product directly to the distributors.

The Company records estimated reductions to revenue under distributor and customer incentive programs, including certain cooperative advertising and marketing promotions and volume based incentives and special pricing arrangements, at the time the related revenues are recognized. For transactions where the Company reimburses a customer for a portion of the customer's cost to perform specific product advertising or marketing and promotional activities, such amounts are recorded as a reduction of revenue unless they qualify for cost recognition. Shipping and handling costs associated with product sales are included in cost of sales.

Deferred revenue and related product costs for 2010 and 2009 are as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Deferred revenue	$ 254	$ 182
Deferred cost of sales	(111)	(61)
Deferred income on shipments to distributors	$ 143	$ 121

Inventories. Inventories are stated at standard cost adjusted to approximate the lower of actual cost (first-in, first-out method) or market (net realizable value). Generally, inventories on hand in excess of forecasted demand for the next two quarters are not valued. Obsolete inventories are written off.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Goodwill amounts are not amortized, but rather are tested for impairment at least annually or more frequently if there are indicators of impairment present. The Company performs its annual goodwill impairment analysis as of the first day of the fourth quarter of each fiscal year. The Company evaluates whether goodwill has been impaired at the reporting unit level by first determining whether the estimated fair value of the reporting unit is less than its carrying value and, if so, by determining whether the implied fair value of goodwill within the reporting unit is less than the carrying value. Implied fair value of goodwill is determined by considering both the income and market approach.

Impairment of Long-Lived Assets including Acquired Intangible Assets. For long-lived assets other than goodwill, the Company evaluates whether impairment losses have occurred when events and circumstances indicate that the carrying amount of these assets might not be recoverable. The Company assesses recoverability by determining whether the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. If less, the impairment losses are based on the excess of the carrying amounts of these assets over their respective fair values. Their fair values would then become the new cost basis. Fair value is determined by discounted future cash flows, appraisals or other methods. For assets held for sale, impairment losses are measured at the lower of the carrying amount of the assets or the fair value of the assets less costs to sell. For assets to be disposed of other than by sale, impairment losses are measured as their carrying amount less salvage value, if any, at the time the assets cease to be used.

Commitments and Contingencies. From time to time the Company is a defendant or plaintiff in various legal actions that arise in the normal course of business. The Company is also a party to environmental matters, including local, regional, state and federal government clean-up activities at or near locations where the Company currently or has in the past conducted business. The Company is also a guarantor of various third-party obligations and commitments. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of reasonably possible losses. A determination of the amount of reserves required for these commitments and contingencies, if any, that would be charged to earnings, includes assessing the probability of adverse outcomes and estimating the amount of potential losses. The required reserves, if any, may change in the future due to new developments in each matter or changes in circumstances such as a change in settlement strategy. Changes in required reserves could increase or decrease the Company's earnings in the period the changes are made (see Notes 16 and 17).

Cash Equivalents. Cash equivalents consist of financial instruments that are readily convertible into cash and have original maturities of three months or less at the time of purchase.

Investments in Certain Debt and Equity Securities. The Company classifies its investments in debt and marketable equity securities at the date of acquisition as either held to maturity, available-for-sale or trading securities. Held to maturity securities are carried at amortized cost. Unrealized holding gains and losses are not reported in the financial statements until realized or until a decline in fair value below cost is deemed to be other-than-temporary. Available-for-sale securities are reported at fair value with the related unrealized gains and losses included, net of tax, in other comprehensive income (loss), a component of stockholders' equity. Realized gains and losses and declines in the value of available-for-sale securities determined to be other than temporary are included in other income (expense), net. Trading securities are reported at fair value with changes in the related unrealized gains and losses included in earnings. The cost of securities sold is determined based on the specific identification method.

The Company classifies investments in debt securities with remaining time to maturity of more than three months as marketable securities on its consolidated balance sheets. Classification of these securities as current versus long-term depends on whether the Company has the intent and ability to sell these securities within 12 months. Investments in debt securities with remaining time to maturity greater than 12 months are classified as current when they represent investments of cash that are intended for use in current operations within the next twelve months.

Derivative Financial Instruments. The Company maintains a foreign currency hedging strategy, which uses derivative financial instruments to mitigate the risks associated with changes in foreign currency exchange rates. This strategy takes into consideration all of the Company's consolidated exposures. The Company does not use derivative financial instruments for trading or speculative purposes.

In applying its strategy, the Company used foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies, primarily the euro and Canadian dollar. The Company designated these contracts as cash flow hedges of forecasted expenses, to the extent eligible under the accounting rules, and evaluates hedge effectiveness prospectively and retrospectively. As such, the effective portion of the gain or loss on these contracts is reported as a component of accumulated other comprehensive income (loss) and reclassified to earnings in the same line item as the associated forecasted transaction and in the same period during which the hedged transaction affects earnings. Any ineffective portion is immediately recorded in earnings.

Upon deconsolidation of GF in the first quarter of 2010, the Company's outstanding euro currency forward contracts no longer qualified for cash flow hedge accounting treatment because the Company no longer had direct exposure to the euro denominated forecasted spending incurred by GF that those contracts were intended to hedge. However, subsequent to the deconsolidation of GF in 2010, GF invoiced the Company in U.S. dollars under the Wafer Supply Agreement and these invoices reflected fluctuations in the euro because some of GF's wafer costs are based on euro denominated costs. Therefore, the Company's operating results and cash flows in 2010 were indirectly exposed to fluctuations in the euro even after deconsolidation. The Company may continue to economically hedge any material indirect euro exposure by entering into euro currency forward contracts. However, because these contracts do not qualify as cash flow hedges, gains or losses on these contracts cannot be included in cost of sales, and mark-to-market gains and losses on these contracts can no longer be deferred until the forecasted transactions occur.

The Company also uses, from time to time, foreign currency forward contracts to economically hedge recognized foreign currency exposures on the balance sheets of various subsidiaries, primarily those denominated in Canadian dollar. The Company does not designate these forward contracts as hedging instruments. Accordingly, the gain or loss associated with these contracts is immediately recorded in earnings.

Property, Plant and Equipment. Property, plant and equipment are stated at cost. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets for financial reporting purposes. Estimated useful lives for financial reporting purposes are as follows: equipment, two to six years; buildings and building improvements, up to 39 years; and leasehold improvements, measured by the shorter of the remaining terms of the leases or the estimated economic useful lives of the improvements.

Product Warranties. The Company generally warrants that its microprocessors, graphics processors and chipsets sold to its customers will conform to the Company's approved specifications and be free from defects in material and workmanship under normal use and service for one year, provided that, subject to certain exceptions, the Company generally offers a three-year limited warranty to end users for microprocessor products that are commonly referred to as "processors in a box" and for ATI Technologies ULC (ATI)-branded PC workstation products and has offered extended limited warranties to certain customers of "tray" microprocessor products and/or workstation graphics products who have written agreements with the Company and target their computer systems at the commercial and/or embedded markets.

The Company accrues warranty costs at the time of sale of warranted products.

Foreign Currency Translation/Transactions. The functional currency of all of the Company's foreign subsidiaries is the U.S. dollar. Assets and liabilities denominated in non-U.S. dollars have been remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and historical exchange rates for non-monetary assets and liabilities. Non-U.S. dollar denominated transactions have been remeasured at average exchange rates in effect during each period, except for those cost of sales and expense transactions related to non-monetary balance sheet amounts, which have been remeasured at historical exchange rates. The gains or losses from foreign currency remeasurement are included in earnings.

Foreign Subsidies. The Company received investment grants in connection with the construction and operation of its facilities in Asia. Generally, such grants are subject to forfeiture in declining amounts over the life of the agreement if the Company does not maintain certain levels of employment or meet other conditions specified in the relevant grant documents. Accordingly, amounts granted are initially recorded as a receivable until cash proceeds are received. In the period the grant receivable is recorded, a current and long-term liability is also recorded which is subsequently amortized as a reduction to cost of sales.

The Company also received an investment grant relating to certain research and development projects. These research and development funds are recorded as a reduction of research and development expenses when all conditions and requirements set forth in the underlying grant agreement are met.

Marketing, Communications and Advertising Expenses. Marketing, communications, and advertising expenses for 2010, 2009 and 2008 were approximately $275 million, $313 million and $520 million, respectively. Cooperative advertising funding obligations under customer incentive programs are accrued and the costs recorded upon agreement with customers and vendor partners. Cooperative advertising expenses are recorded as marketing, general and administrative expense to the extent the cash paid does not exceed the fair value of the advertising benefit received. Any excess of cash paid over the fair value of the advertising benefit received is recorded as a reduction of revenue.

Net Income (Loss) Per Share. Basic net income (loss) attributable to AMD common stockholders per share is computed using the weighted-average number of common shares outstanding and shares issuable upon exercise of the warrants issued by the Company to West Coast Hitech L.P., (WCH) in connection with the GF transaction. These warrants became exercisable for a nominal consideration during 2009. Accordingly, the 35 million shares of AMD common stock issuable upon the exercise of the warrants have been included in the weighted-average basic per share computations from 2009 forward.

Diluted net income (loss) attributable to AMD common stockholders per share is computed using the weighted-average number of common shares outstanding plus any dilutive potential common shares outstanding. Potential common shares include stock options, restricted stock awards and shares issuable upon the conversion of convertible debt. The following table sets forth the components of basic and diluted income (loss) attributable to AMD common stockholders per share:

	2010	2009	2008
	(In millions, except per share amounts)		
Numerator:			
Numerator for basic and diluted income (loss) attributable to AMD common stockholders from continuing operations	$ 471	$ 307	$ (2,445)
Numerator for basic and diluted income (loss) attributable to AMD common stockholders from discontinued operations	$ —	$ (3)	$ (684)
Denominator—weighted average shares			
Denominator for basic net income (loss) attributable to AMD common stockholders per share	711	673	607
Effect of dilutive potential common shares:			
Employee stock options and awards	22	5	—
Denominator for diluted net income (loss) attributable to AMD common stockholders per share	733	678	607
Net income (loss) attributable to AMD common stockholders per common share			
Basic			
Continuing operations	$ 0.66	$ 0.46	$ (4.03)
Discontinued operations	—	—	(1.12)
Basic net income (loss) attributable to AMD common stockholders per share	$ 0.66	$ 0.46	$ (5.15)
Diluted			
Continuing operations	$ 0.64	$ 0.45	$ (4.03)
Discontinued operations	—	—	(1.12)
Diluted net income (loss) attributable to AMD common stockholders per share	$ 0.64	$ 0.45	$ (5.15)

Potential common shares (i) from outstanding equity incentive awards totaling approximately 17 million, 43 million and 69 million, and (ii) issuable under the Company's 5.75% Notes due 2012 (5.75% Notes) totaling 24 million, 73 million and 75 million for the years ended December 25, 2010, December 26, 2009 and December 27, 2008, respectively, were not included in the per share calculations as their inclusion would have been anti-dilutive.

Accumulated Other Comprehensive Income (Loss). Unrealized holding gains or losses on the Company's available-for-sale securities, unrealized holding gains and losses on derivative financial instruments qualifying as cash flow hedges, changes in minimum pension liabilities, and foreign currency translation adjustments are included in other comprehensive income (loss).

The following are the components of accumulated other comprehensive income:

	2010	2009
	(In millions)	
Net unrealized holding gains (losses) on available-for-sale securities, net of taxes of $0 in 2010 and $0 in 2009.	$ (1)	$ 14
Net unrealized holding losses on cash flow hedges, net of taxes of $0 in 2010 and $0 in 2009.	3	(1)
Cumulative translation adjustments	(1)	141
	$ 1	154

Stock-Based Compensation. The Company estimates stock-based compensation cost for stock options at the grant date based on the award's fair-value as calculated by the lattice-binomial option-pricing model. For restricted stock units and awards, fair value is based on the closing price of the Company's common stock on the grant date. The expense is recognized using the single option method which is ratable on a straight-line basis over the requisite service period.

The application of the lattice-binomial option-pricing model requires the use of extensive actual employee exercise behavior data and the use of a number of complex assumptions including expected volatility of the Company's common stock, risk-free interest rate, and expected dividends. Significant changes in any of these assumptions could materially affect the fair value of stock options granted in the future.

Forfeiture rates are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates in order to derive the Company's best estimate of awards ultimately expected to vest.

Recently Adopted Accounting Standards

Noncontrolling Interest. In June 2009, the FASB issued guidance that amends the evaluation criteria to identify the primary beneficiary of a variable interest entity. Additionally, this guidance requires ongoing reassessments of whether an enterprise is the primary beneficiary of the variable interest entity. This guidance became effective for interim and annual reporting periods after November 15, 2009. The Company adopted this new guidance as of the beginning of 2010 and has applied such guidance in evaluating whether it should continue to consolidate GF given the changes in governance over the operations of GF that occurred effective December 28, 2009. (See Note 3).

NOTE 3: GLOBALFOUNDRIES

Formation and Accounting in 2009

On March 2, 2009, the Company consummated the transactions contemplated by the Master Transaction Agreement among the Company, Advanced Technology Investment Company LLC (ATIC), a limited liability company established under the laws of the Emirate of Abu Dhabi and wholly owned by the Government of the Emirate of Abu Dhabi, and WCH, acting through its general partner, West Coast Hitech G.P., Ltd., a corporation organized under the laws of the Cayman Islands, pursuant to which the Company formed GF. At the closing of these transactions (Closing), the Company contributed certain assets and liabilities to GF, including, among other things, shares of the groups of German subsidiaries owning Fab 1 Module 1 (formerly Fab 36) and Fab 1 Module 2 (formerly Fab 30/38) (Dresden Subsidiaries), certain manufacturing assets, real property, tangible personal property, employees, inventories, books and records, a portion of the Company's patent portfolio, intellectual property and technology, rights under certain material contracts and authorizations necessary for GF to carry on its business. In exchange, the Company received GF securities consisting of one Class A Ordinary Share, 1,090,950 Class A Preferred Shares and 700,000 Class B Preferred Shares, and the assumption of certain liabilities by GF. ATIC contributed $1.4 billion of cash to GF in exchange for GF securities consisting of one Class A Ordinary Share, 218,190 Class A Preferred Shares, 172,760 Class B Preferred Shares, $202 million aggregate principal amount of 4% Class A Subordinated Convertible Notes (the Class A Notes) and $807 million aggregate principal amount of 11% Class B Subordinated Convertible Notes (the Class B Notes), and transferred $700 million of cash to the Company in exchange for the transfer by the Company of 700,000 GF Class B Preferred Shares.

At the Closing, the Company also issued to WCH, for an aggregate purchase price of $125 million, 58 million shares of its common stock and warrants to purchase 35 million shares of its common stock at an exercise price of $0.01 per share (the Warrants). The Warrants are currently exercisable and expire on March 2, 2019. The shares issuable under these Warrants have been included in the Company's basic and diluted earnings per share (EPS) calculation since the third quarter of 2009 when the Warrants became exercisable. The Company classifies the Warrants as permanent equity in the consolidated balance sheet.

Under the Master Transaction Agreement, the cash consideration that WCH and ATIC paid and the securities that they received are as follows:

- Cash paid by WCH to AMD for the purchase of 58 million shares of AMD common stock and Warrants: $125 million;
- Cash paid by ATIC to GF for the aggregate principal amount of Class A Notes, which are convertible into 201,810 Class A Preferred Shares: $202 million;
- Cash paid by ATIC to GF for the aggregate principal amount of Class B Notes, which are convertible into 807,240 Class B Preferred Shares: $807 million;
- Cash paid by ATIC to GF for 218,190 Class A Preferred Shares: $218 million;
- Cash paid by ATIC to GF for 172,760 Class B Preferred Shares: $173 million; and
- Cash paid by ATIC to AMD for 700,000 Class B Preferred Shares: $700 million.

At the Closing, the Company and ATIC owned 1,090,950, or 83%, and 218,190, or 17%, respectively, of Class A Preferred Shares, and ATIC owned 100% of the Class B Preferred Shares and 100% of the Class A Notes and Class B Notes.

In November 2009, upon the settlement of the Intel litigation (discussed in Note 11) and the execution of a patent cross license agreement between the Company and Intel, the requirements satisfying the Reconciliation Event were met. As a result, GF's Class A and Class B Preferred Shares vote on an as converted basis with any outstanding GF Ordinary Shares.

Class B Preferred Shares. The Class B Preferred Shares rank senior in right of payment to all other classes or series of equity securities of GF for purposes of dividends, distributions and upon a liquidation, dissolution or winding up of GF (Liquidation Event). Each Class B Preferred Share is deemed to accrete in value at a rate of

12% per year, compounded semiannually, of the initial purchase price per such share. The accreted value accrues daily from the Closing and is taken into account upon certain distributions to the holders of Class B Preferred Shares or upon conversion of the Class B Preferred Shares. Upon a Liquidation Event, each Class B Preferred Share will be entitled to receive, prior to any distribution to the holders of any other classes or series of equity securities, an amount equal to its accreted value. Upon completion of the above distribution to the holders of Class B Preferred Shares, each Class A Preferred Share will be entitled to receive its liquidation preference amount out of any remaining assets of GF. Upon completion of the above distributions to the holders of Preferred Shares, all of the remaining assets of GF, if any, will be distributed pro rata among the holders of Ordinary Shares. Each Class B Preferred Share is convertible, at the option of the holder thereof, into Class B Ordinary Shares at the then applicable Class B Conversion Rate (as hereinafter defined) upon a Liquidation Event. Each Class B Preferred Share automatically converts into Class B Ordinary Shares at the then applicable Class B Conversion Rate upon the earlier of (i) an initial public offering of GF (IPO) or (ii) a change of control transaction of GF. The initial “Class B Conversion Rate” is 100 Class B Ordinary Shares for each Class B Preferred Share converted, subject to customary anti-dilution adjustments. As a result of the Reconciliation Event (discussed above), each Class B Preferred Share now votes on an as-converted basis with the Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

Class A Preferred Shares. The Class A Preferred Shares rank senior in right of payment to the Ordinary Shares of GF and junior in right of payment to the Class B Preferred Shares for purposes of dividends, distributions and upon a Liquidation Event. The Class A Preferred Shares are not entitled to any dividend or pre-determined accretion in value. Upon a Liquidation Event, each Class A Preferred Share will be entitled to receive, after the distribution to the holders of the Class B Preferred Shares but prior to any distribution to the holders of Ordinary Shares, out of the remaining assets of GF, if any, an amount equal to the initial purchase price per share of the Class A Preferred Shares. Each Class A Preferred Share is convertible, at the option of the holder thereof, into Class B Ordinary Shares at the then applicable Class A Conversion Rate upon a Liquidation Event. Each Class A Preferred Share will automatically convert into Class B Ordinary Shares at the then applicable Class A Conversion Rate upon the earlier of (i) an IPO or (ii) a change of control transaction of GF. The initial “Class A Conversion Rate” is 100 Class B Ordinary Shares for each Class A Preferred Share converted, subject to customary anti-dilution adjustments. As a result of the Reconciliation Event (discussed above), each Class A Preferred Share now votes on an as-converted basis with the Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

Class A Subordinated Convertible Notes. The Class A Notes accrue interest at a rate of 4% per annum, compounded semiannually, and mature ten years from the date of issuance. Interest on the Class A Notes is payable semiannually in additional Class A Notes. The Class A Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class A Notes are not redeemable by GF without the note holder’s consent. The Class A Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class A Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date based on the conversion ratio in effect on the date of conversion. The Class A Notes will automatically convert into Class A Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Class B Subordinated Convertible Notes. The Class B Notes accrue interest at a rate of 11% per annum, compounded semiannually, and mature ten years from the date of issuance. Interest on the Class B Notes is payable semiannually in additional Class B Notes. The Class B Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class B Notes are not redeemable by GF without the note holder’s consent. The Class B Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class B Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date at the conversion ratio in effect on the date of conversion. The Class B Notes will automatically convert into GF Class B Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Based on the structure of the transaction, pursuant to the guidance on accounting for interests in variable interest entities, during 2009, GF was considered to be a variable interest entity of the Company and the Company was deemed to be the primary beneficiary. Therefore, the Company was required to consolidate the accounts of GF from March 2, 2009 through December 26, 2009. For this period, ATIC's noncontrolling interest, represented by its equity interests in GF, was presented outside of stockholders' equity in the Company's consolidated balance sheet due to ATIC's right to put those securities back to the Company in the event of a change of control of AMD during the two years following the Closing. The Company's net income attributable to its common stockholders per share consisted of its consolidated net income, as adjusted for (i) the portion of GF's losses attributable to ATIC, which is based on ATIC's proportional ownership interest in GF's Class A Preferred Shares (17% in 2009), and (ii) the non-cash accretion on GF's Class B Preferred Shares attributable to the Company, based on its proportional ownership interest of GF's Class A Preferred Shares (83% in 2009).

At the Closing, AMD, ATIC and GF also entered into a Shareholders' Agreement (the Shareholders' Agreement), a Funding Agreement (the Funding Agreement), and a Wafer Supply Agreement (the Wafer Supply Agreement), certain terms of which are summarized below.

Shareholders' Agreement. The Shareholders' Agreement sets forth the rights and obligations of AMD and ATIC as shareholders of GF. The initial GF board of directors (GF Board) consisted of eight directors, and AMD and ATIC each designated four directors. After the Reconciliation Event (discussed above), the number of directors a GF shareholder may designate increases or decreases according to the percentage of GF's shares it owns on a fully diluted basis. The Company had the right to designate three directors to the GF Board as of December 26, 2009. Pursuant to the Shareholders' Agreement, if a change of control of AMD occurs within two years of Closing, ATIC will have the right to put any or all GF securities (valued at their fair market value) held by ATIC and its permitted transferees to the Company in exchange for cash. In addition, if a change of control of AMD occurs after the Reconciliation Event, ATIC will have the option to purchase in cash any or all of the GF securities (valued at their fair market value) held by the Company and its permitted transferees, ATIC can require us or the other party to the change in control transaction to assume a pro-rata portion of ATIC's funding commitment under the Funding Agreement until 2013, and ATIC can require the other party to the change in control transaction to guarantee all of our obligations under the transaction documents.

Funding Agreement. The Funding Agreement provides for the funding of GF and governs the terms and conditions under which ATIC is obligated to provide such funding. Pursuant to the Funding Agreement, ATIC has committed to additional equity funding of a minimum of $3.6 billion and up to $6.0 billion to be provided in phases over five years from the Closing. The aggregate amount of equity funding to be provided by the shareholders in any year depends on the time period of such funding and the amounts set forth in the five-year capital plan of GF. In addition, GF is required to obtain specified third-party debt in any given year, as set forth in its five-year capital plan. To the extent that GF obtains more than the specified amount of third-party debt, ATIC is able to reduce its funding commitment accordingly. The Company has the right, but not the obligation, to provide additional future capital to GF in an amount pro rata to its interest in the fully converted Ordinary Shares of GF. To the extent the Company chooses not to participate in an equity financing of GF, ATIC is obligated to purchase its share of GF securities, subject to ATIC's funding commitments under the Funding Agreement.

ATIC's obligations to provide funding are subject to certain conditions, including the accuracy of GF's representations and warranties in the Funding Agreement, the absence of a material adverse effect on GF or AMD and the absence of a material breach or default by GF or AMD under the provisions of any transaction document. There are additional funding conditions for each of the phases which are set forth in more detail in the Funding Agreement.

During 2009, pursuant to a funding request from GF in accordance with the Funding Agreement, ATIC contributed $260 million of cash to GF in exchange for GF securities consisting of $52 million aggregate principal amount of Class A Notes and $208 million aggregate principal amount of Class B Notes. The Company declined to participate in the funding. As of December 26, 2009, the Company's ownership interest in GF (on a fully converted to Ordinary Shares basis) was approximately 32%.

Wafer Supply Agreement. The Wafer Supply Agreement governs the terms by which the Company purchases products manufactured by GF. Pursuant to the Wafer Supply Agreement, the Company purchases substantially all of its microprocessor unit (MPU) product requirements from GF. The Company currently pays GF for wafers on a cost-plus basis. If the Company acquires a third-party business that manufactures MPU products, it will have up to two years to transition the manufacture of such MPU products to GF. In addition, once GF establishes certain specific qualified processes for bulk silicon wafers, the Company will purchase from GF, where competitive, specified percentages of its GPU requirements. At its request, GF will also provide sort services to the Company on a product-by-product basis.

The Company will provide GF with binding product forecasts of its MPU and GPU product requirements. The price for GPU products will be determined by the parties when GF is able to begin manufacturing GPU products for the Company.

The Wafer Supply Agreement is in effect through March 2, 2024. However, the Wafer Supply Agreement may be terminated if a business plan deadlock occurs because AMD or ATIC, as the shareholders of GF, are unable to agree on GF's annual business plan and ATIC elects to enter into a transition period pursuant to the Funding Agreement. GF has agreed to use commercially reasonable efforts to assist the Company to transition the supply of products to another provider, and to continue to fulfill purchase orders for up to two years following the termination or expiration of the Wafer Supply Agreement. During the transition period, pricing for microprocessor products will remain as set forth in the Wafer Supply Agreement, but the Company's purchase commitments to GF will no longer apply.

Governance Changes, Funding and Accounting in 2010

Deconsolidation of GF

On December 18, 2009, ATIC International Investment Company (ATIC II) acquired Chartered Semiconductor Manufacturing Ltd. (Chartered). On December 28, 2009, with the Company's consent, ATIC II, Chartered and GF entered into a Management and Operating Agreement (MOA), which provided for the joint management and operation of GF and Chartered, thereby allowing GF and Chartered to share costs, take advantage of operating synergies and market wafer fabrications services on a collective basis. In order to allow for the signing of the MOA on December 28, 2009 prior to obtaining any regulatory approvals, the Company agreed to irrevocably waive rights under the Shareholders Agreement with respect to certain matters that require unanimous GF Board approval. Additionally, if any such matters come before the GF Board, the Company agreed that its designated GF directors will vote in the same manner as the majority of ATIC-designated GF Board members voting on any such matters. As a result of waiving such approval rights, as of December 28, 2009, for financial reporting purposes the Company no longer shared the control with ATIC over GF. Based on its fully diluted ownership interest in GF, the Company had the right to designate two directors to the GF Board of Directors as of December 25, 2010.

In June 2009, the FASB issued an amendment to improve financial reporting by enterprises involved with variable interest entities. This new guidance became effective for the Company beginning the first day of 2010. Under the new guidance, the investor who is deemed to both (i) have the power to direct the activities of the variable interest entity that most significantly impact the variable interest entity's economic performance and (ii) be exposed to losses and returns will be the primary beneficiary who should then consolidate the variable interest entity. The Company evaluated whether the governance changes described above would, pursuant to the new guidance, affect its consolidation of GF. The Company considered the purpose and design of GF, the activities of GF that most significantly affect the economic performance of GF and the concept of "who has the power," as contemplated by the new guidance. Based on the results of this evaluation and in light of the governance changes whereby the Company believes it only had protective rights relative to the operations of GF, the Company concluded that the other investor in GF, ATIC, is the party who has the power to direct the activities of GF that most significantly impact GF's performance and is, therefore, the primary beneficiary of GF. Accordingly, effective as of December 27, 2009, the Company deconsolidated GF and started accounting for its ownership interest in GF under the equity method of accounting. Under the deconsolidation accounting guidelines, the investor's opening investment is recorded at fair value as of the date of deconsolidation. The difference between this initial fair value of the investment and the net carrying value is recognized as a gain or loss in earnings. During the first quarter of 2010, the Company completed a valuation analysis to determine the initial fair value of its investment in GF. In determining the fair value, the Company used a combination of the income approach and the market approach.

The income approach included the following inputs and assumptions:

- An expectation regarding the growth of GF revenues at a compounded average growth rate;
- A perpetual long-term growth rate; and
- A discount rate that was based on the estimated weighted average cost of capital of GF.

When choosing the appropriate inputs associated with the market approach to apply to GF trailing and projected financial metrics, GF historical and forecasted performance was benchmarked against that of selected comparable companies. The selected multiple ranges were applied to GF trailing and projected financial metrics in order to obtain an indication of the GF business enterprise value on a minority, marketable basis.

Each approach resulted in a business enterprise value that was comparable. The Company equally weighed the business enterprise value of GF provided by each method. Based on the results of this valuation, the Company determined the deconsolidation date fair value of its investment in GF to be $454 million. The Company recognized approximately $325 million, which is the difference between the fair value as of the deconsolidation date and the net carrying value of its investment, as a non-cash gain in other income (expense), net, for the year ended December 25, 2010.

Funding of GF

Pursuant to each GF funding request from the beginning of 2010 through November 17, 2010, the equity securities issued by GF consisted of 20% of Class A Preferred Shares and 80% of Class B Preferred Shares. On November 24, 2010, the Company, ATIC and GF signed a letter agreement regarding fundings of GF. Pursuant to this letter agreement, the parties agreed that the securities to be issued in consideration of any GF funding would consist solely of GF's Class A Preferred Shares. In addition, the purchase price per Class A Preferred Share would be determined by dividing GF's net tangible assets (derived from its most recent fiscal year-end audited consolidated balance sheet) by GF's total number of outstanding preferred shares (assuming the conversion of any outstanding GF Class A subordinated convertible notes into Class A Preferred Shares and Class B subordinated convertible notes into Class B Preferred Shares) as of the date of the balance sheet referred to above and multiplying by 1.10. Prior to the letter agreement, the funding multiple was 0.90.

During 2010, ATIC contributed $930 million of cash to GF in exchange for GF securities consisting of 444,313 Class A Preferred shares and 617,695 Class B Preferred shares. The Company did not participate in the fundings. As a result, its ownership interest in GF's Class A Preferred shares decreased from approximately 83% as of December 26, 2009 to approximately 62% as of December 25, 2010, and the Company's ownership interest in GF, on a fully converted to Ordinary Shares basis, was approximately 23%. These contributions resulted in an aggregate gain on issuance of new GF shares of $232 million, which was recorded as part of the equity in net loss of investee line item on the consolidated statement of operations.

Equity Method

In applying the equity method of accounting for 2010, the equity in net loss of investee primarily consists of the Company's proportionate share of GF's losses for the period based on the Company's ownership percentage of GF's Class A Preferred Shares, the Company's portion of the non-cash accretion on GF's Class B Preferred Shares, the elimination of intercompany profit, reflecting the mark-up on inventory that remains on the Company's consolidated balance sheet at the end of the period, the amortization of basis differences identified from the purchase price allocation process based on the fair value of GF upon deconsolidation, and, to the extent applicable, the gain or loss on dilution of the Company's ownership interest as a result of capital infusions into GF by ATIC.

GF consolidated Chartered in 2010 because it was deemed to be the primary beneficiary of Chartered (GLOBALFOUNDRIES Singapore Pte. Ltd. or GFS). For the purposes of the Company's application of the equity method of accounting, the Company recorded its share of the GF results excluding the results of Chartered because GF did not have an equity ownership interest in Chartered in 2010.

As of December 25, 2010, the Company's investment in GF is reflected as a liability in the consolidated balance sheet with a balance of $7 million. This amount primarily reflects the accumulated loss that the Company has recognized in excess of the value of its investment in GF since the Company began accounting for GF under the equity method of accounting. Based on the current structure of the Company's Wafer Supply Agreement, its guarantee of certain GF indebtedness, its ownership interest in GF and governance relationship with GF, the Company concluded that it was required to continue to record its share of the equity loss in excess of the carrying amount of its investment balance throughout 2010.

NOTE 4: Noncontrolling Interest

Leipziger Messe and Fab 36 Beteiligungs GmbH, the original unaffiliated limited partners of AMD Fab 36 KG, made considerable contributions to AMD Fab 36 KG, the entity formed to operate the Company's former fabrication facility, Fab 36 (subsequently transferred to GF as described in Note 3). Leipziger Messe and Fab 36 Beteiligungs' contributions to AMD Fab 36 KG, pursuant to the terms set forth in the partnership agreements entered into in 2004, were recorded in the Company's financial statements as noncontrolling interest, based on their fair value. The contributions were not mandatorily redeemable, but rather were subject to redemption outside of the control of the Company. Each accounting period, the Company increased the carrying value of this noncontrolling interest toward its ultimate redemption value of these contributions by the guaranteed rate of return of between 11% and 13%. In 2008, the Company redeemed the remaining unaffiliated limited partnership interest held by Fab 36 Beteiligungs GmbH for $95 million. In 2009, the Company redeemed the remaining unaffiliated limited partnership interest held by Leipziger Messe for $173 million.

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The contributions made by ATIC in connection with the formation of GF were also recorded by the Company as noncontrolling interest. The table below reflects the changes in noncontrolling interest for the three years ended December 25, 2010.

	(In millions)
Balance at December 29, 2007	$ 265
Debt accretion	33
Purchase of Fab 36 Beteiligungs GmbH limited partner contributions	(95)
Return of limited partner contributions	(19)
Foreign exchange translation	(15)
Balance at December 27, 2008	169
Income attributable to limited partner	4
Redemption of unaffiliated limited partnership interest, Leipziger Messe	(173)
ATIC Contribution	
Class A Preferred Shares	218
Class B Preferred Shares	873
GF net loss attributed to noncontrolling interest	(87)
Class B preferred share accretion	72
Balance at December 26, 2009	1,076
Deconsolidation of GF	(1,076)
Balance at December 25, 2010	$ —

NOTE 5: Supplemental Balance Sheet Information

Accounts Receivable

	December 25, 2010	December 26, 2009
	(In millions)	
Accounts receivable	$ 972	$ 752
Allowance for doubtful accounts	(4)	(7)
Total accounts receivable, net	$ 968	$ 745

Inventory

	December 25, 2010	December 26, 2009
	(In millions)	
Raw materials	$ 28	$ 34
Work in process	441	359
Finished goods	163	174
Total inventory, net	$ 632	$ 567

Property, plant and equipment

	December 25, 2010	December 26, 2009
	(In millions)	
Land and land improvements	$ 31	$ 58
Buildings and leasehold improvements	540	2,015
Equipment	1,479	5,023
Construction in progress	29	399
	2,079	7,495
Accumulated depreciation and amortization	(1,379)	(3,686)
Total property, plant and equipment, net	$ 700	$ 3,809

Depreciation expense for 2010, 2009 and 2008 was $256 million, $948 million and $960 million, respectively.

Accrued liabilities

	December 25, 2010	December 26, 2009
	(In millions)	
Accrued compensation and benefits	$ 218	$ 179
Marketing program and advertising expenses	245	180
Software technology licenses payable	63	75
Interest payable	34	43
Others	138	318
Total accrued liabilities	$ 698	$ 795

NOTE 6: Goodwill and Acquired Intangible Assets

Goodwill

The Company recorded goodwill as a result of the ATI acquisition in 2006. The changes in the carrying amounts of goodwill by segment through December 25, 2010 were as follows:

	Computing Solutions	Graphics	All Other[1]	Total
	(In millions)			
Balance at December 29, 2007	$ 162	$ 533	$ 591	$ 1,286
Reclassification due to change in segments	—	254	(254)	—
Goodwill adjustments[2]	(1)	(3)	(1)	(5)
Impairment charges[3]	(161)	(461)	(336)	(958)
Balance at December 27, 2008	—	323	—	323
Goodwill adjustments	—	—	—	—
Impairment charges	—	—	—	—
Balance at December 26, 2009	—	323	—	323
Goodwill adjustments	—	—	—	—
Impairment charges	—	—	—	—
Balance at December 25, 2010	$ —	$ 323	$ —	$ 323
Initial goodwill[4]	$ 161	$ 1,288	$ 745	$ 2,194
Accumulated impairment losses	(161)	(965)	(745)	(1,871)
Balance at December 25, 2010	$ —	$ 323	$ —	$ 323

(1) Includes goodwill related to the Handheld business unit. Goodwill related to the Digital Television business unit of $973 million has been excluded due to its discontinued operations classification.

(2) Adjustments to goodwill primarily represented changes in assumed pre-acquisition income tax liabilities as a result of the ATI acquisition, which were applied to goodwill until ultimately settled with the tax authorities and prior to the adoption of the provisions of the new accounting standard related to business combinations at the beginning of 2009. Future changes will be recorded in the statement of operations.

(3) The Company's Chief Operating Decision Maker (CODM) does not consider certain expenses, including goodwill impairment, in evaluating the performance of reportable segments. Accordingly, the Computing Solutions and Graphics impairment charges are not included in Computing Solutions and Graphics operating income (loss) in the Company's segment disclosures in Note 13.

(4) Includes reclassifications due to change in segments and goodwill adjustments.

2010 and 2009 Impairment Analyses

In the fourth quarters of 2010 and 2009, the Company conducted its annual impairment tests of goodwill. The Company considered the income and market approaches in determining the implied fair value of the goodwill. The income approach required estimates of future operating results and cash flows of each of the reporting units discounted using estimated discount rates of approximately 22% in 2010 and from 15% to 18% in 2009. Based on the results of the Company's annual analysis of goodwill in 2010 and 2009, the fair values exceeded their carrying values by a significant amount, indicating that there was no goodwill impairment. As of December 25, 2010 and December 26, 2009, the Company did not have any reporting units that were at risk of failing Step 1 of the goodwill impairment test.

2008 Impairment Analyses

Goodwill

During 2008, the Company concluded that the carrying amount of goodwill associated with its Handheld business unit was impaired and recorded an impairment charge of $336 million related to the Handheld business unit. In addition, the Company concluded that the carrying amounts of goodwill assigned to the Graphics and Computing Solutions segments exceeded their implied fair values and recorded impairment charges of $161 million and $461 million, respectively. The Company considered the income and market approaches in determining the implied fair value of the goodwill. The income approach required estimates of future operating results and cash flows of each of the reporting units discounted using applicable estimated discount rates ranging from 19% to 30%. The conclusion was also due to the deterioration in the price of the Company's common stock and the resulting reduced market capitalization. The Company included these amounts in the caption "Impairment of goodwill and acquired intangible assets" in its 2008 consolidated statement of operations.

The Company further concluded that the carrying amount of goodwill associated with its Digital Television business unit was impaired and recorded impairment charges of $473 million related to the Digital Television (DTV) business unit, which is included in the caption "Income (loss) from discontinued operations, net of tax" in its 2008 consolidated statement of operations. The assumptions used for the assessment of the DTV business unit were consistent with those used for the Handheld business unit described above.

Acquisition-related intangible assets

The outcome of the Company's 2008 goodwill impairment analyses indicated that the carrying amount of certain acquisition-related intangible assets or asset groups may not be recoverable. The Company assessed the recoverability of the acquisition-related intangible assets or asset groups, as appropriate, by determining whether the unamortized balances could be recovered through undiscounted future net cash flows. The Company determined that certain of the acquisition-related intangible assets associated with our Computing Solutions and Graphics segments and its Handheld business unit were impaired primarily due to the revised lower revenue forecasts associated with the products incorporating the developed product technology, the customer

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relationships, and the trademarks and trade names. The Company measured the amount of impairment by calculating the amount by which the carrying value of the assets exceeded their estimated fair values, which were based on projected discounted future net cash flows. As a result of its impairment analyses, the Company recorded an impairment charge of approximately $130 million, which is included in the caption “Impairment of goodwill and acquired intangible assets” in its 2008 consolidated statement of operations.

The balances of acquisition-related intangible assets as of December 25, 2010, were as follows:

	Developed product technology	Game console royalty agreements	Customer relationships	Trademark and trade name	Total
Intangible assets, net December 29, 2007[1]	$ 168	$ 112	$ 141	$ 44	$ 465
Amortization expense	(55)	(29)	(45)	(7)	(136)
Impairment charges	(80)	—	(34)	(16)	(130)
Reclassification[2]	(31)	—	—	—	(31)
Intangible assets, net December 27, 2008	2	83	62	21	168
Amortization expense	(2)	(29)	(34)	(5)	(70)
Intangible assets, net December 26, 2009	—	54	28	16	98
Amortization expense	—	(29)	(27)	(5)	(61)
Intangible assets, net December 25, 2010	$ —	$ 25	$ 1	$ 11	$ 37

(1) Represents the reclassification of the Digital Television business unit to discontinued operations. (See Note 19)

(2) Includes the effect of the reclassification of certain assets related to the Handheld business unit that were sold to Qualcomm in the first quarter of 2009. (See 2008 Impairment).

Estimated future amortization expense related to acquisition-related intangible assets is as follows:

	(In millions)
Year	
2011	$ 29
2012	4
2013	4
Total	$ 37

NOTE 7: Financial Instruments

Available-for-sale securities held by the Company as of December 25, 2010 and December 26, 2009 were as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(In millions)		
December 25, 2010				
Classified as cash equivalents:				
Money market funds	$ 405	$ —	$ —	$ 405
Commercial paper	51	—	—	51
Total cash equivalents	$ 456	$ —	$ —	$ 456
Classified as marketable securities:				
Commercial paper	$ 983	$ —	$ —	$ 983
Time deposits	135	—	—	135
Equity securities	8	—	—	8
Auction rate securities	57	—	—	57
Total marketable securities	$ 1,183	$ —	$ —	$1,183
Classified as other assets				
Money market funds	$ 29	—	—	$ 29
Commercial paper	—	—	—	—
Equity securities	1	—	—	1
Total investments classified as other assets	$ 30	$ —	$ —	$ 30
December 26, 2009				
Classified as cash equivalents:				
Money market funds	$ 1,081	$ —	$ —	$1,081
Time deposits	348	—	—	348
Commercial paper	31	—	—	31
Total cash equivalents	$ 1,460	$ —	$ —	$1,460
Classified as marketable securities:				
Commercial paper	$ 789	$ —	$ —	$ 789
Time deposits	100	—	—	100
Equity securities	23	6	—	29
Auction rate securities	31	3	—	34
Total marketable securities	$ 943	$ 9	$ —	$ 952
Classified as other assets				
Auction rate securities	$ 53	$ 5	$ —	$ 58
Money market funds	44	—	—	44
Commercial paper	1	—	—	1
Equity securities	1	—	—	1
Total investments classified as other assets	$ 99	$ 5	$ —	$ 104

At December 25, 2010, the Company had approximately $29 million of available-for-sale investment in money market funds used as collateral for leased buildings and letter of credit deposits, which was included in other assets on the Company’s consolidated balance sheets. At December 26, 2009, the Company had approximately $45 million of available-for-sale investment in money market funds and commercial paper used as collateral for long-term workers’ compensation, leased buildings, foreign exchange hedging activities, and letter of credit deposits, which was included in other assets on the Company’s consolidated balance sheet. The Company is restricted from accessing these deposits.

All contractual maturities of the Company's available-for-sale debt securities at December 25, 2010 were within one year except those for auction rate securities (ARS). The Company's ARS have stated maturities ranging from January 2030 to December 2050. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without call or prepayment penalties. During the year ended December 25, 2010, the issuers tendered $29 million par value of ARS with a net carrying amount of $26 million for $27 million. The carrying value of the Company's remaining ARS holdings as of December 25, 2010 was $57 million (par value $66 million). The Company has the intent and believes it has the ability to sell these securities within the next 12 months.

During 2010, the Company sold a portion of its marketable equity securities for $41 million and recorded a gain of $16 million in other income (expense), net.

The Company realized net gains of $1 million from ARS tender activities in 2010 and $1 million in 2009.

In addition to the ARS included in the table above, the Company also had trading securities, consisting of ARS subject to a UBS put option, with carrying values of $67 million (par value $69 million) included in marketable securities at December 26, 2009. UBS redeemed all of these ARS at par during 2010 and the Company recognized a $2 million gain from this redemption. During 2009, the Company recorded a $10 million gain on these securities to reflect the change in fair value.

Fair Value Measurements

Financial instruments measured and recorded at fair value on a recurring basis are summarized below:

		Fair value measurement at reporting dates using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
December 25, 2010				
Assets				
Classified as cash equivalents:				
Money market funds	$ 405	$ 405	$ —	$ —
Commercial paper	51	—	51	—
Total classified as cash equivalents	$ 456	$ 405	$ 51	$ —
Classified as marketable securities:				
Commercial paper	$ 983	$ —	$ 983	$ —
Time deposits	135	—	135	—
Equity securities	8	8	—	—
Auction rate securities	57	—	—	57
Total classified as marketable securities	$1,183	$ 8	$ 1,118	$ 57
Classified as other assets:				
Money market funds	$ 29	$ 29	$ —	$ —
Equity securities	1	1	—	—
Total classified as other assets	$ 30	$ 30	$ —	$ —
Total assets measured at fair value	**$1,669**	**$ 443**	**$ 1,169**	**$ 57**
Liabilities				
Classified as accrued liabilities—Foreign currency derivative contracts	(3)	—	(3)	—
Total liabilities measured at fair value	**$ (3)**	**$ —**	**$ (3)**	**$ —**

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair value measurement at reporting dates using		
		(In millions)		
December 26, 2009				
Assets				
Classified as cash equivalents:				
Money market funds	$1,081	$ 1,081	$ —	$ —
Time deposits	348	—	348	—
Commercial paper	31	—	31	—
Total classified as cash equivalents	$1,460	$ 1,081	$ 379	$ —
Classified as marketable securities:				
Commercial paper	$ 789	$ —	$ 789	$ —
Time deposits	100	—	100	—
Auction rate securities	101	—	—	101
Equity securities	29	29	—	—
Total classified as marketable securities	$1,019	$ 29	$ 889	$ 101
Classified as other assets:				
Auction rate securities	$ 58	$ —	$ —	$ 58
Money market funds	44	44	—	—
Commercial paper	1	—	1	—
Equity securities	1	1	—	—
Total classified as other assets	$ 104	$ 45	$ 1	$ 58
Classified as prepaid expenses and other current assets:				
Equity securities	$ 4	$ 4	$ —	$ —
UBS put option	2	—	—	2
Total classified as prepaid expenses and other current assets	$ 6	$ 4	$ —	$ 2
Total assets measured at fair value	**$2,589**	**$ 1,159**	**$ 1,269**	**$ 161**
Liabilities				
Classified as accrued liabilities—Foreign currency derivative contracts	(6)	—	(6)	—
Total liabilities measured at fair value	**$ (6)**	**$ —**	**$ (6)**	**$ —**

The Company carries financial instruments, except for its long term debt, at fair value. Investments in money market mutual funds, commercial paper, time deposits, marketable equity securities and foreign currency derivative contracts are primarily classified within Level 1 or Level 2. This is because such financial instruments are valued primarily using quoted market prices or alternative pricing sources and models utilizing market observable inputs, as provided to the Company by its brokers. The Company's Level 1 assets are valued using quoted prices for identical instruments in active markets. The Company's Level 2 assets, all of which mature within one year, are valued using broker reports that utilize quoted market prices for similar instruments. The ARS investments are and the UBS put option was classified within Level 3 because they are valued using a discounted cash flow model. Some of the inputs to this model are unobservable in the market and are significant. The Company's foreign currency derivative contracts are classified within Level 2 because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates. The Company did not have any transfers between Level 1 and Level 2 of the fair value hierarchy.

The continuing uncertainties in the credit markets have affected all of the Company's ARS investments and auctions for these securities have failed to settle on their respective settlement dates. As a result, reliable Level 1 or Level 2 pricing is not available for these ARS. In light of these developments, the Company performs its own discounted cash flow analysis to value these ARS. As of December 25, 2010 and December 26, 2009, the Company's significant inputs and assumptions used in the discounted cash flow model to determine the fair value of its ARS, include interest rate, liquidity and credit discounts and the estimated life of the ARS investments. The outcomes of these activities indicated that the fair value of the ARS decreased by $7 million as of December 25, 2010 when compared with the fair value as of December 26, 2009, which the Company included in other comprehensive loss.

In October 2008, UBS offered to repurchase all of the Company's ARS that were purchased from UBS prior to February 13, 2008. The Company accepted this offer. From June 30, 2010 through July 2, 2012, the Company had the right, but not the obligation, to sell, at par, these ARS to UBS. The Company had elected to account for the put option at fair value as permitted by the fair value accounting guidance for such financial instruments. Accordingly, the Company initially recorded the put option at its estimated fair value, with the corresponding gain recorded in earnings. The put option was marked to market each quarter, with changes in its estimated fair value recorded in earnings. The Company recorded a loss of $2 million and $9 million, respectively, during the year ended December 25, 2010 and the year ended December 26, 2009 to reflect the change in fair value of the UBS put option. The UBS put option became exercisable on June 30, 2010; however, UBS redeemed all of its ARS without the Company exercising the option. As of December 25, 2010, the Company did not own any UBS ARS and, therefore, the put option had no value.

The roll-forward of the financial assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

	December 25, 2010		December 26, 2009	
	Auction Rate Securities	UBS Put Option	Auction Rate Securities	UBS Put Option
	(In millions)			
Beginning balance	$ 159	$ 2	$ 160	$ 11
Redemption at par	(98)	—	(19)	—
Gain (loss) included in net income (loss)	3	(2)	10	(9)
Change in fair value included in other comprehensive income (loss)	(7)	—	8	—
Ending balance	$ 57	$ —	$ 159	$ 2

Financial Instruments Not Recorded at Fair Value on a Recurring Basis. Financial instruments that are not recorded at fair value are measured at fair value quarterly for disclosure purposes. The carrying amounts and estimated fair values of financial instruments not recorded at fair value are as follows:

	December 25, 2010		December 26, 2009	
	Carrying amount	Estimated Fair Value	Carrying amount	Estimated Fair Value
	(In millions)			
Long-term debt (excluding capital leases)	$ 2,162	$ 2,326	$ 4,303	$ 4,046

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's accounts receivable, accounts payable and other short-term obligations approximate their carrying value based on existing payment terms.

NOTE 8: Concentrations of Credit and Operation Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of investments in debt securities, trade receivables and derivative financial instruments used in hedging activities.

The Company places its investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. The Company invests in time deposits and certificates of deposit from banks having combined capital, surplus and undistributed profits of not less than $200 million. At the time an investment is made, investments in commercial paper and money market auction rate securities of industrial firms and financial institutions are rated A1, P1 or better. Investments in tax-exempt securities, including municipal notes and bonds, are rated AA, Aa or better, and investments in repurchase agreements must have securities of the type and quality listed above as collateral.

The Company believes that concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. Accounts receivable from the Company's top three customers accounted for approximately 18%, 11% and 8% of the total consolidated accounts receivable balance as of December 25, 2010 and 16%, 12%, and 9% of the total consolidated accounts receivable balance as of December 26, 2009. However, the Company does not believe the receivable balance from these customers represents a significant credit risk based on past collection experience. The Company manages its exposure to customer credit risk through credit limits, credit lines, monitoring procedures and credit approvals. Furthermore, the Company performs in-depth credit evaluations of all new customers and, at intervals, for existing customers. From this, the Company may require letters of credit, bank or corporate guarantees or advance payments, if deemed necessary.

The Company's existing derivative financial instruments are with two large international financial institutions of investment grade credit rating. The Company does not believe that there is significant risk of nonperformance by these counterparties because the Company monitors their credit rating on an ongoing basis. By using derivative instruments, the Company is subject to credit and market risk. If a counterparty fails to fulfill its performance obligations under a derivative contract, the Company's credit risk will equal the fair value of the derivative instrument. Generally, when the fair value of a derivative contract is positive, the counterparty owes the Company, thus creating a receivable risk for the Company. Based upon certain factors, including a review of the credit default swap rates for the Company's counterparties, the Company determined its counterparty credit risk to be immaterial. At December 25, 2010, the Company's obligations under the contracts exceed the counterparties' obligations by approximately $3 million.

The Company's third party foundry, GF, is largely dependent on one supplier for silicon-on-insulator (SOI) wafers to manufacture the Company's products. The Company is also dependent on certain equipment and materials from a limited number of suppliers and relies on a limited number of foreign companies to supply the majority of certain types of integrated circuit packages for its internal back-end manufacturing operations. Similarly, certain non-proprietary materials or components such as memory, PCBs, substrates and capacitors used in the manufacture of the Company's graphics products are currently available from only a limited number of sources. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. If the Company or its third party manufacturing suppliers are unable to procure certain of these materials, or its foundries are unable to procure materials for manufacturing its products, its business would be materially adversely affected.

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NOTE 9: Income Taxes

The provision for income taxes consists of:

	2010	2009	2008
		(In millions)	
Current:			
U.S. Federal	$ (4)	$ (4)	$ (6)
U.S. State and Local	—	1	1
Foreign National and Local	47	(13)	(9)
Total	$ 43	$ (16)	$ (14)
Deferred:			
U.S. Federal	—	—	—
U.S. State and Local	—	—	—
Foreign National and Local	(5)	128	82
Total	$ (5)	$128	$ 82
Provision for income taxes	$ 38	$112	$ 68

Income (loss) before income taxes consisted of the following:

	2010	2009	2008
		(In millions)	
U.S.	$ 987	$ 1,472	$ (852)
Foreign	(478)	(1,064)	(1,492)
Total pre-tax income	$ 509	$ 408	$(2,344)

Deferred income taxes reflect the net tax effects of tax carryovers and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the balances for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 25, 2010 and December 26, 2009 are as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Deferred tax assets:		
Net operating loss carryovers	$ 948	$ 774
Deferred distributor income	60	58
Inventory valuation	31	55
Accrued expenses not currently deductible	88	179
Acquired intangibles	460	485
Tax deductible goodwill	427	482
Investments	157	159
Federal and state tax credit carryovers	348	229
Foreign capitalized research and development costs	49	106
Foreign research and development ITC credits	265	355
Discount of convertible notes	126	372
Other	289	238
Total deferred tax assets	3,248	3,492
Less: valuation allowance	(3,223)	(3,279)
	25	213
Deferred tax liabilities:		
Property, plant and equipment	—	(245)
Capitalized interest	(4)	(13)
Acquired intangibles	(1)	(5)
Unrealized translation gain	—	(25)
Other	(7)	(21)
Total deferred tax liabilities	(12)	(309)
Net deferred tax assets (liabilities)	$ 13	$ (96)

The breakdown between current and long-term deferred tax assets and deferred tax liabilities as of December 25, 2010 and December 26, 2009 is as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Current deferred tax assets	$ —	$ 8
Non-current deferred tax assets	17	102
Current deferred tax liabilities	(4)	(9)
Non-current deferred tax liabilities	—	(197)
Net deferred tax assets (liabilities)	$ 13	(96)

Current deferred tax assets and current deferred tax liabilities are included in captions "Prepaid expenses and other current assets" and "Accrued Liabilities", respectively, on the consolidated balance sheet. Non-current deferred tax assets and non-current deferred tax liabilities are included in captions "Other assets" and "Other long term liabilities", respectively, on the consolidated balance sheet.

As of December 25, 2010, substantially all of the Company's U.S. and foreign deferred tax assets, net of deferred tax liabilities, continued to be subject to a valuation allowance. The realization of these assets is dependent on substantial future taxable income which, at December 25, 2010, in management's estimate, is not more likely than not to be achieved. In 2010, the net valuation allowance decreased by $56 million primarily for decreases in deferred tax assets related to the utilization of net operating losses due to pre-tax book income and the utilization of foreign research and development credits to offset prior period audit adjustments, net of an increase in U.S. deferred tax assets, primarily for foreign tax credits arising from withholding taxes. In 2009, the net valuation allowance decreased by $93 million primarily for decreases in deferred tax assets related to tax deductible goodwill, intangibles and discount of convertible notes. In 2008, the net valuation allowance increased by $1.1 billion primarily to provide valuation allowance for deferred tax assets related to tax deductible goodwill, intangibles and discount of convertible notes.

As of December 25, 2010 and December 26, 2009, the Company had $213 million and $257 million, respectively, of deferred tax assets subject to a valuation allowance that related to excess stock option deductions, which are not presented in the deferred tax asset balances. As of December 25, 2010 and December 26, 2009, $10 million of deferred tax assets subject to valuation allowance related to a deductible discount for tax only associated with the Company's 6.00% Convertible Senior Notes due 2015 (the 6.00% Notes). The tax benefit from these deductions will increase capital in excess of par when realized.

The following is a summary of the various tax attribute carryforwards the Company had as of December 25, 2010. The amounts presented below include amounts related to excess stock option deductions, as discussed above.

Carryforward	Federal	State/ Provincial	Expiration
	(In millions)		
US-net operating loss carryovers	$ 2,497	$ 110	2012 to 2030
US-credit carryovers	$ 440	$ 158	2011 to 2030
Canada-net operating loss carryovers	$ 24	$ 0	2018
Canada-credit carryovers	$ 347	$ 30	2011 to 2030
Canada-R&D pools	$ 235	$ 134	no expiration
Barbados-net operating loss carryovers	$ 305	N/A	2012 to 2017
Other foreign net operating loss carryovers	$ 17	N/A	various

Utilization of $81 million of the Company's U.S. federal net operating loss carryforwards are subject to annual limitations as a result of the ATI acquisition and prior purchase transactions.

The table below displays reconciliation between statutory federal income taxes and the total provision (benefit) for income taxes.

	Tax	Rate
	(In millions except for percentages)	
2010		
Statutory federal income tax expense	$ 178	35.0%
State taxes, net of federal benefit	1	0.2%
Foreign income at other than U.S. rates	(24)	(4.7)%
Foreign losses not benefited	51	10.0%
US valuation allowance utilized	(164)	(32.3)%
Alternative minimum tax	(2)	(0.4)%
Research & development credit monetization	(2)	(0.4)%
	$ 38	7.4%
2009		
Statutory federal income tax expense	$ 147	35.0%
State taxes, net of federal benefit	1	0.2%
Foreign income at other than U.S. rates	(63)	(15.0)%
Foreign losses not benefited	306	73.1%
Foreign benefits not realized	122	29.1%
US special deduction under IRC 186	(396)	(94.5)%
Research & development credit monetization	(5)	(1.2)%
	$ 112	26.7%
2008		
Statutory federal income tax expense	$ (832)	35.0%
State taxes, net of federal benefit	1	0.0%
Foreign income at other than U.S. rates	(74)	3.1%
Foreign losses not benefited	670	(28.2)%
US net operating losses not benefited	309	(13.0)%
Research & development credit monetization	(6)	0.2%
	$ 68	(2.9)%

The Company has made no provision for U.S. income taxes on approximately $406 million of cumulative undistributed earnings of certain foreign subsidiaries through December 25, 2010 because it is the Company's intention to permanently reinvest such earnings. If such earnings were distributed, the Company would incur additional income taxes of approximately $131 million (after an adjustment for foreign tax credits). These additional income taxes may not result in income tax expense or a cash payment to the Internal Revenue Service, but may result in the utilization of deferred tax assets that are currently subject to a valuation allowance.

The Company's operations in Singapore and Malaysia currently operate under tax holidays, which will expire in whole or in part at various dates through 2014. Certain of the tax holidays may be extended if specific conditions are met. The net impact of these tax holidays was to increase the Company's net income by $7 million in 2010 (less than $.01 per share, diluted). Due to losses, the tax holidays did not impact the Company's net income in 2009 and decreased the Company's net loss by approximately $7 million in 2008.

A reconciliation of the gross unrecognized tax benefits is as follows:

	December 25, 2010	December 26, 2009	December 27, 2008
		(In millions)	
Balance at beginning of year	$ 166	$ 180	$ 149
Increases for tax positions taken in prior years	—	11	54
Decreases for tax positions taken in prior years	(8)	(18)	(25)
Increases for tax positions taken in the current year	7	6	7
Decreases for tax positions taken in the current year	—	—	—
Decreases for settlements with taxing authorities	(119)	(8)	—
Decreases for lapsing of the statute of limitations	(4)	(5)	(5)
Balance at end of year	$ 42	$ 166	$ 180

The amount of unrecognized tax benefits that would impact the effective tax rate was $8 million, $11 million and $31 million as of December 25, 2010, December 26, 2009, and December 27, 2008, respectively. As of December 25, 2010, the Company had accrued interest and penalties related to unrecognized tax benefits of $10 million and $1 million, respectively. As of December 26, 2009, the Company had accrued interest and penalties related to unrecognized tax benefits of $16 million and $5 million, respectively. As of December 27, 2008, the Company had accrued interest and penalties related to unrecognized tax benefits of $14 million and $26 million respectively.

The Company recorded a reduction of interest expense of $6 million and a decrease of $4 million of penalty expense in its consolidated statement of operations in 2010. The Company recorded net interest expense of $2 million and a decrease of $24 million of penalty expense in its consolidated statement of operations in 2009. The Company recorded net interest expense of $5 million in its consolidated statement of operations in 2008. The Company recorded a decrease of $10 million net penalty expense in its consolidated statement of operations and a reduction of $6 million of penalties was offset to goodwill in 2008. The reduction of penalties that were offset to goodwill was related to the expiration of the statutes of limitations in certain foreign jurisdictions. During the 12 months beginning December 26, 2010, the Company expects to reduce its unrecognized tax benefits by approximately $5 million as a result of the expiration of certain statutes of limitation and audit resolutions. The Company does not believe it is reasonably possible that other unrecognized tax benefits will materially change in the next 12 months. However, the resolutions and/or closure of open audits are highly uncertain.

As of December 25, 2010, the Canada Revenue Agency, or CRA, has completed its audit of ATI for the years 2000 through 2004 and issued its final Notice of Assessment. During the second quarter of 2010, the U.S. Internal Revenue Service completed its audit of the U.S. Federal income tax returns for the years ending 2004 through 2006 inclusive. As of December 25, 2010 the German tax authorities are auditing AMD's German subsidiaries for the tax years 2001 through 2004. AMD and its subsidiaries have several foreign, foreign provincial, and U.S. state audits in process at any one point in time. The Company has provided for uncertain tax positions that require a liability under the adopted method to account for uncertainty in income taxes. As a result of the application of uncertainty in income taxes in ASC 740, the Company has recognized $6 million of current and long-term deferred tax assets, previously under a valuation allowance with $6 million of liabilities for unrecognized tax benefits as of December 25, 2010.

NOTE 10: Debt and Other Obligations

Long-term Debt and Capital Lease Obligations

The Company's long-term debt and capital lease obligations as of December 25, 2010 and December 26, 2009 consist of:

	December 25, 2010	December 26, 2009
	(In millions)	
5.75% Convertible Senior Notes due 2012	485	485
6.00% Convertible Senior Notes due 2015, net of discount	723	1,641
8.125% Senior Notes due 2017, net of discount	454	449
7.75% Senior Notes Due 2020	500	—
Fab 36 Term Loan	—	460
GF Class A Subordinated Convertible Notes	—	254
GF Class B Subordinated Convertible Notes	—	1,015
Capital lease obligations	30	256
	2,192	4,560
Less: current portion	4	308
Long-term debt and capital lease obligations, less current portion	$ 2,188	$ 4,252

5.75% Convertible Senior Notes due 2012

On August 14, 2007, the Company issued $1.5 billion aggregate principal amount of the 5.75% Convertible Senior Notes due 2012 (the 5.75% Notes). The 5.75% Notes are general unsecured senior obligations. Interest is payable in arrears on February 15 and August 15 of each year beginning February 15, 2008 until the maturity date of August 15, 2012. The terms of the 5.75% Notes are governed by an Indenture (the 5.75% Indenture), dated as of August 14, 2007, by and between the Company and Wells Fargo Bank, National Association, as Trustee.

In 2009, the Company repurchased $1,015 million in aggregate principal amount of the Company's outstanding 5.75% Notes for $1,002 million in cash.

The 5.75% Notes will be convertible, in whole or in part, at any time prior to the close of business on the business day immediately preceding the maturity date of the 5.75% Notes, into shares of the Company's common stock based on an initial conversion rate of 49.6771 shares of common stock per $1,000 principal amount of the 5.75% Notes, which is equivalent to an initial conversion price of approximately $20.13 per share. This initial conversion price represents a premium of 50% relative to the last reported sale price of the Company's common stock on August 8, 2007 (the trading date preceding the date of pricing of the 5.75% Notes) of $13.42 per share. This initial conversion rate will be adjusted for certain anti-dilution events. In addition, the conversion rate will be increased in the case of corporate events that constitute a fundamental change (as defined in the 5.75% Indenture) of AMD under certain circumstances. Holders of the 5.75% Notes may require us to repurchase the 5.75% Notes for cash equal to 100% of the principal amount to be repurchased plus accrued and unpaid interest upon the occurrence of a fundamental change (as defined in the 5.75% Indenture) or a termination of trading (as defined in the 5.75% Indenture). Additionally, an event of default (as defined in the 5.75% Indenture) may result in the acceleration of the maturity of the 5.75% Notes.

The 5.75% Notes rank equally with the Company's existing and future senior debt and are senior to all of the Company's future subordinated debt. The 5.75% Notes rank junior to all of the Company's existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of the Company's subsidiaries.

The Company may elect to purchase or otherwise retire the remaining amount of the 5.75% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries, or by tender offer when it believes the market conditions are favorable to do so.

6.00% Convertible Senior Notes due 2015

On April 27, 2007, the Company issued $2.2 billion aggregate principal amount of the 6.00% Notes. The 6.00% Notes are general unsecured senior obligations. Interest is payable on May 1 and November 1 of each year beginning November 1, 2007 until the maturity date of May 1, 2015. The terms of the 6.00% Notes are governed by an Indenture (the 6.00% Indenture) dated April 27, 2007, by and between the Company and Wells Fargo Bank, National Association, as Trustee.

In the first quarter of 2009, the Company adopted the new guidance for accounting for convertible debt that may be fully or partially settled in cash upon conversion and modified its accounting for its 6.00% Notes. To retrospectively apply this new guidance, the proceeds from the issuance of the Company’s 6.00% Notes were allocated between a liability (issued at a discount) and equity in a manner that reflects interest expense at the market interest rate for similar nonconvertible debt as of the original issuance date of the 6.00% Notes. The debt discount is being accreted from issuance through April 2015, the period the 6.00% Notes are expected to be outstanding, with the accretion recorded as additional non-cash interest expense. The equity component is included in the paid-in-capital portion of stockholders’ equity on the Company’s consolidated balance sheet. The initial value of the equity component ($259 million), which reflects the equity conversion feature of the 6.00% Notes, is equal to the initial debt discount.

In 2008 and 2009, the Company repurchased $60 million and $344 million, respectively, in aggregate principal amount of its 6.00% Notes for $21 million and $161 million, respectively. The Company recorded a net gain of approximately $34 million and $174 million, respectively, which is recorded in “Other income (expense), net” in the consolidated statements of operations.

In 2010, the Company repurchased $1,016 million in aggregate principal amount of our outstanding 6.00% Notes, for a total of $1,011 million. The Company recognized a $24 million net loss on the repurchases, which is recorded in “Other income (expense), net” in the consolidated statements of operations. As of December 25, 2010, the remaining outstanding aggregate principal amount of the Company’s 6.00% Notes was $780 million and the remaining carrying value was approximately $723 million, net of debt discount of $57 million.

The accounting for the repurchases of the 6.00% Notes requires that the amounts paid be allocated between the liability and equity components in a manner that reflects interest expense at the market interest rate for similar nonconvertible debt as of the repurchase dates of the 6.00% Notes. The equity component is included in the paid-in-capital portion of stockholders’ equity on the Company’s consolidated balance sheet. For the repurchase of its 6.00% Notes during 2010, the Company allocated $57 million of the $1,011 million aggregate cash payment to the equity component and reduced the carrying amount of the debt by $954 million.

Information related to equity and debt components:

	December 25, 2010	December 26, 2009
	(In millions)	
Carrying amount of the equity component	$ 171	$ 228
Principal amount of the 6.00% Notes	780	1,796
Unamortized discount[(1)]	(57)	(155)
Net carrying amount	$ 723	$ 1,641

(1) As of December 25, 2010, the remaining period over which the unamortized discount will be amortized is 52 months.

Information related to interest rates and expense:

	2010	2009	2008
	(In millions, except percentages)		
Effective interest rate	8%	8%	8%
Interest cost related to contractual interest coupon	$ 93	$ 117	$ 132
Interest cost related to amortization of the discount	$ 20	$ 25	$ 25

Upon the occurrence of certain events described in the 6.00% Indenture, the 6.00% Notes will be convertible into cash up to the principal amount, and if applicable, into shares of the Company's common stock issuable upon conversion of the 6.00% Notes in respect of any conversion value above the principal amount, based on an initial conversion rate of 35.6125 shares of common stock per $1,000 principal amount of 6.00% Notes, which is equivalent to an initial conversion price of $28.08 per share. This initial conversion price represents a premium of 100% relative to the last reported sale price of the Company's common stock on April 23, 2007 (the trading date preceding the date of pricing of the 6.00% Notes) of $14.04 per share. The conversion rate will be adjusted for certain anti-dilution events. In addition, the conversion rate will be increased in the case of corporate events that constitute a fundamental change (as defined in the 6.00% Indenture) under certain circumstances. Holders of the 6.00% Notes may require the Company to repurchase the 6.00% Notes for cash equal to 100% of the principal amount to be repurchased plus accrued and unpaid interest upon the occurrence of a fundamental change or a termination of trading (as defined in the 6.00% Indenture). Additionally, an event of default (as defined in the 6.00% Indenture) may result in the acceleration of the maturity of the 6.00% Notes.

The 6.00% Notes rank equally with the Company's existing and future senior debt and are senior to all of the Company's future subordinated debt. The 6.00% Notes rank junior to all of the Company's existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of the Company's subsidiaries.

The Company may elect to purchase or otherwise retire the balance of the 6.00% Notes with cash, stock or other assets from time to time in open market or privately negotiated transactions, either directly or through intermediaries, or by tender offer when it believes the market conditions are favorable to do so.

8.125% Senior Notes Due 2017

On November 30, 2009, the Company issued $500 million of the 8.125% Senior Notes Due 2017 (the 8.125% Notes) at a discount of 10.204%. The 8.125% Notes are general unsecured senior obligations. Interest is payable on June 15 and December 15 of each year beginning June 15, 2010 until the maturity date of December 15, 2017. The discount of $51 million is recorded as contra debt and will be amortized to interest expense over the life of the 8.125% Notes using the effective interest method. The 8.125% Notes are governed by the terms of an indenture (the 8.125% Indenture) dated November 30, 2009 between the Company and Wells Fargo Bank, National Association, as Trustee.

At anytime (which may be more than once) before December 15, 2012, the Company may redeem up to 35% of the aggregate principal amount of the 8.125% Notes within 90 days of the closing of an equity offering with the net proceeds thereof at a redemption price of not greater than 108.125% of the principal amount thereof, together with accrued and unpaid interest to but excluding the date of redemption. Prior to December 15, 2013, the Company may redeem some or all of the 8.125% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a "make whole" premium (as defined in the 8.125% Indenture). Thereafter, the Company may redeem all or part of the 8.125% Notes at any time at specified redemption prices, plus accrued and unpaid interest.

Holders have the right to require the Company to repurchase all or a portion of the Company's 8.125% Notes in the event that the Company undergoes a change of control, as defined in the indenture governing the

8.125% Notes, at a repurchase price of 101 percent of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 8.125% Indenture) may result in the acceleration of the maturity of the 8.125% Notes.

The 8.125% Indenture contains certain covenants that limit, among other things, the Company's ability and the ability of its subsidiaries from:

- incurring additional indebtedness, except specified permitted debt;
- paying dividends and making other restricted payments;
- making certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- creating or permitting certain liens;
- creating or permitting restrictions on the ability of its subsidiaries to pay dividends or make other distributions to the Company;
- using the proceeds from sales of assets;
- entering into certain types of transactions with affiliates; and
- consolidating, merging or selling our assets as an entirety or substantially as an entirety.

The 8.125% Notes rank equally with the Company's existing and future senior debt and are senior to all of the Company's future subordinated debt. The 8.125% Notes rank junior to all of the Company's existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of the Company's subsidiaries.

The Company may elect to purchase or otherwise retire the 8.125% Notes with cash, stock or other assets from time to time in open market or private negotiated transactions, either directly or through intermediaries, or by tender offer, when we believe the market conditions are favorable to do so.

7.75% Senior Notes Due 2020

On August 4, 2010, the Company issued $500 million of 7.75% Senior Notes Due 2020 (7.75% Notes). The 7.75% Notes are general unsecured senior obligations of the Company. Interest is payable on February 1 and August 1 of each year beginning February 1, 2011 until the maturity date of August 1, 2020. The 7.75% Notes are governed by the terms of an indenture (the 7.75% Indenture) dated August 4, 2010 between the Company and Wells Fargo Bank, National Association, as Trustee.

At any time (which may be more than once) before August 1, 2013, the Company can redeem up to 35% of the aggregate principal amount of the 7.75% Notes within 90 days of the closing of an equity offering with the net proceeds thereof at a redemption price not greater than 107.75% of the principal amount thereof, together with accrued and unpaid interest to but excluding the date of redemption. Prior to August 1, 2015, the Company may redeem some or all of the 7.75% Notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a "make whole" premium (as defined in the 7.75% Indenture). From August 1, 2015, the Company may redeem the 7.75% Notes at specified redemption prices, plus accrued and unpaid interest.

Holders have the right to require the Company to repurchase all or a portion of its 7.75% Notes in the event that the Company undergoes a change of control, as defined in the 7.75% Indenture at a repurchase price of 101% of the principal amount plus accrued and unpaid interest. Additionally, an event of default (as defined in the 7.75% Indenture) may result in the acceleration of the maturity of the 7.75% Notes.

The 7.75% Indenture contains certain covenants that limit, among other things, the Company's ability and the ability of its subsidiaries, from:

- incurring additional indebtedness, except specified permitted debt;
- paying dividends and making other restricted payments;
- making certain investments if an event of a default exists, or if specified financial conditions are not satisfied;
- creating or permitting certain liens;
- creating or permitting restrictions on the ability of its subsidiaries to pay dividends or make other distributions to the Company;
- using the proceeds from sales of assets;
- entering into certain types of transactions with affiliates; and
- consolidating, merging or selling its assets as an entirety or substantially as an entirety.

The 7.75% Notes rank equally with the Company's existing and future senior debt and are senior to all of the Company's future subordinated debt. The 7.75% Notes rank junior to all of the Company's existing and future senior secured debt to the extent of the collateral securing such debt and are structurally subordinated to all existing and future debt and liabilities of the Company's subsidiaries.

The Company may elect to purchase or otherwise retire the 7.75% Notes with cash, stock or other assets from time to time in open market or private negotiated transactions, either directly or through intermediaries, or by tender offer, when the Company believes the market conditions are favorable to do so.

The agreements governing its 5.75% Notes, 6.00% Notes, 8.125% Notes and 7.75% Notes contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable.

Fab 36 Term Loan and Guarantee

On April 21, 2004, AMD Fab 36 KG, the legal entity that owned Fab 36, the Company's former 300-millimeter wafer fabrication facility, entered into a 700 million euro Term Loan Facility Agreement among AMD Fab 36 KG, as borrower, and a consortium of banks led by Dresdner Bank AG, as lenders, (the Fab 36 Term Loan) and other related agreements (collectively, the Fab 36 Loan Agreements) to finance the purchase of equipment and tools required to operate Fab 36. The Company guaranteed the obligations of AMD Fab 36 KG to the lender under the Fab 36 Loan Agreements.

In connection with the consummation of the GF manufacturing joint venture transaction on March 2, 2009, the terms of the Fab 36 Loan Agreements were amended to allow for the transfer of the former 300-millimeter wafer fabrication facility and its affiliated companies to GF. In addition, the Company also amended the terms of the related guarantee agreement such that the Company and GF are joint guarantors of the borrower's obligations to the lenders under the Fab 36 Loan Agreements. However, if the Company is called upon to make any payments under the guarantee agreement, GF has separately agreed to indemnify the Company for the full amount of such payments. As of December 25, 2010, the total amount outstanding under the Fab 36 Term Loan was $170 million, and the rate of interest on the loan was 2%. This loan is repayable by GF in quarterly installments which terminate in March 2011.

Effective with the deconsolidation of GF, the Fab 36 Term Loan is no longer an obligation of the Company and, therefore, it does not appear as debt on its December 25, 2010 consolidated balance sheet. However, the Company remains subject to the terms of the Guarantee Agreement until the loan is repaid by GF. As of December 25, 2010, the Company was in compliance with the covenants under the guarantee agreement.

GF Class A Subordinated Convertible Notes

In connection with the closing of the GF manufacturing joint venture transaction, GF issued $202 million aggregate principal amount of 4% Class A Subordinated Convertible Notes to ATIC for cash. In July 2009, GF issued $52 million of Class A Notes to ATIC for cash, pursuant to the terms of the Funding Agreement. (See Note 3).

The Class A Notes accrue interest at a rate of 4% per annum, compounded semiannually, and mature ten years from the date of issuance. Interest on the Class A Notes is payable semiannually in additional Class A Notes. The Class A Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class A Notes are not redeemable by GF without the note holder’s consent. The Class A Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class A Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date based on the conversion ratio in effect on the date of conversion. The Class A Notes will automatically convert into Class A Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Effective with the deconsolidation of GF, the GF Class A Subordinated Convertible Notes are no longer an obligation of the Company and, therefore, they do not appear as debt on its December 25, 2010 consolidated balance sheet.

GF Class B Subordinated Convertible Notes

In connection with the closing of the GF manufacturing joint venture transaction, GF issued $807 million aggregate principal amount of 11% Class B Subordinated Convertible Notes to ATIC for cash. In July 2009, GF issued $208 million of Class B Notes to ATIC for cash, pursuant to the terms of the Funding Agreement. (See Note 3).

The Class B Notes accrue interest at a rate of 11% per annum, compounded semiannually, and mature ten years from the date of issuance. Interest on the Class B Notes is payable semiannually in additional Class B Notes. The Class B Notes are the unsecured obligations of GF and rank subordinated in right of payment to any current or future senior indebtedness of GF. The Class B Notes are not redeemable by GF without the note holder’s consent. The Class B Notes are convertible, in whole or in part, in multiples of $1,000, into GF Class B Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date at the conversion ratio in effect on the date of conversion. The Class B Notes will automatically convert into GF Class B Preferred Shares upon the earlier of (i) an IPO, (ii) certain change of control transactions of GF or (iii) the close of business on the business day immediately preceding the maturity date.

Effective with the deconsolidation of GF, the GF Class B Subordinated Convertible Notes are no longer an obligation of the Company and, therefore, they do not appear as debt on its December 25, 2010 consolidated balance sheet.

Capital Lease Obligations

As of December 25, 2010, the Company had aggregate outstanding capital lease obligations of $30 million for one of the facilities in Canada, which is payable in monthly installments through 2017.

The gross amount of assets recorded under capital leases totaled approximately $23 million and $249 million as of December 25, 2010 and December 26, 2009, and are included in the related property, plant and equipment category. Amortization of assets recorded under capital leases is included in depreciation expense. Accumulated amortization of these leased assets was approximately $9 million and $69 million as of December 25, 2010 and December 26, 2009 respectively.

Future Payments on Long Term Debt and Capital Lease Obligations

As of December 25, 2010, the Company's long term debt and capital lease payment obligations for each of the next five years and beyond, are:

	Long Term Debt (Principal only)	Capital Leases
	(In millions)	
2011	$ —	$ 5
2012	485	6
2013	—	6
2014	—	6
2015	780	6
Beyond 2016	1,000	7
Total	2,265	36
Less: amount representing interest	—	6
Total	$ 2,265	$ 30

Other Short-Term Obligations—Receivable Financing Arrangement

On March 26, 2008, the Company entered into a Sale of Receivables—Supplier Agreement with IBM Credit LLC (IBM Credit), and one of its wholly-owned subsidiaries, AMD International Sales & Service, Ltd. (AMDISS), entered into the same sales agreement with IBM United Kingdom Financial Services Ltd. (IBM UK), pursuant to which the Company and AMDISS agreed to sell to each of IBM Credit and IBM UK certain receivables. In November 2009, AMD (China), Co. Ltd entered into a similar sales agreement with IBM Factoring (China) Co., Ltd., (IBM GF), pursuant to which AMD (China) agreed to sell to IBM GF certain receivables. Pursuant to the sales agreements, the IBM parties agreed to purchase from the AMD parties invoices of specified AMD customers up to credit limits set by the IBM parties. As of December 25, 2010, only selected distributor customers have participated in this program. Because the Company does not recognize revenue until its distributors sell its products to their customers, the Company classified funds received from the IBM parties as debt. The debt is reduced as the IBM parties receive payments from the distributors. In 2010, the Company received proceeds of approximately $988 million from the transfer of accounts receivable under these financing arrangements, and the IBM parties collected approximately $915 million from the distributors participating in these arrangements. $229 million and $156 million were outstanding under these agreements as of December 25, 2010 and December 26, 2009, respectively. These amounts appear as "Other short-term obligations" on the Company's consolidated balance sheets and are not considered cash commitments. In December 2009, the Company expanded its relationship with IBM to include selected distributor receivables of its Canadian subsidiary, ATI Technologies. On February 11, 2011, the Company terminated these supplier agreements.

NOTE 11: Legal Settlements

Samsung Settlement

On December 22, 2010, the Company entered into a Patent License and Settlement Agreement with Samsung to end all outstanding legal disputes related to pending patent litigation between the Company and

Samsung. Pursuant to this agreement, all claims between the parties were dismissed with prejudice and Samsung agreed to pay the Company $283 million less any withholding taxes not to exceed a maximum rate of 16.5%. The Company received the first payment of $119 million (which represents $143 million less withholding taxes) in December 2010. The remaining amount of $117 million (which represents $140 million less withholding taxes) will be paid in two equal installments by May 31, 2011 and by November 30, 2011. In addition, pursuant to the settlement agreement, Samsung granted to the Company, and the Company granted to Samsung, non-exclusive, royalty-free licenses to all patents and patent applications for ten years after the effective date of the Agreement to make, have made, use, sell, offer to sell, import and otherwise dispose of certain semiconductor- and electronic-related products anywhere in the world.

This settlement encompasses all patent litigation and disputes between the parties and the Company does not have any future obligations that it is required to perform in order to earn this settlement payment. Accordingly, the Company recognized the entire settlement amount in its 2010 operating results.

Intel Settlement

On November 12, 2009, Intel Corporation and the Company entered into an agreement to end all outstanding legal disputes between the Company and Intel including antitrust litigation and patent cross license disputes. Under the terms of the agreement:

- The Company and Intel agreed to a new 5-year patent cross license agreement that gives the Company broad rights and the freedom to operate a business utilizing multiple foundries;
- Intel and the Company gave up any claims of breach from the previous license agreement;
- Intel paid the Company $1.25 billion;
- Intel agreed to abide by a set of business practice provisions going forward;
- the Company dropped all pending litigation, including a case in U.S. District Court in Delaware and two cases pending in Japan; and
- the Company withdrew all of its regulatory complaints worldwide.

This settlement satisfies all past antitrust litigation and disputes between the Company and Intel and there are no future obligations that the Company would need to perform to earn this settlement payment. That is, the patent cross license agreement represents fully paid up licenses by both the Company and Intel for which no future payment or delivery is required. Accordingly, the Company recognized the entire settlement amount in its 2009 operating results.

NOTE 12: Supplemental Statement of Operations Information

Gain on sale of 200 millimeter equipment and the license of related process technology

During 2008, in conjunction with the conversion of Fab 30, the Company's former manufacturing facility in Dresden, Germany from 200 millimeter to 300 millimeter fabrication, the Company sold certain 200 millimeter manufacturing equipment and licensed certain process technology to a third party. The Company evaluated this multiple-element arrangement and determined that each component was considered a separate unit of accounting. In addition, the transaction consideration was allocated to each unit based on their relative fair values.

Based on the evaluation, the Company recognized a gain of approximately $167 million on the equipment sale, and a $191 million gain on the license of process technology. The difference between the $167 million gain recognized in the transaction described above and the $193 million gain shown in the consolidated statement of operations for 2008 represents gains recognized on sales of 200 millimeter equipment to other third parties.

Interest Expense

	2010	2009 (In millions)	2008
Total interest charges	$199	$439	$400
Less: interest capitalized	—	(1)	(9)
Interest expense	$199	$438	$391

During 2008, the Company had capitalized interest primarily in connection with the construction of the Fab 36 wafer fabrication facility and equipment facilitization activities in Dresden, Germany. The Company discontinued capitalizing interest for Fab 36 in the first quarter of 2008 when it was in full production. The Company recorded $1 million of capitalized interest during 2009 related to GF's Fab 2 building site in Saratoga County, New York.

Other Income (Expense), Net

	2010	2009 (In millions)	2008
Gain upon deconsolidation of GF	$325	$—	$—
Net gain (loss) on debt redemption	(24)	169	33
Gain on sale of certain Handheld assets	—	28	—
Impairment charges related to Spansion investment	—	(3)	(53)
Other	10	(28)	(17)
Other income (expense), net	$311	$166	$ (37)

NOTE 13: Segment Reporting

Management, including the Chief Operating Decision Maker (CODM), who is the Company's chief executive officer, reviews and assesses operating performance using segment net revenues and operating income (loss) before interest, other income (expense), equity in net income (loss) of investees and income taxes. These performance measures include the allocation of expenses to the operating segments based on management's judgment.

In the first quarter of 2008, the CODM reviewed and addressed operating performance using the following three reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue;
- the Graphics segment, which included graphics, video and multimedia products and related revenue; and
- the Consumer Electronics segment, which included products used in handheld devices, digital televisions and other consumer electronics as well as revenue from royalties received in connection with sales of game console systems that incorporate the Company's graphics technology.

In the second quarter of 2008, the Company decided to divest its Handheld and Digital Television business units, which were previously part of the Consumer Electronics segment. As a result, the Company classified these business units as discontinued operations in the Company's financial statements. The CODM began reviewing and assessing operating performance using the following reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue; and

- the Graphics segment, which included graphics, video and multimedia products and related revenue, as well as revenue received in connection with the development and sale of game console systems that incorporate the Company's graphics technology.

In the fourth quarter of 2008, the Company determined that, based on ongoing negotiations related to the divestiture of the Handheld business unit, the discontinued operations classification criteria for this business unit were no longer met. As a result, the Company classified the results of its Handheld business unit back into continuing operations.

In the first quarter of 2009, as a result of the formation of GF, the Company began reviewing and assessing operating performance using the following reportable segments:

- the Computing Solutions segment, which included microprocessors, chipsets and embedded processors and related revenue;
- the Graphics segment, which included graphics, video and multimedia products and related revenue as well as revenue received in connection with the development and sale of game console systems that incorporate its graphics technology; and
- the Foundry segment, which included the operating results attributable to front end wafer manufacturing operations and related activities, including the operating results of GF from March 2, 2009 to December 26, 2009.

In addition to these reportable segments, the Company had an All Other category, which was not a reportable segment. This category included certain expenses and credits that were not allocated to any of the operating segments because management did not consider these expenses and credits in evaluating the performance of the operating segments. These expenses were non-Foundry segment related expenses and included impairment of goodwill and acquired intangible assets, employee stock-based compensation expense, restructuring charges and amortization of acquired intangible assets. The Company also reported results of the Handheld business unit in the All Other category because the operating results of this business unit were not material. The Handheld business unit consisted of the AMD Imageon™ media processor brand and handheld products that were part of the Handheld business unit prior to the sale of certain graphics and multimedia technology assets and intellectual property to Qualcomm Incorporated during the first quarter of 2009. The Company also had an Intersegment Eliminations category, which was also not a reportable segment. This category included intersegment eliminations for revenue, cost of sales and profits on inventory related to transactions between the Computing Solutions segment and the Foundry segment.

Beginning in the first quarter of 2010, as a result of the deconsolidation of GF, the Company no longer had a Foundry segment or an Intersegment Eliminations category. Therefore, the Company started using the following two reportable segments:

- the Computing Solutions segment, which includes microprocessors, chipsets and embedded processors and related revenue; and
- the Graphics segment, which includes graphics, video and multimedia products and related revenue as well as revenue received in connection with the development and sale of game console systems that incorporate the Company's graphics technology.

In addition, starting in the first quarter of 2010, the Company began accounting for the embedded graphics business under the Computing Solutions segment. Previously, operating results related to this business were recorded as part of the Graphics segment. Information for prior periods has been recast to reflect this change.

The Company continues to have an All Other category, as described above, and the results of the Handheld business unit continue to be reported in this category because it expects that the operating results of this business unit will continue to be immaterial.

The following table provides a summary of net revenue and operating income (loss) by segment and income (loss) from continuing operations before income taxes for 2010, 2009 and 2008. Information specific to the Foundry segment and Intersegment Eliminations for 2008 has not been recast to reflect the segment change in 2009 noted above because it is not practicable to do so.

	2010	2009 (In millions)	2008
Net revenue:			
Computing Solutions	$4,817	$ 4,170	$ 4,591
Graphics	1,663	1,167	1,132
Foundry	—	1,101	—
All Other	14	66	85
Intersegment eliminations	—	(1,101)	—
Total net revenue	$6,494	$ 5,403	$ 5,808
Operating income (loss):			
Computing Solutions	$ 529	$ 142	$ (458)
Graphics	149	35	9
Foundry	—	(433)	—
All Other	170	968	(1,506)
Intersegment eliminations	—	(48)	—
Total operating income (loss)	$ 848	$ 664	$(1,955)
Interest income	11	16	39
Interest expense	(199)	(438)	(391)
Other income (expense), net	311	166	(37)
Equity in net income (loss) of investees	(462)	—	—
Income (loss) from continuing operations before income taxes	$ 509	$ 408	$(2,344)

The Company does not discretely allocate assets to its operating segments, nor does management evaluate operating segments using discrete asset information.

The following table provides a summary of net revenue and operating income (loss) by segment for 2009 and 2008, applying the segment structure that was in place as of December 27, 2008:

	2009 (In millions)	2008
Net revenue:		
Computing Solutions	$4,170	$ 4,591
Graphics	1,167	1,132
All Other	66	85
Total net revenue	$5,403	$ 5,808
Operating income (loss):		
Computing Solutions	$ (267)	$ (458)
Graphics	—	9
All Other	931	(1,506)
Total operating income (loss)	$ 664	$(1,955)
Interest income	16	39
Interest expense	(438)	(391)
Other income (expense), net	166	(37)
Equity in net income (loss) of investees	—	—
Income (loss) from continuing operations before income taxes	$ 408	$(2,344)

The Company's operations outside the United States include both back end manufacturing and sales activities. The Company's back end manufacturing subsidiaries are located in Malaysia, Singapore and China. Its sales subsidiaries are located in the United States, Europe, Japan, China and Latin America. In 2009, GFs manufacturing facilities, and in 2008, when these facilities were the Company's wafer manufacturing facilities, were located in Germany.

The following table summarizes sales for the three years ended December 25, 2010 and long-lived assets by geographic areas as of the two years ended December 25, 2010:

	2010	2009	2008
		(In millions)	
Sales to external customers:			
United States	$ 747	$ 704	$ 737
Japan	561	306	331
China	3,006	2,445	2,553
Europe	985	934	1,021
Other Countries	1,195	1,014	1,166
	$6,494	$5,403	$5,808
Long-lived assets:			
United States	$ 418	$ 716	
Singapore	79	145	
Germany	1	2,756	
Other Countries	202	192	
	$ 700	$3,809	

Sales to external customers are based on the customer's billing location. Long-lived assets are those assets used in each geographic area.

The Company markets and sells its products primarily to a broad base of customers including third-party distributors, OEMs, ODMs, add-in-board manufacturers, system integrators, retail stores and e-commerce retailers.

In 2010, the Company had one customer that accounted for more than 10% of the Company's consolidated net revenues. Net sales to this customer were approximately $1.4 billion, or 22% of consolidated net revenues, and were primarily attributable to the Computing Solutions segment.

In 2009, the Company had one customer that accounted for more than 10% of the Company's consolidated net revenues. Net sales to this customer were approximately $1.3 billion, or 24% of consolidated net revenues, and were primarily attributable to the Computing Solutions segment.

In 2008, the Company had one customer that accounted for more than 10% of the Company's consolidated net revenues. Net sales to this customer were approximately $1.2 billion, or 21% of consolidated net revenues, and were primarily attributable to the Computing Solutions segment.

NOTE 14: Stock-Based Incentive Compensation Plans

The Company's stock-based incentive programs are intended to attract, retain and motivate highly qualified employees. On April 29, 2004, the Company's stockholders approved the 2004 Equity Incentive Plan (the 2004 Plan). Equity awards are made from the 2004 Plan. Under the 2004 Plan, stock options cannot be exercised until they become vested. Generally, stock options vest and become exercisable over a three- to four-year period from the date of grant. Stock options expire at the times established by the Company's Compensation Committee of the Board of Directors, but not later than ten years after the grant date. In addition, unvested shares that are released from or reacquired by the Company from outstanding awards under the 2004 Plan become available for grant under the 2004 Plan and may be reissued as new awards. The Company also has stock options outstanding under previous equity compensation plans that were in effect before April 29, 2004 as well as equity compensation plans that the Company assumed as part of its acquisition of ATI. Reserved shares that were available for grant under the Company's prior equity compensation plans were consolidated into the 2004 Plan but none of the reserved shares from the ATI plans were consolidated into the 2004 Plan.

Under the 2004 Plan, the Company can grant fair market value awards or full value awards. Fair market value awards are awards granted at or above the fair market value of the Company's common stock on the date of grant. Full value awards are awards granted at less than the fair market value of the Company's common stock on the date of grant. Awards can consist of (i) stock options and stock appreciation rights granted at the fair market value of the Company's common stock on the date of grant and (ii) restricted stock or restricted stock units, as full value awards. Following is a description of the material terms of the awards that may be granted under the 2004 Plan:

Stock Options. A stock option is the right to purchase shares of the Company's common stock at a fixed exercise price for a fixed period of time. Under the 2004 Plan, nonstatutory and incentive stock options may be granted. The exercise price of the shares subject to each nonstatutory stock option and incentive stock option cannot be less than 100% of the fair market value of the Company's common stock on the date of the grant. The exercise price of each option granted under the 2004 Plan must be paid in full at the time of the exercise.

Stock Appreciation Rights. Awards of stock appreciation rights may be granted pursuant to the 2004 Plan. Stock appreciation rights may be granted to employees and consultants. No stock appreciation right may be granted at less than fair market value of the Company's common stock on the date of grant or have a term of over ten years from the date of grant. Upon exercising a stock appreciation right, the holder of such right is entitled to receive payment from the Company in an amount determined by multiplying (i) the difference between the closing price of a share of the Company's common stock on the date of exercise and the exercise price by (ii) the number of shares with respect to which the stock appreciation right is exercised. The Company's obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof.

Restricted Stock. Restricted stock awards can be granted to any employee, director or consultant. The purchase price for an award of restricted stock is $0.00 per share. Restricted stock based on continued service may fully vest with no minimum time requirements. Restricted stock that is performance based generally may not fully vest for at least one year from the date of grant.

Restricted Stock Units. Restricted stock units are awards that can be granted to any employee, director or consultant and that obligate the Company to issue a specific number of shares of the Company's common stock in the future if the vesting terms and conditions are satisfied. The purchase price for the shares is $0.00 per share. Prior to May 7, 2009, restricted stock units based on continued service may not fully vest for three years from the date of grant. As of May 7, 2009, restricted stock units based on continued service may fully vest with no minimum time requirements. Restricted stock units that are performance based generally do not vest for at least one year from the date of grant.

Option Exchange. In June 2009, the Company launched a tender offer to exchange certain outstanding stock options with an exercise price greater than $6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010, held by eligible employees for replacement options to be granted under the 2004 Plan (the Option Exchange). The Option Exchange expired on July 27, 2009. As a result, employees tendered options to purchase 14.6 million shares of common with a weighted-average exercise price of $14.70 per share, and the Company cancelled and replaced those options on July 27, 2009 with options to purchase 4 million shares of common stock with an exercise price of $3.80 per share, which was the closing price of the Company common stock on the New York Stock Exchange on July 27, 2009. The Option Exchange resulted in an incremental stock-based compensation charge of approximately $1 million. This incremental charge along with unamortized expenses associated with the cancelled options are being recognized over the new vesting periods of the replacement options which range from one to two years.

Valuation and Expense Information

Stock-based compensation expense related to employee stock options, restricted stock and restricted stock units and employee stock purchases under the Company's employee stock purchase plan was allocated in the consolidated statements of operations as follows:

	2010	2009	2008
		(In millions)	
Cost of sales	$ 4	$ 3	$10
Research and development	46	40	44
Marketing, general, and administrative	37	32	23
Total stock-based compensation expense, net of tax	$87	$75	$77

During 2010, 2009, and 2008, the Company did not realize any excess tax benefits related to stock-based compensation and therefore the Company did not record any related financing cash flows.

For the year ended December 25, 2010 and December 26, 2009, the Company did not have employee stock-based compensation expense for discontinued operations. For the year ended December 27, 2008, employee stock-based compensation expense included in discontinued operations and excluded from continuing operations was $2 million.

The Company did not capitalize stock-based compensation cost as part of the cost of an asset because the cost was insignificant.

The Company's employee stock options have various restrictions including vesting provisions and restrictions on transfer, and must be exercised prior to their expiration date. The Company uses the lattice-binomial model in determining the fair value of the employee stock options.

The use of the lattice-binomial model requires the use of extensive actual employee exercise behavior data and the use of a number of complex assumptions including expected volatility of the Company's common stock, risk-free interest rate, and expected dividends. The weighted-average estimated value of employee stock options granted for the year ended December 25, 2010, December 26, 2009 and December 27, 2008 was $3.20, $2.59 and $2.16 per share respectively, using the lattice-binomial model with the following weighted-average assumptions:

	2010	2009	2008
Expected volatility	55.97%	70.51%	72.00%
Risk-free interest rate	1.34%	1.56%	2.4%
Expected dividends	0%	0%	0%
Expected life (in years)	3.71	3.67	3.19

The Company used a combination of the historical volatility of its common stock and the implied volatility for publicly traded options on the Company's common stock as the expected volatility assumption required by the lattice-binomial model. The implied volatility was based upon the availability of actively traded options on the Company's common stock. The Company believes that the use of implied volatility is more representative of future stock price trends for the periods covered by the actively traded options' maturities than simply using historical volatility alone. The Company believes that this blended approach provides a better estimate of the expected future volatility of the Company's common stock over the expected life of its stock options.

The risk-free interest rate assumption is based upon observed interest rates commensurate with the term of the Company's employee stock options. The expected dividend yield is zero as the Company does not expect to pay dividends in the future.

The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding and is a derived output of the lattice-binomial model. The expected term of employee stock options is impacted by all of the underlying assumptions and calibration of the lattice-binomial model. The lattice-binomial model assumes that employees' exercise behavior is a function of the option's remaining vested term. The lattice- binomial model estimates the probability of exercise as a function of this variable based on the past ten year history of exercises, post-vesting cancellations, and outstanding options on all option grants other than pre-vesting forfeitures made by the Company. The outstanding options are assumed to be exercised at the midpoint of the current date (if vested) or the vesting date (if unvested) and the expiration date.

The following table summarizes stock option activity and related information:

	2010		2009		2008	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
			(In millions, except share price)			
Options:						
Outstanding at beginning of year	42	$ 8.65	58	$ 11.97	43	$ 16.61
Granted	5	$ 7.77	10	$ 4.24	24	$ 4.38
Cancelled	(6)	$ 16.92	(25)	$ 14.20	(9)	$ 14.53
Exercised	(4)	$ 3.35	(1)	$ 3.09	—	$ 5.85
Outstanding at end of year	37	$ 7.77	42	$ 8.65	58	$ 11.97
Exercisable at end of year	28	$ 8.24	24	$ 12.04	33	$ 16.77

As of December 25, 2010, the weighted average remaining contractual life of outstanding stock options was 3.96 years and their aggregate intrinsic value was $91 million. As of December 25, 2010, the weighted average remaining contractual life of exercisable stock options was 3.42 years and their aggregate intrinsic value was $74 million. The total intrinsic value of stock options exercised for 2010, 2009 and 2008 was $22 million, $5 million and $0.2 million.

Restricted Stock Units and Awards. Restricted stock and restricted stock units vest in accordance with the terms and conditions established by the Compensation Committee of the Board of Directors, and are based either on continued service or continued service and performance. The cost of restricted stock units and restricted stock awards is determined using the fair value of the Company's common stock on the date of the grant, and the compensation expense is recognized over the service period.

Historically, certain Company employees had been granted performance-based restricted stock and performance-based restricted stock units. The number of shares ultimately received under these awards depended on actual performance against specified performance goals. The performance period was generally one to three years from the date of grant.

The summary of the changes in restricted stock awards outstanding during the year ended December 25, 2010, December 26, 2009 and December 27, 2008 is presented below:

	2010		2009		2008	
	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value	Number of Shares	Weighted-Average Grant Date Fair Value
	(In millions except share price)					
Nonvested balance at beginning of period	22	$ 5.32	11	$ 11.09	10	$ 20.20
Granted	12	$ 8.54	17	$ 4.12	8	$ 7.06
Forfeited	(2)	$ 6.13	(2)	$ 9.70	(4)	$ 18.52
Vested	(8)	$ 6.41	(4)	$ 13.68	(3)	$ 20.89
Nonvested balance at end of period	24	$ 6.50	22	$ 5.32	11	$ 11.09

The total fair value of restricted stock and restricted stock units vested during 2010, 2009 and 2008 was $61 million, $16 million and $19 million, respectively. Compensation expense recognized for the restricted stock units for 2010, 2009 and 2008 was approximately $61 million, $49 million and $45 million. Compensation expense recognized for the restricted stock awards is not significant.

As of December 25, 2010, the Company had $19 million of total unrecognized compensation expense, net of estimated forfeitures, related to stock options that will be recognized over the weighted average period of 1.71 years.

As of December 25, 2010, the Company had $99 million of total unrecognized compensation expense, net of estimated forfeitures, related to restricted stock awards and restricted stock units that will be recognized over the weighted average period of 1.93 years.

Stock Purchase Plan. The Company had an employee stock purchase plan (ESPP) that allowed eligible and participating employees to purchase, through payroll deductions, shares of the Company's common stock at 85% of the lower of the fair market value on the first or the last business day of the three-month offering period. Beginning with the November 2007 purchase period the Company temporarily suspended its ESPP program, and the Company indefinitely suspended the program on December 3, 2008. The ESPP expired on April 27, 2010.

Shares Reserved for Issuance. The Company had a total of approximately 24.3 million shares of common stock as of December 25, 2010 that were available for future grants under the 2004 Plan and 60.8 million shares reserved for issuance upon the exercise of outstanding stock options or the vesting of unvested restricted stock awards (including restricted stock units and awards) under the 2004 Plan, the Company's prior equity compensation plans and the assumed ATI plans.

NOTE 15: Other Employee Benefit Plans

Retirement Savings Plan. The Company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating employees in the United States to contribute up to 100% of their pre-tax salary subject to Internal Revenue Service limits. The Company matched employee contributions one to one for the first 3% of participants' contributions and 50 cents on each dollar of additional 3% of participants' contributions, to a maximum of 4.5% of eligible compensation. The Company's contributions to the 401(k) plan were approximately $9 million in 2010 and $5 million in each of 2009 and 2008.

In 2009, as part of its cost cutting efforts, the Company temporarily suspended the matching contributions for its 401(k) plan, effective February 2, 2009. In January 2010, the Company announced the partial reinstatement of the Section 401(k) plan matching contributions for 2010. At the end of 2010, the Company looked back at all employee contributions and made a one-time match equivalent to half of the full-year amount. This Company match was one-half of 75% of contributions through December 31, 2010, up to the first 6% of pay deferred.

NOTE 16: Commitments and Guarantees

As of December 25, 2010, total noncancelable long-term operating lease obligations, including those for facilities vacated in connection with restructuring activities, were as follows for each of the next five years and beyond:

	Operating leases (In millions)
2011	$ 35
2012	30
2013	25
2014	24
2015	20
2016 and beyond	42
	$ 176

The Company leases certain of its facilities and in some jurisdictions the Company leases the land on which these facilities are built, under non-cancelable lease agreements that expire at various dates through 2018. The Company also leases certain manufacturing and office equipment for terms ranging from 1 to 5 years. Rent expense was approximately $44 million, $55 million and $81 million in 2010, 2009, and 2008.

In December 1998, the Company arranged for the sale of its marketing, general and administrative facility in Sunnyvale, California and leased it back for a period of 20 years. The Company recorded a deferred gain of $37 million on the sale and is amortizing it over the life of the lease. The lease expires in December 2018. At the beginning of the fourth lease year and every three years thereafter, the rent will be adjusted by 200% of the cumulative increase in the consumer price index over the prior three-year period, up to a maximum of 6.9%. Certain other operating leases contain provisions for escalating lease payments subject to changes in the consumer price index. Total future lease obligations as of December 25, 2010, were approximately $176 million, of which $77 million was recorded as a liability for certain facilities that were included in the 2002 and 2008 restructuring plans. (See Note 18).

Total non-cancelable purchase obligations, other than those to GF under the wafer supply agreement, as of December 25, 2010 were $419 million for periods through 2016. The Company's purchase obligations primarily include obligations to purchase wafers and substrates from third parties. The Company currently estimates that it will pay GF approximately $1.5 billion in 2011 and $1.5 billion in 2012. The Company based the 2011 and 2012 estimated costs in part on current expectations regarding GF's manufacturing yields and wafer volumes, and demand for its products. The Company is not able to meaningfully quantify or estimate its purchase obligations to GF beyond 2012, but expects that the future purchases from GF will continue to be material.

Off-Balance Sheet Arrangements

Guarantees of Indebtedness Not Recorded on the Company's Consolidated Balance Sheet

Fab 36 Guarantee

The Company entered into a guarantee agreement under the Fab 36 Loan Agreements as described in more detail above. Please see Note 10.

AMTC and BAC Guarantees

The Advanced Mask Technology Center GmbH & Co. KG (AMTC) and Maskhouse Building Administration GmbH & Co. KG (BAC) are joint ventures initially formed for the purpose of constructing and operating an advanced photomask facility in Dresden, Germany. AMTC provides advanced photomasks for use in manufacturing the Company's microprocessors.

In January 2010, the Company signed binding agreements to transfer its limited partnership interests in the AMTC and BAC to GF. On March 31, 2010, the Company's limited partnership interests in AMTC and BAC were effectively transferred to an affiliate of GF. Concurrent with the transfer, a term loan related to BAC, a revolving credit facility for the benefit of the AMTC and related documents were amended. Toppan Photomasks Germany GmbH (Toppan Germany) leased a portion of the BAC facility from the BAC. In connection with the amendments to the BAC term loan, AMTC assumed all of Toppan Germany's rental obligations and Toppan Germany and GF agreed to guarantee AMTC's payment obligations to the BAC. The remaining portion of the BAC facility is leased by AMTC through a separate lease agreement. The initial guarantee agreement concerning AMTC's rental payments was terminated and replaced with a new AMTC rental contract guarantee. Pursuant to this guarantee, the Company, Toppan Germany and GF guarantee AMTC's rental obligations relating to the remaining portion of the BAC facility. The Company's portion of the guarantee corresponds with its exposure under the initial guarantee agreement and is made on a joint and several basis with GF. Moreover, GF has separately agreed to indemnify the Company under certain circumstances if it is called upon to make any payments under the AMTC rental contract guarantee. As of December 25, 2010, the Company's joint and several guarantee of the rental obligation was $3 million.

In connection with the amendment to the AMTC revolving credit facility, the guarantee agreement was amended so that the Company and GF are joint and several guarantors of 50% of AMTC's outstanding loan balance under the AMTC revolving credit facility. In the event the Company is called upon to make any payments under the guarantee agreement, GF has separately agreed to indemnify the Company so long as certain conditions are met. As of December 25, 2010, the amount outstanding under this loan was $40 million and the Company's joint and several guarantee obligation was $20 million.

Warranties and Indemnities

The Company generally warrants that its microprocessors, graphics processors and chipsets sold to its customers will conform to the Company's approved specifications and be free from defects in material and workmanship under normal use and service for one year, provided that, subject to certain exceptions, the Company generally offers a three-year limited warranty to end users for microprocessor products that are commonly referred to as "processors in a box" and for ATI Technologies ULC (ATI)-branded PC workstation products and has offered extended limited warranties to certain customers of "tray" microprocessor products and/or workstation graphics products who have written agreements with the Company and target their computer systems at the commercial and/or embedded markets.

Changes in the Company's potential liability for product warranty during the years ended December 25, 2010 and December 26, 2009 are as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Balance, beginning of the period	$ 19	$ 19
New warranties issued during the period	34	31
Settlements during the period	(35)	(30)
Changes in liability for pre-existing warranties during the period, including expirations	1	(1)
Balance, end of the period	$ 19	$ 19

In addition to product warranties, the Company, from time to time in its normal course of business, indemnifies other parties, with whom it enters into contractual relationships, including customers, lessors and parties to other transactions with the Company, with respect to certain matters. In these limited matters, the Company has agreed to hold certain third parties harmless against specific types of claims or losses, such as those arising from a breach of representations or covenants, third-party claims that the Company's products when used for their intended purpose(s) and under specific conditions infringe the intellectual property rights of a third party, or other specified claims made against the indemnified party. It is not possible to determine the maximum potential amount of liability under these indemnification obligations due to the unique facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company under these obligations have not been material.

NOTE 17: Contingencies

Environmental Matters

The Company is named as a responsible party on Superfund clean-up orders for three sites in Sunnyvale, California that are on the National Priorities List. Since 1981, the Company has discovered hazardous material releases to the groundwater from former underground tanks and proceeded to investigate and conduct remediation at these three sites. The chemicals released into the groundwater were commonly used in the semiconductor industry in the United States in the wafer fabrication process prior to 1979.

In 1991, the Company received Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board relating to the three sites. The Company has entered into settlement agreements with other responsible parties on two of the orders. During the term of such agreements other parties have agreed to assume most of the foreseeable costs as well as the primary role in conducting remediation activities under the orders. The Company remains responsible for additional costs beyond the scope of the agreements as well as all remaining costs in the event that the other parties do not fulfill their obligations under the settlement agreements.

To address anticipated future remediation costs under the orders, the Company has computed and recorded an estimated environmental liability of approximately $3.6 million and has not recorded any potential insurance recoveries in determining the estimated costs of the cleanup. The progress of future remediation efforts cannot be predicted with certainty and these costs may change. The Company believes that any amount in addition to what has already been accrued would not be material.

Legal Matters

***SGI (Graphics Properties Holding, Inc.) v. ATI and AMD*, Case No. 06-C-0611 in the United States District Court for the Western District of Wisconsin**

On October 23, 2006, Silicon Graphics Inc. (SGI) filed a patent infringement lawsuit against ATI and AMD in the United States District Court for the Western District of Wisconsin. SGI alleged that certain ATI products infringe U.S. Patent No. 6,650,327 (the '327 patent) and later amended its complaint to add two additional patents. The Company asserted counterclaims against SGI. SGI later abandoned its claims as to one patent, the District Court granted the Company's motion for summary judgment of non-infringement as to a second patent, and the District Court also granted in part the Company's motion for summary judgment of non-infringement on the '327 patent. Immediately following the District Court's entry of partial summary judgment, SGI moved to dismiss its remaining infringement claims, and those claims were dismissed. The District Court granted the Company's request to proceed with the trial on its counterclaims of invalidity and inequitable conduct. The jury verdict on February 8, 2008, found that certain claims of one of SGI's patents were not invalid, and the District Court subsequently dismissed an inequitable conduct claim raised by the Company. The Company and SGI both appealed various aspects of the District Court's rulings to the Court of Appeals for the Federal Circuit.

On April 1, 2009, SGI filed for bankruptcy, and through the bankruptcy proceeding changed its name to Graphics Properties Holdings, Inc. (“GPHI”). The Court of Appeals postponed the oral argument based on the automatic stay provisions of the bankruptcy code and the intertwined nature of the Company’s and SGI/GPHI’s appeals. On August 12, 2009, the bankruptcy court overseeing the SGI/GPHI matter issued an order lifting the stay, and SGI/GPHI requested that the Court of Appeals reschedule the oral argument. Oral argument took place on November 3, 2009. On June 4, 2010, the Court of Appeals issued an opinion in which it reversed portions of the Wisconsin District Court’s decision. The case was subsequently remanded to the Wisconsin District Court. On November 10, 2010, a Preliminary Pretrial Conference Order was filed to set the schedule for the case. The trial has been set for May 9, 2011. On January 31, 2011, the District Court entered an order on threshold issues, which, among other things, permits the Company to pursue its invalidity affirmative defense at trial and does not permit SGI to accuse the Company’s R7xx series of graphics products of infringement in this case. Pursuant to this order, SGI, which had asked to change its damages expert, may substitute its experts, but new experts are bound by the opinions already expressed by the former experts to the same extent the original experts would be.

SGI served its damages report on February 7, 2011; however, the report is subject to the protective order entered by the District Court. Having reviewed those portions of the redacted report to which it has access and based on the information currently available to the Company, it believes that the possibility of a material loss in this litigation is remote.

Graphics Properties Holdings, Inc. (GPHI) v. Nintendo, Acer, Sony, Apple, and Toshiba, **Cause No. 10-CV-08655 (S.D.N.Y)**

On November 16, 2010, GPHI (see SGI v ATI, above) filed suit against several AMD customers (see also, GPHI v. Dell, et al., below). In GPHI v. Nintendo, et al, GPHI alleges infringement of the ‘327 patent identified in the original SGI v. ATI suit. All defendants except Nintendo are also accused of infringing U.S. Patent No. 7,518,615 (the ‘615 patent). Both patents relate to three-dimensional graphics. The Company has received requests for indemnification from some of the defendants in this lawsuit and is evaluating these requests. Given the nature and early status of these lawsuits, the Company cannot yet determine the amount or a reasonable range of potential loss, if any. Based upon the information currently known to management, the Company does not believe that the ultimate resolution of this lawsuit will have a material effect upon its financial condition or results of operations.

Graphics Properties Holdings, Inc. (GPHI) v. Dell, Alienware, Lenovo, Gateway, and Hewlett-Packard, **Cause No. 10-CV-00992 (D. Del.)**

On November 18, 2010, GPHI (see SGI v ATI above) filed suit against several of the Company’s customers (see also, GPHI v. Nintendo, et al., above). In GPHI v. Dell, et al, plaintiff alleges infringement of two patents: the ‘327 patent identified in the original SGI v. ATI suit and the ‘615 patent. Both patents relate to three-dimensional graphics. The Company has received requests for indemnification from some of the defendants in this lawsuit and is evaluating these requests. Given the nature and early status of these lawsuits, the Company cannot yet determine the amount or a reasonable range of potential loss, if any. Based upon the information currently known to management, the Company does not believe that the ultimate resolution of this lawsuit will have a material effect upon its financial condition or results of operations.

The Company is a defendant or plaintiff in various other actions that arose in the normal course of business. In the opinion of management, the aggregate liability, if any, with respect to these matters will not have a material effect on its financial condition or results of operations.

NOTE 18: Restructuring

In the second and fourth quarters of 2008, the Company initiated restructuring plans to reduce its cost structure. Both plans primarily involved the termination of employees. The restructuring charges recorded in conjunction with the plans initiated during 2008 primarily represented severance and costs related to the continuation of certain employee benefits, contract or program termination costs, asset impairments and exit costs for facility consolidations and closures. The remaining liability for these plans is related to lease obligations that will be paid through 2012. The Company anticipates cash payments related to the remaining liability for the 2008 restructuring plans to be $3.5 million in 2011 and $3.5 million in 2012. In December 2002, the Company initiated a restructuring plan. As of December 25, 2010, the 2008 and 2002 plans were substantially completed.

The following table provides a summary of each major type of cost associated with the 2008 and 2002 restructuring plans through December 25, 2010:

	2010	2009	2008
		(In millions)	
Severance and benefits	$ (4)	$25	$53
Contract or program terminations	—	12	13
Asset impairments	—	8	18
Facility consolidations and closures	—	20	6
Total	$ (4)	$65	$90

NOTE 19: Discontinued Operations

In 2008, the Company evaluated the viability of its non-core businesses and determined that its Digital Television business unit was not directly aligned with its core strategy of computing and graphics market opportunities. Accordingly, the Company decided to divest this business unit.

The Company performed an interim impairment test of goodwill and acquired intangible assets during 2008 and concluded that the carrying amounts of goodwill and certain acquisition-related intangible assets associated with the Digital Television business unit was impaired and recorded an impairment charge of $473 million.

During the third quarter of 2008, the Company entered into an agreement with Broadcom Corporation to sell the Digital Television business unit for $141.5 million, and the transaction was completed on October 27, 2008. Based on the final terms of the sale transaction, the Company recorded an additional goodwill impairment charge of $135 million. As a result of the decisions and transactions described above, pursuant to applicable accounting guidance, the operating results of the Digital Television business unit are presented as discontinued operations in the consolidated statements of operations for the applicable periods presented. Cash flows from discontinued operations were not material and were combined with cash flows from continuing operations within the consolidated statement of cash flows categories.

The results from discontinued operations for the Company's former Digital Television business unit were as follows:

	2009	2008
	(In millions)	
Net revenue	$—	$ 73
Expenses	(3)	(147)
Impairment of goodwill and acquired intangible assets	—	(609)
Restructuring charges	—	(1)
Loss from discontinued operations	$ (3)	$(684)

NOTE 20: Hedging Transactions and Derivative Financial Instruments

The following table shows the amount of gain (loss) included in accumulated other comprehensive income (loss), the amount of gain (loss) reclassified from accumulated other comprehensive income (loss) and included in earnings related to the foreign currency forward contracts designated as cash flow hedges and the amount of gain (loss) included in other income (expense), net related to contracts not designated as hedging instruments, which was allocated in the consolidated statement of operations as follows:

	2010	2009
	(In millions)	
Foreign Currency Forward Contracts		
Contracts designated as cash flow hedging instruments		
Other comprehensive loss	$—	$ (2)
Cost of sales	—	(17)
Research and development	3	(9)
Marketing, general and administrative	2	(4)
Contracts not designated as hedging instruments		
Other expense, net	$ (13)	$(37)

The following table shows the fair value amounts included in prepaid expenses and other current assets should the foreign currency forward contracts be in a gain position or included in accrued liabilities should these contracts be in a loss position. These amounts were recorded in the consolidated balance sheet as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Foreign Currency Forward Contracts		
Contracts designated as cash flow hedging instruments	$ 1	$ (6)
Contracts not designated as hedging instruments	$ (4)	$ —

For the foreign currency contracts designated as cash flow hedges, the ineffective portions of the hedging relationship and the amounts excluded from the assessment of hedge effectiveness were immaterial.

As of December 25, 2010 and December 26, 2009, the notional value of the Company’s outstanding foreign currency forward contracts was $302 million and $384 million, respectively. All the contracts mature within 12 months, and upon maturity the amounts recorded in accumulated other comprehensive income (loss) are expected to be reclassified into earnings. As of December 25, 2010, the Company’s outstanding contracts were in a $3 million net loss position. The Company is required to post collateral should the derivative contracts be in a net loss position exceeding certain thresholds. As of December 25, 2010, the Company was not required to post any collateral.

NOTE 21: Subsequent Events

Cost method of accounting for investment in GLOBALFOUNDRIES

On December 27, 2010, pursuant to the Contribution Agreement, ATIC II, contributed all of the outstanding Ordinary Shares of GFS to GF in exchange for 2,808,981 newly issued shares of GF Class A Preferred Shares. In connection with this contribution, the Company amended and restated the Shareholders’ Agreement and the Funding Agreement. The issuance of Class A Preferred Shares to ATIC International diluted the Company’s ownership interest in GF from 23% to 14% on a fully diluted basis and from 34% to 18% on a voting basis. Moreover, as a result of the contribution, the Company expects to realize a non-cash gain as a result of the dilution of its equity interest in GF. The resulting gain will be reflected in the Company’s investment in GF balance during the first quarter of 2011, and cannot be estimated at this time.

In connection with the Company's reduced ownership interest in GF, the Company decreased the number of AMD-designated directors on GF's Board from two to one.

Following the execution of the Contribution Agreement and the governance changes described above, the Company assessed its ability to exercise significant influence over GF and considered, factors such as its representation on GF's Board of Directors, participation in GF's policy-making processes, material intra-entity transactions, interchange of managerial personnel, technological dependency, and the extent of ownership by the Company in relation to ownership by the other shareholder. Based on the results of the assessment, the Company concluded that it no longer had the ability to exercise significant influence over GF. Accordingly, in the first quarter of 2011, the Company changed its method of accounting for its ownership interest in GF from the equity method to the cost method of accounting. Under the cost method of accounting, the Company no longer recognizes any share of GF's net income or loss in its statement of operations.

The Company will review the carrying value of its investment in GF for impairment at each reporting period. Impairment indicators, among other factors, include significant deterioration in GF's earnings performance or business prospects, significant change in market conditions in which GF operates, and GF's ability to continue as a going concern. An impairment charge will be recorded if the carrying value of the investment exceeds its fair value, and such impairment is determined to be "other than temporary."

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
Advanced Micro Devices, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Micro Devices, Inc. as of December 25, 2010 and December 26, 2009, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 25, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(1). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advanced Micro Devices, Inc. at December 25, 2010 and December 26, 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 25, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Advanced Micro Devices, Inc.'s internal control over financial reporting as of December 25, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 18, 2011

Management's Report on Internal Control over Financial Reporting

Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer (or Interim Chief Executive Officer) and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company.

Management has used the framework set forth in the report entitled "Internal Control—Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of December 25, 2010. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting as of December 25, 2010, which is included immediately following this report.

By:	/s/ Thomas J. Seifert
Name:	Thomas J. Seifert
Title:	Senior Vice President, Chief Financial Officer and Interim Chief Executive Officer February 18, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Advanced Micro Devices, Inc.

We have audited Advanced Micro Devices, Inc.'s internal control over financial reporting as of December 25, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Advanced Micro Devices, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Advanced Micro Devices, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 25, 2010, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Advanced Micro Devices, Inc. as of December 25, 2010 and December 26, 2009 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 25, 2010, and our report dated February 18, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 18, 2011

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Supplementary Financial Information

In 2010 and 2009, the Company used a 52-week fiscal year ending on the last Saturday in December. All of the quarters in 2010 and 2009 consisted of 13 weeks.

	2010				2009			
	Dec. 25	Sep. 25	Jun. 26	Mar. 27	Dec. 26	Sep. 26	Jun. 27	Mar. 28
Net revenue	$ 1,649	$ 1,618	$ 1,653	$ 1,574	$ 1,646	$ 1,396	$ 1,184	$ 1,177
Cost of sales	906	879	915	833	911	811	743	666
Gross margin	743	739	738	741	735	585	441	511
Research and development	352	359	371	323	432	420	425	444
Marketing, general and administrative	250	236	229	219	239	221	247	287
Legal settlements(1)	(283)	—	—	—	(1,242)	—	—	—
Amortization of acquired intangible assets	11	16	17	17	18	17	17	18
Restructuring	—	—	(4)	—	—	4	1	60
Operating income (loss)	413	128	125	182	1,288	(77)	(249)	(298)
Interest income	2	3	3	3	3	4	6	3
Interest expense	(39)	(56)	(55)	(49)	(119)	(114)	(108)	(97)
Other income (expense), net(2)	14	(6)	(1)	304	19	47	6	94
Income (loss) before income taxes	390	69	72	440	1,191	(140)	(345)	(298)
Provision (benefit) for income taxes(3)	42	1	5	—	11	(5)	(10)	116
Equity in net income (loss) of investee(4)	27	(186)	(120)	(183)				
Income (loss) from continuing operations	375	(118)	(43)	257	$ 1,180	$ (135)	$ (335)	$ (414)
Income (loss) from discontinued operations, net of tax	—	—	—	—	(3)	—	—	—
Net income (loss)	375	(118)	(43)	257	$ 1,177	$ (135)	$ (335)	$ (414)
Net (income) loss attributable to noncontrolling interest	—	—	—	—	23	29	25	6
Class B preferred accretion	—	—	—	—	(22)	(22)	(20)	(8)
Net income (loss) attributable to AMD common stockholders	375	$ (118)	$ (43)	$ 257	$ 1,178	$ (128)	$ (330)	$ (416)
Net income (loss) attributable to AMD common stockholders per common share								
Basic net income (loss) attributable to AMD common stockholders per common share	$ 0.52	$ 0.17	$ 0.06	$ 0.36	$ 1.68	$ (0.18)	$ (0.49)	$ (0.66)
Diluted net income (loss) attributable to AMD common stockholders per common share	$ 0.50	$ 0.17	$ 0.06	$ 0.35	$ 1.52	$ (0.18)	$ (0.49)	$ (0.66)
Shares used in per share calculation								
Basic	717	713	709	707	705	694	667	626
Diluted	758	713	709	754	791	694	667	626
Common stock market price range								
High	$ 8.24	$ 8.21	$ 10.16	$ 9.83	$ 9.95	$ 6.30	$ 4.90	$ 3.78
Low	$ 6.82	$ 5.61	$ 7.61	$ 7.19	$ 4.33	$ 3.22	$ 3.04	$ 1.86

(1) On November 11, 2009, the Company entered into a settlement agreement with Intel Corp. Pursuant to the settlement agreement, Intel paid the Company $1,250 million and the Company recorded a $1,242 million gain net of certain expenses in 2009. On December 22, 2010, the Company entered into settlement agreement with Samsung. Pursuant to the settlement agreement, Samsung agreed to pay the Company $283 million, net of withholding taxes. The Company recorded this amount as a gain in 2010.

(2) In the first, second and third quarters of 2009, the Company recorded gains of $108 million, $6 million and $66 million, respectively, related to the repurchase of its 5.75% and 6.00% Notes. In the first quarter of 2009, the Company recorded impairment charges of $3 million related to its investment in Spansion.

(3) The tax provision in the first quarter of 2009 is primarily due to a one-time loss of deferred tax assets for German net operating loss carryovers upon the transfer of its ownership interest in its Dresden subsidiaries to GF. The tax provision in the fourth quarter of 2010 is primarily due to withholding taxes that the Company paid in connection with the settlement agreement with Samsung.

(4) As of beginning of 2010, the Company deconsolidated GF and began to account for its ownership interest in GF under the equity method of accounting. The Company recorded a one-time, non-cash gain of $325 million on deconsolidation of GF and a loss of $462 million for the Company’s share of GF’s operating results in 2010.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed with the objective of providing reasonable assurance that information required to be disclosed in our reports filed under the Securities and Exchange Act of 1934, or the Exchange Act, such as this Annual Report on Form 10-K is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our interim Chief Executive Officer and Chief Financial Officer, as appropriate, to allow 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 December 25, 2010, 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 pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e). This type of evaluation is performed on a quarterly basis so that conclusions of management, including our Chief Executive Officer and Chief Financial Officer, concerning the effectiveness of the disclosure controls can be reported in our periodic reports on Form 10-Q and Form 10-K. The overall goals of these evaluation activities are to monitor our disclosure controls and to modify them as necessary. We intend to maintain the disclosure controls as dynamic systems that we adjust as circumstances merit. Based on the foregoing, our interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

See "Management's Report on Internal Control over Financial Reporting" set forth in Item 8, Financial Statements and Supplementary Data, immediately following the financial statement audit report of Ernst & Young LLP.

Changes in Internal Control over Financial Reporting

There has been no change in our internal controls over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information under the captions "Item 1—Election of Directors," "Item 1—Consideration of Stockholder Nominees for Director," "Corporate Governance," "Meetings and Committees of the Board of Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our 2011 Proxy Statement is incorporated herein by reference. There were no material changes to the procedures by which stockholders may recommend nominees to our board of directors.

ITEM 11. EXECUTIVE COMPENSATION

The information under the captions "Directors' Compensation and Benefits," "2010 Non-Employee Director Compensation," "Compensation Discussion & Analysis," "Compensation Committee Report," "Compensation Policies and Practices," "Executive Compensation" (including 2010 Summary Compensation Table, 2010 Nonqualified Deferred Compensation, Outstanding Equity Awards at 2010 Fiscal Year-End, Grants of Plan-Based Awards in 2010 and Option Exercises and Stock Vested in 2010), "Employment and Related Agreements" and "Change in Control Arrangements" in our 2011 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the captions "Principal Stockholders," "Security Ownership of Directors and Executive Officers" and "Equity Compensation Plan Information" in our 2011 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information under the captions "Corporate Governance—Independence of Directors," and "Certain Relationships and Related Transactions" in our 2011 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information under the captions "Item 2—Ratification of Appointment of Independent Registered Public Accounting Firm—Independent Registered Public Accounting Firm's Fees" in our 2011 Proxy Statement is incorporated herein by reference.

With the exception of the information specifically incorporated by reference in Part III of this Annual Report on Form 10-K from our 2011 Proxy Statement, our 2011 Proxy Statement shall not be deemed to be filed as part of this report. Without limiting the foregoing, the information under the captions "Compensation Committee Report" and "Audit Committee Report" in our 2011 Proxy Statement is not incorporated by reference in this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements

The financial statements of AMD are set forth in Item 8 of this report on Form 10-K. The financial statements of GLOBALFOUNDRIES are incorporated by reference in Item 8 from Exhibit 99.2, Consolidated Financial Statements of GLOBALFOUNDRIES Inc. for the fiscal year ended December 25, 2010 and for the period from March 2, 2009 to December 26, 2009, attached to this Form 10-K.

Other than Schedule II and Exhibit 99.2, all other schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedules or because the information required is included in the Consolidated Financial Statements or Notes thereto.

2. Exhibits

The exhibits listed in the accompanying Index to Exhibits are filed as part of, or incorporated by reference into, this Annual Report on Form 10-K. The following is a list of such Exhibits:

Exhibit Number	Description of Exhibits
2.1	Plan of Arrangement under Section 192 of the Canada Business Corporations Act filed as Exhibit 2.1 to AMD’s Current Report on Form 8-K dated October 24, 2006, is hereby incorporated by reference.
2.2	Acquisition Agreement by and between Advanced Micro Devices, Inc. 1252986 Alberta ULC and ATI Technologies Inc. dated as of July 23, 2006 filed as Exhibit 2.2 to AMD’s Current Report on Form 8-K dated July 23, 2006, is hereby incorporated by reference.
**2.3	Asset Purchase Agreement by and among Broadcom Corporation, Broadcom International Limited, and Advanced Micro Devices, Inc., dated August 25, 2008 filed as Exhibit 2.1 to AMD’s Quarterly Report on Form 10-Q for the period ended September 27, 2008, is hereby incorporated by reference.
**2.4	Amendment No. 1 to Asset Purchase Agreement by and among Broadcom Corporation, Broadcom International Limited, and Advanced Micro Devices, Inc., dated October 27, 2008 filed as Exhibit 2.2 to AMD’s Quarterly Report on Form 10-Q for the period ended September 27, 2008, is hereby incorporated by reference.
3.1	Amended and Restated Certificate of Incorporation of Advanced Micro Devices, Inc. dated May 8, 2007 filed as Exhibit 3.1 to AMD’s Quarterly Report on Form 10-Q for the period ended March 31, 2007, is hereby incorporated by reference.
3.2	Advanced Micro Devices, Inc. Amended and Restated Bylaws, as amended, on July 30, 2009 filed as Exhibit 3.1 to AMD’s Current Report on Form 8-K dated July 30, 2009, are hereby incorporated by reference.
4.1	AMD hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to AMD’s long-term debt or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10 percent of the total assets of AMD and its subsidiaries on a consolidated basis.
4.2	Indenture governing 6.00% Convertible Senior Notes due 2015, dated April 27, 2007 between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., filed as Exhibit 4.1 to AMD’s Form 8-K dated April 24, 2007, is hereby incorporated by reference.
4.3	Form of 6.00% Senior Note due 2015, filed as Exhibit 4.1 to AMD’s Form 8-K dated April 24, 2007, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
4.4	Indenture governing 5.75% Convertible Senior Notes due 2012, dated August 14, 2007, between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated August 14, 2007, is hereby incorporated by reference
4.5	Form of 5.75% Senior Note due 2012, filed as Exhibit 4.1 to AMD's Form 8-K dated April 14, 2007, is hereby incorporated by reference.
4.6	Indenture, Including the Form of 8.125% Note, dated November 30, 2009 between Advanced Micro Devices, Inc. and Wells Fargo Bank, National Association filed as Exhibit 4.1 to AMD's Current Report on Form 8-K dated December 1, 2009, is hereby incorporated by reference.
4.7	Indenture governing 7.75% Senior Notes due 2020, Including the Form of 7.75% Note, dated August 4, 2010 between Advanced Micro Devices, Inc. and Wells Fargo Bank, N.A., filed as Exhibit 4.1 to AMD's Form 8-K dated August 4, 2010, is hereby incorporated by reference.
*10.1	2000 Employee Stock Purchase Plan, as amended and restated filed as Exhibit 10.1 to AMD's Form S-8 dated August 8, 2007, is hereby incorporated by reference.
*10.2	Forms of Stock Option Agreements, filed as Exhibit 10.8 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.3	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.4	Outside Director Equity Compensation Policy, adopted March 22, 2006, amended and restated as of May 3, 2007 and November 1, 2007, as amended February 12, 2009 filed as Exhibit 10.5(a) to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 2008, is hereby incorporated by reference.
*10.5	AMD 2000 Stock Incentive Plan, as amended, filed as Exhibit 10.12 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, is hereby incorporated by reference.
*10.6	AMD's U.S. Stock Option Program for options granted after April 25, 2000, filed as Exhibit 10.14 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, is hereby incorporated by reference.
*10.7	Advanced Micro Devices, Inc. 2006 Executive Incentive Plan, filed as Appendix B to AMD's Definitive Proxy Statement on Schedule 14A, as filed on March 23, 2006, is hereby incorporated by reference.
*10.8	Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to AMD's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
*10.9	Form of Executive Deferral Agreement, filed as Exhibit 10.17 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.10	Form of Management Continuity Agreement, as amended and restated filed as Exhibit 10.13(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 2007 is hereby incorporated by reference.
*10.11	Form of Change in Control Agreement filed as Exhibit 10.11 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2009 is hereby incorporated by reference.
*10.12	AMD's Stock Option Program for Employees Outside the U.S. for options granted after April 25, 2000, filed as Exhibit 10.24 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.13	AMD's U.S. Stock Option Program for options granted after April 24, 2001, filed as Exhibit 10.23(a) to AMD's Annual Report on Form 10-K for the fiscal year ended December 30, 2001, is hereby incorporated by reference.
*10.14	Third Amended and Restated Advanced Micro Devices, Inc. 2004 Equity Incentive Plan is hereby incorporated by reference from Definitive Proxy Statement on Schedule 14A filed with the SEC on March 15, 2010.
*10.15	Form of Stock Option Agreement U.S. 2004 Equity Incentive Plan Stock Option Grant Notice filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.
*10.16	Form of Stock Option Agreement Non-U.S. Stock Option Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.
*10.17	Form of Restricted Stock Unit Agreement Non-U.S. Restricted Stock Unit Award Advanced Micro Devices, Inc. 2004 Equity Incentive Plan filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended June 27, 2009, is hereby incorporated by reference.
*10.18	Form of Terms and Conditions For Participants Located in the U.S. Restricted Stock Unit Award (2004 Equity Incentive Plan) filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended October 1, 2006, is hereby incorporated by reference.
*10.19	Advanced Micro Devices, Inc. Deferred Income Account Plan, amended and restated, effective as of January 1, 2008 filed as Exhibit 10.18 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 2007 is hereby incorporated by reference.
*10.20	Form of Stock Option Agreement for AMD's US Senior Vice Presidents and Above filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.
*10.21	Form of Stock Option Agreement for AMD's Non-US Senior Vice Presidents and Above filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.
*10.22	Form of Restricted Stock Unit Agreement for AMD's US Senior VPs and Above filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.
*10.23	Form of Restricted Stock Unit Agreement for AMD's Non-US Senior VPs and Above filed as Exhibit 10.4 to AMD's Quarterly Report on Form 10-Q for the period ended June 26, 2010, is hereby incorporated by reference.
10.24	Lease Agreement, dated as of December 22, 1998, between AMD and Delaware Chip LLC, filed as Exhibit 10.27 to AMD's Annual Report on Form 10-K for the fiscal year ended December 27, 1998 is hereby incorporated by reference.
*10.25	Form of Split Dollar Life Insurance Agreement, as amended, filed as Exhibit 10.31 to AMD's Annual Report on Form 10-K for the fiscal year ended December 25, 1994, is hereby incorporated by reference.
*10.26	AMD 1996 Stock Incentive Plan, as amended, filed as Exhibit 10.58 to AMD's Quarterly Report on Form 10-Q for the period ended June 29, 2003, is hereby incorporated by reference.
*10.27	AMD 1998 Stock Incentive Plan, as amended, filed as Exhibit 10.32 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.28	Form of Indemnity Agreement by and between Advanced Micro Devices, Inc., and its officers and directors filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 6, 2008, is hereby incorporated by reference.
*10.29	1995 Option Stock Plan of NexGen, Inc., as amended, filed as Exhibit 10.37 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1996, is hereby incorporated by reference.
*10.30	Employment Agreement, dated as of September 27, 2000, between AMD and Robert J. Rivet, filed as Exhibit 10.57 to AMD's Quarterly Report on Form 10-Q for the period ended July 1, 2001, is hereby incorporated by reference.
*10.31	Plan to Replace Motorola Retirement Benefit for Robert J. Rivet Pursuant to Employment Agreement filed as Exhibit 10.35(b) to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 2007 is hereby incorporated by reference.
*10.32	Employment Agreement by and between Derrick Meyer and Advanced Micro Devices, Inc., dated July 17, 2008, filed as Exhibit 10.2 to AMD's Current Report on Form 8-K dated July 17, 2008, is hereby incorporated by reference.
*10.32(a)	Amendment to Employment Agreement between Advanced Micro Devices, Inc. and Derrick Meyer, entered into as of January 20, 2009 filed as Exhibit 10.2 to AMD's Current Report on Form 8-K dated January 16, 2009, is hereby incorporated by reference.
10.33	Guarantee Agreement dated 21 April 2004 as amended by Amendment Agreements dated 10 October 2006 and 25 February 2009 between Advanced Micro Devices, Inc. and The Foundry Company (as Guarantors), AMD Fab 36 Limited Liability Company & CO. KG (as Borrower), Dresdner Bank AG in Berlin (as Security Agent), Dresdner Bank AG, Niederlassung Luxemburg (as Facility Agent) and AMD Netherlands Technologies B.V. filed as Exhibit 10.2 to AMD's Current Report on Form 8-K dated March 5, 2009, is hereby incorporated by reference.
***10.34	Amended and Restated Non-Competition Agreement by and among Advanced Micro Devices, Inc., AMD Investments, Inc., Fujitsu Limited, and Spansion Inc. dated as of December 21, 2005 filed as Exhibit 10.8 to AMD's Current Report on Form 8-K dated December 15, 2005, is hereby incorporated by reference.
*10.35	ATI Technologies Inc. Share Option Plan, as amended effective as of January 25, 2005 filed as Exhibit 99.3 to AMD's Registration Statement on Form S-8 (333-138291) filed on October 30, 2006 is hereby incorporated by reference.
*10.36	ARTX Inc. 1997 Equity Incentive Plan, as amended, filed as Exhibit 99.4 to AMD's Registration Statement on Form S-8 (333-138291) filed on October 30, 2006 is hereby incorporated by reference.
10.37	Stock Purchase Agreement between West Coast Hitech L.P., and Advanced Micro Devices, Inc. dated as of November 15, 2007 filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated November 15, 2007, is hereby incorporated by reference.
10.38	Sale of Receivables (With Program Fees) Supplier Agreement between Advanced Micro Devices, Inc., and IBM Credit LLC dated March 26, 2008 filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 28, 2008, is hereby incorporated by reference.
10.39(a)	Amendment to Supplier Agreement between IBM Credit LLC and Advanced Micro Devices, Inc. dated March 26, 2008 filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended September 26, 2009, is hereby incorporated by reference.

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Exhibit Number	Description of Exhibits
10.40	Sale of Receivables (With Program Fees) Supplier Agreement between AMD International Sales & Service, Ltd., and IBM United Kingdom Financial Services Ltd. dated March 26, 2008 filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended June 28, 2008, is hereby incorporated by reference.
10.40(a)	Amendment to Supplier Agreement between IBM United Kingdom Financial Services LTD. and AMD International Sales and Service, LTD. dated March 26, 2008 filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended September 26, 2009, is hereby incorporated by reference.
10.41	Master Transaction Agreement by and among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and West Coast Hitech L.P. dated October 6, 2008 filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 16, 2008, is hereby incorporated by reference.
10.41(a)	Amendment to Master Transaction Agreement dated December 5, 2008 among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and West Coast Hitech L.P. filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated December 5, 2008, is hereby incorporated by reference.
**10.42	Intellectual Property Cross-License Agreement by and between Advanced Micro Devices, Inc., and Broadcom Corporation filed as Exhibit 10.2 to AMD's Quarterly Report on Form 10-Q for the period ended September 27, 2008, is hereby incorporated by reference.
**10.43	IP Core License Agreement by and between Advanced Micro Devices, Inc., and Broadcom Corporation filed as Exhibit 10.3 to AMD's Quarterly Report on Form 10-Q for the period ended September 27, 2008, is hereby incorporated by reference.
10.44	Shareholders' Agreement dated March 2, 2009 by and among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC, and The Foundry Company filed as Exhibit 10.3 to AMD's Current Report on Form 8-K dated March 5, 2009, is hereby incorporated by reference.
10.44(a)	Amended and Restated Shareholders' Agreement by and among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC, ATIC International Investment Company LLC and GlobalFoundries Inc. dated December 27, 2010.
10.45	Funding Agreement dated March 2, 2009 by and among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC, and The Foundry Company filed as Exhibit 10.4 to AMD's Current Report on Form 8-K dated March 5, 2009, is hereby incorporated by reference.
10.45(a)	Amended and Restated Funding Agreement by and among Advanced Micro Devices, Inc., Advanced Technology Investment Company LLC and GlobalFoundries Inc. dated December 27, 2010.
**10.46	Wafer Supply Agreement dated March 2, 2009 by and among Advanced Micro Devices, Inc., The Foundry Company and AMD Fab Technologies US Inc., filed as Exhibit 10.5 to AMD's Current Report on Form 8-K dated March 5, 2009, is hereby incorporated by reference.
*10.47	Offer Letter—Thomas Seifert dated August 31, 2009 filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated October 8, 2009, is hereby incorporated by reference.
*10.48	Relocation Expenses Agreement—Thomas Seifert dated August 31, 2009 by and between Advanced Micro Devices, Inc. and Thomas Seifert filed as Exhibit 10.2 to AMD's Current Report on Form 8-K dated October 8, 2009, is hereby incorporated by reference.

Exhibit Number	Description of Exhibits
*10.49	Sign-On Bonus Agreement—Thomas Seifert dated August 31, 2009 by and between Advanced Micro Devices, Inc. and Thomas Seifert filed as Exhibit 10.3 to AMD's Current Report on Form 8-K dated October 8, 2009, is hereby incorporated by reference.
*10.50	Offer Letter (including form Change in Control Agreement)—Emilio Ghilardi dated December 18, 2008 filed as Exhibit 10.62 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2009 is hereby incorporated by reference.
*10.51	Sign-On Bonus Agreement dated January 14, 2009 by and between Advanced Micro Devices, Inc. and Emilio Ghilardi filed as Exhibit 10.63 to AMD's Annual Report on Form 10-K for the fiscal year ended December 26, 2009 is hereby incorporated by reference.
10.52	Settlement Agreement dated November 17, 2009 between Advanced Micro Devices, Inc. and Intel Corporation filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated November 17, 2009, is hereby incorporated by reference.
***10.53	Patent Cross License Agreement dated November 11, 2009 between Advanced Micro Devices, Inc. and Intel Corporation filed as Exhibit 10.2 to AMD's Current Report on Form 8-K dated November 17, 2009, is hereby incorporated by reference.
10.54	Registration Rights Agreement dated November 30, 2009 by and among Advanced Micro Devices, Inc. and J.P. Morgan Securities Inc. filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated December 1, 2009, is hereby incorporated by reference.
*10.55	Executive Transition Agreement and General Release between Advanced Micro Devices, Inc., and Thomas M. McCoy dated June 29, 2010 filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated June 29, 2010, is hereby incorporated by reference.
*10.56	Relocation Expenses Agreement between Advanced Micro Devices, Inc. and Rick Bergman, dated February 22, 2010.
*10.57	Separation Agreement and Release between Derrick Meyer and Advanced Micro Devices, Inc. dated January 10, 2011.
10.58	Letter Agreement between Advanced Micro Devices, Inc., GLOBALFOUNDRIES, Inc., Advanced Technology Investment Company and West Coast Hitech L.P., filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended March 27, 2010, is hereby incorporated by reference.
10.59	Registration Rights Agreement by and among Advanced Micro Devices, Inc., and J.P. Morgan Securities Inc., as representative of the Several Initial Purchasers, dated August 4, 2010 filed as Exhibit 10.1 to AMD's Current Report on Form 8-K dated August 4, 2010, is hereby incorporated by reference.
10.60	Letter Agreement between Advanced Micro Devices, Inc., GLOBALFOUNDRIES, Inc. Advanced Technology Investment Company and West Coast Hitech L.P., filed as Exhibit 10.1 to AMD's Quarterly Report on Form 10-Q for the period ended September 25, 2010, is hereby incorporated by reference.
21	List of AMD subsidiaries.
23-a	Consent of Ernst & Young LLP, independent registered public accounting firm for Advanced Micro Devices, Inc.
23-b	Consent of Ernst & Young LLP, independent auditors for GLOBALFOUNDRIES Inc.
24	Power of Attorney.

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Exhibit Number	Description of Exhibits
31.1	Certification of the Interim 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 Interim 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.
99.1	Annual CEO Certification (Section 303A.12(a))
99.2	Consolidated Financial Statements of GLOBALFOUNDRIES Inc. for the fiscal year ended December 25, 2010 and for the period from March 2, 2009 to December 26, 2009.
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

* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3) of Form 10-K.

** Portions of this Exhibit have been omitted pursuant to a request for confidential treatment, which has been granted. These portions have been filed separately with the Securities and Exchange Commission.

*** Portions of this Exhibit have been omitted pursuant to a request for confidential treatment. These portions have been filed separately with the Securities and Exchange Commission.

AMD will furnish a copy of any exhibit on request and payment of AMD’s reasonable expenses of furnishing such exhibit.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

February 18, 2011

ADVANCED MICRO DEVICES, INC.

By: /S/ THOMAS J. SEIFERT

Thomas J. Seifert
Senior Vice President, Chief Financial Officer and Interim Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/S/ THOMAS J. SEIFERT **Thomas J. Seifert**	Senior Vice President, Chief Financial Officer and Interim Chief Executive Officer (Principal Executive Officer and Principal Financial and Accounting Officer)	February 18, 2011
* **Waleed Al Mokarrab Al Muhairi**	Director	February 18, 2011
* **W. Michael Barnes**	Director	February 18, 2011
* **John E. Caldwell**	Director	February 18, 2011
* **Bruce L. Claflin**	Executive Chairman of the Board	February 18, 2011
* **Craig A. Conway**	Director	February 18, 2011
* **Nicholas M. Donofrio**	Director	February 18, 2011
* **H. Paulett Eberhart**	Director	February 18, 2011
* **Robert B. Palmer**	Director	February 18, 2011

*By: /S/ THOMAS J. SEIFERT

(Thomas J. Seifert, Attorney-in-Fact)

SCHEDULE II

ADVANCED MICRO DEVICES, INC.

VALUATION AND QUALIFYING ACCOUNTS

Years Ended
December 27, 2008, December 26, 2009 and December 25, 2010

(In millions)

	Balance Beginning of Period	Additions Charged (Reductions Credited) To Operations	Deductions[1]	Balance End of Period
Allowance for doubtful accounts:				
Years ended:				
December 27, 2008	$ 10	$ 4	$ (6)	$ 8
December 26, 2009	$ 8	$ —	$ (1)	$ 7
December 25, 2010	$ 7	$ —	$ (3)	$ 4

(1) Accounts written off

Exhibit 10.44(a)

EXECUTION VERSION

AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

By and Among

ADVANCED MICRO DEVICES, INC.,

ADVANCED TECHNOLOGY INVESTMENT COMPANY LLC,

ATIC INTERNATIONAL INVESTMENT COMPANY LLC,

and

GLOBALFOUNDRIES INC.

Dated as of December 27, 2010

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EXHIBITS

APPENDICES

AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

This AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT (this "Shareholders' Agreement" and as referred to herein, this "Agreement"), dated as of December 27, 2010 is entered into by and among Advanced Micro Devices, Inc., a Delaware corporation ("Discovery"), Advanced Technology Investment Company LLC, a limited liability company established under the laws of the Emirate of Abu Dhabi and wholly-owned by the Government of Abu Dhabi ("Oyster"), ATIC International Investment Company LLC, a limited liability company established under the laws of the Emirate of Abu Dhabi and wholly-owned by the Government of Abu Dhabi ("Bidco") (each of Discovery, Oyster and Bidco being a "Shareholder" and together the "Shareholders"), and GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands ("FoundryCo"). Discovery, Oyster, Bidco and FoundryCo are sometimes referred to herein as the "Parties", and each individually as a "Party".

RECITALS

WHEREAS, the Shareholders, together with their respective Subsidiaries, own all of the Outstanding Shares of capital stock of FoundryCo.

WHEREAS, FoundryCo, Discovery and Oyster are parties to that certain Shareholders' Agreement, dated as of March 2, 2009 (the "Original Agreement");

WHEREAS, the Parties desire to amend and restate the Original Agreement as set forth herein in order to reflect the occurrence of certain events that have transpired since the date of the Original Agreement, including, but not limited to, the occurrence of a Reconciliation Event (as defined in the Original Agreement), the irrevocable waiver by Discovery of certain rights it was granted pursuant to the Original Agreement, and the issuance by FoundryCo of Shares to Bidco;

WHEREAS, Section 8.07 of the Original Agreement provides that the Original Agreement may be amended by an instrument in writing signed by each Party thereto; and

WHEREAS, each Party to the Original Agreement is executing this Shareholders' Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound, the Parties hereby agree that the Original Agreement is, as of and at the date first written above, amended and restated in its entirety to read as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms

Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings referred to or ascribed to such terms in Appendix A.

SECTION 1.02 Interpretation and Rules of Construction

In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(a) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or a Schedule or Exhibit to, this Agreement unless otherwise indicated;

(b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(c) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(d) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(e) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(f) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(g) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(h) any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor Laws, and any rules and regulations promulgated under such Laws;

(i) any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “Business”) shall be interpreted as a reference to a calendar day or number of calendar days;

(j) references to a Person are also to its successors and permitted assigns; and

(k) the use of “or” is not intended to be exclusive unless expressly indicated otherwise; and

(l) the phrase “the date hereof” or “as of the date of this Agreement” shall be deemed to refer to March 2, 2009.

ARTICLE II

GOVERNANCE

SECTION 2.01 Share Capital

The share capital of FoundryCo Outstanding as of the date of this Amended and Restated Shareholders’ Agreement is as set forth in the Register of Members. The rights of the holders of the Ordinary Shares, the Class A Preferred Shares and the Class B Preferred Shares are as set forth in the Memorandum and Articles of Association.

SECTION 2.02 Voting

Subject to the provisions set forth in the Memorandum and Articles of Association and this Agreement, each Shareholder then entitled to vote at a general meeting of shareholders of FoundryCo shall have the right to vote all Shares of which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any such meeting of shareholders, or execute a written resolution with respect to all Shares of which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof.

SECTION 2.03 Board of Directors

(a) The number of Persons a Shareholder may designate for nomination to serve as a Director shall be determined according to the percentage of Fully Diluted Shares held by such Shareholder as follows: (i) a Shareholder holding 30% or more but less than 40% of the Fully Diluted Shares shall be entitled to designate three (3) Directors; (ii) a Shareholder holding 20% or more but less than 30% of the Fully Diluted Shares shall be entitled to designate two (2) Directors; (iii) a Shareholder holding 10% or more but less than 20% of the Fully Diluted Shares shall be entitled to designate one (1) Director and (iv) a Shareholder holding less than 10% of the Fully Diluted Shares shall have no right pursuant to this Agreement to designate Persons for nomination to serve as Directors. To the extent the number of Directors a Shareholder shall be entitled to nominate is reduced pursuant to this Section 2.03(a), then, so long as any other Shareholder, together with its Affiliates and Permitted Transferees, owns at least a majority of the Fully Diluted Shares, such other Shareholder shall be entitled to designate all of the remaining Directors, provided that on behalf of Oyster, its Affiliates and Permitted Transferees, only Oyster shall be entitled to designate Persons for nomination to serve as Directors. Notwithstanding the foregoing, Discovery shall be entitled to designate for nomination one (1) Person to serve as a Director until the second anniversary of the first date on which Discovery holds less than 10% of the Fully Diluted Shares, on which date such Person shall resign from the Board and be replaced by a designee nominated by Oyster; provided, however, that in the event of a Discovery WSA Material Breach during such two-year period, any Person nominated by Discovery and serving as a Director shall resign if requested by Oyster, and, if requested by Oyster, the Shareholders shall vote to remove such invitee from the Board by action of the Shareholders at a general meeting of Shareholders or by resolutions adopted by written consent. Following the second anniversary of the first date on which Discovery holds less than 10% of the Fully Diluted Shares, Oyster may, at its option and in its sole discretion, invite Discovery to designate a Person to serve another two-year term; provided, however, that any such invitee shall resign if requested by Oyster, and, if requested by Oyster, the Shareholders shall vote to remove such invitee from the Board by action of the Shareholders at a general meeting of Shareholders or by resolutions adopted by written consent.

(b) Each Shareholder shall make the nominations to which it is entitled hereunder at least fifteen (15) days prior to each general meeting of shareholders of FoundryCo or, if FoundryCo elects not to hold a general meeting of shareholders, on or prior to the date on which FoundryCo's shareholders shall adopt a written resolution with respect to the foregoing matters. Each Shareholder shall vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any general meeting of shareholders, or adopt a written resolution with respect to all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof, in favor of electing to the Board the nominees of Discovery and Oyster designated pursuant to Section 2.03(a).

(c) Board meetings may be called by any Board member upon three (3) days' written notice to all other Board members. Such notice shall include a written agenda for the subjects to be considered at such meeting. The Board may not act on any subject not specified in such agenda except (i) after receiving written waivers of such notice from all Board members who were not given such notice and were not present at such meeting or (ii) upon such written consent or vote (including for such purposes, any express recusals) as may be required for such matters under this Agreement, the Memorandum and Articles of Association and applicable Law, including the affirmative vote or express abstentions from voting of those Board members who were not given such notice.

(d) The Board shall conduct meetings no less frequently than quarterly and at such locations as a majority of the members of the Board deem appropriate.

(e) Directors may participate in a meeting of the Board by means of a conference telephone or other communication equipment through which all persons participating in the meeting can hear each other, which shall be provided at all Board meetings if requested by a Director, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 2.04 Removal of Board Members; Vacancies

(a) A Shareholder may at any time elect to remove or dismiss any member of the Board appointed or nominated by such Shareholder pursuant to Section 2.03, with or without cause. Upon such election, each other Shareholder shall vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any such meeting of shareholders, or execute a written resolution with respect to all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof, in favor of the removal or dismissal of any such Board member. In the event that the number of members of the Board nominated by a Shareholder exceeds the number that such Shareholder has the right to nominate pursuant to Section 2.03, such Shareholder shall promptly take all appropriate action to cause any such extra members of the Board nominated by such Shareholder to immediately resign or alternatively shall take such measures as are necessary to remove or dismiss such extra members.

(b) In the event that a vacancy occurs on the Board as a result of the retirement, removal, dismissal, resignation, disability or death of a member thereof nominated pursuant to Section 2.03, such vacancy shall be filled by a person nominated by the Shareholder whose nominee's retirement, removal, dismissal, resignation, disability or death created such vacancy. Each Shareholder shall vote all Shares of which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any meeting of shareholders, or execute a written resolution with respect to all Shares of which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof, in favor of the election of any person so nominated to fill a vacancy on the Board.

(c) Each Shareholder hereby agrees that it will not vote (or execute any written resolutions with respect to) any Shares of which it is the registered holder or any other Shares for which such Shareholder shall otherwise have the ability to control or direct the voting thereof in favor of the removal, dismissal or suspension of any member of the Board that any other Shareholder had the right to nominate unless such other Shareholder shall have consented to or requested such removal or dismissal in writing.

SECTION 2.05 Committees

(a) FoundryCo and each Shareholder hereby agree that the Board may establish a Finance and Audit Committee, a Governance Committee and a People Committee. From time to time, pursuant to the Memorandum and Articles of Association, the Board may disestablish these committees and establish such other committees as the board may determine to be in the best interests of the Company.

(b) FoundryCo and each Shareholder hereby agree that, in addition to any other committees formed by the Board from time to time, the Board may establish a security committee which shall oversee FoundryCo's compliance with any security and compliance-related commitments to the U.S. government as well as the overall security of FoundryCo, including the protection of FoundryCo's technology and compliance with U.S. export control requirements.

SECTION 2.06 Additional Financings.

FoundryCo shall seek additional financing, and the Shareholders shall make additional capital contributions, in accordance with the terms and conditions set forth in the Funding Agreement.

SECTION 2.07 Certain Other Corporate Actions

(a) At all times, subject to Section 2.07(b) and Section 6.01(b), FoundryCo shall not, and shall cause its Subsidiaries not to, take (either directly or by amendment, merger, consolidation, reclassification or otherwise) (and each Shareholder agrees to vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any meeting of shareholders against (and to refuse to execute a written resolution that seeks the authority to approve)) any action not in the ordinary course of business, unless the Board shall first have approved such action by Majority Vote; *provided*, *however*, that the Board may by resolution require prior notification or the Board's prior approval for any actions to be taken in the ordinary course of business; *provided further*, that in the event a matter which would otherwise require approval under this Section 2.07 has been expressly included in either the Five-Year Capital Plan or the Annual Business Plan, which has been approved by the Board or the Shareholders in accordance with this Agreement and the Funding Agreement, as applicable, no further Board approval shall be required hereunder.

(b) In addition to such authorizations or approvals by the Board or shareholders as may be required by applicable Law, the Memorandum and Articles of Association or the constituent documents of each of FoundryCo's Subsidiaries or the other provisions of this Agreement, and subject to Section 6.01(b) and Section 7.01(b)(i), FoundryCo shall not, and shall cause its Subsidiaries not to, take (either directly or by amendment, merger, consolidation, reclassification or otherwise) (and each Shareholder agrees to vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any meeting of shareholders against (and to refuse to execute a written resolution that seeks the authority to approve)) any of the following actions, unless all of the members of the Board shall have first approved such action:

(i) implementing material changes in the purpose or scope of FoundryCo's activities or engaging in any material activity unrelated to FoundryCo's business that materially adversely affects FoundryCo's ability to perform its obligations to Discovery under the Wafer Supply Agreement;

(ii) the approval of any material amendment, modification or revision to the Five-Year Capital Plan;

(iii) the approval of any Annual Business Plan or any material amendment, modification or revision thereto; *provided* that the Board may approve by Majority Vote any such approval, amendment, modification or revision that does not materially adversely affect FoundryCo's ability to perform its obligations to Discovery under the Wafer Supply Agreement;

(iv) the amendment of any of the Transaction Documents;

(v) the entering into of any transaction, agreement or arrangement between FoundryCo or any of its Subsidiaries, on the one hand, and any Officer, Director, Affiliate or Shareholder, on the other hand, (other than the transactions provided for in or contemplated by the Transaction Documents) unless the total consideration expected to be paid or received by FoundryCo and its Subsidiaries taken as whole as a result of such transaction or proposed change or waiver shall not exceed $25 million; and

(vi) the entering into of any contract, arrangement, understanding or other similar agreement with respect to any of the foregoing in subsections (i) - (v).

(c) In the event of an inconsistency between FoundryCo's Memorandum and Articles of Association and this Agreement, the Shareholders shall exercise their voting rights to amend the Memorandum and Articles of Association to remove such inconsistency.

SECTION 2.08 Acknowledgment Regarding Fiduciary Duties

Except as otherwise expressly set forth in this Agreement and the other Transaction Documents, this Agreement is not intended to, and does not, create or impose any fiduciary duty on any of the Shareholders (in their capacity as a holder of Shares) or their respective Affiliates.

SECTION 2.09 Delivery of Notice for General Meeting and Board Meeting

In addition to any other manner of delivery permitted by the Memorandum and Articles of Association, each Shareholder consents to the delivery of notices of any general meeting of shareholders of FoundryCo by electronic mail at the address and upon the terms set forth in Section 8.02 for such Party. Notwithstanding any provision of this Agreement to the contrary, each Shareholder may withdraw such consent or change the applicable electronic mail address for purposes of such Shareholder notices at any time upon written notice to FoundryCo without the approval of any other Party hereto.

ARTICLE III

RESTRICTIONS ON TRANSFER OF SECURITIES

SECTION 3.01 General Rules

(a) For purposes of this Article III, Securities held by Discovery shall include any Securities held by any Permitted Transferees or any other transferees (other than a transferee pursuant to a Public Sale) of Discovery and Securities held by Oyster shall include any Securities held by any Permitted Transferees or any other transferees (other than a transferee pursuant to a Public Sale) of Oyster, and any offers or acceptances to purchase or sell Securities made to or by Discovery or Oyster shall have been deemed to have been made to or by the respective Permitted Transferees or any other transferees (other than a transferee pursuant to a Public Sale) of Discovery or Oyster.

(b) No Shareholder shall, directly or indirectly, make or solicit any Sale of Securities, or create, incur, solicit or assume any Encumbrance with respect to any Securities, except in compliance with this Agreement and any applicable securities laws.

(c) Each Shareholder shall vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof at any such meeting of shareholders, or execute a written resolution with respect to all Shares for which such Shareholder is the registered holder or for which Shareholder shall otherwise have the ability to control or direct the voting thereof, in favor of any resolution to procure any transfer in compliance with the provisions of this Article III and to prohibit any transfer not in compliance with this Article III. The Shareholders shall cause the members of the Board to vote in accordance with the provisions of this Article III.

(d) Immediately prior to the IPO, the Convertible Notes shall convert into Class A Preferred Shares or Class B Preferred Shares, as applicable, and all Preferred Shares shall convert into Ordinary Shares, in each case pursuant to the terms thereof.

SECTION 3.02 General Restrictions on Transfer

Each Shareholder agrees that, without the consent of the other Shareholder, it will not participate in any Sale of Securities if (a) such Sale of Securities is made to Intel Corporation ("Intel"), or any Affiliates of Intel or (b) such Sale of Securities is made to any competitor of FoundryCo.

SECTION 3.03 Certain Restrictions on Transfer

(a) Each Shareholder agrees that, prior to the earliest of (i) March 2, 2019, (ii) such time as the Abu Dhabi cluster is operational with a steady-state yield and volumes of at least seventy-five thousand (75,000) Wafer Starts on Qualified Processes per month, as set forth in the Wafer Supply Agreement, or (iii) the termination of the Transition Period under the Funding Agreement (the "Restricted Period"), it will not, directly or indirectly, make any Sale of Securities, or create, incur or assume any Encumbrance with respect to any Securities held by such Shareholder, or enter into any other transaction pursuant to which it or any of its Permitted Transferees shall receive any consideration in cash or other property in connection with such Securities (other than as a distribution thereon by FoundryCo), other than:

(i) with the prior written consent of the other Shareholder;

(ii) any Sale of Securities to (A) a Permitted Transferee in compliance with the provisions of this Article III, or (B) the other Shareholder;

(iii) each of Discovery and Oyster (and any of their Permitted Transferees holding Shares) shall be entitled to sell up to 25% of its Fully Diluted Shares (measured at the time of the IPO) in the IPO; *provided*, *however*, that any Securities to be included on behalf of FoundryCo shall be given first priority to be included in the IPO and as among the Shareholders wishing to sell Securities, the number of Securities to be included in the IPO shall be allocated pro rata based on the amount of Securities each Shareholder (and its Permitted Transferees) proposes to sell; *provided further*, that any Securities to be included in the IPO on behalf of Discovery and Oyster and their respective Permitted Transferees shall be given priority over any other Shareholder or any employees of FoundryCo or any of its Subsidiaries;

(iv) in each year following the IPO, each of Discovery and Oyster (and any of their Permitted Transferees holding Shares) shall be entitled to sell up to an equal amount of its Fully Diluted Shares as permitted under Section 3.03(a)(iii) pursuant to (A) a Public Offering, or (B) an offering exempt from registration pursuant to Rule 144 under the Securities Act, or similar non-U.S. applicable Law, if any, *provided, however*, that any Securities to be included on behalf of FoundryCo shall be given first priority to be included in any such Public Offering and as among the Shareholders wishing to sell Securities, the number of Securities to be included in any such Public Offering shall be allocated pro rata based on the amount of Securities each Shareholder (and its Permitted Transferees) proposes to sell; *provided further*, that any Securities to be included in any such Public Offering on behalf of Discovery and Oyster and their respective Permitted Transferees shall be given priority over any other Shareholder or any employees of FoundryCo or any of its Subsidiaries;

(v) in each year following the IPO, including the year of the IPO, (A) with respect to Discovery, to pledge up to an equal amount of Fully Diluted Shares as permitted for sale under Section 3.03(a)(iii), and (B) with respect to Oyster, to pledge up to all of its Fully Diluted Shares; or

(vi) any Sale of Securities by Oyster or its Permitted Transferees pursuant to Section 5.01.

(b) Each Shareholder agrees that, following the end of the Restricted Period, it will not, directly or indirectly, make any Sale of Securities, or create, incur or assume any Encumbrance with respect to any Securities held by such Shareholder, or enter into any other transaction pursuant to which it or any of its Permitted Transferees shall receive any consideration in cash or other property in connection with such Securities (other than as a distribution thereon by FoundryCo) other than (i) pursuant to the exceptions set forth in Section 3.03(a) above or (ii) any Sale of Securities for cash or readily marketable securities that is made in compliance with the procedures, and subject to the limitations, set forth in Sections 3.05, 3.06, 3.07 and 3.08.

SECTION 3.04 Permitted Transferees

(a) Notwithstanding anything to the contrary contained herein, any Sale of Securities may be made to a Permitted Transferee. However, no Sale of Securities to a Permitted Transferee shall be effective if a purpose or effect of such transfer shall have been to circumvent the provisions of this Article III. Each Shareholder shall remain responsible for the performance of this Agreement by each Permitted Transferee of such Shareholder to which Securities are transferred. If any Permitted Transferee to which Securities are transferred in accordance with this Article III ceases to be a Permitted Transferee of the Shareholder from which or whom it acquired such Securities, such Person shall reconvey such Securities to such transferring Shareholder immediately before such Person ceases to be a Permitted Transferee of such transferring Shareholder so long as such Person knows of its upcoming change of status immediately prior thereto. If such change of status is not known until after its occurrence, the former Permitted Transferee shall make such transfer to such transferring Shareholder as soon as practicable after the former Permitted Transferee receives notice thereof.

(b) Each Permitted Transferee shall enter into a joinder agreement pursuant to Section 3.09(a).

(c) Notwithstanding anything to the contrary contained herein, in substitution of Bidco's pledge of shares of GFS under the GFS Share Pledge Agreement, made to secure the performance of Oyster's obligations under the ATIC Facility, Oyster and Bidco may make a bona fide pledge of Securities to secure the performance by Oyster of its obligations under the ATIC Facility, and such secured parties shall become Permitted Transferees hereunder.

SECTION 3.05 Right of First Offer

(a) The provisions of this Section 3.05 shall survive the IPO.

(b) Following the end of the Restricted Period, except as provided for in Section 3.03(b), if at any time during the term of this Agreement, a Shareholder (the "Prospective Seller") desires to effect a Sale of Securities to a Third Party or Third Parties, the Prospective Seller shall deliver a written notice (an "Offer Notice") thereof to FoundryCo and the other Shareholder (the "Other Shareholder"), which notice shall set forth all of the material terms and conditions, including the number of Securities proposed to be sold (the "Offered Securities") and the proposed purchase price per Share (the "Offer Price") (which shall be payable solely in cash or freely marketable securities in one lump sum payment), on which the Prospective Seller offers to sell the Offered Securities to FoundryCo and the Other Shareholder (the "Offer").

(c) The receipt of an Offer Notice by the Other Shareholder shall constitute an offer by the Prospective Seller to sell to the Other Shareholder. Such Offer shall be irrevocable for thirty (30) days (the "Offer Period") after receipt of such Offer Notice by the Other Shareholder. During the Offer Period, the Other Shareholder shall have the right to accept such offer as to any or all of the Offered Securities by giving a written notice of acceptance (the "Notice of Acceptance") to the Prospective Seller prior to the expiration of the Offer Period, which notice shall specify the number of Offered Securities to be purchased by the Other Shareholder. Alternatively, if the threshold set forth in Section 3.07(b) is met, the Other Shareholder shall have the right and option to notify the Prospective Seller of the Other Shareholder's interest in selling along with the Prospective Seller to a Third Party (the "Tag Along Offer") pursuant to Section 3.07.

(d) The consummation of any such purchase by and sale to the Other Shareholder shall take place not later than ten (10) days after the expiration of the Offer Period (unless a later date shall be required under the HSR Act or other applicable Law). Upon the consummation of such purchase and sale, the Prospective Seller shall (i) deliver to the Other

Shareholder the Securities purchased, free and clear of any Encumbrances (other than this Agreement and applicable Law) and (ii) assign all of its rights and obligations under this Agreement with respect to such Securities against payment of the purchase price contained in the Offer.

(e) In the event that (i) the Other Shareholder shall not have elected during the Offer Period to purchase all the Offered Securities or (ii) the Other Shareholder shall have failed to consummate a purchase of Securities with respect to which a Notice of Acceptance was given, the Prospective Seller shall not be obligated to sell any Offered Securities to the Other Shareholder and, subject to its obligations under Section 3.06 and 3.07, shall have the right to sell the Offered Securities (the "Unaccepted Securities") to a Third Party or Third Parties so long as all the Unaccepted Securities are sold or otherwise disposed of by the Prospective Seller (A) within ninety (90) days after the expiration of the Offer Period or such longer period (up to the maximum period permitted by applicable Law) as would be required under the HSR Act or other applicable Law, and (B) at a price not less than the Offer Price included in the Offer Notice.

SECTION 3.06 Right of Last Look

(a) The provisions of this Section 3.06 shall survive the IPO.

(b) Following the end of the Restricted Period, except as provided for in Section 3.03(b), a Prospective Seller shall not consummate any Sale of Securities to a Third Party without offering in writing at least ten (10) Business Days prior to the consummation of the Sale of Securities, the Other Shareholder the right to acquire the Offered Securities for the purchase price set forth in this Section 3.06 and otherwise on the terms and conditions offered by the Third Party (the "Last Look Notice"). The Last Look Notice shall contain (i) the name and address of the Third Party and any Person who controls such Third Party, (ii) the proposed amount and form of consideration to be delivered by the Third Party in the transaction and a calculation of the purchase price applicable to the Other Shareholder, (iii) the material terms of such transaction, and (iv) the proposed closing date. The Other Shareholder shall have five (5) Business Days to notify the Prospective Seller of its intentions to purchase the Securities on the terms and conditions set forth above (the "Last Look Acceptance Notice");

(c) To the extent that the Other Shareholder elects not to exercise its purchase right under this Section 3.06 or does not timely deliver a Last Look Acceptance Notice, the Prospective Seller shall be permitted to consummate its transaction with the Third Party not later than five (5) Business Days after the expiration of the period of time for the Other Shareholder to deliver the Last Look Acceptance Notice. Alternatively, if the Other Shareholder timely delivers the Last Look Acceptance Notice, the Other Shareholder must consummate the acquisition of Securities on or before the proposed closing date identified in the Last Look Notice.

SECTION 3.07 Tag-Along Rights

(a) The provisions of this Section 3.07 shall terminate upon the IPO.

(b) (i) Following the end of the Restricted Period, except as provided for in Section 3.03(b), no Prospective Seller shall sell any Offered Securities held by it, if such Offered Securities constitute more than 10% of the then Fully Diluted Shares, unless each Other

Shareholder is provided the Offer Notice set forth in Section 3.05 and is offered the right and option to sell pursuant to such disposition up to the same percentage of Securities held by it as the percentage of Securities held by the Prospective Seller as the Prospective Seller proposes to sell.

(ii) The Other Shareholder desiring to exercise such option shall, prior to the expiration of the Offer Period, provide the Prospective Seller with a written notice specifying the number of Securities as to which such Other Shareholder (the "Tag-Along Offered Securities") has an interest in selling pursuant to the Tag-Along Offer (a "Tag-Along Notice of Interest"), and shall cooperate in such manner as the Prospective Seller shall reasonably request to permit the sale of such Securities pursuant to the Tag-Along Offer.

(iii) If the Third Party is unwilling to buy all of the Offered Securities, then the allocation of the Securities to be sold in the Tag-Along Offer shall be made pro rata based on the number of Securities each Shareholder proposes to sell.

(iv) Promptly after the consummation of the Sale of Securities of the Prospective Seller and the Other Shareholder to the Third Party or Parties pursuant to the Tag-Along Offer, the Prospective Seller shall remit to the Other Shareholder the total sales price of the Securities of the Other Shareholder sold pursuant thereto less the *pro rata* portion (based on sales price of Securities being sold by the respective parties) of the out-of-pocket expenses (including reasonable legal expenses) incurred by the Prospective Seller in connection with such sale; *provided*, *however*, that the Other Shareholder shall not be liable for any such expenses in the event that such sale is not consummated.

(v) If at the end of the Offer Period the Other Shareholder shall not have given a Tag-Along Notice of Interest, the Other Shareholder shall be deemed to have waived its rights under this Section 3.07 with respect to the sale pursuant to the Tag-Along Offer with respect to which a Tag-Along Notice of Interest shall not have been given.

(vi) If, at the end of the twenty (20)-day period following the giving of the Offer Notice (or such later date as is required under the HSR Act or other applicable Law), the Prospective Seller has not completed the sale of all the Tag-Along Offered Securities made available to the Prospective Seller pursuant to Section 3.07(b)(ii), the Prospective Seller shall return to the Other Shareholder all certificates and documents provided to the Prospective Seller by the Other Shareholder pursuant to Section 3.07(b)(ii); *provided*, *however*, that the Prospective Seller shall not be relieved of its obligation to sell the Securities of the Other Shareholder in the event that such sale is ultimately completed with such Third Party or Parties.

(vii) Except as expressly provided in this Section 3.07, no Prospective Seller shall have any obligation to the Other Shareholder with respect to the sale of any Securities held by the Other Shareholder in connection with this Section 3.07. No Other Shareholder shall be entitled to sell and transfer Securities directly to any Third Party pursuant to a Tag-Along Offer (it being understood that all such sales shall be made only on the terms and pursuant to the procedures set forth in this Section 3.07).

SECTION 3.08 Drag-Along Rights

(a) The provisions of this Section 3.08 shall terminate upon the IPO.

(b) Following the end of the Restricted Period, except as provided for in Section 3.03(b), in the event that any Shareholder that, together with its Permitted Transferees, holds at least 75% of the Fully Diluted Shares (the "Dragging-Along Shareholder") proposes to sell all of its Securities in a bona fide transaction to a Third Party, then the Dragging-Along Shareholder shall have the unconditional right to effect the sale of all (but not less than all) of such Securities in either a private or public sale, at the option of the Dragging-Along Shareholder (such transaction, the "Drag-Along Transaction"). In such event, the Dragging-Along Shareholder may, at its option, require the other Shareholder (the "Dragged-Along Shareholder") to sell all of the Securities then held by or registered in the names of such Dragged-Along Shareholder and its Permitted Transferees ("Drag-Along Offered Securities") to the Third Party or Parties in the Drag-Along Transaction for the same consideration and otherwise on the same terms and conditions upon which the Dragging-Along Shareholder sells its Securities, subject to Section 3.08(f). Each Shareholder hereby agrees that it will vote in favor of (or execute any written resolutions with respect to) any transaction required by this Section 3.08(b) and to take such further actions as may be reasonably required to effect such transaction, in each case, to the extent not consistent with this Agreement. In the event of a Drag-Along Transaction, none of the provisions of Sections 3.02(b), 3.05, 3.06, and 3.07 shall apply.

(c) The Dragging-Along Shareholder shall provide a written notice (the "Drag-Along Notice") of such Drag-Along Transaction (the "Drag-Along Offer") to the Dragged-Along Shareholder not later than thirty (30) days prior to the consummation of the sale contemplated by the Drag-Along Offer. The Drag-Along Notice shall contain written notice of the exercise of the Dragging-Along Shareholder's rights pursuant to Section 3.08(b), and shall identify the Third Party or Parties making the Drag-Along Offer, the consideration offered per Share and all other material terms and conditions of the Drag-Along Offer. Within twenty (20) days following the date the Drag-Along Notice is given, the Dragged-Along Shareholder shall cooperate in such manner as the Dragging-Along Shareholder shall reasonably request to permit the sale of the Securities requested from each such Dragged-Along Shareholder pursuant to the Drag-Along Offer, and shall enter into a sale agreement with respect to the sale of the Securities of the Dragging-Along Shareholder and the Dragged-Along Shareholder pursuant to the Drag-Along Offer and shall reasonably cooperate in the transfer of these Securities to the relevant Third Party; *provided*, *however*, that the Dragged-Along Shareholder shall not be required to make any representations and warranties in such sale agreement other than with respect to the Dragged-Along Shareholder's authority to enter into the sale agreement and ownership of the Securities to be sold by the Dragged-Along Shareholder. The Company shall in connection with the transfer of the relevant Securities to the relevant Third Party request the Board to adopt a resolution to grant the approval for such transfer of Securities pursuant to the Memorandum and Articles of Association.

(d) Promptly after the consummation of the sale of Securities pursuant to the Drag-Along Offer and receipt of consideration therefor, the Dragging-Along Shareholder shall remit to the Dragged-Along Shareholder the sales proceeds received by the Dragging-Along Shareholders of the Securities of such Dragged-Along Shareholder sold pursuant thereto less a pro rata portion of the out-of-pocket expenses (including reasonable legal expenses) incurred by the Dragging-Along Shareholder in connection with such sale; *provided*, *however*, that the Dragged-Along Shareholder shall not be liable for any such expenses in the event that such sale is not consummated.

(e) If, at the end of the sixty (60)-day period following the giving of the Drag-Along Notice, the Dragging-Along Shareholder has not completed the sale of all its Securities and the Securities of the Dragged-Along Shareholder pursuant to Section 3.08(b), the Dragging-Along Shareholder shall return to the Dragged-Along Shareholder such documents as it shall reasonably request, and the Dragged-Along Shareholder shall no longer be obligated to cooperate in such sale and transfer pursuant to Section 3.08(b) with respect to such Drag-Along Offer.

(f) Except as expressly provided in Section 3.08(d), the Dragging-Along Shareholder shall have no obligation to the Dragged-Along Shareholder with respect to the contemplated sale of any Securities held by such Dragged-Along Shareholder in connection with this Section 3.08. The Dragging-Along Shareholder shall have no obligation to the Dragged-Along Shareholder to sell and transfer any Drag-Along Offered Securities pursuant to this Section 3.08 or as a result of any decision by the Dragging-Along Shareholder not to accept or consummate any Drag-Along Offer (it being understood that any and all such decisions shall be made by the Dragging-Along Shareholder in its sole discretion). No Dragged-Along Shareholder shall be entitled to sell and transfer Securities directly to any Third Party pursuant to a Drag-Along Offer (it being understood that all such sales shall be made only on the terms and pursuant to the procedures set forth in this Section 3.08).

(g) Upon the consummation of a Drag-Along Transaction, all of the holders of the Securities shall receive the same form and amount of consideration per Security, respectively, taking into account and giving effect to any accrued interest, conversion ratios, liquidation preference and other provisions relating to the nature of consideration, to which the holders of Securities are entitled in accordance with the terms thereof in effect immediately prior to the Drag-Along Transaction, and if any holders of Preferred Shares or Ordinary Shares are given an option as to the form and amount of consideration to be received, all holders shall be given the same option. In addition, such Shareholder shall not be required to accept consideration in a Drag-Along Transaction other than cash and/or freely-tradable equity securities registered under the Exchange Act and listed on the New York Stock Exchange or NASDAQ Stock Market and/or any other securities exchange or automated quotation system of similar caliber in the United States or elsewhere.

SECTION 3.09 Certain Persons to Execute Agreement

(a) Each Shareholder agrees that it will not, directly or indirectly, make any Sale of Securities to any Permitted Transferee or otherwise unless, prior to the consummation of any such Sale of Securities, the Person to whom such Sale of Securities is proposed to be made (a "Prospective Transferee") executes and delivers to FoundryCo and each Shareholder an agreement in the form attached hereto as Exhibit A whereby such Prospective Transferee confirms that, with respect to the Securities that are the subject of such Sale of Securities, it shall be deemed to be a "Shareholder" for all purposes of this Agreement and agrees to be bound by all the terms of this Agreement as a "Shareholder"; *provided*, *however*, that such Prospective Transferee shall not be entitled to the benefits of this Agreement until such time as such Sale of Securities to such Person has been completed.

(b) The provisions of this Section 3.09 shall not apply to any Sale of Securities pursuant to a Public Offering or, following the IPO, pursuant to an offering exempt from registration pursuant to Rule 144 under the Securities Act, or similar non-U.S. applicable Law (each such Sale of Securities, a "Public Sale").

SECTION 3.10 Equivalent Rights

The Shareholders acknowledge that the Board may determine that it is in the best interests of FoundryCo to effect its IPO on a securities exchange located outside of the United States. The Shareholders and FoundryCo agree that prior to any such IPO each of them shall use their commercially reasonable efforts to amend this Agreement as may be necessary to ensure that the rights of the Shareholders with respect to any Public Offerings in and following the IPO and the sale of Securities in any such Public Offerings are at least equivalent to the rights set forth in this Agreement in respect of sales of Securities in the United States.

SECTION 3.11 Put and Call Options; Fair Market Valuation

(a) Unless otherwise agreed by the Parties, in the event that a Shareholder's option pursuant to the terms of this Agreement or the Funding Agreement is triggered (i) to put any or all of the Securities held by such Shareholder and its Permitted Transferees to the other Shareholder, or (ii) to purchase any or all of the Securities held by the other Shareholder and its Permitted Transferees, such Shareholder shall have thirty (30) days from the date that it receives notification of the triggering event by the other Shareholder to deliver a written notice (the "Election Notice") to the other Shareholder electing to exercise such put or call option, as appropriate, and if not so exercised within such thirty (30)-day period, such option shall lapse.

(b) Each Shareholder hereby covenants and agrees that where the provisions of this Agreement and the Funding Agreement indicate that the "Fair Market Value" of the Shares of FoundryCo is to be determined, such Shareholder will take all actions reasonably necessary to determine the Fair Market Value of such Shares in accordance with this Section 3.11(b).

(i) The Shareholder wishing to exercise its put or call option pursuant to Section 3.11(a) shall designate an investment banking firm of recognized international standing within fifteen (15) days of the date of the delivery of the

Election Notice to determine the Fair Market Value of such Shares. The other Shareholder shall also designate an investment banking firm of recognized international standing within the same time period. Within thirty (30) days after appointment of both investment banking firms, each investment banking firm shall determine its initial view as to the Fair Market Value of such Shares and shall consult with one another with respect thereto. Within forty-five (45) days after appointment of both investment banking firms, each investment banking firm shall have determined its final view as to the Fair Market Value of such Shares and shall have delivered such final view to the Shareholders.

(ii) If the difference between the higher of the respective final views of the two investment banking firms and the lower of the respective final views of the two investment banking firms is less than 10% of the higher Fair Market Value, then the Fair Market Value determined shall be the average of those two views.

(iii) If the difference between the higher Fair Market Value and the lower Fair Market Value is equal to or greater than 10%, then the Shareholders shall instruct the investment banking firms to jointly designate a third investment banking firm of recognized international standing (the "Mutually Designated Appraiser"). The Mutually Designated Appraiser shall be designated within ten (10) days after the delivery of the final views of the investment banking firms pursuant to Section 3.11(b)(i) and shall within fifteen (15) days of such designation determine its final view as to the Fair Market Value. The final Fair Market Value determination shall be the Fair Market Value of the Mutually Designated Appraiser.

(iv) Notwithstanding the foregoing, in the event a Shareholder does not appoint an investment banking firm within the time periods specified above, such Shareholder shall have waived its rights to appoint an investment firm and determination of the Fair Market Value shall be made solely by the Shareholder who did appoint an investment banking firm.

(c) FoundryCo shall provide reasonable access to each of the designated investment banking firms to members of management of FoundryCo and its Subsidiaries and to the books and records of FoundryCo and its Subsidiaries in order to allow such investment banking firms to conduct due diligence examinations in scope and duration as are customary in valuations of this kind. Each of the Shareholders and any Permitted Transferees agree to cooperate with each of the investment banking firms to provide such information as may be reasonably requested. Costs of the appraisals shall be borne equally by the Shareholders.

ARTICLE IV

BOOKS AND RECORDS; FINANCIAL STATEMENTS

SECTION 4.01 Books and Records; Financial Statements

(a) At all times during the continuance of FoundryCo, FoundryCo shall prepare and maintain separate books of account for FoundryCo and its Subsidiaries that shall show a true and accurate record of all assets, all liabilities, all equity, all investments by owners, all distributions to owners, all comprehensive income, all revenues, all expenses, all gains and all losses, pertaining to FoundryCo or any of its Subsidiaries in accordance with either IFRS or GAAP consistently applied. Such books of account, together with a certified copy of this Agreement and of the constituent documents of FoundryCo, shall at all times be maintained at the principal place of business of FoundryCo. The books of account and the records of FoundryCo and its Subsidiaries shall be examined by and reported upon as of the end of each fiscal year by an internationally recognized independent registered public accounting firm (the "Auditors"). The Auditors shall be nominated by Oyster. Each Shareholder shall, regarding the appointment of the Auditors, vote its shares in accordance with the proposal of the Board pursuant to the foregoing sentence.

(b) Starting with fiscal year 2010 and for as long as Oyster is required to record FoundryCo's financial results into Oyster's books in accordance with IFRS, FoundryCo shall provide Oyster the following financial information examined by and reported upon by the Auditors at the times hereinafter set forth:

(i) As soon as available and in any event within sixty (60) days after the end of each fiscal year, the following financial statements, prepared in accordance with IFRS and consistent with Oyster's IFRS accounting policies (it being understood that FoundryCo, and not the Auditors, shall ensure that such financial information is consistent with Oyster's IFRS accounting policies):

(A) the consolidated balance sheet of FoundryCo and its Subsidiaries as of the close of such fiscal year;

(B) at Oyster's election, either the consolidated statement of shareholders' equity or the consolidated statement of recognized income and expense of FoundryCo and its Subsidiaries as of the close of such fiscal year;

(C) a consolidated statement of operations for FoundryCo and its Subsidiaries for such fiscal year;

(D) a consolidated statement of cash flows for FoundryCo and its Subsidiaries for such fiscal year; and

(E) other data and representations as may be necessary to allow Oyster to timely comply with applicable accounting rules and regulations, including any financial information requirements of the Government of Abu Dhabi Accountability Authority or similar Governmental Authority, IFRS and the reasonable requirements of Oyster's auditors (it being understood that such other data may not be examined by the Auditors).

(c) For as long as Discovery is required to use the equity method of accounting to account for FoundryCo's financial results, the following financial information, in reasonable detail and prepared in accordance with GAAP, shall be transmitted by FoundryCo to Discovery (with a copy to Oyster) to permit Discovery to timely account for its share of FoundryCo's operating results and to prepare for its quarterly earnings releases and regulatory filings:

(i) As soon as available and in any event within six (6) Business Days after the end of each fiscal quarter (or such longer time as the Shareholders and FoundryCo may agree to account for system changes or other events that may affect FoundryCo's ability to close its books within this time period), relevant information as may reasonably be requested by Discovery necessary for Discovery to record its share of FoundryCo's operating results and to prepare and discuss its quarterly earnings press release in a manner consistent with Discovery's prior practices and disclosures.

(ii) As soon as available and in any event within sixteen (16) Business Days after the end of each fiscal quarter (or such longer time as the Shareholders and FoundryCo may agree to account for system changes or other events that may affect FoundryCo's ability to close its books within this time period), the consolidated summary balance sheet and consolidated income statement for FoundryCo and its Subsidiaries for such fiscal quarter, and other financial disclosures necessary for the preparation of Discovery's Form 10-Q in compliance with SEC rules and regulations;

(iii) As soon as available and in any event within twenty (20) Business Days after the end of each fiscal year (or such longer time as the Shareholders and FoundryCo may agree to account for system changes or other events that may affect FoundryCo's ability to close its books within this time period), the summary consolidated balance sheet and consolidated income statement for FoundryCo and its Subsidiaries such fiscal year, and other financial disclosures necessary for the preparation of Discovery's Form 10-K in compliance with SEC rules and regulations;

(iv) Other data and representations as may be necessary to allow Discovery to timely comply with SEC rules and regulations, GAAP and the reasonable requirements of Discovery's auditors; *provided*, *however*, that FoundryCo shall not be obligated to provide to Discovery the individual names, cost or pricing information for any of FoundryCo's customers, vendors or accounts, unless Discovery is required to disclose such information by SEC rules and regulations;

(v) As soon as available and in any event within the date that is three (3) Business Days prior to the deadline for the filing of Discovery's Annual Report on Form 10-K with the SEC (or such longer time as the Shareholders and FoundryCo may agree to account for system changes or other events that may affect FoundryCo's ability to close its books within this time period), the following financial statements prepared in accordance with SEC Regulation S-X, examined by and reported upon by the Auditors:

(A) the consolidated balance sheet and statement of shareholders' equity of FoundryCo and its Subsidiaries as of the close of such fiscal year;

(B) a consolidated statement of operations for FoundryCo and its Subsidiaries for such fiscal year;

(C) a consolidated statement of cash flows for FoundryCo and its Subsidiaries for such fiscal year; and

(D) relevant footnotes as required by SEC Regulation S-X.

The Shareholders acknowledge that the audited annual financial statements set forth in (v) above may be attached as an exhibit to Discovery's Form 10-K, as required by the SEC rules and regulations for unconsolidated significant equity investees.

(d) The following financial information, in reasonable detail, shall be transmitted by FoundryCo to each member of the Board and each Shareholder at the times hereinafter set forth:

(i) As soon as available and in any event within thirty (30) days after the end of each fiscal quarter, the Cumulative Revenue and Cumulative Gross Margin (each as defined in the Funding Agreement);

(ii) The proposed Annual Business Plan for the next fiscal year in accordance with the schedule set forth in the Funding Agreement;

(iii) Within sixteen (16) Business Days after the end of each fiscal quarter (or such longer time as the Shareholders and FoundryCo may agree to account for system changes or other events that may affect FoundryCo's ability to close its books within this time period), the consolidated summary balance sheet and consolidated income statement for FoundryCo and its Subsidiaries for such fiscal quarter prepared under IFRS or GAAP pursuant to this Agreement (notwithstanding any other provision herein, each Shareholder shall have reasonable access to FoundryCo management following delivery of the information set forth in this clause (iii) with respect to general inquiries related to such information);

(iv) Such annual financial statements that FoundryCo may prepare under IFRS or GAAP pursuant to this Agreement, as soon as possible following the time that such annual financial statements have been examined by and reported on by the Auditors;

(v) Prompt notification of material developments including events that FoundryCo would be required to disclose under Form 8-K of the Exchange Act had FoundryCo been subject to the reporting requirements of the Exchange Act; and

(vi) Such other information as is reasonably requested by any Shareholder.

(e) (i) Each of Discovery and Oyster and their respective representatives may, for purposes reasonably related to their interests in FoundryCo, (A) examine and copy (at each Party's own cost and expense) the books and records of FoundryCo, including the documents referred to in Sections 4.01(b)-(d), and (B) have reasonable access, during normal business hours, to FoundryCo's management, employees, plans, properties and other assets to conduct due diligence and other reasonable investigations (including environmental assessments) regarding FoundryCo's business and the FoundryCo Assets (at each Party's own cost and expense), and FoundryCo shall reasonably cooperate with each of Discovery and Oyster in such due diligence and investigations. Notwithstanding anything to the contrary provided in this Section 4.01, FoundryCo shall have the right to withhold certain customers' sensitive information from Discovery and the Discovery appointees to the Board shall recuse themselves from any discussion of such information at any Board meetings, if such request is made by a third party customer of FoundryCo or if the Board (or a committee thereof) determines that withholding such information in the best interests of FoundryCo and, in each such case, such information would not adversely affect FoundryCo's ability to perform its obligations under the Wafer Supply Agreement.

(ii) FoundryCo shall make its management and employees and its business records and other documents (including the business records and documents of its management and employees) available to each of Discovery and Oyster promptly upon request in connection with any litigation or investigation in which either Discovery or Oyster is involved, including making those individuals available for interviews, depositions, written declarations or testimony. Each and every FoundryCo employee that, prior to the Closing Date, was subject to any Discovery or Oyster document preservation notice shall continue to remain subject to such notice. For each and every FoundryCo document that, prior to the Closing Date, was subject to any Discovery or Oyster document preservation notice, FoundryCo shall continue to retain and preserve the affected records until the expiration of such notice. Discovery or Oyster, as the case may be, shall notify FoundryCo promptly of the termination of any such notice.

(f) Discovery's rights under Sections 4.01(d) and (e) shall terminate upon the later of (i) the termination of the Wafer Supply Agreement and (ii) upon such time that Discovery owns less than 10% of the Fully Diluted Shares, *provided*, that notwithstanding the termination of Discovery's rights under Sections 4.01(d) and (e), in the event that Oyster has permitted Discovery to designate a Person for election to the Board, FoundryCo may continue to require the recusal of such Person from discussions pursuant to Section 4.01(e)(i). Oyster's rights under Sections 4.01(d) and (e) shall terminate upon such time that Oyster owns less than 10% of the Fully Diluted Shares.

(g) The following financial information, in reasonable detail, shall be transmitted by FoundryCo to Discovery (with a copy to Oyster) if and to the extent reasonably necessary to permit Discovery to timely account for its investment in FoundryCo and to prepare for its quarterly earnings releases and regulatory filings.

(i) In the event Discovery is no longer required to use the equity method of accounting to account for FoundryCo's financial results, and thereafter, for so long as Discovery's investment in FoundryCo remains material to Discovery pursuant to GAAP:

(A) except in the case specified in subparagraph (ii), in which case such subparagraph shall apply, within thirty (30) days after the date Discovery is no longer required to use the equity method of accounting to account for FoundryCo's financial results, the financial information required to produce a fair value report of FoundryCo as of the beginning of the then current fiscal quarter;

(B) within twenty (20) days after the end of each fiscal year of Discovery, the financial information required to produce an updated fair value report of FoundryCo as of the end of such fiscal year; and

(C) from time to time following the reasonable request of Discovery, the financial information required to produce an updated fair value report of FoundryCo, such that a fair value report can reasonably be delivered to Discovery by the applicable valuation expert no later than thirty (30) days following such request;

in each case as reasonably required for Discovery's financial statement preparation in accordance with GAAP.

(ii) Within thirty (30) days after the closing of the transactions contemplated by the Contribution Agreement (the "Closing"), FoundryCo will provide to Discovery a post-Closing balance sheet of GFS as of the fiscal year end closest to Closing, and in the event the Closing requires Discovery to prepare a fair value report, such additional financial information (not including additional projected financial information beyond what has been provided as of the date of the Contribution Agreement) required to produce a fair value report of GFS.

The information required from FoundryCo pursuant to this Section 4.01(g) shall (i) include reasonably required projected financial information as well as historical financial information in the case of the fiscal year-end annual valuation report preparation, but only historical financial information in the case of quarterly or other interim reports unless updated projected financial information is reasonably required under customary and applicable valuation practices to enable AMD to account for its investment in FoundryCo properly, (ii) include reasonable information specifically related to determination of the fair value of the Class A Preferred Shares and (iii) be subject to reasonable representations and confirmations by FoundryCo with respect thereto. The valuation expert preparing the valuation reports will work under the direction of Discovery and prepare and deliver such fair value reports. All third-party costs and expenses associated with the preparation and delivery of such reports and related information shall be borne by Discovery. Notwithstanding any permitted termination of Discovery's information and access rights pursuant to Section 4.01(f), (i) Discovery and its representatives may, for purposes reasonably related to the preparation, review and delivery of the information set forth in this Section 4.01(g), have reasonable access to FoundryCo's management, employees, books, records and representatives, during normal business hours (at the cost and expense of Discovery) and (ii) FoundryCo and Discovery shall reasonably cooperate with each other in such matters.

ARTICLE V

OTHER AGREEMENTS

SECTION 5.01 Discovery Change of Control Transaction

In the event of a Discovery Change of Control Transaction without Oyster's prior written consent,

(a) Discovery shall promptly notify Oyster in writing thereof, setting forth the date and circumstances of the Discovery Change of Control Transaction and the identity of the Third Party that has acquired control of Discovery;

(b) all transfer restrictions set forth herein shall cease to be applicable with respect to all Securities held by Oyster and its Permitted Transferees; *provided, however*, that the restrictions on transfer set forth in Section 3.02(a) shall remain applicable;

(c) if the Discovery Change of Control Transaction occurs prior to the IPO, Oyster shall have the right (x) to require FoundryCo to consummate the IPO and (y) to register the number of Securities held by Oyster and its Permitted Transferees in connection with the IPO. Upon such request, each Shareholder shall vote all Shares for which such Shareholder is the registered holder or for which such Shareholder shall otherwise have the ability to control or direct the voting thereof, in favor of such matters as are necessary for approval of the shareholders of FoundryCo to effect the IPO, and FoundryCo shall be obligated to file and have declared effective a Registration Statement under the Securities Act (the "Registration Statement") as promptly as practicable following receipt of notice from Oyster of its intention to exercise its IPO demand (the "IPO Demand Request") pursuant to this Section 5.01(c). In the event of an IPO pursuant to this Section 5.01(c), at Oyster's election, any Securities to be included on behalf of Oyster and its Permitted Transferees in the IPO shall be given first priority, including for the avoidance of doubt, priority over any Securities to be included on behalf of

FoundryCo, Discovery and its Permitted Transferees, other Shareholders and any employees of FoundryCo or any of its Subsidiaries;

(d) (A) Oyster shall have the right to put, in accordance with Section 3.11, any or all of the Securities (valued at their Fair Market Value) held by Oyster and its Permitted Transferees to Discovery in exchange for cash, if the announcement of a Discovery Change of Control Transaction occurs during the 24-month period commencing on March 2, 2009; and (B) regardless when the announcement of a Discovery Change of Control Transaction occurs, Oyster shall have the option to purchase in cash, in accordance with Section 3.11, any or all Securities (valued at their Fair Market Value) held by Discovery and its Permitted Transferees;

(e) Until the end of 2013, as long as Oyster continues to own Securities, Oyster shall have the right to require Discovery or the counterparty to the Discovery Change of Control Transaction, at Oyster's election, to assume such portion of Oyster's funding commitment under the Funding Agreement based on the percentage of Fully Diluted Shares held by Discovery on each "Funding Date" thereunder; *provided, however*, that any such counterparty shall guarantee such commitment if it does not directly assume it; and

(f) as long as Oyster continues to own Securities, Oyster shall have the right to require the counterparty to the Discovery Change of Control Transaction to guarantee all of Discovery's obligations under the Transaction Documents, including Discovery's MPU exclusivity commitments and Discovery's commitments to purchase minimum GPU volumes under the Wafer Supply Agreement.

SECTION 5.02 New Investors to Execute Agreement Regarding Restrictions

FoundryCo shall not, and the Board shall not adopt any resolution to, at any time prior to the IPO, issue any Securities, or resell any Securities held in its treasury, or issue or resell any security convertible or exchangeable into Securities, unless, prior to the consummation of any such issuance or Sale of Securities, each Person to whom such security is proposed to be issued or sold executes and delivers an agreement, in a form reasonably acceptable to Oyster and Discovery, to FoundryCo and each Shareholder, whereby such Person confirms that, with respect to the Securities that are the subject of such Sale of Securities, it shall be deemed to be a "Shareholder" for the purposes of this Agreement and agrees to be bound by all such provisions and any other provisions reasonably required by Oyster and Discovery.

SECTION 5.03 Further Assurances

Unless otherwise specified herein, each of the Parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate and make effective the transactions contemplated pursuant to this Agreement.

SECTION 5.04 Confidential Information

(a) Each Shareholder and FoundryCo (a "Restricted Party") (i) shall, and shall cause its officers, directors, employees, attorneys, accountants, auditors and agents, to the extent such Persons have received any Confidential Information (as defined herein) (collectively

"Representatives") and its Affiliates and their Representatives, to the extent such Persons have received any Confidential Information, to maintain in strictest confidence any and all confidential information relating to FoundryCo, the other Shareholders, or any of their respective Subsidiaries that is proprietary to FoundryCo, the other Shareholders, or any of their respective Subsidiaries as applicable, or otherwise not available to the general public, including, but not limited to, information about properties, employees, finances, businesses and operations of FoundryCo (including customers' and suppliers' information), the other Shareholders, or any of their respective Subsidiaries and all notes, analyses, compilations, studies, forecasts, interpretations or other documents prepared by a receiving Shareholder or its Representatives which contain, reflect or are based upon, in whole or in part, the information furnished to or acquired by such Shareholder ("Confidential Information") and (ii) shall not disclose, and shall cause its Representatives, any members of the Board appointed by such Shareholder and their Representatives not to disclose, Confidential Information to any Person other than to the other Shareholders, FoundryCo and their respective Subsidiaries (including the agents, employees and attorneys thereof and the members of the Board appointed by such other Shareholders), except only to the extent such disclosure is required by applicable Law, SEC rules and regulations or legal process (including pursuant to any listing agreement with, or the rules or regulations of, any national securities exchange on which any securities of such Shareholder (or any Affiliate thereof) are listed or traded) in which event the Shareholder making such disclosure or whose Affiliates or Representatives are making such disclosure shall so notify the other Shareholders as promptly as practicable (and, if possible, prior to making such disclosure) and shall seek confidential treatment of such information if reasonably requested.

(b) Notwithstanding Section 5.04(a):

(i) Any Restricted Party or any Representative thereof may disclose any Confidential Information for bona fide business purposes on a strict "need to know" basis to its Affiliates, its board of directors (or equivalent governing body), its Representatives and its lenders, *provided*, *however*, that in each such case each such Person is bound by a legal duty to or otherwise agrees to keep such Confidential Information confidential in the manner set forth in this Section 5.04.

(ii) The provisions of Section 5.04(a) shall not apply to, and Confidential Information shall not include:

(A) any information that is or has become generally available to the public other than as a result of a disclosure by any Restricted Party or any Affiliate or Representative thereof in breach of any of the provisions of this Section 5.04;

(B) any information that has been independently developed by such Restricted Party (or any Affiliate thereof) without violating any of the provisions of this Agreement or any other similar contract to which such Restricted Party, or any Affiliate thereof or their respective Representatives, is bound;

(C) any information made available to such Restricted Party (or any Affiliate thereof), on a non-confidential basis by any third party who is not prohibited from disclosing such information to such Shareholder by a legal, contractual or fiduciary obligation to any other Shareholder or any of its Representatives; or

(D) any information already possessed by such Restricted Party (or any Affiliate thereof) and not obtained pursuant or subject to a confidentiality agreement.

(c) Except as otherwise provided for in this Section 5.04, Confidential Information received hereunder shall be used by each Shareholder and its Affiliates solely for use in connection with such Shareholder's investment in FoundryCo and with respect to FoundryCo and its Subsidiaries.

(d) The obligations of each Shareholder under this Section 5.04 shall survive for as long as such Party remains a Shareholder, respectively, and for two years after such Shareholder ceases to be a Shareholder, notwithstanding such Shareholder's Sale of Securities, and/or any Person ceasing to be an Affiliate of such Shareholder, *provided,* that nothing in this Section 5.04(d) shall be deemed to terminate or affect the obligations of either Shareholder with respect to or under any other agreements entered into between such Shareholder and FoundryCo, including non-disclosure, confidentiality or other similar agreements, or other commercial agreements that contain confidentiality or non-disclosure provisions.

SECTION 5.05 Directors' and Officers' Liability Insurance and Indemnification Agreements

FoundryCo shall purchase and maintain directors and officers insurance in an amount equal to not less than $25 million prior to the IPO and $50 million immediately following the IPO, and the members of the Board and of any similar governing bodies of any Subsidiaries of FoundryCo appointed or designated by the Shareholders shall each be named as covered insureds thereunder. FoundryCo shall maintain the insurance contemplated hereby in effect from the date hereof until six (6) years from the last date upon which any member of the Board nominated by any of the Shareholders held office on the Board. In addition, FoundryCo shall enter into indemnification agreements with each member of the Board, in the form of Exhibit B or in such other form as is approved by the Board. In the event FoundryCo or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of the properties and assets of FoundryCo and its Subsidiaries taken as a whole to any person, then, and in each such case, proper provision shall be made so that the successors and assigns of FoundryCo shall assume the obligations set forth in this Section 5.05.

SECTION 5.06 Export Controls

(a) FoundryCo shall comply with all applicable export laws, registrations, international treaties or orders in effect on the date of the Agreement and as may be amended from time to time, including, but not limited to, all such laws, registrations and treaties applicable to the export of goods and services from one country to another. Without limiting the foregoing, FoundryCo shall not export or transfer any product, exchange, supply, disclose or provide access to any technical data, or otherwise provide any service contrary to the applicable laws and regulations of the United States, or to any country, entity or other party which is ineligible to receive such items under U.S. laws and regulations, including regulations of the U.S. Department of Commerce (the Export Administration Regulations at 15 C.F.R. Pts. 730 to 774), U.S. Department of State (the International Traffic in Arms Regulations at 22 C.F.R. Pts. 120-130), or the U.S. Department of the Treasury (the trade sanctions regulations at 31 C.F.R. Pts. 500 to 598).

(b) FoundryCo shall adopt a written policy for compliance with applicable U.S. export control and foreign trade control laws. As of the date of this Amended and Restated Shareholders Agreement, this compliance policy is in the form of Exhibit C. From time to time the board may review this policy and may revise or amend this policy to assist FoundryCo and its management in its compliance with the provisions of Section 5.06(a).

SECTION 5.07 Rights to Purchase New Shares

(a) The provisions of this Section 5.07 shall terminate upon the IPO.

(b) At any time, in the event that FoundryCo proposes to issue new Shares to a Person, each of Discovery and Oyster shall have the right to purchase, in lieu of any Person to whom FoundryCo proposed to issue such new Shares, in accordance with paragraph (c) below, a number of new Shares equal to the product of (i) the total number of new Shares which FoundryCo proposes to issue at such time and (ii) a fraction, the numerator of which shall be the total number of Fully Diluted Shares which such Shareholder owns at such time and the denominator of which shall be the total number of Fully Diluted Shares then Outstanding at the purchase price set forth in the Notice of Issuance. The rights given by FoundryCo under this Section 5.07 shall terminate if unexercised within thirty (30) days after receipt of the Notice of Issuance referred to in paragraph (c) below.

(c) In the event that FoundryCo proposes to undertake an issuance of new Shares to a Person, FoundryCo shall give written notice (a "Notice of Issuance") of its intention to each of Discovery and Oyster, describing all material terms of the new Shares and the purchase price. Each of Discovery and Oyster shall have thirty (30) days from the Notice of Issuance to agree to purchase all or a portion of its pro rata share of such new Shares (as determined pursuant to paragraph (b) above) for the same consideration.

(d) If either or both of Discovery and Oyster elect to purchase any new Shares to be issued by FoundryCo, each such Shareholder electing to purchase the new Shares to be issued by FoundryCo shall select a date not later than twenty (20) days (or longer if required by applicable Law) after the expiration of the thirty (30)-day notice period referenced in paragraph (c) for the issue of the new Shares. Any new Shares not elected to be purchased by Discovery or Oyster may be sold by FoundryCo to the Person to which FoundryCo intended to sell such new Shares on terms and conditions no less favorable to FoundryCo than those offered to Discovery and Oyster.

(e) Notwithstanding anything to the contrary contained herein, the right to purchase new Shares pursuant to this Section 5.07 shall not apply to (i) the issuance of any equity-based awards (and the underlying Shares) under any Incentive Plan, (ii) the issuance of any Shares pursuant to the conversion or exchange of any outstanding Securities of FoundryCo, or (iii) the issuance of any Shares pursuant to the terms of the Funding Agreement.

SECTION 5.08 Intel Patent Cross License Agreement

Discovery may not amend, supplement, modify, terminate or extend the Intel Patent Cross License Agreement in any way that adversely affects FoundryCo with respect to manufacturing of products for Discovery, or in a way that would materially impair FoundryCo's ability to perform its obligations under the Wafer Supply Agreement, without the prior written consent of FoundryCo.

SECTION 5.09 Fab Build-Outs

The Parties agree to use their commercially reasonable efforts with respect to the commitments relating to fab build-outs set forth on Exhibit D.

ARTICLE VI

CERTAIN GOVERNANCE MATTERS

SECTION 6.01 Approval of Certain Matters by Majority Vote

(a) All matters within the scope of the Funding Agreement requiring Board or Shareholder action shall be resolved in accordance with the deadlock provisions set forth therein.

(b) With respect to the provisions of Section 2.07(b) that require the approval of all of the members of the Board for certain actions, the Shareholders agree that:

(i) Notwithstanding Section 2.07(b), if any Shareholder (together with its Permitted Transferees) owns at least 75% of the Fully Diluted Shares, then the Company may take action with respect to any of the following if the Board shall have first approved such action by Majority Vote:

(A) the amendment of any of the Transaction Documents;

(B) the entering into of any transaction, agreement or arrangement of the type described in Section 2.07(b)(v); and

(C) the entering into of any contract, arrangement, understanding or other similar agreement with respect to any of the foregoing in subsections (A) or (B);

(ii) notwithstanding Section 2.07(b), if any Shareholder (together with its Permitted Transferees) owns at least 90% of the Fully Diluted Shares, then the

Company may take action with respect to any of the following if the Board shall have first approved such action by Majority Vote:

(A) each of the items listed in Section 6.01(b)(i);

(B) implementing material changes in the purpose or scope of FoundryCo's activities or engaging in any material activity unrelated to FoundryCo's business;

(C) the approval of any material amendment, modification or revision to the initial Five-Year Capital Plan;

(D) the approval of any Annual Business Plan or any material amendment, modification or revision thereto; and

(E) the entering into of any contract, arrangement, understanding or other similar agreement with respect to any of the foregoing in subsections (A) - (D).

ARTICLE VII

DISSOLUTION

SECTION 7.01 Dissolution.

(a) The Shareholders shall pass a special resolution approving the dissolution of FoundryCo upon the occurrence of any of the following:

(i) by virtue of a written agreement to that effect, signed by Discovery and Oyster;

(ii) the occurrence of any material event that makes it unlawful or illegal to carry on FoundryCo's business, which event is not able to be cured after written notice has been given to the Shareholders specifying the details of such event; or

(iii) at the election by the other Shareholder (the "Non-Affected Shareholder"), (A) if either Discovery or Oyster (the "Affected Shareholder"):

(1) commences a voluntary case under any Bankruptcy Law,

(2) consents to the entry of an order for relief against it in an involuntary case under any Bankruptcy Law,

(3) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(4) makes a general assignment for the benefit of its creditors,

(5) generally is unable to pay its debts as the same become due, or

(B) if a court of competent jurisdiction enters an order or decree, and such order or decree remains unstayed and in effect for sixty (60) days, under any Bankruptcy Law that:

(1) is for relief against the Affected Shareholder in an involuntary case,

(2) appoints a Custodian of the Affected Shareholder or for all or substantially all of its property, or

(3) orders the liquidation of the Affected Shareholder.

For the purposes of this Section 7.01, the term "Bankruptcy Law" means title 11, U.S. Code or any similar foreign, federal or state law for the relief of debtors. The term "Custodian" means any receiver, trustee, assignee, liquidation or similar official under any Bankruptcy Law.

(b) Upon the occurrence of any of the events set forth in Section 7.01(a)(iii) (A) and (B), the Non-Affected Shareholder may elect in lieu of triggering the dissolution of FoundryCo pursuant to Section 7.01(a)(iii) any or all of the following actions:

(i) upon notice to FoundryCo by the Non-Affected Shareholder, the rights of the Directors designated by the Affected Shareholder (each an "Affected Director") under Section 2.07(b) shall terminate and all actions set forth under Section 2.07(b) shall require the approval of each Director designated by the Non-Affected Shareholder (each a "Non-Affected Director") with each Affected Director recusing themselves from such vote and upon such approval, the matter shall be deemed approved by the Board; and/or

(ii) the Non-Affected Shareholder shall have the option to purchase in cash, in accordance with Section 3.11, any or all of the Securities (valued at their Fair Market Value) held by the Affected Shareholder and its Permitted Transferees.

(c) Upon the dissolution of FoundryCo, the Person or Persons approved by the Shareholders holding a majority of the Fully Diluted Shares to carry out the winding-up of FoundryCo shall immediately commence to wind up FoundryCo's affairs in accordance with applicable Law and the Memorandum and Articles of Association; *provided, however*, that a reasonable time shall be allowed for the orderly liquidation of the assets of FoundryCo and the satisfaction of liabilities to creditors so as to enable the Shareholders to minimize the normal losses attendant upon a liquidation.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 Termination

This Agreement shall terminate only:

(a) upon dissolution of FoundryCo in accordance with Article VII;

(b) by virtue of a written agreement to that effect, signed by all Parties hereto then possessing any rights hereunder; or

(c) with respect to any Shareholder (subject to Section 5.04(d)), at such time as such Shareholder (together with its Permitted Transferees) no longer owns or holds any Securities.

If this Agreement is terminated pursuant to Section 8.01, all rights and obligations of the Parties hereunder (except for this paragraph, Section 5.04 (Confidential Information), Section 8.02 (Notices), Section 8.10 (Governing Law; Arbitration), Section 8.13 (Expenses) and Appendix A (Definitions)) shall terminate. Nothing contained in this Section 8.01 shall relieve any Party for any breach of any agreement or covenant contained in this Agreement that occurred prior to the date of termination of this Agreement.

SECTION 8.02 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 facsimile or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties 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):

(a) if to FoundryCo:

GLOBALFOUNDRIES, Inc.
P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

with a copy to:

GLOBALFOUNDRIES U.S. Inc.
840 N. McCarthy Blvd.
Milpitas, CA 95035 USA
Attn: General Counsel

(b) if to Bidco:

ATIC International Investment Company LLC
Mamoura Building A
Intersection of Muroor Road and 15th Street
Abu Dhabi, United Arab Emirates
Attention: Ibrahim Ajami (with a copy to Samak Azar)
Fax +971 (2) 413 0102

(c) if to Oyster:

Advanced International Investment Company LLC
Mamoura Building A
Intersection of Muroor Road and 15th Street
Abu Dhabi, United Arab Emirates
Attention: Ibrahim Ajami (with a copy to Samak Azar)
Fax +971 (2) 413 0102

with a copy to (which shall not constitute notice):

Shearman & Sterling LLP
525 Market Street
Suite 1500
San Francisco, CA 94105
Facsimile: (415) 616-1199
Attention: John D. Wilson

(d) if to Discovery:

Advanced Micro Devices, Inc.
7171 Southwest Parkway, B100.4
Austin, Texas 78735
Facsimile: (512) 602-4999
Attention: General Counsel

with a copy to (which shall not constitute notice):

Latham & Watkins LLP
140 Scott Drive
Menlo Park, CA 94025
Facsimile: (650) 463-2600
Attention: Tad J. Freese

SECTION 8.03 Public Announcements

No Party hereto shall make, or cause to be made, any press release or public announcement or otherwise communicate with any news media in respect of this Agreement or the transactions contemplated hereby without the prior consent of the other Parties unless otherwise required by Law or applicable stock exchange regulation, and the Parties hereto shall cooperate as to the timing and contents of any such press release, public announcement or communication.

SECTION 8.04 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 8.05 Entire Agreement

This Agreement and the other Transaction Documents constitute the entire agreement of the Parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between Discovery, Oyster and FoundryCo with respect to the subject matter hereof and thereof.

SECTION 8.06 Assignment

This Agreement may not be assigned by operation of law or otherwise without the express written consent of each Party hereto (which consent may be granted or withheld in the sole discretion of such Party) and any such assignment or attempted assignment without such consent shall be void.

SECTION 8.07 Amendment

This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, each Party hereto or (b) by a waiver in accordance with Section 8.08.

SECTION 8.08 Waiver

Either Discovery or Oyster may (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties of the other Party contained herein or in any document delivered by the other Party pursuant hereto, or (c) waive compliance with any of the agreements of the other Party or conditions to such Party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either Party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

SECTION 8.09 Third Party Beneficiaries

This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any union or any employee or former employee of Discovery, any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

SECTION 8.10 Governing Law; Arbitration

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York applicable to contracts executed in and to be performed in that State, without regard to principles of the conflict of laws.

(b) Any dispute arising out of, or in connection with this Agreement or any transactions contemplated hereby, including any question regarding the existence, validity, interpretation, breach or termination of this Agreement (a "Dispute"), shall be referred, upon written notice (a "Dispute Notice") given by one Party to the other(s), to a senior executive from each Party. The senior executives shall seek to resolve the Dispute on an amicable basis within thirty (30) days of the Dispute Notice being received.

(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 Rules of the London Court of International Arbitration (the "LCIA Rules") then in effect, as amended by this Section 8.10, which LCIA Rules are deemed to be incorporated by reference into this Section 8.10, save that Article 6 of those Rules shall not be incorporated and arbitrators shall be selected without regard to nationality. 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 (3). Each Party shall nominate one arbitrator and the two (2) 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 (as such terms are defined in the LCIA Rules). If no agreement is reached within thirty

(30) days, the LCIA Court (as such term is defined in the LCIA Rules) 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 8.10(c) and to Section 8.10(d), 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 8.10; 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 (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 8.10).

(d) Oyster hereby irrevocably waives to the fullest extent permitted by applicable Law whatever defense it may have of sovereign immunity against suit or enforcement, for itself and its property (presently owned or subsequently acquired, and whether related to this Agreement or not), in: (i) any arbitration proceedings commenced and held in London, England in accordance with Section 8.10(c); (ii) any Interim Relief Proceeding commenced and held in a court of competent jurisdiction in London, England, in accordance with Section 8.10(c); (iii) any proceedings in a court of competent jurisdiction located in London, England to confirm an award rendered by the arbitrators in accordance with this Section 8.10; and (iv) any proceedings in a court of competent jurisdiction to enforce an award, and Oyster agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

(e) The Parties hereto agree that the process by which any arbitral or other proceedings in London, England are begun may be served on them by being delivered to Law Debenture Corporate Services Limited or their registered offices for the time being and by giving notice in accordance with Section 8.02. If Law Debenture Corporate Services Limited is not or ceases to be effectively appointed to accept service of process in England on any Party's behalf, such Party shall immediately appoint a further person in England to accept service of process on its behalf. If within fifteen (15) days of notice from a Party requiring another Party to appoint a person in England to accept service of process on its behalf the other Party fails to do so, the Party shall be entitled to appoint such a person by written notice to the other Party. Nothing in this paragraph shall affect the right of the Parties to serve process in any other manner permitted by Law.

SECTION 8.11 Currency

Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars.

SECTION 8.12 Counterparts

This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

SECTION 8.13 Expenses

Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and in closing and carrying out the transactions contemplated hereby shall be paid by the Party incurring such cost or expense.

SECTION 8.14 No Presumption Against Drafting Party

Each Party hereto acknowledges and agrees it has had the opportunity to draft, review and edit the language of this Agreement and that each of the Parties hereto has been represented by counsel in connection with the negotiation and execution of this Agreement and the other Transaction Documents. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting Party has no application and is expressly waived.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories thereunto duly authorized as of the date first above written.

GLOBALFOUNDRIES INC.

By: /s/ D.A. Grose
Name: D.A. Grose
Title: CEO

ADVANCED MICRO DEVICES, INC.

By: /s/ Devinder Kumar
Name:
Title:

ADVANCED TECHNOLOGY INVESTMENT COMPANY LLC

By: /s/ Ibrahim Ajami
Name: Ibrahim Ajami
Title: Chief Executive Officer

ATIC INTERNATIONAL INVESTMENT COMPANY LLC

By: /s/ Samak L. Azar
Name: Samak L. Azar
Title: Director

By: /s/ Ibrahim Ajami
Name: Ibrahim Ajami
Title: Director

SHAREHOLDERS' AGREEMENT

DEFINITIONS

"Accreted Value" means the sum of (i) the purchase price per Class B Preferred Share, plus (ii) the amount of value accreted on the purchase price per Class B Preferred Share at a rate of 12% per year, compounded semiannually.

"Additional Convertible Notes" means any additional convertible promissory notes of FoundryCo to be issued after the Closing Date pursuant to the Funding Agreement and the Master Transaction Agreement, including paid-in-kind interest on such notes.

"Additional Shares" means the additional Ordinary Shares issuable upon the conversion of the Class B Preferred Shares, if the Fair Market Value of the Ordinary Shares to be received upon such conversion would be less than the Accreted Value of such Class B Preferred Shares.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person; *provided*, *however,* that with respect to Oyster and Pearl, Affiliate shall mean any direct or indirect Subsidiary of Oyster or Pearl, respectively, and not any direct or indirect parent or sister entity of either Oyster or Pearl, as the case may be, unless such parent or sister entity is acting as a member of a "group" (as defined in Section 13(d)(3) of the Exchange Act) with Oyster or Pearl, respectively, for the purposes of acquiring, holding or disposing of securities of FoundryCo; and *provided further*, *however,* that Bidco and Oyster shall each be deemed to be an Affiliate of the other.

"Annual Business Plan" has the meaning set forth in the Funding Agreement.

"Assumed Liabilities" means only the Liabilities set forth on Exhibit E to the Master Transaction Agreement.

"ATIC Facility" means the credit facility under which Oyster borrowed US $600 million and provided the proceeds to Bidco, which proceeds were used to reduce the debt of FoundryCo's GlobalFoundries Singapore Pte Ltd ("GFS") prior to the date of the acquisition of GFS by FoundryCo.

"Board" means the Board of Directors of FoundryCo, as specified in the Memorandum and Articles of Association.

"Business Day" means any day that is not a Friday, a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York or in Abu Dhabi.

"Class A Preferred Shares" means shares of Class A preferred shares of FoundryCo with the rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Class B Preferred Shares" means shares of Class B preferred shares of FoundryCo with the rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Closing Date" means March 2, 2009.

"Contribution Agreement" means that Share Contribution Agreement by and among Discovery, Oyster, BidCo, GFS and FoundryCo dated as of December 15, 2010 pursuant to which 100% of the ordinary shares of GFS are contributed to FoundryCo.

"control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

"Convertible Notes" means the Initial Convertible Notes and the Additional Convertible Notes.

"Director" means a Person who is a member of the Board.

"Discovery Change of Control Transaction" has the meaning set forth in the Master Transaction Agreement.

"Discovery WSA Material Breach" means, for the purposes of Section 2.03(a) only, that Discovery shall have breached any of its material covenants or agreements under the Wafer Supply Agreement in any material respect, including, without limitation, if Discovery has: (i) purchased or agreed to purchase MPU Products from a Person other than FoundryCo in violation of the terms of the Wafer Supply Agreement, or (ii) materially failed to fulfill any other material purchase commitment or payment obligation under the Wafer Supply Agreement (as amended from time to time, including, without limitation, with respect to the terms and conditions for wafer deliveries in 2011); provided that with respect to (ii) Oyster shall have provided written notice to Discovery of such material failure and Discovery shall not have cured such material failure within thirty (30) days of receiving such written notice and provided further, in the case of any such breach, that FoundryCo shall not have first materially breached any of its material covenants or agreements under the Wafer Supply Agreement.

"Encumbrance" means any security interest, pledge, hypothecation, mortgage, lien (including environmental and tax liens), violation, charge, lease, license, encumbrance, servient easement, adverse claim, reversion, reverter, preferential arrangement, restrictive covenant, condition or restriction of any kind, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fair Market Value" means, as of any date of determination (i) with respect to the Convertible Notes, the aggregate outstanding principal amount of such Convertible Notes plus any accrued interest; (ii) with respect to securities traded on any internationally recognized securities exchange, the value shall be deemed to be the average of the closing price of the securities on such exchange over the twenty (20)-day period ending two (2) days prior to such date of determination; (iii) with respect to securities actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale price (whichever is applicable) over the twenty (20)-day period ending two (2) days prior to such date of determination; and (iv) with respect to securities for which there is no active public market, and with respect to property or other assets, the fair market value thereof, as determined in accordance with Section 3.11. In making such determination, the impact of all terms of the securities shall be taken into account, including conversion premiums, dividends, attached warrants, exercise price and the like, and the presence or absence of an active public market for the securities. For purposes of Section 5.01, the date of determination hereunder shall be the date of the public announcement of the Discovery Change of Control Transaction.

"Five-Year Capital Plan" has the meaning set forth in the Funding Agreement.

"FoundryCo Group" has the meaning set forth in the Master Transaction Agreement.

"FoundryCo Assets" has the meaning set forth in the Master Transaction Agreement.

"Fully Diluted Shares" means the aggregate of (i) the number of Ordinary Shares issued and Outstanding and (ii) the number of Ordinary Shares issuable upon (x) the exercise of any then exercisable outstanding options, warrants or similar instruments (other than such instruments held by FoundryCo) and (y) the exercise of any conversion or exchange rights with respect to any outstanding securities, including (A) any Class A Preferred Shares and Class B Preferred Shares, assuming each Class A Preferred Share and each Class B Preferred Share converts into 100 Ordinary Shares (but excluding any Additional Shares issuable with respect to the Class B Preferred Shares), as adjusted for any share splits, share dividends, share combinations and the like, and (B) any Convertible Notes, assuming the Convertible Notes convert into Preferred Shares and then into Ordinary Shares in accordance with the terms thereof (excluding any accrued and unpaid interest).

"Funding Agreement" means the Funding Agreement, dated as of March 2, 2009, among Oyster, Discovery and FoundryCo, relating to capital contributions to FoundryCo, as may be amended from time to time.

"Funding Date" has the meaning set forth in the Funding Agreement.

"GAAP" means United States generally accepted accounting principles and practices in effect from time to time applied consistently throughout the periods involved.

"GFS Share Pledge Agreement" means the agreement with the lenders under the ATIC Facility pursuant to which Bidco pledged the ordinary shares of GFS to the lenders to secure the performance of Oyster under the ATIC Facility.

"Governmental Authority" means any federal, national, supranational, state, provincial, local, or similar government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder.

"IFRS" means International Financial Reporting Standards as in effect from time to time.

"Incentive Plan" means an incentive compensation plan for FoundryCo.

"Initial Convertible Notes" means (i) the two hundred one million eight hundred ten thousand dollars ($201,810,000) principal amount class A convertible promissory note issued by FoundryCo to Oyster on the Closing Date, including any paid-in-kind interest on such note, and (ii) the eight hundred seven million two hundred forty thousand dollars ($807,240,000) principal amount class B convertible promissory note issued by FoundryCo to Oyster on the Closing Date, including any paid-in-kind interest on such note.

"Intellectual Property" has the meaning set forth in the Master Transaction Agreement.

"Intel Patent Cross License Agreement" means the Patent Cross License Agreement, dated as of November 11, 2009, between Discovery and Intel, as may be amended from time to time.

"IPO" means the initial Public Offering of FoundryCo.

"Law" means any federal, national, supranational, state, provincial, local or similar statute, law, ordinance, decree, regulation, rule, code, order, requirement or rule of law (including common law).

"Luther Forest Site" has the meaning set forth in the Master Transaction Agreement.

"Majority Vote" means the affirmative vote of at least a majority of the members of the Board.

"Malta Rocket Fuel Area" has the meaning set forth in the Master Transaction Agreement.

"Master Transaction Agreement" means the Master Transaction Agreement by and among Discovery, Oyster and the other parties thereto dated as of October 6, 2008, as amended.

"Memorandum and Articles of Association" means the Memorandum and Articles of Association of FoundryCo, filed with the Registrar of Companies in the Cayman Islands, as may be amended from time to time.

"Officers" means the employees designated as officers by the Board including but not limited to a Chief Executive Officer and a Chief Financial Officer.

"Ordinary Shares" means the ordinary shares of FoundryCo, with rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Outstanding" means, as of any date of determination, all Shares that have been issued on or prior to such date, other than Shares held, repurchased or otherwise reacquired by FoundryCo on or prior to such date.

"Pearl" has the meaning set forth in the Master Transaction Agreement.

"Permitted Transferee" means with respect to a Shareholder or FoundryCo, any Affiliate of such Shareholder or FoundryCo, as the case may be; *provided*, *however,* that with respect to Oyster or FoundryCo, Permitted Transferee shall also mean any transferee Person directly or indirectly controlled by the Abu Dhabi government that is directed to be a transferee by any Governmental Authority; and *provided further*, *however,* that Bidco and Oyster shall each be deemed to be a Permitted Transferee of the other.

"Person" means an individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

"Preferred Shares" means the Class A Preferred Shares and Class B Preferred Shares.

"Proceeding" means any action, suit, claim, charge, hearing, arbitration, audit, or proceeding (public or private).

"Public Offering" means an underwritten public offering of equity securities pursuant to an effective Registration Statement under the Securities Act or similar non-U.S. applicable Laws.

"Qualified Processes" has the meaning set forth in the Wafer Supply Agreement.

"Register of Members" has the meaning set forth in the Memorandum and Articles of Association.

"Sale of Securities" means any issuance, sale, assignment, transfer, distribution (whether by an entity to its owners or otherwise) or other disposition of Securities or of a participation therein, whether voluntarily or by operation of applicable Law.

"SEC" means the United States Securities and Exchange Commission.

"Securities" means the Shares and the Convertible Notes.

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shareholders' Agreement" means this Agreement, as may be amended from time to time.

"Shareholder" means each Person (other than FoundryCo) that shall be a party to the Shareholders' Agreement as a holder of Securities, whether in connection with the execution and delivery thereof as of the Closing Date or otherwise, so long as such Person shall beneficially own, hold of record or be a registered holder of any Securities.

"Shares" means the Ordinary Shares, the Preferred Shares and any other shares of the share capital of FoundryCo issued on or after the date of the Shareholders' Agreement.

"Subsidiary" or "Subsidiaries", with respect to any Person, means any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by such Person, directly or indirectly or in which such Person directly or indirectly has at least 50% of the voting power to elect the board of directors or other governing body of such entity.

"Third Party" means, with respect to any Shareholder, any Person other than (i) any Permitted Transferee of such Shareholder or (ii) the Other Shareholder, and, with respect to FoundryCo, any Person other than its Subsidiaries or a Shareholder or the Permitted Transferees of a Shareholder.

"Transaction Documents" has the meaning set forth in the Master Transaction Agreement.

"Transition Period" has the meaning set forth in the Funding Agreement.

"Wafer Starts" has the meaning set forth in the Wafer Supply Agreement.

"Wafer Supply Agreement" means the Wafer Supply Agreement, dated as of March 2, 2009, between Discovery and FoundryCo, relating to the manufacture and sale of wafers to Discovery by FoundryCo, as may be amended from time to time.

Table of Additional Definitions. The following terms have the meanings set forth in the Sections set forth below:

Definition	Location
Affected Director	7.01(b)(i)
Affected Shareholder	7.01(a)(iii)(A)
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Auditors	4.01(a)
Bankruptcy Law	7.01
Confidential Information	5.04(a)
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Discovery	Preamble
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Drag-Along Notice	3.08(c)
Drag-Along Offer	3.08(c)
Drag-Along Offered Securities	3.08(b)
Drag-Along Transaction	3.08(b)
Dragged-Along Shareholder	3.08(b)
Dragging-Along Shareholder	3.08(b)
Election Notice	3.11(a)
Finance and Audit Committee	2.05(a)
FoundryCo	Preamble
Intel	3.02(b)
Interim Relief Proceeding	8.10(c)
IPO Demand Request	5.01(c)
Last Look Acceptance Notice	3.06(b)
Last Look Notice	3.06(b)
LCIA Rules	8.10(c)
Mutually Designated Appraiser	3.11(b)(iii)
Non-Affected Director	7.01(b)(i)
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Notice of Acceptance	3.05(c)
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Proceedings	8.10(c)

Definition	Location
Prospective Seller	3.05(b)
Prospective Transferee	3.09(a)
Public Sale	3.09(b)
Registration Statement	5.01(c)
Representatives	5.04(a)
Restricted Party	5.04(a)
Restricted Period	3.03(a)
Shareholders’ Agreement	Preamble
Tag-Along Notice of Interest	3.07(b)(ii)
Tag-Along Offer	3.05(c)
Tag-Along Offered Securities	3.07(b)(ii)
Unaccepted Securities	3.05(e)

Exhibit 10.45(a)
EXECUTION VERSION

AMENDED & RESTATED FUNDING AGREEMENT

By and Among

ADVANCED MICRO DEVICES, INC.,

ADVANCED TECHNOLOGY INVESTMENT COMPANY, LLC

and

GLOBALFOUNDRIES INC.

Dated as of December 27, 2010

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MISCELLANEOUS

This AMENDED AND RESTATED FUNDING AGREEMENT (this "Funding Agreement" and as referred to herein, this "Agreement"), dated as of December 27, 2010, is entered into by and among Advanced Micro Devices, Inc., a Delaware corporation ("Discovery"), Advanced Technology Investment Company LLC, a limited liability company established under the laws of the Emirate of Abu Dhabi and wholly-owned by the Government of Abu Dhabi ("Oyster") (each of Discovery and Oyster being a "Shareholder" and together the "Shareholders") and GLOBALFOUNDRIES INC., an exempted company incorporated under the laws of the Cayman Islands ("FoundryCo"). Discovery, Oyster and FoundryCo are sometimes referred to herein as the "Parties," and each individually as a "Party."

RECITALS

WHEREAS, the Parties are parties to the Funding Agreement, dated as of March 2, 2009 (the "Original Agreement");

WHEREAS, from March 2, 2009 until November 17, 2010, pursuant to Sections 3.01(b) and 3.02(b) of the Original Funding Agreement, on each Funding Date, FoundryCo issued Class A Preferred Shares and Class B Preferred Shares at a purchase price calculated by multiplying the per share Net Tangible Assets of FoundryCo by 0.90;

WHEREAS, from November 10, 2010, until the date hereof (the "Interim Period"), pursuant to the terms of a letter agreement, dated November 24, 2010, on each Funding Date that occurred during the Interim Period, FoundryCo issued only Class A Preferred Shares, at a purchase price calculated by multiplying the per share Net Tangible Assets of FoundryCo by 1.10;

WHEREAS, the Parties desire to amend the Original Agreement in order to make certain changes thereto; and

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, and intending to be legally bound, the Parties hereby agree that the Original Agreement is, as of and at the date first written above, amended and restated in its entirety to read as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings referred to or ascribed to such terms in Appendix A.

SECTION 1.02. Interpretation and Rules of Construction. In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(a) when a reference is made in this Agreement to an Article, Section or Appendix, such reference is to an Article or Section of, or an Appendix to, this Agreement unless otherwise indicated;

(b) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(c) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(d) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(e) any certificate delivered pursuant to this Agreement shall be deemed a representation and warranty contained in this Agreement as to the matters covered thereby;

(f) all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

(g) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(h) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(i) any Law defined or referred to herein or in any agreement or instrument that is referred to herein means such Law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor Laws and any rules or regulations promulgated thereunder;

(j) any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “Business”) shall be interpreted as a reference to a calendar day or number of calendar days;

(k) references to a Person are also to its successors and permitted assigns;

(l) the use of “or” is not intended to be exclusive unless expressly indicated otherwise; and

(m) the phrase “the date hereof” or “as of the date of this Agreement” shall be deemed to refer to March 2, 2009.

ARTICLE II

PROCEDURES PRIOR TO EACH FUNDING NOTICE

SECTION 2.01. Approval of Annual Business Plan.

(a) On or prior to mid-November of each year (which date shall be prior to the end of the seventh fiscal week of the fourth fiscal quarter of such year of FoundryCo), or the next succeeding Business Day if such date is not a Business Day, the Management Team shall prepare and present to the Board for its approval a proposed Annual Business Plan for the subsequent Fiscal Year. The Annual Business Plan for the Fiscal Year ending on December 26, 2009 (the "First Annual Business Plan") is attached hereto as Appendix B. Each proposed Annual Business Plan shall address, among other things, each of the line items set forth in the First Annual Business Plan.

(b) In connection with the preparation of each proposed Annual Business Plan, the Management Team shall retain such advisors and take such actions as will enable it to estimate whether and to what extent third-party debt financing ("Debt Financing") would then be available to FoundryCo, with the aim that such Debt Financing would be at least sufficient to meet the projected Debt Funding Level for such Fiscal Year as set forth in the Five-Year Capital Plan. Each proposed Annual Business Plan shall include either a proposed commitment letter for such Debt Financing or a summary of indicative terms from at least two financial institutions (or, if in the good faith determination of the Management Team, no reputable and established financial institutions would provide such Debt Financing on commercially reasonable terms, a statement to such effect). Each of Discovery and Oyster shall use its commercially reasonable efforts to assist FoundryCo in obtaining any Debt Financing, and either Shareholder shall have the option, but not the obligation, to provide guarantees or other similar means of financial support in connection with any Debt Financing.

(c) Such proposed Annual Business Plan shall specifically include an estimate, by fiscal quarter, of sources and uses of funds for FoundryCo for such subsequent Fiscal Year, at all times after giving effect to the cash reserve requirement in Section 2.02. After due consideration of such proposed Annual Business Plan, the Board shall vote on whether to approve (with such changes as the Board shall determine) such proposed Annual Business Plan in accordance with the approvals required by the Shareholders' Agreement. If the Board approves such proposed Annual Business Plan in accordance with the approvals required by the Shareholders' Agreement, such proposed Annual Business Plan shall immediately become effective as the Annual Business Plan for the subsequent Fiscal Year.

(d) If the Board has not approved such proposed Annual Business Plan on or prior to the earlier of (i) the first Business Day after November 29 and (ii) the last day of the ninth (9^{th}) fiscal week of the fourth fiscal quarter of Foundry Co, then within three (3) Business Days thereafter FoundryCo shall deliver a notice that shall detail the specific items that are the subject of such non-approval to the chief executive officer of each Shareholder. During the period following receipt of such notice through December 23 of that Fiscal Year, the chief executive officers, acting on behalf of their respective Shareholder, shall seek in good faith and shall use their commercially reasonable efforts to hold at least three (3) additional meetings with the goal of approving the proposed Annual Business Plan (with such changes as the chief executive officers shall determine). If (i) the Board approves such proposed Annual Business Plan (with such changes as the chief executive officers, acting on behalf of their respective Shareholder, shall determine) in accordance with the approvals required by the Shareholders' Agreement, or (ii) a Shareholder unilaterally approves such proposed Annual Business Plan (with such changes as such Shareholder shall determine) pursuant to the rights granted under Section 6.01(b) of the Shareholders' Agreement, such proposed Annual Business Plan shall immediately become effective as the Annual Business Plan for such subsequent Fiscal Year.

(e) If the Shareholders, acting through their respective chief executive officers, have not approved such proposed Annual Business Plan on or prior to December 23rd of the Fiscal Year in which the proposed Annual Business Plan was submitted to the Board and the chief executive officers, a "Business Plan Deadlock" shall be deemed to have occurred and the Parties shall follow the deadlock resolution procedures set forth in Article VIII.

SECTION 2.02. Cash Reserve (a). The Parties agree that at all times during the term of this Agreement, the FoundryCo Group shall maintain Cash and Cash Equivalents in an amount equal to at least $500 million, *provided, however*, that this requirement shall no longer apply upon the earlier of (i) FoundryCo entering into a Transition Period in accordance with Article VIII hereunder and (ii) the end of Phase II.

ARTICLE III

FUNDING PROCEDURES

SECTION 3.01. Funding Notices.

(a) From time to time during the term of this Agreement, FoundryCo may provide a notice requesting equity funding (the "First Funding Notice") to both Shareholders in substantially the form attached hereto as Appendix D. The First Funding Notice shall be provided at least thirty (30) days prior to the date of any contemplated equity funding hereunder (unless otherwise agreed in writing by the Shareholders) (each, a "Funding Date").

(b) On any Funding Date on or after November 17, 2010, the Securities to be issued shall consist of Class A Preferred Shares.

(c) Subject to the satisfaction or waiver of the applicable conditions precedent set forth in Article VI, unless otherwise agreed by the Shareholders, the aggregate amount of equity funding to be provided by the Shareholders in any Fiscal Year pursuant to this Agreement shall be as follows:

(i) during Phase I, such amount shall be equal to the Original Funding Level for such Fiscal Year as set forth in the Five-Year Capital Plan, *provided*, *however,* that such Original Funding Level shall be reduced to the extent any Debt Financing obtained by FoundryCo during such Fiscal Year exceeds the projected Debt Funding Level for such Fiscal Year, and *provided further*, that, subject to Section 3.01(c)(iv), to the extent such Debt Financing is less than any such projected Debt Funding Level, the Original Funding Level shall not be increased to make up any such difference;

(ii) during Phase II, such amount shall be equal to the Original Funding Level for such Fiscal Year as set forth in the Five-Year Capital Plan, *provided*, *however,* that such amount may be reduced (A) to the Minimum Funding Level pursuant to Section 6.02(b), (B) to a level between the Original Funding Level and the Minimum Funding Level pursuant to Section 8.02(a) and (C) to the Minimum Funding Level pursuant to Section 8.04(c). Such amount shall also be reduced to the extent any Debt Financing obtained by FoundryCo during such Fiscal Year exceeds the projected Debt Funding Level for such Fiscal Year, *provided, however*, that, subject to Section 3.01(c)(iv), to the extent such Debt Financing is less than any such projected Debt Funding Level, such amount shall not be increased to make up any such difference. For the avoidance of doubt, if the Minimum Funding Level applies, then (x) the projected Debt Funding Level shall be reduced to the Minimum Debt Funding Level, and (y) if the level of Debt Financing is less than any such projected Minimum Debt Funding Level, the minimum level of equity funding shall be equal to the Minimum Funding Level;

(iii) during Phase III, such amount shall be equal to the equity funding level set forth in the approved Annual Business Plan for such Fiscal Year, *provided, however*, that such amount may be reduced (A) to a level between the Phase III Alternate Funding Level and the Transition Funding Level pursuant to Section 8.03(a) and (B) to the Transition Funding Level pursuant to Section 8.04(c). Such amount shall also be reduced to the extent any Debt Financing obtained by FoundryCo during such Fiscal Year exceeds the projected Debt Funding Level for such Fiscal Year, *provided, however*, that to the extent such Debt Financing is less than any such projected Debt Funding Level, such amount shall not be increased to make up any such difference. For the avoidance of doubt, if the Transition Funding Level applies and such Debt Financing is less than any such projected Debt Funding Level, the minimum level of equity funding shall be equal to the Transition Funding Level; and

(iv) notwithstanding anything to the contrary in Section 3.01(c)(i) or (ii), if (A) any equity funding has been reduced during Phase I or Phase II as a result of Debt Financing obtained during any Fiscal Year exceeding the projected Debt Funding Level for such Fiscal Year (the cumulative amount of such equity funding reduction being referred to as the "Rollover Amount") and (B) during any subsequent Fiscal Year during Phase I or Phase II the amount of any Debt Financing is less than the projected Debt Funding Level for such Fiscal Year, then the amount of equity funding for such Fiscal Year or for any subsequent Fiscal Year during Phase I or Phase II may be increased up to the Rollover Amount, *provided, however*, that in no event shall the aggregate amount of equity funding to be provided by Oyster during Phase I and Phase II exceed the aggregate amount of equity funding for Phase I and Phase II as set forth in the Five-Year Capital Plan.

(d) Subject to the satisfaction or waiver of the applicable conditions precedent set forth in Article VI, Oyster shall be obligated to purchase its Pro Rata Portion of the Securities offered pursuant to any First Funding Notice. Discovery shall have the right, but not the obligation, to purchase its Pro Rata Portion of the Securities offered pursuant to any First Funding Notice. Within ten (10) days of receipt of a First Funding Notice, Discovery shall advise FoundryCo and Oyster, in writing, whether it elects to purchase any of the Securities offered. To the extent that Discovery elects not to purchase all of its Pro Rata Portion of any Securities offered pursuant to any First Funding Notice, Oyster shall be obligated, subject to the satisfaction or waiver of the applicable conditions precedent set forth in Article VI, to purchase all of such unpurchased Securities. Oyster may also elect at any time to purchase additional Securities in excess of those offered pursuant to any First Funding Notice.

(e) On or prior to the tenth (10^{th}) day prior to a Funding Date, FoundryCo shall provide a notice (the "Second Funding Notice") to each Shareholder in substantially the form attached hereto as Appendix E which shall detail each Shareholder's allocable portion of the Securities offered.

SECTION 3.02. Purchase and Sale of Securities.

(a) Pursuant to the terms and subject to the conditions of this Agreement, on each Funding Date, FoundryCo shall issue to each purchasing Shareholder and such Shareholder shall purchase, accept and acquire from FoundryCo the allocated Securities as set forth in the Second Funding Notice for such Funding Date.

(b) On each Funding Date, the purchase price per Class A Preferred Share shall be determined by dividing (i) the Net Tangible Assets of the FoundryCo Group (derived from the most recent Fiscal Year-end audited consolidated balance sheet of FoundryCo that has been approved by the Board and calculated in accordance with the Statement of Principles set forth in Appendix F attached hereto) by (ii) the Number of Outstanding Preferred Shares (as of the date of the balance sheet referred to in clause (i) above), and multiplying such quotient by 1.10.

(c) In the event that FoundryCo submits a First Funding Notice to the Shareholders prior to the time that the audited financial statements of FoundryCo have been approved by the Board, FoundryCo may submit such funding request based on the Management Team's determination of Net Tangible Assets as of the end of the preceding Fiscal Year, prepared from the management accounts of FoundryCo and calculated in accordance with the Statement of Principles set forth in Appendix F (an "Unaudited NTA"). Any such First Funding

Notice that relies on an Unaudited NTA shall be accompanied by a pro-forma balance sheet of FoundryCo that sets forth the basis of the Unaudited NTA calculation and the determination of the purchase price per Class A Preferred Share, calculated with reference to the Unaudited NTA (an "Unaudited Purchase Price"), together with a certification of the CFO as to FoundryCo's compliance with the terms of this section. Once the Board has approved the audited consolidated balance sheet of FoundryCo, the CFO shall recalculate the Net Tangible Assets in accordance with the Statement of Principles set forth in Appendix F, and shall determine the purchase price per Class A Preferred Share (the "Audited Purchase Price") with reference to such audited consolidated balance sheet and shall provide copies of such Net Tangible Assets calculation and related back-up to Oyster and Discovery. In the event that the Board approves the audited consolidated balance sheet of FoundryCo prior to the Funding Date with respect to which such First Funding Notice has been given, FoundryCo shall revise the First Funding Notice accordingly (and any Second Funding Notice, if applicable). In the event that the Board has not approved the audited consolidated balance sheet of FoundryCo prior to the applicable Funding Date, then FoundryCo shall issue and the Shareholder shall purchase such securities at the Unaudited Purchase Price. Following the determination of the Audited Purchase Price, if the Unaudited Purchase Price is different from the Audited Purchase Price, FoundryCo shall immediately repurchase at their original issue price any Class A Preferred Shares purchased at the Unaudited Purchase Price and shall immediately thereafter issue to the party who held such repurchased Class A Preferred Shares the number of Class A Preferred Shares as is determined by dividing the aggregate repurchase price of all such repurchased Class A Preferred Shares by the Audited Purchase Price, and shall apply the consideration to be paid for such repurchase to the subscription price for such new issue of Class A Preferred Shares.

SECTION 3.03. Closing Deliveries by FoundryCo. On each Funding Date, FoundryCo shall deliver or cause to be delivered to Oyster and Discovery, if applicable, or their respective designated custodians:

(a) if requested, physical certificates evidencing the number of Class A Preferred Shares to be purchased by such Shareholder on such Funding Date, rounded to the nearest whole share;

(b) an updated Register of Members reflecting the issuance of the Securities on such Funding Date;

(c) a certificate of the Estimated NTA, if applicable;

(d) a certificate, dated as of such Funding Date, executed by an authorized officer of FoundryCo certifying as to the matters set forth in Article IV, Section 6.01 and Section 6.02(a), 6.02(b) or 6.02(c), as applicable; and

(e) receipt(s) for the aggregate consideration paid by such Shareholder for the Securities issued to it on such Funding Date.

SECTION 3.04. Closing Deliveries by the Shareholders (a). On each Funding Date, to the extent a Shareholder is purchasing Securities, such Shareholder shall deliver to FoundryCo (i) a wire transfer of the aggregate consideration for the Securities to be issued to such Shareholder on such Funding Date, payable in United States dollars and in immediately available funds to the bank account designated by FoundryCo in the First Funding Notice, or (ii) if the Board so agrees in advance, the aggregate consideration for such Securities payable in Cash and Cash Equivalents acceptable to the Board.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF FOUNDRYCO AT EACH FUNDING

FoundryCo hereby represents and warrants as of each Funding Date to each Shareholder who is issued Securities on such Funding Date as follows:

SECTION 4.01. Organization, Authority and Qualification of FoundryCo. FoundryCo is an exempted company limited by shares, duly formed, validly existing and in good standing under the Laws of the Cayman Islands. FoundryCo has all corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

SECTION 4.02. Authorization of the Class A Preferred Shares. The Class A Preferred Shares to be issued and purchased pursuant to this Agreement on any Funding Date have been duly authorized and, when issued and delivered in accordance with this Agreement on such Funding Date, shall be validly issued, fully paid and non-assessable and will be free of all preemptive or similar rights, except as set forth in the Memorandum and Articles of Association and Shareholders' Agreement, and shall be entitled to the rights and be subject to the restrictions described in the Memorandum and Articles of Association. The Class B Ordinary Shares issuable upon conversion of the Class A Preferred Shares shall be entitled to the rights and be subject to the restrictions described in the Memorandum and Articles of Association and will be duly authorized, validly issued, fully paid and non-assessable, free of all preemptive or similar rights, except as set forth in the Memorandum and Articles of Association and Shareholders' Agreement.

SECTION 4.03. [Intentionally Omitted].

SECTION 4.04. Authorization; Enforceability. The execution and delivery of this Agreement by FoundryCo, the performance by FoundryCo of its obligations hereunder and the consummation by FoundryCo of the transactions contemplated hereby have been duly authorized by all requisite action on the part of FoundryCo. This Agreement has been duly executed and delivered by FoundryCo, and this Agreement constitutes a valid and binding obligation of FoundryCo, enforceable against FoundryCo in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity, and by applicable bankruptcy, insolvency and similar Laws affecting creditors' rights and remedies generally.

SECTION 4.05. Absence of Further Requirements. The execution and delivery of this Agreement by FoundryCo, the performance by FoundryCo of its obligations hereunder and the consummation by FoundryCo of the transactions contemplated hereby do not and will not require any Authorizations and do not and will not require any Consents, except such as have been previously obtained and will be in full force and effect as of such Funding Date.

SECTION 4.06. No Conflicts. The execution and delivery by FoundryCo of this Agreement, the compliance by FoundryCo with all the provisions hereof, the performance by FoundryCo of all of its obligations hereunder and the consummation of the transactions contemplated hereby will not: (i) conflict with or constitute a breach of any of the terms or provisions of, or a default under, the constituent documents of FoundryCo or any of its Subsidiaries, any Material FoundryCo Contract or any other indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to FoundryCo and its Subsidiaries, taken as a whole, to which FoundryCo or any of its Subsidiaries is a party or by which FoundryCo or any of its Subsidiaries or their respective property is bound; (ii) materially violate or conflict with any Law applicable to FoundryCo, any of its Subsidiaries or their respective property; (iii) result in the imposition or creation of (or the obligation to create or impose) any material Encumbrance on the assets, properties or business of FoundryCo under any agreement or instrument to which FoundryCo or any of its Subsidiaries is a party or by which FoundryCo or any of its Subsidiaries or their respective property is bound; or (iv) result in the suspension, termination or revocation of any material Consent or Authorization of FoundryCo or any of its Subsidiaries or any other impairment of the rights of the holder of any such material Consent or Authorization.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF FUNDING SHAREHOLDERS

Each of Oyster and Discovery, if applicable, severally and not jointly, hereby represents and warrants as of each Funding Date to FoundryCo as follows:

SECTION 5.01. Organization. Such Shareholder has been duly organized, validly existing and is in good standing under the laws of the jurisdiction of its organization and has all power and authority to execute and deliver this Agreement and to perform its obligations hereunder.

SECTION 5.02. Authorization; Enforceability. The execution and delivery of this Agreement by such Shareholder, the performance by such Shareholder of its obligations hereunder and the consummation by such Shareholder of the transactions contemplated hereby have been duly authorized by all requisite action. This Agreement has been duly executed and delivered by such Shareholder and this Agreement constitutes a valid and binding obligations of such Shareholder, enforceable against such Shareholder in accordance with its terms, except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of equity, and by applicable bankruptcy, insolvency and similar Laws affecting creditors' rights and remedies generally.

SECTION 5.03. Absence of Further Requirements. To the knowledge of such Shareholder, the execution and delivery of this Agreement by such Shareholder, the performance by such Shareholder of its obligations hereunder and the consummation by such Shareholder of the transactions contemplated hereby do not and will not require any Authorization and do not and will not require any Consents, except such as have been previously obtained and will be in full force and effect as of such Funding Date.

SECTION 5.04. No Conflicts. The execution and delivery by such Shareholder of this Agreement, the compliance by such Shareholder with all the provisions hereof, the performance by such Shareholder of all of its obligations hereunder, and the consummation of the transactions contemplated hereby will not: (i) conflict with or constitute a breach of any of the terms or provisions of the organizational documents of such Shareholder; or (ii) materially violate or conflict with any Law applicable to such Shareholder.

SECTION 5.05. Investment Representations.

(a) Such Shareholder acknowledges and understands that (i) the Securities have not been and will not be registered under the Securities Act or under any state securities Laws and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (ii) such exemption depends in part upon, and such Securities are being sold in reliance on, the representations and warranties set forth in this Agreement, (iii) such Shareholder may have to bear the economic risk of its investment in the Securities for an indefinite period of time because the Securities must be held indefinitely unless subsequently registered under the Securities Act and applicable state securities Laws or unless an exemption from such registration is available, and (iv) a restrictive legend evidencing these restrictions shall be placed on all certificates evidencing the Securities.

(b) Such Shareholder is an “accredited investor” as defined in Rule 501 of Regulation D promulgated under the Securities Act, a sophisticated investor and, by virtue of its business or financial experience, is capable of evaluating the merits and risks of the investment in the Securities. Such Shareholder has been provided an opportunity to ask questions of and receive answers from representatives of FoundryCo concerning the terms and conditions of this Agreement and the purchase of the Securities contemplated hereby.

(c) Such Shareholder is acquiring the Securities for the purpose of investment and not with a view to, or for offer or sale in connection with, any distribution thereof that would be prohibited by Law.

ARTICLE VI

CONDITIONS PRECEDENT TO OYSTER FUNDING

SECTION 6.01. Conditions Precedent To Oyster Funding on Each Funding Date. The obligation of Oyster to purchase any Securities on any Funding Date as contemplated by this Agreement shall be subject to the satisfaction or waiver, on or prior to the applicable Funding Date, of each of the following conditions precedent:

(a) Deliverables. (i) FoundryCo shall have delivered to Oyster the closing deliverables set forth in Section 3.03.

(b) Representations and Warranties; Covenants.

(i) the representations and warranties of FoundryCo set forth in this Agreement shall be true and correct in all material respects on and as of such Funding Date; and

(ii) the covenants and agreements set forth in this Agreement to be complied with by FoundryCo on or before the applicable Funding Date shall have been complied with in all material respects.

(c) No Material Adverse Effect. No event or events shall have occurred, or be reasonably likely to occur, which, individually or in the aggregate, have, or are reasonably likely to have, (i) a FoundryCo Material Adverse Effect or (ii) a Discovery Material Adverse Effect that could reasonably be expected to materially and adversely affect Discovery's performance of its obligations under the Wafer Supply Agreement, including a sustained material decrease in Discovery's MPU forecasts, or Discovery's MPU purchase orders under the Wafer Supply Agreement being materially below its MPU forecasts thereunder on a sustained basis.

(d) No Material Default Under Transaction Documents. As of such Funding Date, there shall be no material breach or default by FoundryCo or Discovery under the terms or provisions of any Transaction Document.

SECTION 6.02. Supplemental Conditions to Oyster Funding.

(a) In addition to the conditions precedent set forth in Section 6.01, the obligation of Oyster to purchase any Securities offered on any Funding Date during Phase I shall be subject to the satisfaction or waiver of the supplemental conditions set forth in paragraph 1 under Legal Conditions on Appendix H on or prior to such Funding Date.

(b) In addition to the conditions precedent set forth in Section 6.01, the obligation of Oyster to purchase any Securities offered on any Funding Date during Phase II shall be subject to the satisfaction or waiver of each of the supplemental conditions set forth under Legal Conditions, Financial Conditions and Strategic Conditions on Appendix H on or prior to such Funding Date, except for any other date otherwise specified therein, *provided, however*, that if any of the Financial Conditions or Strategic Conditions on Appendix H has not been satisfied or waived on or prior to such Funding Date, then Oyster's funding obligation may, at Oyster's option, be reduced to the Minimum Funding Level until such date, if any, when Oyster receives evidence to its reasonable satisfaction that such condition has been satisfied. For the avoidance of doubt, with respect to any Abu Dhabi-related Strategic Condition set forth on Appendix H, such condition shall be deemed satisfied if FoundryCo shall have performed in all material respects all obligations in its reasonable control, regardless of whether or not such Strategic Condition or milestone shall have in fact been achieved.

(c) In addition to the conditions precedent set forth in Section 6.01, the obligation of Oyster to purchase any Securities offered on any Funding Date during Phase III shall be subject to approval of the Annual Business Plan for the applicable Fiscal Year in accordance with this Agreement and the Shareholders' Agreement and the satisfaction or waiver of the supplemental conditions set forth in paragraph 1 under Legal Conditions on Appendix H on or prior to such Funding Date.

ARTICLE VII

OTHER AGREEMENTS

SECTION 7.01. Agreement Regarding Conditions Precedent. Oyster and Discovery agree to use their commercially reasonable efforts to cause each of its designees to the Board to refrain from taking any action that would prevent, restrict or limit FoundryCo's ability to satisfy each of the applicable conditions precedent set forth in Article VI.

SECTION 7.02. Force Majeure Event. The Parties agree that in the event of a Force Majeure Event that has directly caused the failure to satisfy any Abu Dhabi-related Strategic Condition set forth in Appendix H, then the target date for such Strategic Condition shall be automatically extended until such condition has been satisfied, at which time each Shareholder's respective obligations under Article III shall automatically resume.

SECTION 7.03. Confidentiality. The Parties agree that any information relating to FoundryCo, the other Shareholder, or any of their respective Subsidiaries that is proprietary to FoundryCo, the other Shareholder or any of their respective Subsidiaries, as applicable, or otherwise not available to the general public, received in connection with this Agreement shall be treated as "Confidential Information" in accordance with Section 5.04 of the Shareholders' Agreement.

ARTICLE VIII

BUSINESS PLAN DEADLOCK RESOLUTION

SECTION 8.01. Business Plan Deadlock Resolution During Phase I. In the event of a Business Plan Deadlock as a result of not being able to approve the Annual Business Plan for the Fiscal Year ending in 2010, Oyster shall be obligated to, and Discovery may if it elects to, continue to fund at the Original Funding Level through the end of Phase I, subject to the satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(a). If at the end of such Fiscal Year, the Annual Business Plan for the Fiscal Year ending in 2011 is approved in accordance with this Agreement and the Shareholders' Agreement, then funding shall be at the Original Funding Level, subject to the satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(b). If at the end of such Fiscal Year, the Annual Business Plan for the Fiscal Year ending in 2011 is not so approved, then the provisions of Section 8.02 below shall apply.

SECTION 8.02. Business Plan Deadlock Resolution During Phase II.

(a) In the event of a Business Plan Deadlock with respect to any Fiscal Year of Phase II, Oyster shall continue to provide funding in an amount at least equal to the Minimum Funding Level and up to the Original Funding Level, subject to satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(b), until either (i) approval of the Annual Business Plan, in which case Oyster's funding commitment shall revert to the Original Funding Level, subject to satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(b), or (ii) Oyster notifies FoundryCo that it has elected to have FoundryCo enter into the Transition Period, in which case Section 8.04 will become effective immediately upon such notice.

(b) In the event Oyster does not elect to have FoundryCo enter into the Transition Period pursuant to Section 8.02(a)(ii), Oyster shall, within five (5) Business Days of the end of each fiscal quarter, provide FoundryCo with notice of the amount of funding Oyster is committing to fund for the following fiscal quarter, FoundryCo shall include such amount in any First Funding Notice delivered with respect to such following fiscal quarter, and the funding procedures set forth in Article III shall otherwise continue to apply.

SECTION 8.03. Business Plan Deadlock Resolution During Phase III.

(a) In the event of a Business Plan Deadlock with respect to any Fiscal Year of Phase III, Oyster shall continue to provide funding in an amount at least equal to the Transition Funding Level and up to the Phase III Alternate Funding Level, subject to satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(c) (other than the approval of the Annual Business Plan), until either (i) approval of the Annual Business Plan, in which case Oyster's funding commitment shall revert to the level set forth in such approved Annual Business Plan, subject to satisfaction or waiver of the conditions set forth in Section 6.01 and Section 6.02(c), or (ii) Oyster notifies FoundryCo that it has elected to have FoundryCo enter into the Transition Period, in which case Section 8.04 will become effective immediately upon such notice.

(b) In the event Oyster does not elect to have FoundryCo enter into the Transition Period pursuant to Section 8.03(a)(ii), Oyster shall, within five (5) Business Days of the end of each fiscal quarter, provide FoundryCo with notice of the amount of funding Oyster is committing to fund for the following fiscal quarter, FoundryCo shall include such amount in any First Funding Notice delivered with respect to such following fiscal quarter, and the funding procedures set forth in Article III shall otherwise continue to apply.

SECTION 8.04. Transition Period. If Oyster elects to have FoundryCo enter into the Transition Period pursuant to Section 8.02 or Section 8.03, then the Parties agree that such Transition Period shall be governed by the following:

(a) Prior to any request for equity funding from the Shareholders, the Management Team shall have first complied with the obligation regarding Debt Financing set forth in Section 2.01(b).

(b) The funding procedures set forth in Article III shall continue to apply.

(c) Oyster shall only be obligated to provide funding through the Transition Period at the Minimum Funding Level in the case of a Transition Period during Phase II and at the Transition Funding Level in the case of a Transition Period during Phase III, in each case subject to the satisfaction or waiver of the conditions set forth in Section 6.01 and the supplemental conditions set forth in paragraph 1 under Legal Conditions on Appendix H on or prior to any Funding Date.

(d) The Shareholders shall jointly pursue, in good faith, transition options during the Transition Period, including without limitation, winding-down, selling or liquidating FoundryCo.

(e) Upon termination of the Transition Period, Oyster shall have the option to purchase in cash, in accordance with Section 3.11 of the Shareholders' Agreement, any or all Securities (valued at their Fair Market Value) held by Discovery and its Permitted Transferees at a price equal to their Fair Market Value.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Termination(a). This Agreement shall terminate upon the earlier of (i) a written agreement to that effect, signed by all Parties hereto then possessing any rights hereunder, and (ii) the termination of the Transition Period. If this Agreement is terminated pursuant to this Section 9.01 (Termination), all rights and obligations of the Parties hereunder (except for Section 7.03 (Confidentiality), this Section 9.01, Section 9.02 (Notices), Section 9.10 (Governing Law; Arbitration), Section 9.13 (Expenses) and Appendix A (Defined Terms)) shall terminate.

SECTION 9.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be given or made in accordance with Section 14.01 of the Master Transaction Agreement.

SECTION 9.03. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 9.04. Entire Agreement. This Agreement constitutes the entire agreement of the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof.

SECTION 9.05. Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of each Party hereto (which consent may be granted or withheld in the sole discretion of such Party) and any such assignment or attempted assignment without such consent shall be void, *provided*, *however*, that Oyster may assign all of its rights and obligations under this Agreement without any consent to any Permitted Transferee.

SECTION 9.06. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, each Party hereto or (b) by a waiver in accordance with Section 9.07.

SECTION 9.07. Waiver. Any Party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of any other Party, (b) waive any inaccuracies in the representations and warranties of other Parties contained herein or in any document delivered by other Parties pursuant hereto or (c) waive compliance with any of the agreements of other Parties or conditions to such Party's obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of any Party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

SECTION 9.08. Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person, including any union or any employee or former employee of any Party, any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

SECTION 9.09. Further Assurances. Each of the Parties hereto shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate and make effective the transactions contemplated pursuant to this Agreement.

SECTION 9.10. Governing Law; Arbitration.

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York applicable to contracts executed in and to be performed in that State, without regard to principles of the conflict of laws.

(b) Any dispute arising out of, or in connection with this Agreement or any transactions contemplated hereby, including any question regarding the existence, validity, interpretation, breach or termination of this Agreement (a "Dispute"), shall be referred, upon written notice (a "Dispute Notice") given by one Party to the other(s), to a senior executive from each Party. The senior executives shall seek to resolve the Dispute on an amicable basis within thirty (30) days of the Dispute Notice being received.

(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 Rules of the London Court of International Arbitration (the "LCIA Rules") then in effect, as amended by this Section 9.10, which LCIA Rules are deemed to be incorporated by reference into this Section 9.10. 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 (as such terms are defined in the LCIA Rules). If no agreement is reached within thirty (30) days, the LCIA Court (as such term is defined in the LCIA Rules) shall appoint a third arbitrator to act as Chairman of the Tribunal. The Chairman of the arbitration panel should not be a citizen or a resident of the country of an arbitrator nominated by, or appointed on behalf of, a Party nor should the Chairman be a citizen or a resident of the United States of America or the United Arab Emirates. 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 9.10(c) and to Section 9.10(d), 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 9.10; 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 (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 9.10).

(d) Oyster hereby irrevocably waives to the fullest extent permitted by applicable Law whatever defense it may have of sovereign immunity against suit or enforcement, for itself and its property (presently owned or subsequently acquired, and whether related to this

Agreement or not), in: (i) any arbitration proceedings commenced and held in London, England in accordance with Section 9.10(c); (ii) any Interim Relief Proceeding commenced and held in a court of competent jurisdiction in London, England, in accordance with Section 9.10(c); (iii) any proceedings in a court of competent jurisdiction located in London, England to confirm an award rendered by the arbitrators in accordance with this Section 9.10; and (iv) any proceedings in a court of competent jurisdiction to enforce an award, and Oyster agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

(e) The Parties hereto agree that the process by which any arbitral or other proceedings in London, England are begun may be served on them by being delivered to Law Debenture Corporate Services Limited or their registered offices for the time being and by giving notice in accordance with Section 9.02. If Law Debenture Corporate Services Limited is not or ceases to be effectively appointed to accept service of process in England on any Party's behalf, such Party shall immediately appoint a further person in England to accept service of process on its behalf. If within fifteen (15) days of notice from a Party requiring another Party to appoint a person in England to accept service of process on its behalf the other Party fails to do so, the Party shall be entitled to appoint such a person by written notice to the other Party. Nothing in this paragraph shall affect the right of the Parties to serve process in any other manner permitted by Law.

SECTION 9.11. Currency. Unless otherwise specified in this Agreement, all references to currency, monetary values and dollars set forth herein shall mean United States (U.S.) dollars and all payments hereunder shall be made in United States dollars.

SECTION 9.12. No Presumption Against Drafting Party. Each Party hereto acknowledges and agrees it has had the opportunity to draft, review and edit the language of this Agreement and that each of the Parties hereto has been represented by counsel in connection with the negotiation and execution of this Agreement and the other Transaction Documents. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

SECTION 9.13. Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and in closing and carrying out the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses.

SECTION 9.14. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different Parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

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

ADVANCED MICRO DEVICES, INC.

By: /s/ Devinder Kumar
Name:
Title:

ADVANCED TECHNOLOGY INVESTMENT COMPANY LLC

By: /s/ Ibrahim Ajami
Name: Ibrahim Ajami
Title: Chief Executive Officer

GLOBALFOUNDRIES INC.

By: /s/ D.A. Grose
Name: D.A. Grose
Title: CEO

APPENDIX A

Certain Defined Terms. For purposes of this Agreement:

"Additional Shares" has the meaning set forth in the Shareholders' Agreement.

"Affiliate" has the meaning set forth in the Shareholders' Agreement.

"Agreement" or "this Agreement" means this Funding Agreement between the Parties hereto (including the Appendixes hereto) and all amendments hereto made in accordance with the provisions hereof.

"Annual Business Plan" means the then current annual business plan and budget of FoundryCo that has been approved by the Board in accordance with this Agreement and the Shareholders' Agreement.

"Authorization" has the meaning set forth in the Master Transaction Agreement.

"Board" means the Board of Directors of FoundryCo, as specified in the Memorandum and Articles of Association.

"Business Day" means any day that is not a Friday, a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York or in Abu Dhabi.

"Cash and Cash Equivalents" means (i) cash on hand and any credit balance in United States dollars, Euros or any other currency on any current savings or deposit account with any bank that is repayable on demand or upon and not more than ninety (90) days' notice; (ii) securities denominated in United States dollars, Euros or any other currency that are not convertible into any other form of security and are rated or issued by any Person rated Aa2 or better by Moody's or AA or better by Standard & Poor's; (iii) securities denominated in United States dollars, Euros or any other currency that are not convertible into any other form of security and are rated at least P-1 by Moody's or A-1 by Standard & Poor's; (iv) certificates of deposit denominated in United States dollars, Euros or any other currency issued by, and acceptances so denominated by, banking institutions authorized under applicable legislation which at the time of making such issue or acceptances, have outstanding debt securities rated as provided in clause (iii) above, and (v) such other securities (if any) as are approved as such in writing by each of Discovery and Oyster which, in each case, have no more than twelve (12) months to final maturity.

"Class A Convertible Note" means a promissory note of FoundryCo, convertible into Class A Preferred Shares that was issued pursuant to the Original Agreement or the Master Transaction Agreement.

"Class A Preferred Shares" means the Class A preferred shares of FoundryCo, with the rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Class B Convertible Note" means a promissory note of FoundryCo, convertible into Class B Preferred Shares, that was issued pursuant to the Original Agreement or the Master Transaction Agreement.

"Class B Ordinary Shares" means the Class B ordinary shares of FoundryCo, with rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Class B Preferred Shares" means the Class B preferred shares of FoundryCo, with the rights, preferences and privileges set forth in the Memorandum and Articles of Association.

"Closing" has the meaning set forth in the Master Transaction Agreement.

"Closing Date" means the date of the Closing, as further described in Section 2.03 of the Master Transaction Agreement.

"Consent" has the meaning set forth in the Master Transaction Agreement.

"control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

"Convertible Notes" means the Class A Convertible Notes and the Class B Convertible Notes.

"Cumulative Gross Margin" has the meaning set forth in Appendix H attached hereto.

"Cumulative Revenue" has the meaning set forth in Appendix H attached hereto.

"Debt Funding Level" is the estimated level of gross third-party debt funding for any Fiscal Year, based on the Original Funding Level scenario, as set forth in the Five-Year Capital Plan.

"Discovery Material Adverse Effect" has the meaning set forth in the Master Transaction Agreement.

"Dresden Subsidies" means subsidies in the amount and form approved as of the Closing Date, and as set forth in the Five-Year Capital Plan, in the form of a loan guarantee and cash subsidies provided, or to be provided, by the Federal Republic of Germany and/or the State of Saxony relating to Fab 30, Fab 36 and Fab 38 and not any other fabs in Dresden.

"Encumbrance" has the meaning set forth in the Master Transaction Agreement.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Fair Market Value" has the meaning set forth in the Shareholders' Agreement.

"Fiscal Year" means the fiscal year of FoundryCo.

"Five-Year Capital Plan" means the initial five-year capital plan of FoundryCo attached hereto as Appendix C that includes (i) initial five-year projections of FoundryCo's estimated capital expenditures and revenues, (ii) the amounts of the Dresden Subsidies and New York Subsidies available over such five-year period, (iii) the Original Funding Level and Minimum Funding Level over such five-year period, and (iv) the projected Debt Funding Level and Minimum Debt Funding Level over such five-year period, as amended, modified or revised by the Board in accordance with the Shareholders' Agreement.

"Force Majeure Event" means any event or circumstance beyond the reasonable control of any Party (other than general industry, business or economic conditions or competitive factors adversely affecting Discovery or FoundryCo) that could not have been avoided by due diligence and use of reasonable efforts by the affected Party, including war (declared or not), hostilities, blockade, revolution, insurrection, riot, fire, flood, earthquake, storm or similar acts of God, change of Law and acts of Governmental Authorities.

"FoundryCo Group" has the meaning set forth in the Master Transaction Agreement.

"FoundryCo Material Adverse Effect" has the meaning set forth in the Master Transaction Agreement.

"GAAP" has the meaning set forth in the Shareholders' Agreement.

"Governmental Authority" has the meaning set forth in the Master Transaction Agreement.

"Intel Patent Cross License Agreement" has the meaning set forth in the Master Transaction Agreement.

"Law" means any federal, national, supranational, state, provincial, local or similar statute, law, ordinance, decree, regulation, rule, code, order, requirement or rule of law (including common law).

"Management Team" shall mean the chief executive officer and chief financial officer and such other officers of FoundryCo as may be designated as such by the Board.

"Master Transaction Agreement" means the Master Transaction Agreement by and among Discovery, Oyster and the other parties thereto, dated as of October 6, 2008, as amended.

"Material FoundryCo Contract" means those contracts set forth in Section 4.13(a) of the Disclosure Schedule of the Master Transaction Agreement, as updated by FoundryCo on each Funding Date.

"Memorandum and Articles of Association" means the Memorandum and Articles of Association of FoundryCo filed with the Registrar of Companies in the Cayman Islands.

"Minimum Debt Funding Level" is the estimated level of gross third-party debt funding for any Fiscal Year, based on the Minimum Funding Level scenario, as set forth in the Five-Year Capital Plan.

"Minimum Funding Level" is the level of equity funding as set forth in the Five-Year Capital Plan for any Fiscal Year during Phase II, which is intended to be sufficient to both (i) continue to meet Discovery's volume requirements as set forth in the Wafer Supply Agreement, and (ii) continue to build out both Fab 38 in Dresden and Fab 4x in New York to the capacities required to ensure continued availability of one hundred percent (100%) of the Dresden Subsidies and one hundred percent (100%) of the New York Subsidies, *provided, however,* that the cumulative amount of such equity funding shall not exceed $3.582 billion.

"New York Subsidies" means subsidies in the amount and form approved as of the Closing Date and, as set forth in the Five-Year Capital Plan, in the form of grants, incentives and other benefits provided, or to be provided, by the Empire State Development Corporation, the State of New York and the County of Saratoga relating only to building Fab 4x and not any other fabs in New York.

"Number of Outstanding Preferred Shares" means, as of any determination date, the aggregate number of outstanding Class A Preferred Shares and Class B Preferred Shares, assuming conversion of all outstanding Class A Convertible Notes into Class A Preferred Shares and the conversion of all outstanding Class B Convertible Notes into Class B Preferred Shares, each in accordance with the terms set forth therein.

"Original Funding Level" is the level of original equity funding (excluding any Debt Funding Level) as set forth in the Five-Year Capital Plan for any Fiscal Year through Phase II without giving effect to any Minimum Funding Level or Transition Funding Level, *provided, however,* that the cumulative amount of such equity funding shall not exceed $5.847 billion.

"Oyster/FoundryCo Cash Consideration" has the meaning set forth in the Master Transaction Agreement.

"Permitted Transferee" has the meaning set forth in the Shareholders' Agreement.

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

"Phase I" means the period commencing on the date hereof and ending on the last day of the Fiscal Year ending in 2010.

"Phase II" means the period commencing on the first day of the Fiscal Year ending in 2011 and ending on the last day of the Fiscal Year ending in 2013.

"Phase III" means the period commencing the first day of the Fiscal Year ending in 2014 and ending on the date this Agreement is terminated pursuant to the provisions hereof.

"Phase III Alternate Funding Level" is the level of equity funding for any Fiscal Year during Phase III, which shall be sufficient to meet Discovery's MPU volume requirements for such Fiscal Year as set forth in the Wafer Supply Agreement, and shall include additional funding up to, at Oyster's election: (i) the level of funding as set forth in the most recently approved Annual Business Plan, or (ii) a level of funding sufficient to continue to build out the next fabs after Fab 4x, as determined by Oyster in its sole discretion.

"Pro Rata Portion" means, as of any determination date, the aggregate number of Securities owned as of such date by a Shareholder and its Permitted Transferees divided by the aggregate number of Securities owned as of such date by both Shareholders and their Permitted Transferees, calculated on an as-converted into Class B Ordinary Shares basis, but excluding (i) any Class B Ordinary Shares or Securities, or securities convertible or exchangeable into or exercisable for any Class B Ordinary Shares or Securities, held by any Person other than a Shareholder and its Permitted Transferees; (ii) the Additional Shares with respect to the Class B Preferred Shares and (iii) any accrued and unpaid interest on the Convertible Notes.

"Remaining Discovery Subsidiaries" has the meaning set forth in the Master Transaction Agreement.

"Securities" means the Class A Preferred Shares issued by FoundryCo pursuant to the terms of this Agreement and any securities into which such Securities may be converted, exchanged or exercised.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Shareholders' Agreement" means the Shareholders' Agreement among Oyster, Discovery and FoundryCo, dated as of the date hereof, as may be amended from time to time.

"Subsidiary" or "Subsidiaries", with respect to any Person, means any and all corporations, partnerships, limited liability companies, joint ventures, associations and other entities controlled by such Person, directly or indirectly or in which such Person directly or indirectly has at least 50% of the voting power to elect the board of directors or other governing body of such entity, *provided, however*, that solely for purposes of this Agreement neither FoundryCo nor any member of the FoundryCo Group shall be deemed to be a Subsidiary of Discovery following the Closing. The foregoing proviso shall be applicable only to this Agreement and shall not be applicable to, and shall have no relevance with respect to, any other agreement, arrangement, understanding, contract, license or mortgage to which any of Oyster, Discovery or FoundryCo, or any of their respective Affiliates, is or may become a party or the interpretation thereof, unless such proviso is included therein.

"Transaction Documents" has the meaning set forth in the Master Transaction Agreement.

"Transition Funding Level" is the level of equity funding during the Transition Period, which shall be sufficient to meet Discovery's MPU volume requirements for such period, such requirements to be based on binding MPU forecasts for such period delivered and agreed to in accordance with the Wafer Supply Agreement.

"Transition Period" means a period beginning on the date of notice of Oyster's election to have FoundryCo enter into the Transition Period pursuant to Section 8.02(a)(ii) or Section 8.03(a)(ii), as applicable, and ending on the later of (i) twelve (12) months after such date and (ii) the last day of the Fiscal Year ending in 2013.

"Wafer Supply Agreement" has the meaning set forth in the Master Transaction Agreement.

Table of Additional Definitions. The following terms have the meanings set forth in the Sections set forth below:

Definition	Location
"Agreement"	Preamble
"Business Plan Deadlock"	2.01(e)
"Debt Financing"	2.01(b)
"Discovery"	Preamble
"Dispute"	9.10(b)
"Dispute Notice"	9.10(b)
"Estimated NTA"	3.02(c)
"First Annual Business Plan"	2.01(a)
"First Funding Notice"	3.01(a)
"FoundryCo"	Preamble
"Funding Date"	3.01(a)
"Interim Relief Proceeding"	9.10(c)
"LCIA Rules"	9.10(c)
"Original Agreement"	Recitals
"Oyster"	Preamble
"Party"	Preamble
"Rollover Amount"	3.01(c)(iv)
"Rules"	9.10(c)
"Second Funding Notice"	3.01(e)
"Shareholder"	Preamble

Exhibit 10.56

RELOCATION EXPENSES AGREEMENT

This Relocation Expenses Agreement (the "Agreement") is entered into by and between Advanced Micro Devices, Inc. ("AMD") and Rick Bergman ("Employee") (collectively, the "Parties").

1. Relocation Expenses. AMD agrees to provide Employee, and/or designated third parties on behalf of Employee, certain expenses associated with Employee's relocation in connection with Employee's AMD employment ("Relocation Expenses"). Relocation Expenses shall include only those expenses authorized and described in the enclosed Relocation Guidelines, and/or other expenses related to Employee's relocation that are pre-approved in writing by an AMD Vice-President. Employee's **estimated** relocation expenses are $263,184.00. Actual Relocation Expenses may be greater or less, and the terms of this Agreement apply only to the amount actually incurred by or paid to Employee.

2. Repayment of Relocation Expenses. Employee agrees to repay to AMD all or a prorated amount of the Relocation Expenses, according to the following terms:

   (a) Repayment Due to Termination of Employment. If Employee's employment with AMD terminates less than 13 full months after the effective date of Employee's hire or transfer, Employee agrees to repay one hundred percent (100%) of the Relocation Expenses paid by AMD. If Employee's employment with AMD terminates at least 13 full months after the effective date of Employee's hire or transfer, but less than 24 full months after the effective date of Employee's hire or transfer, Employee agrees to repay the full amount of the Relocation Expenses paid by AMD, **less eight point thirty-three percent (8.33%) for each full month of employment completed after the twelfth month of employment**. Employee agrees that repayment obligations under this Agreement are not reduced by completion of partial months of employment. Employee further agrees that Employee will repay Relocation Expenses by no later than the effective date of the employment termination, and that any outstanding balance on such repayment obligation is delinquent and immediately collectable the day following the effective date of termination.

   (b) Repayment Forgiveness. AMD agrees to forgive any repayment due AMD under this Agreement where AMD terminates Employee's employment due to a company- or department-wide reduction-in-force. AMD may also, in its sole discretion, forgive any repayment due AMD under this Agreement under circumstances of an extraordinary or unavoidable nature. The Parties agree that Employee's voluntary termination of his/her employment, or AMD's termination of Employee's employment for any reason other than those stated in this section 2(b), are not conditions requiring forgiveness of any repayment due AMD under this Agreement.

3. No Guarantee of Continued Employment. Nothing in this Agreement guarantees employment for any period of time.

4. Consent to Offset. Employee agrees that any repayment due AMD under this Agreement may be deducted to the extent permitted by law from any amounts due Employee from AMD at the time of employment termination, including wages, accrued vacation pay, incentive compensation payments, bonuses and commissions, and hereby expressly authorizes such deduction(s).

5. Acknowledgements and Integration. Employee understands he/she has the right to discuss this Agreement with any individual, and that to the extent desired, he/she has availed himself/herself of this opportunity. Employee further acknowledges that he/she has carefully read and fully understands the provisions of this Agreement, and that he/she is voluntarily entering into it without any duress or pressure from AMD. Employee also understands and acknowledges that this Agreement is the entire agreement between him/her and AMD with respect to this subject matter, and Employee acknowledges that AMD has not made any other statements, promises or commitments of any kind (written or oral) to cause Employee to agree to the terms of this Agreement.

6. Severability. The Parties agree that should any provision of this Agreement be declared or determined by any court to be illegal, invalid or unenforceable, the remainder of the Agreement shall nonetheless remain binding and enforceable and the illegal, invalid or unenforceable provision(s) shall be modified only so much as necessary to comply with applicable law.

EMPLOYEE		ADVANCED MICRO DEVICES, INC.	
Signature:	/s/ Rick Bergman	By:	
Printed Name:	Rick Bergman	Title:	
Date:	2/22/10	Date:	

Exhibit 10.57

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (this "Separation Agreement") is entered into by and between Derrick Meyer ("Executive" or "you") and Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), and confirms the agreement that has been reached with you in connection with your separation from the Company.

1. *Termination of Employment.* You agree that your separation shall be effective as of January 10, 2011 (the "Separation Date"), and as of such date (a) you shall cease to be employed in any capacity by, and shall no longer hold any office or position with, any of the Company and each and every subsidiary, parent or other affiliated entity of the Company, and (b) under that certain Employment Agreement dated effective as of July 17, 2008, by and between you and the Company, as amended by that certain Amendment to Employment Agreement entered into as of January 20, 2009, between you and the Company (collectively, the "Employment Agreement"), you experienced a "Covered Termination" (as defined in the Employment Agreement), and subject to the terms and conditions set forth in this Separation Agreement, you are entitled to receive the severance and other benefits specified in Section 5(a) of the Employment Agreement, provided that you first comply with the provisions of said Section 5(a) of the Employment Agreement. As of the Separation Date you shall also resign, and hereby resign, as a member of the Board of Directors of the Company and every committee thereof (as well as of the board of directors or comparable body of every subsidiary, parent or other affiliated entity of the Company and every committee thereof). You further agree to execute promptly upon request by the Company any additional documents requested by the Company to effectuate or further evidence the provisions of this paragraph 1.

2. *Separation Pay and Benefits.* In consideration of your execution of this Separation Agreement and your compliance with its terms and conditions, the Company agrees to pay or provide you (subject to the terms and conditions set forth in this Separation Agreement) with the benefits described in this paragraph 2.

(a) On the first business day following the six-month anniversary of the Separation Date, the Company shall pay you an aggregate amount equal to $8,550,000.00 (plus interest earned on such amount calculated based on the then applicable short-term Applicable Federal Rate for federal tax purposes) (the "Separation Amount"), less applicable withholdings, in full satisfaction of the Company's obligations under Section 5(a)(ii) of the Employment Agreement. In the event of your death prior to payment under this paragraph 2(a), such amount shall be paid to your estate on the fifth business day following your date of death.

(b) If you timely elect continued group medical and dental coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company will reimburse you for the COBRA premium payments for you and your eligible dependents under the Company's group medical and dental plans for the period of eighteen (18) months following the Separation Date. With respect to life insurance coverage comparable to the life insurance coverage provided to you by the Company as in effect on the Separation Date, you shall pay the full cost of such coverage and the Company will reimburse you for the amount of such cost that is in excess of the then active employee cost for such coverage when provided by the Company to an active employee. In addition, the Company will pay as additional tax withholding remitted to the appropriate taxing authority an amount or amounts (the "Gross-up Amounts") calculated to pay any income and employment taxes due as a result of such reimbursements by the Company for such COBRA premium payments and cost of life insurance coverage. The Gross-up Amounts shall be calculated by the Company to place you in the same after-tax position as if such reimbursements by the Company were not subject to such taxes. The reimbursements and payments provided for in this paragraph 2(b) are in full satisfaction of the Company's obligations under Section 5(a)(v) of the Employment Agreement. Any reimbursements that are required under this paragraph 2(b) shall be made on a regular, periodic basis within thirty (30) days after such reimbursable amounts are incurred by you; provided that, before such reimbursement, you have submitted or the Company possesses the applicable and appropriate evidence of such expense(s). Any reimbursements provided during one calendar year will not affect the expenses eligible for reimbursement in any other calendar year (with the exception of applicable lifetime maximums applicable to medical expenses or medical benefits described in Section 105(b) of the Internal Revenue Code of 1986, as amended (the "Code")), and the right to reimbursement under this paragraph 2(b) shall not be subject to liquidation or exchange for another benefit or payment. Notwithstanding the foregoing, any reimbursements required under this paragraph 2(b) that otherwise would have been paid or provided during the six-month period following the Separation Date shall, during such six-month period, be accumulated and paid in a lump sum to you on the first business day following the six-month anniversary of the Separation Date or, if applicable to your estate, on the fifth business day following your date of death. The Gross-Up Amounts shall be remitted to the appropriate taxing authority at such times as required under applicable law.

(c) On the Separation Date, each of your outstanding options to acquire shares of common stock of the Company that is unvested as of the Separation Date shall become vested and exercisable with respect to 100% of the shares of common stock of the Company subject thereto, any restrictions on such options shall fully lapse, and such options may be exercised by you on or before the earlier of the fifth (5^{th}) anniversary of the Separation Date and the expiration date of such option. Each of your outstanding options to acquire shares of common stock of the Company that is vested and exercisable as of the Separation Date may be exercised by you on or before the earlier of the fifth (5^{th}) anniversary of the Separation Date and the expiration date of such option. Any of the foregoing options that you fail to exercise on or before the earlier of the fifth (5^{th}) anniversary of the Separation Date and the expiration date of such option will expire and be forfeited at such time without consideration. The foregoing provisions of this paragraph 2(c), together with the provisions of paragraph 2(d), are in full satisfaction of the Company's obligations under Section 5(a)(iv) of the Employment Agreement.

(d) On the Separation Date, each of the outstanding restricted stock units previously granted to you by the Company that is unvested as of the Separation Date shall become vested with respect to 100% of the shares of common stock of the Company subject thereto and any restrictions on such restricted stock units shall fully lapse, and all of such restricted stock units shall be settled within thirty (30) days following the Separation Date, less applicable withholdings, in accordance with the provisions of the Company's 2004 Equity Incentive Plan, as amended and restated, and the applicable restricted stock unit agreement.

3. *Accrued Benefits.* You will be entitled to receive (a) your full earned but unpaid base salary accrued through the Separation Date, (b) cash payment for any accrued but unused vacation days, (c) unreimbursed business expenses (in accordance with usual Company policies and practice), to the extent not heretofore paid, (d) vested amounts payable to you under the Company's 401(k) plan and other retirement, deferred compensation and benefits plans in accordance with the terms of such plans and applicable law, and (e) any other amounts to which you are entitled under and in accordance with the terms of any other compensation plan or practice of the Company on the Separation Date, in each event subject to applicable withholdings. For the avoidance of doubt, you acknowledge and agree that you are not entitled to receive the February 15, 2011, installment of stock options covering 143,750 shares of the common stock of the Company or any annual incentive or performance based cash bonus for the Company's 2010 fiscal year. The amounts provided for in this paragraph 2(b) are in full satisfaction of the Company's obligations under Section 5(a)(i) of the Employment Agreement.

4. *Financial and Tax Planning*. The Company will reimburse you for personal financial planning services up to $4,000.00 for twelve (12) months following the Separation Date. Any such reimbursement shall be made on or before the last day of the calendar year following the calendar year in which the expense being reimbursed was incurred. The reimbursements provided for in this paragraph 4 are in full satisfaction of the Company's obligations under Section 5(a)(iii) of the Employment Agreement.

5. *Indemnification; Liability Insurance*. For nine (9) years following the Separation Date (or such longer period, if any, as may be provided under the Company's Certificate of Incorporation and Bylaws) (a) you will continue to be indemnified under the Company's Certificate of Incorporation and Bylaws at least to the same extent as prior to the Separation Date, and (b) you shall be covered by the directors' and officers' liability insurance, the fiduciary liability insurance and the professional liability insurance policies that are the same as, or provide coverage at least equivalent to, those the Company carried as of the Separation Date.

6. *No Other Payments or Benefits.* You acknowledge and agree that, other than the payments and benefits expressly set forth in this Separation Agreement, (a) you have received all compensation to which you are entitled from the Company, and you are not entitled to any other payments or benefits from the Company, and (b) after the Separation Date, you shall not receive any base salary, annual bonus, other cash compensation, long term incentive award, options, restricted stock, restricted stock units or other equity awards, expense reimbursement,

welfare, retirement, perquisite, fringe benefit, or other benefit plan coverage or coverage under any other practice, policy or program as may be in effect from time to time, applying to senior officers or other employees of the Company.

7. *Continuing Obligations*. You acknowledge and affirm your continuing obligations under the Proprietary Information and Invention Assignment Agreement you signed on November 13, 1995 (the "Confidentiality Agreement"). For the avoidance of doubt, (i) any information relating to the antitrust litigation between the Company and Intel Corporation/Intel Kabushiki Kaisha that was settled in November 2009 or any other antitrust/anti-competitive practice trials, inquiries or proceedings, whether government, private party, criminal or civil, anywhere in the world in which the Company Entities are or were involved in any way during your employment with the Company shall be deemed to be confidential and proprietary information, (ii) you agree to keep confidential and not to disclose or use, either directly or indirectly, such confidential or proprietary information, without the prior written consent of the Board of Directors of the Company, or until the information otherwise becomes public knowledge (other than by acts of Executive or his agents or representatives).

8. *Nondisparagement*. Each of Company and Executive agree that it or he will not at any time orally or in writing defame or intentionally make, publish or disseminate disparaging remarks that could reasonably be expected to have an adverse impact on the business reputation or prospects of the other party, including any of their respective administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, except as may be required by judicial or administrative order or legal process.

9. *Noncompetition Covenant*. Executive agrees that for a period of two (2) years after the Separation Date, without the prior written consent of the Board of Directors of the Company, Executive will not carry on any business or activity (whether directly or indirectly, as a partner, shareholder, principal, agent, director, affiliate, employee or consultant) that is competitive with the business conducted by the Company (as conducted now or during the term of the Employment Agreement), or engage in any other activities that conflict with Executive's obligations to the Company.

10. *Nonsolicitation Covenant*. Executive agrees that for a period of two (2) years after the Separation Date, without the prior written consent of the Board of Directors of the Company, Executive will not do any of the following:

(a) *Solicit Business*. Solicit or influence or attempt to influence 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 person, firm, corporation, institution or other entity in competition with the business of the Company; and

(b) *Solicit Personnel*. Solicit or influence or attempt to influence any person employed by the Company or any consultant then retained by the Company to terminate or otherwise cease his employment or consulting relationship with the Company or become an employee of or consultant to any competitor of the Company.

11. *Company Property.* On or prior to the Separation Date, you shall return to the Company all Company property in your possession or use, including, without limitation, all automobiles, fax machines, printers, cell phones, credit cards, building-access cards and keys, other electronic equipment, and any records, documents, software, e-mails or other data from your personal computers or laptops which are not themselves Company property, however stored, relating to the Company's confidential information.

12. *Failure of Consideration*. You acknowledge and agree that your obligations under paragraphs 7, 8, 9, and 10 are material inducements for, and a substantial portion of, the consideration for the Company agreeing to pay and provide you with the benefits described in paragraphs 2 and 4 and that such obligations restate and continue valid, binding and existing obligations under the Employment Agreement. You further acknowledge and agree that the Company would be irreparably injured by a violation by you of paragraphs 7, 8, 9, and/or 10, and that in the event of any breach or threatened breach by you of paragraphs 7, 8, 9, and/or 10, (i) you shall not be entitled to receive the benefits described in paragraphs 2 and 4, and (ii) if, and to the extent, such breach or threatened breach occurs after you have received all or any portion of the benefits described in paragraphs 2 and 4, you agree that the Company will be entitled to enjoin any such breach or threshold breach and you agree to immediately return such benefits to the Company, not as a penalty or forfeiture, and the Company shall, in addition to any other legal and equitable remedies available to it, be entitled to recover such benefits from you not as a penalty or forfeiture, plus attorneys fees and other costs incurred by the Company in obtaining such relief.

13. *Cooperation.* Prior to and after the Separation Date, you agree that you will reasonably cooperate with the Company, its subsidiaries and affiliates, at any level, and any of their officers, directors, shareholders, or employees: (a) concerning requests for information about the business of the Company or its subsidiaries or affiliates or your involvement and participation therein, (b) in connection with any investigation or review by the Company or any federal, state or local regulatory, quasi-regulatory or self-governing authority (including, without limitation, the Securities and Exchange Commission) as any such investigation or review relates to events or occurrences that transpired while you were employed by the Company and (c) with respect to transition and succession matters. Your cooperation shall include, but not be limited to (taking into account your personal and professional obligations, including those to any new employer or entity to which you provide services), being available to meet and speak with officers or employees of the Company and/or the Company's counsel at reasonable times and locations, executing accurate and truthful documents and taking such other actions as may reasonably be requested by the Company and/or the Company's counsel to effectuate the foregoing. You shall be entitled to reimbursement, upon receipt by the Company of suitable documentation, for reasonable and necessary travel and other expenses which you may incur at the specific request of the Company and as approved by the Company in advance and in accordance with its policies and procedures established from time to time.

14. *Taxes*. The parties hereto acknowledge and agree that the form and timing of the Separation Amount and the other payments and benefits to be provided pursuant to this Separation Agreement are intended to comply with one or more exceptions to the requirements of Section 409A of the Code and applicable Treasury Regulations thereunder ("Section 409A"), including the requirement for a six-month suspension on payments to "specified employees" as defined in Section 409A that are not otherwise permitted to be paid within the six-month suspension period. The parties hereto further acknowledge and agree that for purposes of Section 409A you do not have discretion with respect to the timing of the payment of any amounts provided under this Separation Agreement. Notwithstanding any provision of this Separation Agreement to the contrary, the Company, its affiliates, subsidiaries, successors, and each of their respective officers, directors, employees and representatives, neither represent nor warrant the tax treatment under any federal, state, local, or foreign laws or regulations thereunder (individually and collectively referred to as the "Tax Laws") of any payment or benefits contemplated by this Separation Agreement including, but not limited to, when and to what extent such payments or benefits may be subject to tax, penalties and interest under the Tax Laws.

15. *Release*.

(a) You agree that, in consideration of this Separation Agreement, you hereby waive, release and forever discharge any and all claims and rights of any kind, whether known or unknown, suspected or unsuspected, and whether or not concealed or hidden, which you ever had, now have or may have against the Company and any of its subsidiaries or affiliated companies, and their respective predecessors in interest, successors and assigns, current and former officers, agents, directors, stockholders, representatives, attorneys, insurers, employees, benefits committees, employee benefit programs and the trustees, administrators, fiduciaries and insurers of such programs, and their respective successors and assigns, heirs, executors and personal and legal representatives, based on any act, event or omission occurring before you execute this Separation Agreement arising out of, during or relating to your employment or services with the Company or the termination of such employment or services, except as provided below. This waiver and release includes, but is not limited to, any claims or rights which could be asserted now or in the future, under: common law, including, but not limited to, breach of express or implied duties, wrongful termination, defamation, or violation of public policy; any policies, practices, or procedures of the Company; any federal, state or local laws, statutes, regulations, rules, ordinances, executive orders or other legal restrictions, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e *et seq.*, the Civil Rights Act of 1866 and 1871, the Americans With Disabilities Act, 42 U.S.C. §12101 *et seq.*, the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. §1001 *et seq.* (excluding those rights relating exclusively to employee pension benefits as governed by ERISA), the Family and Medical Leave Act, 29 U.S.C. §2601 *et. seq.,* the Equal Pay Act, the National Labor Relations Act, the Fair Labor Standards Act, the Worker Adjustment and Retraining and Notification Act, the Texas Labor Code, the Texas Payday Law, and the Texas

Commission on Human Rights Act; any contract of employment, express or implied; and any provision of any other law, common or statutory, of the United States, Texas, or any applicable state or local jurisdiction.

Notwithstanding the foregoing, nothing contained in this paragraph 15(a) shall (i) subject to paragraphs 15(b) and 15(c) and the ADEA Release at Exhibit A, impair any rights or potential claims that you may have under the federal Age Discrimination in Employment Act of 1967 (the "ADEA"); (ii) be construed to prohibit you from bringing appropriate proceedings to enforce this Separation Agreement; (iii) subject to the limitations set forth in paragraph 5 herein, affect any rights of defense or indemnification, or to be held harmless, or any coverage under directors' and officers' liability insurance or any other insurance or rights or claims of contribution or advancement of expenses that you have; or (iv) affect any rights as a shareholder of the Company that you have.

(b) By signing this Separation Agreement, you represent that you have not and will not in the future commence any action or proceeding arising out of the matters released hereby, and that you will not seek or be entitled to any award of legal or equitable relief in any such action or proceeding that may be commenced on your behalf. This Separation Agreement shall not prevent you from filing a charge with the Equal Employment Opportunity Commission (or similar state or local agency) or participating in any investigation conducted by the Equal Employment Opportunity Commission (or similar state or local agency); *provided*, *however*, you acknowledge and agree that any claims for personal relief in connection with such a charge or investigation (such as reinstatement or monetary damages) would be and hereby are barred. The Company has advised you to consult with an attorney of your choosing prior to signing this Separation Agreement. You represent that you understand and agree that you have the right and have been given the opportunity to review this Separation Agreement and the ADEA Release (defined below) with an attorney.

(c) In accordance with the ADEA release contained in Exhibit A hereto (the "ADEA Release"), you shall have twenty-one (21) days from the date of this Separation Agreement to consider the ADEA Release and, once you have signed the ADEA Release, you shall have seven (7) additional days from the date of execution to revoke your consent to the ADEA Release. Any such revocation shall be made in writing so as to be received by the Company prior to the eighth (8^{th}) day following your execution of the ADEA Release. If no such revocation occurs, the ADEA Release shall become effective on the eighth (8^{th}) day following your execution, no earlier than the Separation Date, of the ADEA Release (the "Effective Date").

16. *Enforcement*. If any provision of this Separation Agreement is held by a court of competent jurisdiction to be illegal, void or unenforceable, such provision shall have no effect; however, the remaining provisions shall be enforced to the maximum extent possible. Further, if a court should determine that any portion of this Separation Agreement is overbroad or unreasonable, such provision shall be given effect to the maximum extent possible by narrowing

or enforcing in part that aspect of the provision found overbroad or unreasonable. In addition, you agree that your willful and knowing failure to return to the Company property that relates to the maintenance of security of the Company Entities and each of their successors and assigns, or your breach or threatened breach of paragraph 7, 8, 9, or 10 of this Separation Agreement, shall entitle the Company to obtain from any court of competent jurisdiction, in addition to any other remedies, a restraining order, injunction or other equitable relief without the necessity of a hearing or posting a bond.

17. *No Admission.* This Separation Agreement is not intended, and shall not be construed, as an admission that either you or any of the Company, its subsidiaries and affiliates, their respective past and present directors and officers, and their successors and assigns (collectively, the "Company Entities and Persons") have violated any federal, state or local law (statutory or decisional), ordinance or regulation, breached any contract or committed any wrong whatsoever.

18. *Tax Withholding*. All payments, benefits and other amounts made or provided pursuant to this Separation Agreement will be subject to withholding of applicable federal, state and local taxes.

19. *Successors*. This Separation Agreement is binding upon, and shall inure to the benefit of, the parties and their respective heirs, executors, administrators, successors and assigns.

20. *Choice of Law.* This Separation Agreement shall be construed and enforced in accordance with the laws of the State of Texas without regard to the principles of conflicts of law.

21. *Entire Agreement.* You acknowledge that this Separation Agreement constitutes the complete understanding between the Company and you regarding its subject matter and supersedes any and all prior written, and prior or contemporaneous oral, agreements, understandings, and discussions, whether written or oral, between you and any of the Company Entities and Persons, including the Employment Agreement; *provided*, *however*, that notwithstanding the foregoing, the Confidentiality Agreement shall remain in full force and effect in accordance with its terms. No other promises or agreements shall be binding on the Company unless in writing and signed by both the Company and you after the date of this Separation Agreement.

22. *Effective Date.* You may accept this Separation Agreement by signing it and returning it to the Company's General Counsel, Harry Wolin, at Advanced Micro Devices, Inc., 7171 Southwest Pkwy, Austin, Texas 78735, e-mail address: harry.wolin@amd.com. The effective date of this Separation Agreement shall be the date it is signed by both parties, provided that the provisions of paragraph 2 shall not become effective until the Effective Date, as defined in paragraph 15(c). In the event you do not accept this Separation Agreement (including the ADEA Release) as set forth in this paragraph 22, this Separation Agreement,

including but not limited to the obligation of the Company hereunder to provide the payments and other benefits described herein, shall be deemed automatically null and void.

23. *Headings.* The headings used herein are for the convenience of reference only, do not constitute part of this Separation Agreement and shall not be deemed to limit or otherwise affect any of the provisions of this Separation Agreement.

24. *Counterparts.* This Separation Agreement may be executed in one or more counterparts, including emailed or telecopied facsimiles, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Separation Agreement as of the date set forth below.

Signatures:	/s/ Derrick R. Meyer	Date:	10-Jan-2011
	Derrick Meyer		

ADVANCED MICRO DEVICES, INC.

By:	/s/ Thomas Seifert	Date:	1/28/11
Name:	Thomas Seifert		
Title:	CFO		

EXHIBIT A

WAIVER OF RIGHTS UNDER THE
AGE DISCRIMINATION AND EMPLOYMENT ACT

Derrick Meyer ("Executive" or "you") knowingly and voluntarily, on behalf of yourself and your agents, attorneys, successors, assigns, heirs and executors, releases and forever discharges Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), and all of its subsidiaries and affiliates, together with all of their respective past and present directors, managers, officers, shareholders, partners, employees, agents, attorneys and servants, representatives, administrators and fiduciaries (except that in the case of agents, representatives, administrators, attorneys and fiduciaries, only to the extent in any way related to his or her employment with, or the business affairs of the Company) and each of their predecessors, successors and assigns (collectively, the "Releasees") from any and all claims, charges, complaints, promises, agreements, controversies, liens, demands, causes of action, obligations, suits, disputes, judgments, debts, bonds, bills, covenants, contracts, variances, trespasses, executions, damages and liabilities of any nature whatsoever relating in any way to your rights under the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), whether known or unknown, suspected or unsuspected, which you or your executors, administrators, successors or assigns ever had, now have, or may hereafter claim to have against the Releasees in law or equity, arising on or before the date this ADEA Release (as defined below) is executed by you, and whether or not previously asserted before any state or federal court or before any state or federal agency or governmental entity (the "ADEA Release"). This ADEA Release includes, without limitation, any rights or claims relating in any way to your employment relationship with the Company or any of the Releasees, or the termination thereof, arising under the ADEA, including compensatory damages, punitive damages, attorney's fees, costs, expenses, and any other type of damage or relief. You represent that you have not commenced or joined in any claim, charge, action or proceeding whatsoever against the Company or any of the Releasees arising out of or relating any of the matters set forth in this ADEA Release. You further agree that you shall not be entitled to any personal recovery in any claim, charge, action or proceeding whatsoever against the Company or any of the Releasees for any of the matters set forth in this ADEA Release.

The Company has advised you to consult with an attorney of your choosing prior to signing this ADEA Release. You represent that you understand and agree that you have the right and have been given the opportunity to review this ADEA Release with an attorney. You further represent that you understand and agree that the Company is under no obligation to offer you this ADEA Release, and that you are under no obligation to consent to the ADEA Release, and that you have entered into this ADEA Release freely and voluntarily.

You shall have twenty-one (21) days to consider this ADEA Release, and once you have signed this ADEA Release, you shall have seven (7) additional days from the date of execution to revoke your consent to this ADEA Release. Any such revocation shall be made in writing so as to be received by the Company's General Counsel prior to the eighth (8^{th}) day following your execution of this ADEA Release. If no such revocation occurs, this ADEA Release shall become effective on the eighth (8^{th}) day following your execution of this ADEA Release (the "Effective Date"). In the event that you revoke your consent, this ADEA Release shall be null and void.

IN WITNESS WHEREOF, the Executive has executed this ADEA Release as of the date set forth below.

/s/ Derrick R. Meyer
Derrick Meyer

10-Jan-2011
Date

Exhibit 21

ADVANCED MICRO DEVICES, INC.
LIST OF SUBSIDIARIES
As of December 25, 2010

Domestic Subsidiaries	**State or Jurisdiction Which Incorporated or Organized**
Advanced Micro Ltd.*	California
AMD Corporation*	California
AMD Malaysia LLC	Delaware
AMD (EMEA) LTD.	Delaware
AMD Far East Ltd.	Delaware
AMD International Sales & Service, Ltd.	Delaware
AMD Latin America Ltd.	Delaware
Foreign Subsidiaries	
AMD Technologies SRL	Barbados
ATI International SRL (1)	Barbados
ATI Technologies (Bermuda) Limited (1)	Bermuda
Advanced Micro Devices Belgium N.V. (2)	Belgium
AMD South America LTDA (3)	Brazil
1252986 Alberta ULC	Canada
ATI Technologies ULC (4)	Canada
Advanced Micro Devices (China) Co. Ltd.	China
AMD Technologies (China) Co. Ltd. (5)	China
Advanced Micro Devices (Shanghai) Co. Ltd. (5)	China
AMD Products (China) Co., Ltd (5)	China
AMD Technology Development (Beijing) Co. (6)	China
AMD Technologies Development (Suzhou) Co., Ltd.	China
ATI Visual Technologies (Shanghai) Co. Ltd. (1)	China
DDEEG Microconsulting Oy (1)	Finland
Advanced Micro Devices S.A.S.	France
Advanced Micro Devices GmbH	Germany
AMD India Private Limited (7)	India
AMD Research & Development Center India Private Limited (8)	India
Graphic Remedy, Ltd.	Israel
Advanced Micro Devices S.p.A.	Italy
AMD Japan Ltd.	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Export Sdn. Bhd. (9)	Malaysia
Advanced Micro Devices Global Services (M) Sdn. Bhd.	Malaysia
ATI Technologies (L) Inc. (10)	Malaysia
Advanced Micro Devices Malaysia Ltd. (11)	Malaysia
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
AMD Technologies Singapore Pte. Ltd.	Singapore
Advanced Micro Devices, AB	Sweden
Advanced Micro Devices (U.K.) Limited	United Kingdom

(*) Inactive
(1) Subsidiary of ATI Technologies ULC
(2) 99.9952% owned by Advanced Micro Devices, Inc., .0048% owned by AMD International Sales & Service, Ltd.
(3) 99.9% owned by AMD International Sales & Service, Ltd., 0.1% owned by AMD Far East Ltd.
(4) Subsidiary of 1252986 Alberta ULC.
(5) Subsidiary of Advanced Micro Devices (China) Co. Ltd.
(6) 51% owned by Advanced Micro Devices, Inc., 49% owned by AMD Technologies (China) Co. Ltd.
(7) 99.99% owned by Advanced Micro Devices, Inc, .01% owned by AMD Far East Ltd.
(8) 99.975% owned by ATI Technologies ULC, 0.025% owned by 1252986 Alberta ULC
(9) Subsidiary of Advanced Micro Devices Sdn. Bhd.
(10) Subsidiary of ATI Technologies (Bermuda) Limited
(11) Subsidiary of ATI Technologies (L) Inc.

Exhibit 23.a

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Advanced Micro Devices, Inc.:

- Registration Statement on Form S-8 (No. 333- 166616) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 333-159367) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 333-138291) pertaining to the ATI Technologies Inc. Restricted Share Unit Plans for U.S. Directors and Employees, as amended and restated, ATI Technologies Inc. Restricted Share Unit Plans for Canadian Directors and Employees, as amended and restated, ATI Technologies Inc. Share Option Plan, as amended, and ARTX, Inc. 1997 Equity Incentive Plan, as amended;
- Registration Statement on Form S-8 (No. 333-134853) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-145187) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-115474) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 33-55107) pertaining to the Advanced Micro Devices, Inc. 1992 Stock Incentive Plan;
- Registration Statement on Form S-8 (No. 333-00969) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan and to the 1995 Stock Plan of NexGen, Inc;
- Registration Statements on Forms S-8 (Nos. 333-04797 and 333-57525) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan;
- Registration Statements on Form S-8 (Nos. 333-60550 and 333-40030) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-68005) pertaining to the Advanced Micro Devices, Inc. 1998 Stock Incentive Plan;
- Registration Statements on Form S-8 (Nos. 333-55052 and 333-74896) pertaining to the Advanced Micro Devices, Inc. 2000 Stock Incentive Plan;
- Registration Statement on Form S-8 (No. 333-108217) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (No. 33-95888-99) pertaining to the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan;
- Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 (No. 33-64911) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc., the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan;
- Registration Statements on Forms S-8 (Nos. 333-77495 and 333-33855) pertaining to the Advanced Micro Devices, Inc. 1991 Stock Purchase Plan;

- Registration Statement on Form S-4 (No. 333- 167164) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
- Registration Statement on Form S-4 (No. 333-170527) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
- Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 33-92688-99) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc.;
- Registration Statement on Form S-3 (No. 333-157640) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.
- Registration Statement on Form S-3 (No. 333-147426) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.;
- Registration Statement on Form S-3 (No. 333-147220) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.; and
- Registration Statement on Form S-3 (No. 333-144565) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.

of our reports dated February 18, 2011, with respect to the consolidated financial statements and schedule of Advanced Micro Devices, Inc. and the effectiveness of internal control over financial reporting of Advanced Micro Devices, Inc. included in this Annual Report (Form 10-K) for the year ended December 25, 2010.

/s/ Ernst & Young LLP

San Jose, California
February 18, 2011

Exhibit 23.b

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of Advanced Micro Devices, Inc.:

- Registration Statement on Form S-8 (No. 333- 166616) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 333-159367) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 333-138291) pertaining to the ATI Technologies Inc. Restricted Share Unit Plans for U.S. Directors and Employees, as amended and restated, ATI Technologies Inc. Restricted Share Unit Plans for Canadian Directors and Employees, as amended and restated, ATI Technologies Inc. Share Option Plan, as amended, and ARTX, Inc. 1997 Equity Incentive Plan, as amended;
- Registration Statement on Form S-8 (No. 333-134853) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-145187) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-115474) pertaining to the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan;
- Registration Statement on Form S-8 (No. 33-55107) pertaining to the Advanced Micro Devices, Inc. 1992 Stock Incentive Plan;
- Registration Statement on Form S-8 (No. 333-00969) pertaining to the Advanced Micro Devices, Inc. 1991 Employee Stock Purchase Plan and to the 1995 Stock Plan of NexGen, Inc;
- Registration Statements on Forms S-8 (Nos. 333-04797 and 333-57525) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan;
- Registration Statements on Form S-8 (Nos. 333-60550 and 333-40030) pertaining to the Advanced Micro Devices, Inc. 1996 Stock Incentive Plan and the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Registration Statement on Form S-8 (No. 333-68005) pertaining to the Advanced Micro Devices, Inc. 1998 Stock Incentive Plan;
- Registration Statements on Form S-8 (Nos. 333-55052 and 333-74896) pertaining to the Advanced Micro Devices, Inc. 2000 Stock Incentive Plan;
- Registration Statement on Form S-8 (No. 333-108217) pertaining to the Advanced Micro Devices, Inc. 2000 Employee Stock Purchase Plan;
- Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 (No. 33-95888-99) pertaining to the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan;

- Post-Effective Amendment No. 1 on Form S-8 to the Registration Statement on Form S-4 (No. 33-64911) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc., the 1995 Stock Plan of NexGen, Inc. and the NexGen, Inc. 1987 Employee Stock Plan;
- Registration Statements on Forms S-8 (Nos. 333-77495 and 333-33855) pertaining to the Advanced Micro Devices, Inc. 1991 Stock Purchase Plan;
- Registration Statement on Form S-4 (No. 333- 167164) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
- Registration Statement on Form S-4 (No. 333-170527) pertaining to senior notes issued by Advanced Micro Devices, Inc.;
- Post-Effective Amendment No. 1 to Registration Statement on Form S-8 (No. 33-92688-99) pertaining to the 1995 Employee Stock Purchase Plan of NexGen, Inc.;
- Registration Statement on Form S-3 (No. 333-157640) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.
- Registration Statement on Form S-3 (No. 333-147426) pertaining to common stock issued or issuable by Advanced Micro Devices, Inc.;
- Registration Statement on Form S-3 (No. 333-147220) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.; and
- Registration Statement on Form S-3 (No. 333-144565) pertaining to convertible senior notes and common stock issued or issuable by Advanced Micro Devices, Inc.

of our report dated February 17, 2011, with respect to the consolidated financial statements of GLOBALFOUNDRIES Inc. included in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc. for the year ended December 25, 2010.

/s/ Ernst & Young LLP

Palo Alto, California
February 17, 2011

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Thomas J. Seifert and Harry A. Wolin, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 2010, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Thomas J. Seifert Thomas J. Seifert	Senior Vice President, Chief Financial Officer, Interim Chief Executive Officer	February 18, 2011
/s/ Waleed Al Mokarrab Al Muhairi Waleed Al Mokarrab Al Muhairi	Director	February 3, 2011
/s/ WM Barnes W. Michael Barnes	Director	February 3, 2011
/s/ John E. Caldwell John E. Caldwell	Director	February 3, 2011
/s/ Bruce L. Claflin Bruce L. Claflin	Executive Chairman of the Board	February 2, 2011
/s/ Craig A. Conway Craig A. Conway	Director	February 3, 2011
/s/ Nicholas M. Donofrio Nicholas M. Donofrio	Director	February 3, 2011
/s/ H. Paulett Eberhart H. Paulett Eberhart	Director	February 3, 2011
/s/ RB Palmer Robert B. Palmer	Director	February 3, 2011

Exhibit 31.1

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

I, Thomas J. Seifert, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc.;

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: February 18, 2011

/s/ Thomas J. Seifert

Thomas J. Seifert
Senior Vice President,
Chief Financial Officer,
Interim Chief Executive Officer

Exhibit 31.2

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

I, Thomas J. Seifert, certify that:

1. I have reviewed this annual report on Form 10-K of Advanced Micro Devices, Inc.;

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: February 18, 2011

/s/ Thomas J. Seifert

Thomas J. Seifert
Senior Vice President,
Chief Financial Officer,
Interim Chief Executive Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as created by 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 Annual Report on Form 10-K of the Company for the period ended December 25, 2010 (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: February 18, 2011

/s/ Thomas J. Seifert

Thomas J. Seifert
Senior Vice President
Chief Financial Officer,
Interim Chief Executive Officer

Exhibit 32.2

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

Pursuant to 18 U.S.C. § 1350, as created by 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 Annual Report on Form 10-K of the Company for the period ended December 25, 2010 (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: February 18, 2011

/s/ Thomas J. Seifert

Thomas J. Seifert
Senior Vice President,
Chief Financial Officer,
Interim Chief Executive Officer

Exhibit 99.1

Annual CEO Certification
(Section 303A.12(a))

In May 2010, the Company provided its annual CEO certification to the New York Stock Exchange as required by Rule 303A.12 of the New York Stock Exchange Listed Company Manual. This certification was provided without qualification. The Company also filed as Exhibits 31 and 32 to its Annual Report on Form 10-K for the year ended December 25, 2010, the certification of its Interim Principal Executive Officer and Principal Financial Officer as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 99.2

GLOBALFOUNDRIES Inc.
Consolidated Financial Statements
For the Fiscal Year Ended December 25, 2010 and
For the Period From March 2, 2009 to December 26, 2009
Prepared in accordance with generally accepted principles in the United States of America ("GAAP")
With Report of Independent Auditors

GLOBALFOUNDRIES Inc.

Consolidated Financial Statements
For the Fiscal Year Ended December 25, 2010 and
For the Period From March 2, 2009 to December 26, 2009

Contents

Report of Independent Auditors

The Board of Directors
GLOBALFOUNDRIES Inc.

We have audited the accompanying consolidated balance sheets of GLOBALFOUNDRIES Inc. (the "Company") as of December 25, 2010 and December 26, 2009, and the related consolidated statements of operations, comprehensive loss, cash flows and changes in total equity for the year ended December 25, 2010 and for period from March 2, 2009 to December 26, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GLOBALFOUNDRIES Inc. at December 25, 2010 and December 26, 2009, and the consolidated results of its operations and its cash flows for the year ended December 25, 2010 and for the period from March 2, 2009 to December 26, 2009, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Palo Alto, California
February 17, 2011

GLOBALFOUNDRIES Inc.
CONSOLIDATED BALANCE SHEETS
(in millions, except share and par value amounts)

	December 25, 2010	December 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,314	$ 904
Restricted cash	63	—
Accounts receivable, net of allowances of $4 in 2010 and $0 in 2009	353	—
Accounts receivable from affiliates, net of allowances of $0 in 2010 and 2009	207	150
Inventories	350	83
Receivables from government grants and allowances	120	104
Other current assets	208	53
Total current assets	2,615	1,294
Property, plant and equipment, net	7,333	3,045
Intangible assets, net	155	88
Other assets	221	11
Total assets	$ 10,324	$ 4,438
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 627	$ 130
Accounts payable to affiliates	—	3
Accrued liabilities	397	177
Current portion of long-term debt and capital lease obligations	471	305
Deferred grant income	112	99
Other current liabilities	233	22
Income taxes payable	6	4
Total current liabilities	1,846	740
Long-term debt and capital lease obligations, less current portion	1,436	379
Subordinated convertible notes	1,429	1,362
Deferred grant income	644	351
Deferred income taxes	234	197
Other noncurrent liabilities	207	46
Total liabilities	5,796	3,075
Commitments and contingencies (Note 10)		
Stockholders' equity		
Class A Ordinary Shares, par value $0.01; 2 shares authorized; 2 shares issued, no shares outstanding as of December 25, 2010 and December 26, 2009	—	—
Class B Ordinary Shares, par value $0.01; 3,000,000,000 shares authorized; no shares issued and outstanding as of December 25, 2010 and December 26, 2009	—	—
Class A Preferred Shares, par value $0.01; 10,000,000 shares authorized; 1,753,453 and 1,309,140 shares issued and outstanding as of December 25, 2010 and December 26, 2009, respectively	—	—
Class B Preferred Shares, par value $0.01; 20,000,000 shares authorized; 1,490,455 and 872,760 shares issued and outstanding as of December 25, 2010 and December 26, 2009, respectively	—	—
Additional paid-in capital	2,882	1,925
Accumulated deficit	(1,221)	(562)
Accumulated other comprehensive income	5	—
Total stockholders' equity	1,666	1,363
Noncontrolling interests	2,862	—
Total equity	4,528	1,363
Total liabilities and equity	$ 10,324	$ 4,438

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions)

	Fiscal Year Ended December 25, 2010	Period From March 2, 2009 to December 26, 2009
Net revenues	$ 3,529	$ 917
Cost of sales	2,709	717
Gross margin	820	200
Operating expenses:		
Research and development	808	442
Selling, general and administrative	247	136
Contract termination cost	112	—
Total operating expenses	1,167	578
Loss from operations	(347)	(378)
Interest income	4	4
Interest expense	(196)	(140)
Other expense, net	(18)	(19)
Loss before benefit (provision) for income taxes and earnings in equity interests	(557)	(533)
Benefit (provision) for income taxes	31	(29)
Earnings in equity interests, net	28	—
Net loss	(498)	(562)
Less: net income attributable to noncontrolling interests	161	—
Net loss attributable to stockholders	$ (659)	$ (562)

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in millions)

	Fiscal Year December 25, 2010	Period From March 2, 2009 to December 26, 2009
Net loss	$ (498)	$ (562)
Other comprehensive loss:		
Net unrealized gains on change in cash flow hedging fair values, net of taxes	8	—
Reclassification of cash flow hedging gains into earnings, net of taxes	(2)	—
Foreign currency translation reserve of non-marketable equity investments	(1)	—
Other comprehensive income, net	5	—
Comprehensive loss, net	(493)	(562)
Less: Comprehensive income attributable to noncontrolling interests	161	—
Comprehensive loss attributable to stockholders	$ (654)	$ (562)

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Fiscal Year Ended December 25, 2010	Period From March 2, 2009 to December 26, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (498)	$ (562)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	1,345	545
Amortization of intangible assets	39	9
Noncash interest expense	136	92
Amortization of government grants and allowances	(106)	(91)
Earnings in equity interests, net	(28)	—
Cash dividends received from non-marketable equity investments	33	—
Deferred income taxes	(43)	18
Noncash foreign exchange gains and losses	(34)	55
Other operating activities	26	(1)
Change in assets and liabilities:		
Accounts receivable	(59)	—
Accounts receivable from affiliates	(52)	(120)
Inventories	(89)	(27)
Other assets	(72)	(18)
Accounts payable, accrued liabilities and other liabilities	146	23
Accounts payable to affiliates	(3)	(31)
Income taxes payable	—	(3)
Net cash provided by (used in) operating activities	741	(111)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(2,308)	(319)
Purchases of intangible assets	(49)	(52)
Cash assumed from control of variable interest entity	781	—
Other investing activities	17	1
Net cash used in investing activities	(1,559)	(370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares by variable interest entity	752	—
Proceeds from issuance of convertible debt	—	1,269
Proceeds from issuance of equity instruments	930	391
Proceeds from borrowings, net of issuance costs	349	—
Repayments of debt and capital lease obligations	(1,075)	(211)
Proceeds from government grants and allowances	421	43
Redemption of convertible redeemable preference shares	(162)	—
Repayment of debt to AMD	—	(245)
Other financing activities	5	—
Net cash provided by financing activities	1,220	1,247
Effect of exchange rate changes on cash and cash equivalents	8	—
Net increase in cash and cash equivalents	410	766
Cash and cash equivalents at the beginning of the period	904	138
Cash and cash equivalents at the end of the period	$ 1,314	$ 904

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in millions)

	Fiscal Year Ended December 25, 2010	Period From March 2, 2009 to December 26, 2009
Supplemental disclosure of Cash Flow Information		
Interest paid (net of amounts capitalized)	$ 80	$ 60
Income tax paid (refund)	$ (5)	$ 9
Noncash investing and financing activities		
Control of variable interest entity	$ 1,163	$ —
Purchases of property, plant and equipment not paid as of period end	$ 308	$ —
Property, plant and equipment acquired through capital lease	$ 43	$ 36
Transfer of AMTC/BAC equity interests from AMD	$ 27	$ —

The accompanying notes are an integral part of these consolidated financial statements.

GLOBALFOUNDRIES Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN TOTAL EQUITY
(in millions, except number of shares)

	Stockholders' Equity											
	Class A and Class B Ordinary Shares		Class A Preferred Shares		Class B Preferred Shares							
	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total	Noncontrolling Interests	Total Equity
As of March 2, 2009	2	$ —	1,090,950	$ —	700,000	$ —	$ 1,534	$ —	$ —	$1,534	$ —	$1,534
Issuance of shares	—	—	218,190	—	172,760	—	391	—	—	391	—	391
Cancellation	(2)	—	—	—	—	—	—	—	—	—	—	—
Net loss	—	—	—	—	—	—	—	(562)	—	(562)	—	(562)
As of December 26, 2009	—	—	1,309,140	—	872,760	—	1,925	(562)	—	1,363	—	1,363
Issuance of shares	—	—	444,313	—	617,695	—	930	—	—	930	—	930
Transfer of equity interests	—	—	—	—	—	—	27	—	—	27	—	27
Net loss	—	—	—	—	—	—	—	(659)	—	(659)	161	(498)
Other comprehensive income	—	—	—	—	—	—	—	—	5	5	—	5
Control of variable interest entity	—	—	—	—	—	—	—	—	—	—	1,944	1,944
Changes in noncontrolling interests	—	—	—	—	—	—	—	—	—	—	757	757
As of December 25, 2010	—	$ —	1,753,453	$ —	1,490,455	$ —	$ 2,882	$ (1,221)	$ 5	$1,666	$ 2,862	$4,528

The accompanying notes are an integral part of these consolidated financial statements.

1. ORGANIZATION AND NATURE OF OPERATIONS

GLOBALFOUNDRIES Inc. ("GLOBALFOUNDRIES") together with its subsidiaries and variable interest entities (collectively "we" or "the Company") is one of the world's leading dedicated semiconductor foundries providing comprehensive wafer fabrication services and technologies. Within the global semiconductor industry, GLOBALFOUNDRIES offers primarily x86 microprocessors for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers.

Formation of GLOBALFOUNDRIES

On March 2, 2009, Advanced Micro Devices Inc. ("AMD") and Advanced Technology Investment Company LLC ("ATIC"), a limited liability company established under the laws of the Emirate of Abu Dhabi and wholly owned by the Government of the Emirate of Abu Dhabi, and West Coast Hitech L.P., an exempted limited partnership organized under the laws of the Cayman Islands, acting through its general partner, West Coast Hitech G.P., Ltd., a corporation organized under the laws of the Cayman Islands, consummated a transaction ("the formation transaction"), pursuant to which AMD and ATIC formed a global, independent semiconductor wafer manufacturing enterprise, with GLOBALFOUNDRIES as its holding company.

Prior to March 2, 2009, GLOBALFOUNDRIES' business was conducted by subsidiaries of AMD. Upon the consummation of the formation transaction, AMD contributed certain assets and liabilities to GLOBALFOUNDRIES, including its ownership interests in its German subsidiaries that own its manufacturing facilities in Dresden, Germany, certain intellectual property rights and ownership interests of certain other subsidiaries, certain manufacturing assets, real property, tangible personnel property, employees, inventories, books and records, a portion of AMD's patent portfolio, intellectual property and technology, rights under certain material contracts, and authorizations necessary for GLOBALFOUNDRIES to carry on its business. In addition, GLOBALFOUNDRIES assumed approximately $1.2 billion in AMD debt, as well as other liabilities. In turn, ATIC contributed $2.1 billion of cash to acquire its interest in GLOBALFOUNDRIES, $1.4 billion of which is invested directly in GLOBALFOUNDRIES, with the remainder paid to AMD to purchase an additional interest in GLOBALFOUNDRIES.

GLOBALFOUNDRIES issued AMD one Class A Ordinary Share, 1,090,950 Class A Preferred Shares, and 700,000 Class B Preferred Shares, and issued ATIC one Class A Ordinary Share, 218,190 Class A Preferred Shares, 172,760 Class B Preferred Shares, $201,810,000 aggregate principal amount of Subordinated Class A Convertible Notes convertible into 201,810 Class A Preferred Shares, and $807,240,000 aggregate principal amount of Subordinated Class B Convertible Notes convertible into 807,240 Class B Preferred Shares, collectively, the Convertible Notes. As discussed above, ATIC also transferred $700 million of cash to AMD in exchange for the transfer by AMD of 700,000 GLOBALFOUNDRIES Class B Preferred Shares.

Following the consummation of the Master Transaction Agreement, 50% of the voting rights in GLOBALFOUNDRIES was held by AMD and 50% by ATIC without consideration of any conversion rights, and 34% by AMD and 66% by ATIC on a fully converted to ordinary shares basis. AMD and ATIC were each entitled to elect four out of eight members of the Board of Directors of GLOBALFOUNDRIES.

The rights of AMD and ATIC to appoint members of the Board of Directors of GLOBALFOUNDRIES were changed effective November 11, 2009 in line with their share of voting rights due to the Reconciliation Event. The Reconciliation Event was defined as the earlier of (i) such time when AMD has secured for GLOBALFOUNDRIES the right to make unlimited volumes of products, including microprocessors, for AMD and its subsidiaries, regardless of whether GLOBALFOUNDRIES is a "Subsidiary" or "Affiliate" of AMD for purposes of the Intel Patent Cross License Agreement, or (ii) such time when GLOBALFOUNDRIES' Board determines that GLOBALFOUNDRIES no longer needs to be a "Subsidiary" of AMD as defined in the Intel Patent Cross License Agreement. On November 11, 2009, upon the settlement of AMD litigation with Intel and the execution of a patent cross-license agreement between AMD and Intel, a Reconciliation Event was deemed to have occurred. Following the Reconciliation Event, the note holder has the option to convert, in whole or in part, the Subordinated Class A Convertible Notes into Class A Preferred Shares and the Subordinated Class B Convertible Notes into Class B Preferred Shares at the conversion ratio in effect at the time of conversion.

Acquisition of Chartered Semiconductor Manufacturing Ltd. by ATIC

On December 18, 2009, ATIC International Investment Company LLC ("ATIC International") acquired Chartered Semiconductor Manufacturing Ltd. ("Chartered"), a company which was based in Singapore and was listed in the NASDAQ Global Select Market and the Singapore Exchange Securities Trading Limited. On December 28, 2009, ATIC International, GLOBALFOUNDRIES and Chartered entered into a Management and Operating Agreement ("MOA") pursuant to which the management and operations of Chartered were entrusted to GLOBALFOUNDRIES such that GLOBALFOUNDRIES has exclusive rights to manage all aspects of Chartered's wafer fabrication operations. Under the MOA, GLOBALFOUNDRIES' management team has decision-making responsibilities for both GLOBALFOUNDRIES and Chartered. The entities are managed as a consolidated operation with all products branded as GLOBALFOUNDRIES as well as the objective of leveraging each entity's capabilities and eliminating duplicative activities. Pursuant to the provisions of the MOA, costs, revenues and production attributable to the consolidated operations are also allocated. Chartered was subsequently renamed GLOBALFOUNDRIES Singapore Pte. Ltd. ("GFS").

The financial statements of GFS and its subsidiaries as of and for the fiscal year ended December 31, 2010 have been included in these consolidated financial statements since GLOBALFOUNDRIES is deemed to have control over the financial and operating policies of GFS such as to derive benefits from its activities.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The consolidated financial statements reflect the accounts of GLOBALFOUNDRIES and those of our subsidiaries and our variable interest entities ("VIEs'), which mainly include GFS and its subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated, and amounts pertaining to the noncontrolling ownership interests held by third parties are reported as noncontrolling interests.

Fiscal Year

We use a 52 to 53-week fiscal year ending on the last Saturday in December. The fiscal year 2010 contained 52 weeks and ended on December 25, 2010. The fiscal period 2009 was for a period that began on March 2, 2009 and ended on December 26, 2009.

GFS and its subsidiaries reported their 2010 financial results using the calendar year ended December 31, 2010. The financial results of GFS and its subsidiaries have been consolidated with our results for all of fiscal year 2010. The use of different fiscal periods did not have a material impact on our consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and such differences may be material to the consolidated financial statements.

Foreign Currency

The functional currency of GLOBALFOUNDRIES, our subsidiaries and our VIEs is the United States ("U.S.") dollar. The U.S. dollar is also our reporting currency. Assets and liabilities denominated in currencies other than the U.S. dollar have been remeasured into the functional currency at the functional currency rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are remeasured at the functional currency rate of exchange at the balance sheet date, except for those cost of sales and expense transactions related to nonmonetary balance sheet amounts, which have been remeasured at historical exchange rates. The gains or losses from foreign currency remeasurement have been included in the consolidated statement of operations.

Fair Value Measurements

Financial instruments are categorized in a fair value hierarchy that prioritizes the information used to develop assumptions for measuring fair value and expands disclosures about fair value measurements. Inputs used in the measurement of fair value are categorized by the fair value hierarchy, Level 1 through Level 3, the highest priority being given to Level 1 and the lowest priority to Level 3. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available.

Cash and Cash Equivalents

Cash and cash equivalents consist of financial instruments that are readily convertible into cash and have original maturities of three months or less at the time of purchase.

Concentrations of Credit Risks

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents, investments, derivative financial instruments and accounts receivable. Cash and cash equivalents held with financial institutions may exceed the Federal Deposit Insurance Corporation insurance limits or similar limits in foreign jurisdictions. We have not experienced any losses on our deposits of cash and cash equivalents. We mitigate default risk in our investment portfolio by investing in only the highest credit quality securities. We invest in time deposits and certificates of deposit from banks having combined capital of not less than $500 million. At the time an investment is made, all investments have a short term rating of A1+, P1 or better and a long term rating of AA-, Aa3 or better. We are exposed to credit loss in the event of nonperformance by counterparties on the foreign exchange contracts used in hedging activities. These counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations under such contracts. Concentrations of credit risk with respect to trade accounts receivable are mitigated by performing ongoing credit evaluations of our customers and generally we do not require collateral from our customers. We maintain an allowance for doubtful accounts based upon the expected collectability of all accounts receivable. Accounts receivable from AMD totaled 37% and 100% of the accounts receivable balance as of December 25, 2010 and December 26, 2009, respectively. We also have one other single customer that represented more than 10% of the total accounts receivable amount as of December 25, 2010.

Derivative Financial Instruments

We use derivative financial instruments, including forward currency contracts, to mitigate the risks associated with changes in foreign currency exchange rates. We do not use derivative financial instruments for trading or speculative purposes. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In applying our strategy, from time to time, we use foreign currency forward contracts to hedge certain forecasted expenses denominated in foreign currencies, primarily the Euro. We designate these contracts as cash flow hedges of forecasted expenses and evaluate hedge effectiveness prospectively and retrospectively. As such, the effective portion of the gain or loss on these contracts is reported as a component of other comprehensive income (loss) and reclassified to the consolidated statement of operations in the same line item as the associated forecasted transaction and in the same period during which the hedged transaction affects earnings. Any ineffective portion is immediately recorded in the consolidated statement of operations.

Inventories

Inventories are stated at standard cost adjusted to approximate the lower of actual cost (weighted-average basis) or market (net realizable value). The valuation of inventory requires us to estimate obsolete or excess inventory as well as inventory that is not of saleable quality. To determine the net realizable value of our inventory, we routinely review our inventories for their saleable quality and for indications of obsolescence to determine if inventory carrying values are higher than market value.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Major improvements that extend the life of an asset are capitalized, while repairs and maintenance are expensed as incurred. Costs incurred for internally developed software during the application development stage are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Depreciation is based on the following useful lives:

Land	Not subject to depreciation
Buildings and buildings improvement	Up to 26 years
Leasehold improvements and other assets subject to lease	Lesser of estimated useful lives or lease terms
Machinery and equipment	Two to eight years

When assets are retired or otherwise disposed of, the assets and related accumulated depreciation are removed from the accounts. Gains or losses resulting from retirements or disposals are included in consolidated statement of operations.

We capitalize interest with respect to major assets under installation and construction until such assets are ready for use. Interest capitalized is based on the average cost of pooled borrowings related to purchases of property, plant and equipment.

Intangible Assets, net

Technology licenses and similar rights are stated at cost and amortized on a straight-line basis over the expected life or contractual term of the asset. The amortization periods applied are between one and seven years.

Intangible assets assumed through control of GFS, which include customer relationships and manufacturing and process technology, are recorded at estimated fair values upon control of GFS and amortized on a straight-line basis over their estimated lives of between two and nine years.

Impairment of Long-Lived Assets

For long-lived assets, including intangible assets, we evaluate whether impairment losses have occurred when events and circumstances indicate that the carrying amount of these assets might not be recoverable. We assess recoverability by determining whether the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. If less, the impairment losses are based on the excess of the carrying amounts of these assets over their respective fair values. Their fair values would then become the new cost basis. Fair value is determined by discounted future cash flow modeling, appraisals or other methods.

For long-lived assets held for sale, impairment losses are measured as the excess of the carrying amounts of the assets over their fair value less costs to sell. For long-lived assets to be disposed of other than by sale, impairment losses are measured as their carrying amounts less salvage value, if any, at the time the assets cease to be used.

Non-Marketable Equity Investments

Our non-marketable equity investments are included as long-term in other assets. We account for non-marketable equity investments for which we have the ability to exercise significant influence, but not control, over the investee as equity method investments. Gains (losses) on equity method investments, net may be recorded with up to a one-quarter lag. See Note 7 for further discussion of investees.

Asset Retirement Obligations

We record asset retirement obligations in the period in which they are incurred at their estimated fair value. Asset retirement obligations consist of the present value of the estimated costs of dismantlement, removal, site reclamation and similar activities associated with our facilities built on land held under long-term operating leases. The asset retirement obligations are recorded as a liability at the estimated present value as of the asset's inception discounted using a credit-adjusted risk-free rate. We do not provide for a market risk premium associated with asset retirement obligations because a reliable estimate cannot be determined.

After initial recognition, the liability is increased for the passage of time, with the increase being reflected as accretion expense in the line item "Selling, general and administrative" operating expenses in the consolidated statements of operations. The associated asset retirement costs are capitalized as part of the carrying amount of the underlying asset and depreciated over the estimated useful life of the asset. Subsequent adjustments in the estimated amounts, timing and probability of the estimated future costs are recognized as an increase or decrease in the carrying amount of the liability. The related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset on a prospective basis. If the decrease in the liability exceeds the remaining carrying amount of the related asset retirement costs, the excess is recognized as a credit in the line item "Selling, general and administrative" operating expenses in the consolidated statements of operations.

Revenue Recognition

We derive our revenue primarily from fabricating semiconductor wafers, providing associated subcontracted assembly and test services and pre-fabricating services such as masks generation and engineering services. We recognize revenue from products sold directly to customers when persuasive evidence of an arrangement exists, the price is fixed or determinable, delivery has occurred, and collectability is reasonably assured. Estimates of product returns, allowances, and future price reductions, based on actual historical experience and other known or anticipated trends and factors, are recorded at the time revenue is recognized. Revenue from services provided to customers is recognized in the period in which the service is provided.

Product Warranties

We warrant that products will meet the stated functionality as agreed to in each sales arrangement. We provide for the estimated warranty costs under these guarantees based upon historical experience and management's estimate of the level of future claims, and accrue for specific items at the time their existence is known and the amounts are estimable. Expenses for warranty costs were not significant in any of the periods presented.

Government Grants and Allowances

We have received investment grants and allowances from the Federal Republic of Germany, the State of Saxony, various agencies of the Government of Singapore and the Empire State Development Corporation in New York. These grants are primarily in connection with construction and operation of our wafer manufacturing facilities, employment and research and development. Investment grants are generally subject to forfeiture in declining amounts over the life of the agreement, if we do not meet conditions specified in the relevant subsidy grant documents. Investment allowances are fully repayable if the binding period of investment or other conditions specified in the Investment Allowance Act are not met. We record investment grants as a receivable when there is reasonable assurance that the conditions attached to the grants will be complied with.

Capital grants for the acquisition of plant, property and equipment are recognized in our consolidated statements of operations over the useful life of the related capital asset. Employment grants, which relate to employee hiring and training, as well as research and development grants are recognized in our consolidated statements of operations in the period in which the related expenditures are incurred by us.

Stock-Based Compensation

We account for grants of stock appreciation rights ("SARs") to employees and directors in accordance with applicable accounting guidance for stock-based compensation. The applicable accounting guidance requires that stock-based compensation be recognized in our consolidated statements of operations based on the fair value of the SARs recognized over the period in which the performance and/or service conditions are fulfilled and ending on the date on which the relevant employees become fully entitled to the SARs ("the vesting date") adjusted to the estimated number of shares we ultimately expect to vest.

See Note 12 for additional information related to stock-based compensation.

The fair value of the SARs is determined by using the Black-Scholes option pricing model. We remeasure the fair value at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. We recognize stock-based compensation expense on a straight-line basis over the service period of all SARs.

The application of the Black-Scholes option pricing model requires the use of a number of complex assumptions, including the expected volatility of GLOBALFOUNDRIES' ordinary shares, expected average remaining life of the SARs, the risk-free interest rate and expected dividends. Significant changes in these assumptions could materially affect the fair value of SARs and the related stock-based compensation expense.

Research and Development

Research and development costs are expensed when incurred. Research and development expenses consist primarily of salaries and benefits, including associated stock-based compensation, laboratory supplies, facility costs, as well as fees paid to other entities that conduct certain research and development activities on behalf of us.

We conducted microprocessor manufacturing process development activities primarily through a joint development agreement. Under this Joint Development Agreement ("JDA"), we jointly conduct development activities on new process technologies including 45 nanometer ("nm"), 32nm, 28nm, 20nm and certain other advanced technologies, to be implemented on silicon wafer manufacturing. This relationship also included laboratory-based research of emerging technologies such as new transistor, interconnect, lithography and die-to-package connection technologies. We pay fees to our technology partner under the JDA and agreed to pay our technology partner royalties upon the occurrence of specific events.

Nonrefundable fees paid in advance are deferred and recognized as expenses when the related research and development expenses are incurred on our behalf. Payments recognized as "Research and development" operating expenses in our consolidated statements of operations amounted to $217 million for the year ended December 25, 2010. During the fiscal year 2010, we terminated the joint development agreement that GFS had with the technology partner and incurred a one-time contract termination cost of $112 million, which was recognized as "Contract termination cost" in our consolidated statements of operations for the year ended December 25, 2010.

Deferred Loan Costs

Deferred loan costs associated with the issuance of long-term debt are capitalized and amortized over the terms of the respective arrangements using the effective interest rate method. Any remaining unamortized deferred loan costs will be written off in the period when the related debt is extinguished or when the creditor obtains the ability to demand immediate repayment of the related debt.

Operating Leases

Rental on operating leases, including the effects of scheduled rent increases, lease incentives and rent holidays, is charged to expense on a straight-line basis over the term of the lease.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recognized if it is more likely than not that the deferred tax assets will not be realized, based on the scheduled reversal of existing deferred tax liabilities, tax planning strategies, taxable income in carryback years, and our expectations of taxable income in future years. Current taxes are computed by applying the enacted tax rates on the underlying taxable income.

The accounting for uncertainty in income taxes recognized in financial statements is in accordance with the accounting guidance on income taxes. The guidance prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Only tax positions that meet the more-likely-than-not recognition threshold during the financial period may be recognized or continue to be recognized under the accounting guidance on income taxes.

We treat interest and penalties as a component of income taxes.

Reclassifications

Certain amounts from the prior period as reported in the consolidated financial statements have been reclassified to conform to the current year presentation. The reclassifications did not have a material impact on net loss or stockholders' equity.

Recently Adopted Accounting Standards

Noncontrolling Interest. In December 2007, the Financial Accounting Standards Board ("FASB") issued new guidance on the accounting for and presentation of noncontrolling interests in consolidated financial statements. This guidance requires that noncontrolling interests in subsidiaries be reported as a component of stockholders' equity in the controlling interest's balance sheet. However, securities of an issuer that are redeemable at the option of the holder or outside the control of the issuer continue to be classified outside stockholders' equity. This guidance also requires that earnings or losses attributed to the noncontrolling interests be reported as part of consolidated earnings and not as a separate component of income or expense, and requires disclosure of the attribution of consolidated earnings to the controlling and noncontrolling interests on the face of the consolidated statements of operations. We adopted this guidance in fiscal year 2010. The adoption of this guidance had a material impact on the presentation of noncontrolling interests in our consolidated financial statements.

3. ACQUISITION OF GLOBALFOUNDRIES SINGAPORE PTE. LTD.

GLOBALFOUNDRIES and GFS came under the common control of ATIC subsequent to the completion of the acquisition of GFS on December 18, 2009, as discussed in Note 1. Under the provisions of the MOA which became effective on December 28, 2009, GLOBALFOUNDRIES is deemed to have control over the financial and operating policies of GFS so as to derive benefits from its activities. Pursuant to the guidance on accounting for interests in variable interest entities, GFS was considered to be a variable interest entity of GLOBALFOUNDRIES and GLOBALFOUNDRIES was deemed to be the primary beneficiary. Therefore, GLOBALFOUNDRIES was required to consolidate GFS for the year ended December 25, 2010. In accordance with applicable accounting guidance, if the primary beneficiary of a VIE and the VIE are under common control, the primary beneficiary shall initially measure the assets, liabilities, and noncontrolling interests of the VIE at amounts at which they are carried in the accounts of the reporting entity that controls the VIE. When ATIC acquired GFS on December 18, 2009, the assets, liabilities and noncontrolling interests of GFS were recorded at their estimated fair value. Consequently, the financial statements of GFS and its subsidiaries as of and for the fiscal year ended 2010 have been included in these consolidated financial statements at the values carried in the accounts of ATIC.

Allocation of Consideration Paid by ATIC

The allocation of the consideration paid by ATIC of the assets and liabilities assumed was based on their estimated fair values. The allocation of the consideration of $1,944 million, which consisted of cash and direct costs paid by ATIC for the assets and liabilities assumed, was based on their estimated fair values as of December 18, 2009, as follows:

	Fair Values (in millions)
Assets assumed	
Cash and cash equivalents	$ 781
Restricted cash	66
Trade accounts receivable	325
Inventories	181
Property, plant and equipment	2,987
Intangible assets	82
Investment in equity accounted investees	62
Other assets	86
Total assets assumed	4,570
Liabilities assumed	
Accounts payable	(402)
External borrowings	(2,064)
Other liabilities	(160)
Total liabilities assumed	(2,626)
Net assets assumed	$ 1,944

	Fair Values (in millions)	Estimated Useful Life
Intangible assets assumed include:		
Customer relationships	$ 41	9 years
Manufacturing and process technology	37	5 years
Order backlog	4	9 months
Total	$ 82	

Of the total consideration paid by ATIC, $41 million has been allocated to customer relationships valued using a discounted cash flow ("DCF") valuation model. Manufacturing and process technology valued at $37 million consists of know-how that reached technological feasibility. The manufacturing and process technology was valued utilizing a DCF valuation model, which uses forecasts of future revenues and expenses related to the products that use the technology. Order backlog valued at $4 million using a DCF valuation model represents the value of the outstanding customer orders for products acquired as of the close of ATIC's acquisition of GFS.

The net assets attributable to equity interests of GFS held by ATIC have been presented as part of noncontrolling interests.

4. BALANCE SHEET COMPONENTS

Cash and Cash Equivalents

Cash and cash equivalents comprise the following:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In millions)		
December 25, 2010				
Cash and cash equivalents:				
Cash on hand and balances with banks	$ 55	$ —	$ —	$ 55
Money market funds	383	—	—	383
Time deposits	876	—	—	876
Total cash and cash equivalents	$ 1,314	$ —	$ —	$ 1,314
December 26, 2009				
Cash and cash equivalents:				
Cash on hand and balances with banks	$ 25	$ —	$ —	$ 25
Money market funds	530	—	—	530
Time deposits	349	—	—	349
Total cash and cash equivalents	$ 904	$ —	$ —	$ 904

Under the terms of the EXIM Guaranteed Loan agreement and JBIC/SMBC Term Loan as described in Note 8, we are required to maintain on deposit with the lender a compensating balance, restricted as to use, equal to the amount of principal, interest and commitment fees payable at the next repayment date. The restricted cash is presented in the consolidated balance sheet and invested in interest-bearing bank deposits as of December 25, 2010.

Inventories

Inventories comprise the following:

	December 25, 2010	December 26, 2009
	(In millions)	
Raw materials	$ 30	$ 3
Work in process	315	55
Finished goods	5	25
Total	$ 350	$ 83

Property, Plant and Equipment, net

Property, plant and equipment, net comprise the following:

	December 25, 2010	December 26, 2009
	(In millions)	
Land and land improvements	$ 26	$ 26
Buildings and leasehold improvements	2,164	1,475
Equipment	6,934	3,604
Construction in progress	1,955	391
Total cost	11,079	5,496
Accumulated depreciation and amortization	(3,746)	(2,451)
Property, plant and equipment, net	$ 7,333	$ 3,045

Capitalized interest relating to property, plant and equipment amounted to $41 million and $4 million in the year ended December 25, 2010 and the fiscal period ended December 26, 2009, respectively. The rate used to determine the amount of borrowing costs eligible for capitalization was 7.39% and 8.96%, which is based on the average cost of pooled borrowings related to the purchase of property, plant and equipment for the year ended December 25, 2010 and the fiscal period ended December 26, 2009, respectively.

Depreciation expense amounted to $1,345 million and $545 million for the year ended December 25, 2010 and the fiscal period ended December 26, 2009, respectively. We recorded grants earned, with amounts totaling $106 million and $87 million as a reduction of depreciation expense for the year ended December 25, 2010 and the fiscal period ended December 26, 2009, respectively.

The gross cost of assets held under capital leases amounted to $355 million and $226 million as of December 25, 2010 and December 26, 2009, respectively. The gross cost of assets held under capital leases is included in property, plant and equipment on the consolidated balance sheets. Amortization of assets recorded under capital leases was included in depreciation expense for all fiscal periods presented in the consolidated statements of operations. Accumulated depreciation of assets held under capital leases was $93 million and $62 million as of December 25, 2010 and December 26, 2009, respectively.

Accrued Liabilities

Accrued liabilities comprise the following:

	December 25, 2010	December 26, 2009
	(In millions)	
Liabilities for purchase of property, plant, and equipment	$ 176	$ 36
Employee compensation and benefits	103	35
Accrued taxes	31	44
Others	87	62
	$ 397	$ 177

Asset Retirement Obligations

Our asset retirement obligations are related to requirements in our lease agreements for the potential return of buildings to tenantable condition and the potential return of land on which the fabrication facilities have been built to its original condition. The following table summarizes the changes during the year.

	(In millions)
As of December 26, 2009	$ —
Assumed from control of variable interest entity	13
Accretion expense	2
As of December 25, 2010	$ 15

5. FAIR VALUES OF FINANCIAL INSTRUMENTS

Current accounting standards clarify that the definition of fair value retains the exchange price notion and focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price). The accounting standards also emphasize that fair value is a market-based measurement, not an entity-specific measurement, therefore a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, the effect of sale or use restrictions on an asset and non-performance risk including an entity's own credit risk relative to a liability. The accounting standards establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The accounting standards emphasize that valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

The additional disclosure requirements focus on the inputs used to measure fair value and for recurring fair value measurements using significant unobservable inputs and the effect of the measurement on earnings (or changes in net assets) for the reporting period.

The following table presents our financial assets and financial liabilities measured at fair value on a recurring basis and the amounts as they correspond to the respective levels within the fair value hierarchy discussed in Note 2.

	Total	Fair Value Measurement at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In millions)		
December 25, 2010				
Assets:				
Cash equivalents				
Time deposits [1]	$ 876	$ —	$ 876	$ —
Money market funds [1]	383	383	—	—
Total cash equivalents	$1,259	$ 383	$ 876	$ —
Derivatives				
Forward foreign exchange contracts	$ 9	$ —	$ 9	$ —
Total derivatives	$ 9	$ —	$ 9	$ —
Liabilities:				
Derivatives				
Forward foreign exchange contracts	$ 1	$ —	$ 1	$ —
Total derivatives	$ 1	$ —	$ 1	$ —

(1) Included in cash and cash equivalents on the Company's consolidated balance sheets.

	Total	Level 1	Level 2	Level 3
December 26, 2009				
Time deposits [1]	$ 349	$ —	$ 349	$ —
Money market funds [1]	530	530	—	—
Total	$ 879	$ 530	$ 349	$ —

(1) Included in cash and cash equivalents on the Company's consolidated balance sheets.

During the fiscal year ended December 25, 2010, there were no transfers between Level 1 and Level 2 fair value measurements.

Time deposits and money market funds are primarily classified within Level 1 or Level 2. This is because time deposits and money market funds are valued primarily using quoted market prices of similar instruments or alternative pricing sources and models utilizing market observable inputs.

Forward foreign exchange contracts are classified within Level 2. The fair values of forward foreign exchange contracts are determined using quantitative models that require the use of multiple market inputs, including interest rates, prices and maturity dates to generate pricing curves, which are used to value the positions. The market inputs are generally actively quoted and can be validated through external sources, including brokers. For forward foreign exchange contract asset and liability positions with maturity dates which fall between the dates of quoted prices, interpolation of rate or maturity scenarios are used in determining fair values.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. That is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

There are no assets and liabilities measured at fair value on a non-recurring basis as of December 25, 2010 and December 26, 2009.

Fair values of other financial instruments are as follows:

	Carrying Amount	Estimated Fair Value
	(In millions)	
As of December 25, 2010		
Class A Subordinated Convertible loan notes	$ 267	$ 56
Class B Subordinated Convertible loan notes	1,162	535
Long-term debt	1,585	1,594
Total	$ 3,014	$ 2,185
As of December 26, 2009		
Class A Subordinated Convertible loan notes	$ 262	$ 141
Class B Subordinated Convertible loan notes	1,100	1,501
Long-term debt	460	440
Total	$ 1,822	$ 2,082

Cash and cash equivalents, restricted cash, receivables from and payables to affiliates, accounts receivable, other current assets, accounts payable, accrued liabilities and other current liabilities. The carrying amounts approximate fair value in view of the short-term nature of these balances.

Subordinated Convertible Notes. The fair value of these instruments is determined under consideration of the value associated with seniority, liquidation preference and conversion of each instrument, and potential to convert as an equity instrument. For this purpose, each class of security is translated into a series of call options based on their economic characteristics using the Black-Scholes option pricing model.

Long-term debt. The fair values are estimated based on the type of loan and maturity. We use valuations from brokers when available, and when these are not available, we estimate the fair value using market interest rates for our debts with similar maturities.

Limitations. Fair value estimates are made at a specific point in time, and are based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

6. INTANGIBLE ASSETS, NET

Intangible assets, net comprise the following:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
		(In millions)		
As of December 26, 2009:				
Purchased technology	$ 124	$ (36)	$ 88	6
Total	$ 124	$ (36)	$ 88	6
As of December 25, 2010:				
Purchased technology	$ 148	$ (54)	$ 94	6
Assumed from control of variable interest entity	82	(21)	61	7
Total	$ 230	$ (75)	$155	7

Amortization expense amounted to $39 million and $9 million for the fiscal year ended December 25, 2010 and the fiscal period ended December 26, 2009, respectively. $21 million of the total amortization expense was due to the customer relationships, technology and order backlog intangible assets assumed from the control of GFS. The functional classification of the amortization expense from the assumed intangible assets for the fiscal year ended December 25, 2010 is as follows:

	(In millions)
Net revenues	$ 2
Cost of sales	6
Research and development	8
Selling, general and administrative	5
Total	$ 21

As of December 25, 2010, we also had $10 million of technology licenses at cost not yet subject to amortization as these technology licenses have not been deemed ready for use. For intangible assets subject to amortization, estimated amortization for future periods is as follows:

	(In millions)
Fiscal year	
2011	$ 34
2012	27
2013	24
2014	22
2015	18
Thereafter	20
Total	$ 145

7. NON-MARKETABLE EQUITY INVESTMENTS

Our non-marketable equity investments and the related net earnings in equity interests are included in our consolidated balance sheets and consolidated statements of operations, respectively.

Advanced Mask Technology Center GmbH & Co. KG and Maskhouse Building Administration GmbH & Co. KG

We have 50% ownership interests in Advanced Mask Technology Center GmbH & Co. KG ("AMTC") and Maskhouse Building Administration GmbH & Co. KG ("BAC"). AMTC operates a photomask facility in Dresden, Germany and provides photomasks for use in manufacturing microprocessors and other integrated circuits. The remaining ownership interest is held by Toppan Photomasks Inc. BAC owns the premises in which AMTC operates, and leases these to AMTC. Under an agreement signed on January 15, 2010 between AMD, AMTC, BAC, GLOBALFOUNDRIES and Toppan Photomasks Inc. and certain of its subsidiaries (collectively "Toppan"), AMD transferred its equity interests in AMTC and BAC at fair value to GLOBALFOUNDRIES, effective March 31, 2010.

While AMTC and BAC are considered VIEs, GLOBALFOUNDRIES is not considered to be their primary beneficiary. Accordingly, these VIEs are presented in these consolidated financial statements under the equity method of accounting, whereby the investments are carried at cost plus our net earnings in equity interests. The transfer was contemplated as part of the formation transaction discussed in Note 1 and no additional consideration was payable by GLOBALFOUNDRIES in respect of the legal transfer. GLOBALFOUNDRIES recorded the fair value of the investment based on its share of the net assets of the investment at the date of the legal transfer.

Under the terms of the joint venture agreement, we shall be allocated 70% of AMTC's manufacturing capacity, with the remaining 30% to the joint venture partner, Toppan. Therefore, we bear 70% of AMTC's cost, including BAC's costs, and a 5% mark-up. As a result, AMTC recharged $32 million to the Company for the year ended December 25, 2010. In addition, we have entered into guarantees for 50% of AMTC's liabilities to banks (50% of $40 million) and 50% of AMTC's rental obligation to BAC (50% of $15 million) as of December 25, 2010. As the risks of default by AMTC on the rental payment to BAC and on the outstanding AMTC credit facility are remote, we did not record a liability for the guarantees at December 25, 2010.

Included in our consolidated balance sheet are amounts due from or to AMTC and BAC, as follows:

	December 25, 2010	
	AMTC	BAC
	(In millions)	
Amounts Due From	$ —	$ 4
Amounts Due To	$ 6	$ —

In December 2002, BAC obtained a term loan ("BAC term loan") to finance the construction of its photomask facility. As the repayment of the BAC term loan relies on the rental payment by AMTC and given that there is a timing difference between the repayment date and the rental payment, BAC will require from time to time, an injection of subordinated loans by us and Toppan, which is expected to be repaid from 2012 to 2017.

We are obligated to fund 70% of the required BAC subordinated loans, up until the date that BAC has repaid its bank loan finance. Currently, the subordinated loans bear an interest rate of 5.081%. The subordinated loans are classified on our consolidated balance sheets as other non-current assets and are carried at amortized cost. As of December 25, 2010, the subordinated loan amount repayable by BAC was $4 million.

As of December 25, 2010, our non-marketable equity investments in AMTC and BAC are as follows:

	December 25, 2010	
	AMTC	BAC
	(In millions)	
Cost (net of return of capital)	$ 11	$ 16
Earnings in equity interests, net	1	—
Dividends received	—	—
Total	$ 12	$ 16

Shown below is summarized financial information for AMTC and BAC that our non-marketable equity investments were based on:

	AMTC	BAC
	(In millions)	
Net revenues	$ 59	$ 15
Expenses	57	15
Profit for the period from continuing operations	$ 2	$—

	AMTC	BAC
	(In millions)	
Current assets	$ 31	$ 7
Non-current assets	64	43
Current liabilities	(71)	(19)
Equity	$ 24	$ 31

Silicon Manufacturing Partners

We have a 49% ownership interest in Silicon Manufacturing Partners Pte. Ltd. (“SMP”), a limited liability company incorporated in Singapore, which is accounted for using the equity method of accounting. However, SMP’s net operating results are not shared between us and SMP’s majority shareholder, LSI Technology (Singapore) Pte. Ltd. (“LSI”), in the same ratio as the ownership interest. Instead, each party is entitled to the gross profits from sales to the customers that it directs to SMP after deducting its share of the overhead costs of SMP. Therefore, our non-marketable equity investments and the net earnings in equity interests related to SMP are not based on our 49% ownership interest. Our actual share of net earnings in equity interests recorded as of December 25, 2010 was $27 million instead of the $8 million that would have resulted from the 49% ratio.

The joint venture parties have entered into an assured supply and demand agreement with SMP under which the intention was to ensure that all of the fixed costs of SMP are recovered by allocating all of its wafer capacity to the joint venture parties in accordance with the respective parties’ equity interest in SMP and each party will bear the fixed costs attributable to its allocated capacity. These billings, if any, do not change the net earnings in equity interests of SMP that we recognize in the consolidated statements of operations. No amounts were payable by us under this agreement for the fiscal year 2010.

In 2004, the joint venture parties entered into an agreement pursuant to which they agreed to annually reimburse any losses suffered by SMP that are attributable to the respective parties. SMP did not suffer any loss that was attributable to us in 2010 and accordingly no reimbursements were payable by us to SMP under this agreement for the fiscal year 2010.

SMP recharged certain operating expenses amounting to $9 million to us for the year ended December 25, 2010.

Certain management and corporate support functions, including accounting, financial, sales and marketing, are shared by us and SMP. We allocate a portion of the shared costs to SMP, which is recorded as a reduction of the related expenses. In addition, we recharge SMP for other operating expenses. Such allocations and recharges to SMP amounted to a total of $42 million for the year ended December 25, 2010.

SMP leases its fabrication facility from us under a long-term lease agreement that expires in 2018. The rental income from SMP for the year ended December 25, 2010 was $5 million.

Our consolidated balance sheet includes the following amounts due from or to SMP:

	December 25, 2010 *(In millions)*
Amounts Due From SMP	$ 9
Amounts Due To SMP	$ 3

The balances with SMP are unsecured, interest-free and expected to be settled within 12 months.

As of December 25, 2010, our non-marketable equity investment in SMP is as follows:

	December 25, 2010 *(In millions)*
Cost (net of return of capital)	$ 54
Earnings in equity interests, net	27
Dividends received	(33)
Total	$ 48

Shown below is summarized financial information for SMP that our non-marketable equity investment was based on:

	(In millions)
Net revenues	$ 143
Expenses	126
Profit for the period from continuing operations	$ 17

	(In millions)
Current assets	$ 65
Non-current assets	51
Current liabilities	(24)
Equity	$ 92

Our share of capital commitments of SMP was $17 million at December 25, 2010.

Socle Technology Corporation

We have a 37% equity interest in Socle Technology Corporation (“Socle”), a Taiwan-based company, which is engaged in SOC design services and embedded platforms. Our investment in Socle is accounted for using the equity method of accounting. As of December 25, 2010, amounts due from and to Socle were insignificant and our non-marketable equity investment in Socle was $8 million.

8. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Our long-term debt and capital lease obligations consist of the following:

	December 25, 2010	December 26, 2009
	(In millions)	
Long-term debt:		
Subordinated Class A Convertible Notes	$ 267	$ 262
Subordinated Class B Convertible Notes	1,162	1,100
Floating rate loans		
$653 million EXIM Guaranteed Loan	211	—
$610 million EXIM Guaranteed Loan	452	—
Dresdner Term Loan	170	460
JBIC/SMBC Term Loan (Tranche B)	150	—
Société Générale Term Loan	71	—
5.645% JBIC/SMBC Term Loan (Tranche A)	148	—
6.25% senior notes due 2013	278	—
6.375% senior notes due 2015	97	—
Others	8	—
	3,014	1,822
Less: Current installments of long-term debt	445	290
Long-term debt, excluding current installments	$ 2,569	$ 1,532
Obligations under capital leases:		
Minimum future lease payments	$ 517	$ 385
Amount representing interest at rates: 5.1% to 16.0%	(195)	(161)
Present value of minimum future lease payments	322	224
Less: Current installments	26	15
Obligations under capital leases, excluding current installments	$ 296	$ 209
Current installments of:		
Long-term debt	445	290
Obligations under capital leases	26	15
	$ 471	$ 305
Non-current portion, excluding current installments:		
Long-term debt	2,569	1,532
Obligations under capital leases	296	209
	$ 2,865	$ 1,741

	Weighted Average Rates as of	
	December 25, 2010	December 26, 2009
Debt obligations at floating rates	1.08%	2.24%
Debt obligations at fixed rates	8.73%	9.65%
Obligations under capital leases	11.58%	13.00%

Unutilized banking facilities consisting of loans and bank credit lines were $190 million as of December 25, 2010. Of these, $176 million are available on a committed basis. These committed unutilized banking facilities relate primarily to facilities for the purchase of equipment from certain vendors. In the fiscal year ended December 25, 2010, commitment fees ranging from 0.15% to 0.5% per annum were paid for these unutilized facilities. We did not have any unutilized banking facilities as of December 26, 2009.

Subordinated Convertible Notes

On March 2, 2009, in consideration for ATIC's cash contribution of $1,009 million, $202 million Subordinated Convertible Notes convertible into Class A Preferred Shares ("Subordinated Class A Convertible Notes') and $807 million Subordinated Convertible Notes convertible into Class B Preferred Shares ("Subordinated Class B Convertible Notes") were issued. On July 13, 2009, in consideration for further cash contribution from ATIC of $260 million, $52 million Subordinated Class A Convertible Notes convertible into 53,830 Class A Preferred Shares and $208 million Subordinated Class B Convertible Notes convertible into 215,320 Class B Preferred Shares were further issued. The principal terms of the Subordinated Class A Convertible Notes and the Subordinated Class B Convertible Notes are set forth below.

Subordinated Class A Convertible Notes

The Subordinated Class A Convertible Notes accrue interest at a rate of 4% per annum, compounded semiannually, and mature 10 years from the date of issuance. Interest on the Subordinated Class A Convertible Notes is payable semiannually in additional Subordinated Class A Convertible Notes. The Subordinated Class A Convertible Notes are unsecured and rank subordinated in right of payment to any current or future senior debt. Prepayment or redemption of the Subordinated Class A Convertible Notes is not permitted without the note holder's consent. The Subordinated Class A Convertible Notes are convertible in whole or in part, in multiples of $1,000, into GLOBALFOUNDRIES Class A Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date based on the conversion ratio in effect on the date of conversion. The Subordinated Class A Convertible Notes issued in March 2009, July 2009 and during 2010 are convertible into Class A Preferred Shares at conversion price of $1,000, $966 and $825 per share, respectively. The Subordinated Class A Convertible Notes will automatically convert into Class A Preferred Shares upon the earlier of (i) an initial public offering ("IPO"), (ii) certain change of control transactions or (iii) the close of business on the business day immediately preceding the maturity date.

Subordinated Class B Convertible Notes

The Subordinated Class B Convertible Notes accrue interest at a rate of 11% per annum, compounded semiannually, and mature 10 years from the date of issuance. Interest on the additional Subordinated Class B Convertible Notes is payable semiannually in additional Subordinated Class B Convertible Notes. The Subordinated Class B Convertible Notes are unsecured and rank subordinated in right of payment to any current or future senior debt. Prepayment or redemption of the Subordinated Class B Convertible Notes is not permitted without the note holder's consent. The Subordinated Class B Convertible Notes are convertible, in whole or in part, in multiples of $1,000, into Class B Preferred Shares at the option of the holder at any time prior to the close of business on the business day immediately preceding the maturity date at the conversion ratio in effect on the date of conversion. The Subordinated Class B Convertible Notes issued in March 2009, July 2009 and during 2010 are convertible into Class B Preferred Shares at conversion price of $1,000, $966 and $825 per share, respectively. The Subordinated Class B Convertible Notes will automatically convert into Class B Preferred Shares upon the earlier of (i) an initial public offering, (ii) certain change of control transactions or (iii) the close of business on the business day immediately preceding the maturity date.

EXIM Guaranteed Loan

The $653 million Export-Import Bank of the United States ("EXIM") Guaranteed Loan is with JP Morgan Chase Bank ("JP Morgan") and guaranteed by EXIM. The loan may only be used for the purpose of financing the purchase of equipment from U.S. vendors for our Fab 7 facility. The loan is divided into two tranches, of which $324 million and $295 million, respectively, have been drawn down. Principal repayment of the first tranche is payable semi-annually over five years from January 16, 2007. Principal repayment of the second tranche is payable semi-annually over five years from July 15, 2008. The loan bears interest at LIBOR plus 0.125% (0.86% at December 25, 2010). Interest is payable semi-annually. During the fiscal year ended December 25, 2010, we made principal repayments of $124 million on the $653 million EXIM Guaranteed Loan. As of December 25, 2010, there was no remaining amount available for drawdown under this facility.

The $610 million EXIM Guaranteed Loan is also with JP Morgan and guaranteed by EXIM. The loan may only be used for the purpose of financing the purchase of equipment from U.S. vendors for our Fab 7 facility. This loan is divided into two tranches, of which $301 million and $183 million, respectively, have been drawn down. Principal repayment of the first tranche is payable semi-annually over five years beginning July 15, 2010. Principal repayment of the second tranche is payable semi-annually over five years beginning no later than July 15, 2012. The loan bears interest at LIBOR plus 0.0695% (0.73% at December 25, 2010), payable semi-annually. During the fiscal year ended December 25, 2010, we made principal repayments of $30 million on the $610 million EXIM Guaranteed Loan. As of December 25, 2010, the remaining amount available for drawdown under this facility was $126 million.

Dresdner Term Loan

The Dresdner Term Loan refers to a floating interest loan provided to GLOBALFOUNDRIES Module One LLC & Co. KG by a consortium of banks led by Commerzbank AG (formerly Dresdner Bank AG). The loan was provided to finance the purchase of certain equipment and tools. The loan bears interest at LIBOR plus 1.75% (2.04% at December 25, 2010), payable quarterly. The loan is repayable in equal quarterly installments ending in March 2011.

We pledged our assets as security under the Dresdner Term Loan Agreements. The pledged security as of December 25, 2010 and December 26, 2009, respectively, is cash and cash equivalents of $159 million and $339 million, inventories of $125 million and $81 million and property, plant and equipment with a carrying value of $1,769 million and $1,865 million.

In addition, GLOBALFOUNDRIES and AMD are joint guarantors of the obligations to the lenders under the Dresdner Term Loan Agreements under a related Guarantee Agreement. However, if AMD is called upon to make any payments under the Guarantee Agreement, GLOBALFOUNDRIES is obliged to indemnify AMD for the full amount of such payments.

The credit agreements under this Dresdner Term Loan contain customary events of default, including payment failures, failure to satisfy other obligations under the credit agreements or related documents, defaults in respect of other indebtedness, limitations on liens, bankruptcy, insolvency and inability to pay debts when due and change in control provisions. The cross-default provision applies if a default occurs on other indebtedness in excess of 5 million Euros ($7 million as of December 25, 2010) and the applicable grace period in respect of the indebtedness has expired, such that the lender of, or trustee for, the defaulted indebtedness has the right to accelerate. If an event of default occurs, the lenders may (subject to the consent of the government guarantor) terminate their commitments and declare all borrowings under the credit facility as due. In addition, the Dresdner term loan agreement has financial covenants, including loan to fixed asset value ratio and, in certain circumstances, a minimum cash covenant. We are currently in compliance with all covenants of the Dresdner term loan.

JBIC/SMBC Term Loan

The $300 million Japan Bank of International Cooperation ("JBIC")/Sumitomo Mitsui Banking Corporation ("SMBC") Term Loan is with the JBIC and SMBC. The loan may only be used for the purpose of financing the purchase of equipment from Japanese vendors for our Fab 7 facility. 50% of the loan principal bears interest at a rate of 5.645% per annum, while the other 50% bears interest at LIBOR plus 0.8% (1.52% at December 25, 2010) per annum. Interest is payable semi-annually from the drawdown of the loan and the loan principal is payable over a period of five years on a semi-annual basis from January 15, 2011. As of December 31, 2010, we have fully drawn down on the loan of $300 million. During the fiscal year ended December 25, 2010, we made no principal repayments.

Société Générale Term Loan

The $190 million Société Générale Term Loan is with Société Générale and underwritten by Atradius Dutch State Business NV (“Atradius”). The loan may only be used for the purpose of financing the purchase of equipment from a specific European vendor for our Fab 7 facility. This loan is divided into two tranches, of which $119 million has been drawn down from the first tranche. We did not draw down from the second tranche which expired on December 15, 2009. The facility bears interest at LIBOR plus 0.20% (0.70% at December 25, 2010) per annum and interest is payable semi-annually. During the fiscal year ended December 25, 2010, we made principal repayments of $24 million on the Société Générale Term Loan.

Senior Notes and Amortizing Bonds

The senior notes due 2010 (“2010 Notes”) and the senior notes due 2015 (“2015 Notes”) with a face value of $375 million and $250 million, respectively, were issued by GFS on August 3, 2005 at a price of 98.896% and 98.573%, respectively, of the principal amount. Interest on the 2010 Notes was payable semiannually at the rate of 5.75% per annum and interest on the 2015 Notes is payable at the rate of 6.375% per annum, in each case, from February 3, 2006. The 2010 Notes matured on August 3, 2010 and constituted senior and unsecured obligations of GFS. The 2015 Notes mature on August 3, 2015 and constitute senior and unsecured obligations of GFS.

The senior notes due 2013 (“2013 Notes”) with a face value of $300 million were issued on April 4, 2006 by GFS at a price of 99.053% of the principal amount. Interest is payable semiannually at the rate of 6.25% per annum from October 4, 2006. The 2013 Notes mature on April 4, 2013, and constitute senior and unsecured obligations of GFS.

Units comprising of convertible redeemable preference shares (“CRPS”) and the 6% amortizing bonds due 2010 (“Amortizing Bonds”) were issued on August 17, 2005 by GFS at an aggregate issue price of $300,000. The initial principal amount assigned to the Amortizing Bonds was $46,703. Interest on the Amortizing Bonds was payable at the rate of 6.0% per annum on the outstanding principal amount. The Amortizing Bonds paid semi-annual cash payments of $5,475 per payment, as a combination of principal and interest, from February 17, 2006, and amortized to zero at maturity on August 17, 2010. The Amortizing Bonds constituted senior and unsecured obligations of GFS.

The Senior Notes and Amortizing Bonds rank pari passu.

The 2010 Notes, the 2013 Notes and the 2015 Notes (collectively, “Senior Notes”) and the Amortizing Bonds included a company call option and an investor put option. Upon the exercise of the call option, investors would receive an amount equal to the outstanding principal amount, plus any accrued and unpaid interest through the call/redemption date. The investor put option is exercisable upon the occurrence of specified change of control events at a price of 101% of the outstanding principal amount, plus any accrued and unpaid interest to the put/repayment date.

Upon the acquisition of GFS by ATIC on December 18, 2009, the terms above required us to repurchase the Senior Notes and the Amortizing Bonds on February 8, 2010, in cash at a price equal to 101% of the principal amount of the Senior Notes and Amortizing Bonds, plus any accrued and unpaid interest. Following our repurchase of the Senior Notes and Amortizing Bonds, we then launched a tender offer and consent solicitation, in which we offered to repurchase any Senior Notes that had not been surrendered for repurchase.

In addition, we solicited consents from the holders of the 2013 Notes and the 2015 Notes to amend the indentures governing the 2013 Notes and the 2015 Notes to eliminate all restrictive covenants contained in the 2013 Notes and the 2015 Notes, other than the right of the holders to receive payments of principal and interest thereon. Holders of the requisite percentage of 2013 Notes and the 2015 Notes also consented to the amendment of the indentures governing the 2013 Notes and the 2015 Notes. We deposited funds with a trustee for the repayment of the entire amount of the 2010 Notes and Amortizing Bonds, and as a result of such deposit, defeased all of our obligations under the indentures for the 2010 Notes and Amortizing Bonds, including our obligation to pay principal and interest.

Capital Lease Obligations

The obligations under capital leases include contracts for supply of gases and energy used by our fabrication facilities. We have assessed that such supply contracts meet the criteria for lease accounting and are accounted for as capital leases. These obligations are payable in monthly installments through 2029.

Under these lease agreements, contingent rentals are payable. These additional rentals are amendments to the base rental in line with specific indices reflecting the changing level of costs typical in the lessor’s industry. The contingent rentals payable in 2010 and 2009 were $4.4 million and $3.7 million, respectively. On the basis of the relevant indices at December 25, 2010, the anticipated future contingent rentals amount to $47.3 million.

As of December 25, 2010, except for our Subordinated Class A and Class B Convertible Notes, our long-term debt and capital lease payment obligations for each of the next five years and beyond are as follows:

	Long-Term Debt (Principal only)	Capital Leases
	(In millions)	
Fiscal year		
2011	$ 446	$ 62
2012	231	62
2013	472	62
2014	157	62
2015	224	59
Thereafter	55	210
Total	1,585	517
Less: Amount representing interest	—	195
Total at present value	$ 1,585	$ 322

9. DERIVATIVE INSTRUMENTS AND HEDGING TRANSACTIONS

We have the following derivative instruments outstanding at December 25, 2010:

Derivative Instruments	Notional Amount (In millions)	Average Rate/Price	Maturity
Outstanding as of December 25, 2010			
Forward Contracts			
EURO Forward Contracts (Receive Euros/Pay US$)	$ 252	$ 1.27	2012
SGD Forward Contracts (Receive S$/Pay US$)	30	1.31	2011
Yen Forward Contracts (Receive Yen/Pay US$)	6	83.36	2011
Embedded derivatives			
Denominated in Yen	4		

Cash Flow Hedging Activities

We have forward foreign exchange contracts outstanding at December 25, 2010 designated as hedges of expected future purchases from suppliers in Europe, Japan and Singapore for which we have firm commitments or highly probable cash flows. We did not enter into any cash flow hedging activities during the fiscal period ended December 26, 2009.

The following table presents the fair values and locations of derivative instruments recorded in the consolidated balance sheets:

	Fair Value of Derivative Instruments	
	Balance Sheet Location	Fair Value
As of December 25, 2010		
Derivatives designated as hedging instruments		
Forward foreign exchange contracts	Other current assets	$ 8
Forward foreign exchange contracts	Other current liabilities	(1)
		7
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	Other current assets	1
		1
Total derivatives		$ 8

The following table presents the effect of derivative instruments on our consolidated statements of comprehensive income and results of operations for the year ended December 25, 2010:

	Amount of Gains (Losses) Recognized in Accumulated OCI on Derivative (Effective Portion)	Location of Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)
		(In millions)	
Derivatives Designated as Hedging Instruments -			
Cash Flow Hedging Relationships			
Forward foreign exchange contracts	$ 8	Selling, general and administrative	$ 2
Total	$ 8		$ 2

As of December 25, 2010, the estimated net amount of existing gains from cash flow hedges expected to be reclassified into earnings within the next 12 months is approximately $1 million.

Derivatives Not Designated As Hedges

We also hedge balance sheet exposures by entering into foreign currency forward contracts to minimize the short-term impact of foreign currency fluctuations on monetary assets and liabilities denominated in currencies other than the U.S. dollar functional currency. The foreign currency forward contracts are short term in nature, typically with a maturity of one month or less, and are based on the net forecasted balance sheet exposure. These hedges of foreign-currency-denominated assets and liabilities are not designated as hedging instruments. For derivative instruments not designated as hedging instruments, changes in their fair values of $1 million for the year ended December 25, 2010 were recognized in “Selling, general and administrative” operating expenses in the consolidated statements of operations. No derivative activities were undertaken in the fiscal period ended December 26, 2009. Changes in the values of these hedging instruments are offset by changes in the values of foreign-currency-denominated assets and liabilities. Variations from the forecasted foreign currency assets or liabilities, coupled with a significant currency movement, may result in a material gain or loss if the hedges are not effectively offsetting the change in value of the foreign currency asset or liability.

Embedded Foreign Currency Derivatives

The embedded foreign currency derivatives are in purchase contracts for which payments are denominated in currencies other than the functional currency or the local currency of the parties to the contracts or, in some cases, their parent company where the parent company provides the majority of resources required under the contract on behalf of the subsidiary who is a party to the contract. The gains and losses on the embedded foreign currency derivatives are not significant to our consolidated statements of operations.

10. COMMITMENTS AND CONTINGENCIES

Commitments

Commitments as of December 25, 2010 comprised the following:

	December 25, 2010 (In millions)
Contracts for capital expenditure	$ 132
Technology agreements	33
Others	79
	$ 244

Minimum future rental payments on non-cancellable operating leases, as at December 25, 2010, are as follows:

	(In millions)
Fiscal year	
2011	$ 13
2012	9
2013	8
2014	8
2015	9
Thereafter	82
Total	$ 129

Rental expense on operating leases for the fiscal year ended December 25, 2010 was $13 million. Rental expense on operating leases for the fiscal period ended December 26, 2009 was $5 million.

We have a patent license agreement with LSI under which the parties grant to one another a license to use certain of each other’s patents. Under the terms of the patent license agreement, we may provide wafer capacity in lieu of payment for royalties. Such royalties under the patent license agreement are waived until such time the interest of LSI in SMP falls below 49%. In exchange we have waived capacity shortfall obligations from LSI. Should the interest of LSI in SMP fall below 49%, we may be required to make royalty payments to LSI under this patent license agreement. We have not made any royalty payments to LSI. The patent license agreement continues for as long as the joint venture agreement between the parties remains.

Contingencies

As described in Note 2, we have received government support in the form of investment grants and allowances. Investment grants are subject to forfeiture in declining amounts over the life of the agreement if we do not maintain certain agreed conditions specified in the relevant subsidy documents. Investment allowances have to be fully repaid if investment or other conditions of the Investment Allowance Act are not met over a specified period of time. Accordingly, should we fail to continue to meet the terms and conditions of the investment grants and allowances over the life of the various agreements made, we may in the future be required to make repayments of investment grants and allowances.

We are from time to time a party to claims that arise in the normal course of business. These claims include allegations of infringement of intellectual property rights of others as well as other claims of liability. In addition, we, on a case-by-case basis, include intellectual property indemnification provisions in the terms of sale and technology licenses with third parties. We are also subject to various taxes in the different jurisdictions in which we operate. These include property, goods and services, and other non-income taxes. We accrue costs associated with these matters when they become probable and reasonably estimable. We do not believe it is probable that losses associated with these matters beyond those already recognized will be incurred in amounts that would be material to our consolidated balance sheets or consolidated statements of operations.

We have provided guarantees in respect of AMTC's rental obligations and revolving credit facilities as described in Note 7. Additionally, we are obligated to fund 70% of the required BAC subordinated loans, up until the date that BAC has repaid its bank loan finance.

11. STOCKHOLDERS' EQUITY

Share Capital

As of December 25, 2010, the share capital of GLOBALFOUNDRIES Inc. comprises Class B Ordinary Shares, Class A Preferred Shares and Class B Preferred Shares, each with a par value of $0.01 per share.

The Class A Ordinary Shares carried one vote each, and were the only voting securities of GLOBALFOUNDRIES until they were fully redeemed and cancelled on November 11, 2009. Each holder of Class B Ordinary Shares is entitled to one vote per Class B Ordinary Share.

Class A Preferred Shares

The Class A Preferred Shares rank senior in right of payment to the Ordinary Shares and junior in right of payment to the Class B Preferred Shares for purposes of dividends, distributions and upon a Liquidation Event (as defined below). The Class A Preferred Shares are not entitled to any dividend or pre-determined accretion in value. In the event of the liquidation, dissolution or winding up of GLOBALFOUNDRIES ("Liquidation Event"), each Class A Preferred Share will be entitled to receive, after the distribution to the holders of the Class B Preferred Shares but prior to any distribution to the holders of Ordinary Shares, out of the remaining assets of GLOBALFOUNDRIES, if any, an amount equal to the initial purchase price per share of the Class A Preferred Shares. Each Class A Preferred Share is convertible, at the option of the holder thereof, into Class B Ordinary Shares at the then applicable Class A Conversion Rate upon a Liquidation Event. Each Class A Preferred Share will automatically convert into Class B Ordinary Shares at the then applicable Class A Conversion Rate upon the earlier of (i) an initial public offering of GLOBALFOUNDRIES or (ii) a change of control transaction of GLOBALFOUNDRIES. The "Class A Conversion Rate" is 100 Class B Ordinary Shares for each Class A Preferred Share converted, subject to customary anti-dilution adjustments. Each Class A Preferred Share votes on an as-converted basis with the Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

Class B Preferred Shares

Each Class B Preferred Share is deemed to accrete in value at a rate of 12 % per year, compounded semiannually, of the initial purchase price per such share. The accreted value accrues daily from the formation transaction and is taken into account upon certain distributions to the holders of Class B Preferred Shares or upon conversion of the Class B Preferred Shares.

Each Class B Preferred Share automatically converts into Class B Ordinary Shares at the then applicable Class B Conversion Rate upon the earlier of (i) an initial public offering or (ii) a change of control transaction of GLOBALFOUNDRIES. The "Class B Conversion Rate" is to be 100 Class B Ordinary Shares for each Class B Preferred Share converted, subject to customary anti-dilution adjustments. Notwithstanding the foregoing, if the resulting fair market value of the Class B Ordinary Shares to be received on conversion would be less than the accreted value of such Class B Preferred Share, then the holder of such Class B Preferred Share shall receive additional Class B Ordinary Shares upon such conversion in order to cause the fair market value of the total amount of Class B Ordinary Shares to be received upon conversion to equal the accreted value of such Class B Preferred Shares.

Each Class B Preferred Share votes on an as-converted basis with the Ordinary Shares, voting together as a single class, with respect to any question upon which holders of Ordinary Shares have the right to vote.

The Class B Preferred Shares rank senior in right of payment to all other classes or series of equity securities of GLOBALFOUNDRIES for purposes of dividends, distributions and upon a Liquidation Event. In the event of a Liquidation Event, each Class B Preferred Share will be entitled to receive, prior to any distribution to the holders of any other classes or series of equity securities, an amount equal to its accreted value. Upon completion of the above distribution to the holders of Class B Preferred Shares, each Class B Preferred Share will be entitled to receive its liquidation preference amount out of any remaining assets of GLOBALFOUNDRIES. Upon completion of the above distributions to the holders of Preferred Shares, all of the remaining assets of GLOBALFOUNDRIES, if any, will be distributed pro rata among the holders of Ordinary Shares. Each Class B Preferred Share is convertible, at the option of the holder thereof, into Class B Ordinary Shares at the then applicable Class B Conversion Rate upon a Liquidation Event.

Class A Preferred Shares and Class B Preferred Shares issued are as follows:

	Fiscal Year Ended December 25, 2010		Fiscal Year Ended December 26, 2009	
	Shares	Contributions	Shares	Contributions
	(In millions, except shares amount)			
Class A Preferred Shares	444,313	$ 420	1,309,140	$ 218
Class B Preferred Shares	617,695	510	872,760	173
Total	1,062,008	$ 930	2,181,900	$ 391

Accumulated Other Comprehensive Loss

See the consolidated statements of comprehensive loss for the change in accumulated other comprehensive loss.

12. EMPLOYEE BENEFIT PLANS

2009 Long-Term Incentive Plan

On May 19, 2009, the Company's Board of Directors approved the GLOBALFOUNDRIES 2009 Long-Term Incentive Plan ("2009 LTIP"), which provides for the grant of long-term incentive awards. This plan consists of cash-based awards and stock appreciation rights ("SARs") of up to 16.9 million Ordinary

Shares of GLOBALFOUNDRIES. Employees with cash-based awards receive cash payments at future dates based on company and individual performance over a certain period of time. Employees with SARs receive cash payments at future dates based on the change in the value of the Company's equity.

Stock Appreciation Rights

Under the 2009 LTIP, after an initial vesting period, the employees with SARs are eligible for cash payments. This cash payment is equal to the excess, if any, of the fair value of one GLOBALFOUNDRIES Class B ordinary share over the fair market value of the same shares at the date the SARs were granted. The exercise price is determined by the Board of Directors and is based on a valuation performed by an independent expert by reference to the fair market value of the ordinary shares. The participants may exercise vested SARs once each calendar year, during the 45 day period following the completion of the annual determination of the fair value of the ordinary shares. The SARs are effective for a term of 10 years from the grant date.

Both the liability and the stock-based compensation expense related to SARs issued totaled less than $1 million. The liability was included in other non-current liabilities as of December 25, 2010 and December 26, 2009. We did not capitalize the stock-based compensation expense as part of the cost of an asset because the cost was insignificant. The fair value of one SAR was determined to be $0.35 and $1.66 as of December 25, 2010 and December 26, 2009, respectively. No SARs have vested as of December 25, 2010. The principal assumptions made in calculating the fair value of the SARs were as follows:

	December 25, 2010	December 26, 2009
Expected term (in years)	4.80	6.20
Risk-free interest rate	1.93%	3.05%
Expected volatility	45%	45%
Expected dividend yield	—	—
Fair value of one GLOBALFOUNDRIES, Inc. Class B Ordinary Share at valuation date	$ 1.92	$ 3.83

The shares and the SARs were valued using the Black-Scholes option pricing model. The equity volatility was determined based on the historical volatilities of comparable publicly traded companies over a period equal to the expected average SAR life. The risk free rate of interest was interpolated from the U.S. Constant Maturity Treasury rate curve to reflect the remaining expected life of the SARs.

Forfeiture rates are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates in order to derive our best estimate of awards ultimately expected to vest.

The change in the number of SARs outstanding during the period was as follows:

	December 25, 2010	December 26, 2009
At the beginning of the period	5,557,431	—
Issued	—	5,557,431
Forfeited	(970,707)	—
Exercised	—	—
At the end of the period	4,586,724	5,557,431

Retirement Savings Plan

We have a retirement savings plan, commonly known as a 401(k) plan that allowed participating employees in the United States to contribute their pre-tax salary up to Internal Revenue Service limits. We match employee contributions one to one for the first 3% of participants' contributions and 50 cents on each dollar of additional 3% of participants' contributions, to a maximum of 4.5% of eligible compensation. Our contributions to the 401(k) plan were $3 million and $2 million for the fiscal periods ended 2010 and 2009, respectively.

13. RELATED PARTY DISCLOSURES

Transactions with Shareholders

In addition to the transfer of assets from AMD described in Note 1 and the investment in GLOBALFOUNDRIES' convertible notes by ATIC described in Note 8, the following transactions took place between GLOBALFOUNDRIES and ATIC and AMD respectively for the year ended December 25, 2010 and the fiscal period ended December 26, 2009.

Transactions With ATIC and AMD

The Funding Agreement

The Funding Agreement provides for the additional funding of GLOBALFOUNDRIES. Pursuant to the Funding Agreement, ATIC has committed to additional equity funding of a minimum of $3.6 billion ("the minimum funding level") and up to $6.0 billion ("the original funding level") over the five years after March 2, 2009.

GLOBALFOUNDRIES must maintain a cash reserve amount equal to at least $500 million at all times during the term of the Funding Agreement, provided, however, that this requirement shall no longer apply upon the earlier of (i) GLOBALFOUNDRIES entering into a Transition Period (as defined below) or (ii) the end of Phase II (as defined below). In the event that GLOBALFOUNDRIES' Board does not approve the annual business plan and the respective CEOs of ATIC and AMD are unable to approve the annual business plan under a resolution process on or prior to December 23rd of the year the annual business plan is submitted (the "Business Plan Deadlock"), ATIC may elect to have GLOBALFOUNDRIES enter into a Transition Period, which period will commence on the date of ATIC's election and terminate on the later of (i) 12 months after such date and (ii) the last day of the 2013 fiscal year.

At each funding date prior to December 6, 2010, the equity securities issued by GLOBALFOUNDRIES consisted of 20 % in the form of Class A Preferred Shares and 80 % in the form of Class B Preferred Shares. See Note 11 for further information. Beginning December 6, 2010, the securities issued or to be issued by GLOBALFOUNDRIES will consist of Class A Preferred Shares. The aggregate amount of equity funding to be provided by GLOBALFOUNDRIES shareholders in any fiscal year depends on the time period of such funding (Phase I, II or III) and the amounts set forth in the five-year capital plan of GLOBALFOUNDRIES. The Phases are defined as follows:

- Phase I: the period commencing on the date of the Funding Agreement and ending on the last day of the fiscal year ending in 2010;
- Phase II: the period commencing the first day of the fiscal year ending in 2011 and ending the last day of the fiscal year ending in 2013;
- Phase III: the period commencing the first day of the fiscal year ending in 2014 and ending on the date the Funding Agreement is terminated pursuant to the terms thereof.

Unless the shareholders agree otherwise, in any fiscal year, the aggregate amount of funding to be provided in any fiscal year will be as follows:

- During Phase I: the amount was equal to the original funding level for such fiscal year under the five year capital plan;
- During Phase II: the amount will be equal to the original funding level for such fiscal year under the five year capital plan, provided that the amount may be reduced to (i) the minimum funding level in the event GLOBALFOUNDRIES fails to satisfy or have waived each of the Phase II Funding Conditions (as defined below), (ii) an amount between the minimum funding level and the original funding level in the event of a Business Plan Deadlock, until the approval of the annual business plan in which case, the amount will revert to the original funding level, or (iii) the minimum funding level in the event ATIC elects to have GLOBALFOUNDRIES enter into a Transition Period;
- During Phase III, the amount will be equal to the equity funding level set forth in the approved annual business plan for such fiscal year, provided that if there is a Business Plan Deadlock, the amount may be reduced to (i) an amount sufficient to meet AMD's microprocessor unit ("MPU") products volume requirements for such period or at (ii) an amount equal to (i), plus at ATIC's election, the level of funding as set forth in the most recently approved annual business plan or the level of funding sufficient to continue to build out the next fabs after Fab 4x, as determined by ATIC in its sole discretion.

GLOBALFOUNDRIES is required to obtain specified third-party debt in any given fiscal year, as set forth in the five-year capital plan. To the extent that GLOBALFOUNDRIES obtains more than the specified amount of third-party debt, ATIC may reduce its funding commitment accordingly. To the extent that GLOBALFOUNDRIES is not able to obtain the full amount of third-party debt, ATIC is not obligated to make up the difference.

AMD will have the right, but not the obligation, to provide additional capital funding to GLOBALFOUNDRIES in response to future capital calls on a pro rata basis with ATIC. To the extent that AMD chooses not to participate in an equity funding, subject to the satisfaction of certain conditions to funding, ATIC is obligated to purchase all of the securities of GLOBALFOUNDRIES in such equity funding that AMD was entitled to purchase.

In consideration of equity funding received from ATIC, GLOBALFOUNDRIES has issued $420 million and $510 million of Class A Preferred Shares and Class B Preferred Shares, respectively, during the fiscal year ended December 25, 2010. No Class A Convertible Notes and Class B Convertible Notes were issued during the year ended December 25, 2010. During the period from March 2, 2009 to December 26, 2009, GLOBALFOUNDRIES issued under the Funding Agreement Class A Convertible Notes for an aggregate amount of $52 million and Class B Convertible Notes for an aggregate amount of $208 million.

ATIC's obligation to provide funding is subject to certain conditions, including, among other things, the accuracy, in all material respects, of GLOBALFOUNDRIES representations and warranties in the Funding Agreement, the absence of a material adverse effect of GLOBALFOUNDRIES, the absence of a material adverse effect on AMD that could reasonably be expected to materially and adversely affect AMD's performance of its obligations under the Wafer Supply Agreement, and the absence of a material breach or default by GLOBALFOUNDRIES or AMD under the provisions of any document related to the transactions.

With respect to Phase II, ATIC's obligation to provide funding is subject to certain additional conditions, including, among other things: (i) the continuing effectiveness of AMD's IBM Participation Agreement; and (ii) the availability of New York and Dresden grants in amounts not materially different from the amounts contemplated in the five-year capital plan; (iii) AMD will have secured for GLOBALFOUNDRIES "AMD-specific Have Made" rights (defined as the right of AMD to have unlimited volumes of products, including microprocessors, made for AMD and its subsidiaries by GLOBALFOUNDRIES); (iv) GLOBALFOUNDRIES will have achieved targets for cumulative revenue and cumulative gross margin; and (v) GLOBALFOUNDRIES will have achieved certain strategic milestones relating to the groundbreaking and build out of the Abu Dhabi fab, progress on certain technologies and third party customer interest and revenue ("Phase II Funding Conditions").

With respect to Phase III, ATIC's obligation to provide funding is subject to the additional condition that the Annual Business Plan for the applicable fiscal year shall have been approved.

In the event GLOBALFOUNDRIES' Board does not approve the Annual Business Plan within a certain time frame, the Funding Agreement sets forth procedures by which a resolution to any deadlock may be obtained, and the conditions under which ATIC may continue its funding commitments despite the deadlock.

The Funding Agreement will terminate upon the earlier of (i) a written agreement by the parties and (ii) the termination of the Transition Period.

Transactions with ATIC

In order to fund (i) the repurchase by GFS of its outstanding public debt following GFS' acquisition by ATIC, (ii) GFS' tender offers and consent solicitations relating to its Senior Notes, and (iii) defeasance of the 2010 Notes and Amortizing Bonds (see Note 8), GFS issued its shares to ATIC for proceeds of $752 million during the fiscal year 2010.

Wafer Supply Agreement, GLOBALFOUNDRIES Capacity Commitment, and Sort Services Agreement

GLOBALFOUNDRIES and AMD entered into a Wafer Supply Agreement, dated March 2, 2009 under which AMD will purchase products manufactured by GLOBALFOUNDRIES. Under this agreement AMD will purchase all of its and its subsidiaries' MPU products from GLOBALFOUNDRIES sales subsidiaries, subject to limited exceptions. Notwithstanding the foregoing, if AMD acquires a third-party business that manufactures MPU products, AMD will have up to two years to transition the manufacture of such MPU products to GLOBALFOUNDRIES. Additionally, AMD and its subsidiaries may use another foundry company as a second source for certain of its quarterly MPU product wafer requirements, and may source additional amounts from such foundry company to the extent GLOBALFOUNDRIES is unable to deliver products to AMD sufficient to meet AMD's material customer commitments. AMD's ability to source MPU requirements with such foundry company terminates: (i) upon the occurrence of a specified event; or (ii) subject to a wind-down period, if such foundry company undergoes a change of control resulting in another entity controlling a majority of such company's assets or equity interests related to the manufacture of products on behalf of AMD.

Once GLOBALFOUNDRIES establishes a 32 nm qualified process, AMD will purchase from GLOBALFOUNDRIES sales entities, where competitive, specified percentages of its and its subsidiaries' graphics processor unit ("GPU") requirements, which percentage will increase linearly over a five-year period. AMD agrees not to sell, transfer or dispose of all or substantially all of its or its subsidiaries' assets related to GPU products and related technology to any third party without GLOBALFOUNDRIES' consent, unless the transferee agrees to be bound by the terms of the Wafer Supply Agreement, including its minimum purchase obligations, where competitive, with respect to GPU products.

After reviewing forecasts provided by AMD, as agreed by the parties, GLOBALFOUNDRIES will allocate such additional capacity sufficient to produce the MPU product volumes set forth in rolling, binding forecasts. The parties will establish capacity requirements in advance for GPU products. GLOBALFOUNDRIES will use commercially reasonable efforts to fill any capacity allocated to but unutilized by AMD with production for third parties so as to offset and reduce AMD's fixed cost reimbursement obligations to GLOBALFOUNDRIES; provided that such efforts will not be required if there exists any unutilized capacity that has not been allocated to AMD.

At AMD's request, GLOBALFOUNDRIES will provide sort services to AMD on a product by product basis. Sort equipment for MPU products will be assigned to GLOBALFOUNDRIES on the effective date;

in the event any sort equipment is no longer usable to provide sort services to AMD or GLOBALFOUNDRIES' other customers, GLOBALFOUNDRIES will dispose of such equipment and the parties will determine the amount reimbursable to GLOBALFOUNDRIES or AMD. Additional AMD equipment may be consigned, and AMD will bear all the maintenance and operational costs for such equipment.

The price for MPU products payable to GLOBALFOUNDRIES by AMD under this agreement is the total of GLOBALFOUNDRIES' AMD related MPU-specific total cost of goods sold plus an agreed percentage mark-up. The price for GPU products will be determined on a product-by-product basis by the parties. AMD will also be responsible for certain other cost reimbursements to GLOBALFOUNDRIES.

AMD granted GLOBALFOUNDRIES and applicable GLOBALFOUNDRIES subsidiaries and any permitted assignees a non-exclusive, non-transferable, royalty-free right and license to: (i) make products and import and sell such products to AMD; and (ii) reproduce any documentation provided by AMD to enable GLOBALFOUNDRIES to manufacture such products for AMD.

The Wafer Supply Agreement will terminate on the later of March 2, 2019 or until the Abu Dhabi cluster is operational with steady state yield and volumes of 75,000 qualified wafer starts per month, but in no event later than March 2, 2024. The Wafer Supply Agreement may be terminated earlier upon mutual written consent of the parties or upon the occurrence of certain events (e.g., occurrence of force majeure event for more than 12 consecutive months). The Wafer Supply Agreement may also be terminated if and when a Business Plan Deadlock exists and ATIC elects to enter into a Transition Period pursuant to the Funding Agreement.

GLOBALFOUNDRIES will use commercially reasonable efforts to assist AMD to transition the supply of products to another provider, and continue to fulfill purchase orders for up to two years following the termination or expiration of the Wafer Supply Agreement. During such transition period, pricing for MPU products will remain as set forth in the Wafer Supply Agreement, but AMD's purchase commitments to GLOBALFOUNDRIES will no longer apply.

In the reporting period, GLOBALFOUNDRIES recorded net revenues from AMD under the Wafer Supply Agreement and sort services of $1.3 billion for the year ended December 25, 2010 and $917 million for the fiscal period ended December 26, 2009.

Patent Cross License Agreement

Pursuant to a Patent Cross License Agreement (the "Patent Cross License Agreement"), AMD and GLOBALFOUNDRIES each granted to the other a non-exclusive license under patents which were filed by a party (or are otherwise acquired by a party) within a certain number of years following the effective date of the Patent Cross License Agreement. AMD and GLOBALFOUNDRIES have also entered into arrangements under which all issued patents and pending patent applications of AMD and its subsidiaries (other than patents and applications owned by ATI Technologies LLC and its wholly owned subsidiaries) will be divided between AMD and GLOBALFOUNDRIES. GLOBALFOUNDRIES has taken ownership of its allocation of patents and applications subject to pre-existing rights, licenses or immunities granted to third parties relating to such patents and applications. The patents and patent applications owned by each party after the division will be licensed to the other party pursuant to the Patent Cross License Agreement.

Other Transactions with AMD and its Subsidiaries

For the fiscal year ended December 25, 2010, we recorded expenses with AMD and its subsidiaries for expenses due to masking services of $5 million, patent and license charges of $1 million, and other services and supplies of $2 million. For the fiscal period ended December 26, 2009, we recorded expenses with AMD and its subsidiaries for expenses due to masking services of $8 million, patent and license charges of $7 million, and other services and supplies of $13 million. We also recorded expenses of $7 million incurred in connection with the formation of GLOBALFOUNDRIES.

Pursuant to a series of agreements, during fiscal year 2010, AMD transferred its shareholdings in AMTC and BAC to us. See Note 7 for further discussion of our transactions with AMTC and BAC.

The amounts due from or to AMD and its subsidiaries are presented as accounts receivable from affiliates and accounts payable to affiliates in the consolidated balance sheets.

Governmental Entity in UAE

The Company has a 49% equity interest in GLOBALFOUNDRIES Technologies LLC, a joint venture with a quasi governmental entity in the United Arab Emirates ("UAE") that is an indirect wholly owned subsidiary of ATIC. The jointly-owned enterprise was established under the laws of the UAE. We consolidate the joint venture enterprise and accounts for the 51% ownership as a noncontrolling interest. The impact of the joint venture's operating results on the consolidated statement of operations was insignificant and total assets of the joint venture enterprise represented less than 1% of the total consolidated assets as of December 25, 2010.

14. INTEREST EXPENSE

Interest expense of $196 million and $140 million for the fiscal year ended 2010 and the fiscal period ended 2009, respectively, consisted primarily of interest expense for the following long-term debt:

	Fiscal Year Ended December 25, 2010	Period From March 2, 2009 to December 26, 2009
	(In millions)	
Subordinated Class A Convertible Notes	$ 11	$ 7
Subordinated Class B Convertible Notes	125	85
Others	60	48
	$ 196	$ 140

Convertible Redeemable Preference Shares

Also included as part of the interest expense above was an accretion charge related to the CRPS for the year ended December 25, 2010 of $1 million. CRPS were fully redeemed for cash upon maturity on August 17, 2010. The initial carrying amounts of the CRPS were stated at their fair values as of the date of issuance, net of the associated issuance costs. The carrying amounts of the CRPS were accreted to their redemption values over the remaining period until the maturity date on August 17, 2010 using the effective interest rate method.

15. INCOME TAXES

The (benefit) provision for income taxes consists of the following:

	Fiscal Year Ended December 25, 2010	Period From March 2, 2009 to December 26, 2009
	(In millions)	
Current income tax expense (benefit):		
U.S.	$ (3)	$ —
Europe	3	1
Asia	15	—
Total current income tax expense (benefit)	15	1
Deferred income tax expense (benefit):		
U.S.	(2)	1
Europe	(28)	27
Asia	(16)	—
Total deferred income tax expense (benefit)	(46)	28
Total (benefit) provision for income taxes	$ (31)	$ 29

Deferred income taxes reflect the net tax effects of tax carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the balances for income tax purposes. Significant components of our deferred tax assets and deferred tax liabilities are as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Deferred tax assets:		
Investment allowances and tax loss carryforwards	$ 442	$ 20
Property, plant and equipment	6	—
Other accrued liabilities	32	2
	480	22
Valuation allowance	(373)	—
Total deferred tax assets	$ 107	$ 22
Deferred tax liabilities:		
Property, plant, and equipment	$ (226)	$ (198)
Currency effects	(10)	(25)
Other	(2)	—
Total deferred tax liabilities	(238)	(223)
Net deferred tax liabilities	$ (131)	$ (201)
Reported As:		
Net current deferred tax assets	5	—
Net long-term deferred tax assets (included in “Other assets”)	102	5
Net current deferred tax liabilities	(4)	—
Net long-term deferred tax liabilities (included in “Other long-term liabilities”)	(234)	(206)
Net deferred tax liabilities	$ (131)	$ (201)

We have concluded that it is more likely than not that sufficient future taxable income will not be available during the periods in which certain deferred tax assets will reverse. As a result of the assessment, a valuation allowance of $373 million for the deferred tax assets was recorded as of December 25, 2010. The valuation allowance was $354 million, $10 million, and $9 million for Singapore, Germany, and the U.S., respectively. The change in the valuation allowance for the year relates to the carry forward of $354 million as a result of the consolidation of GFS and valuation allowance on tax losses in Germany and the U.S. We expect to continue to maintain the valuation allowance on these future tax benefits until there is sufficient evidence to support the reversal of the valuation allowance based upon current and preceding years’ results of operations and anticipated future taxable income levels.

As of December 25, 2010, Singapore has loss carry forwards and unabsorbed wear and tear allowances available for carry forward of approximately $85 million and $1,559 million, respectively. Under Singapore tax law, loss carry forwards and wear and tear allowances are deductible to the extent of income before loss carry forwards and wear and tear allowances. Unabsorbed tax losses and wear and tear allowances can be carried forward indefinitely to set off against income in future tax years, subject to compliance with certain conditions. As of December 25, 2010, Singapore has unabsorbed investment allowances of $790 million which can be carried forward indefinitely, subject to compliance with certain conditions. A valuation allowance for Singapore deferred tax assets of $354 million has been recorded at December 25, 2010.

As of December 25, 2010, Germany had corporate and trade tax net operating loss carry forwards of $149 million and $141 million respectively. Except for a fully deductible base amount, utilization of German net operating loss carry forwards is limited to 60% of taxable income in any one year. German net operating losses do not expire with the passage of time, but may forfeit as a result of legal entity restructurings. A valuation allowance for German deferred tax assets of $10 million has been recorded at December 25, 2010.

As of December 25, 2010, the U.S. had a deferred tax asset in excess of deferred tax liabilities of $9 million. A valuation allowance for this net deferred tax asset of $9 million has been recorded.

The table below displays the reconciliation between the expected tax expense (benefit) computed by applying the applicable statutory tax rates in the countries in which our principal operations are located in and income tax expense (benefit) as follows:

	December 25, 2010	December 26, 2009
	(In millions)	
Loss before income taxes	$ (557)	$ (533)
Income tax expense (benefit) computed at the applicable statutory tax rates	—	—
Income tax rate different from parent rate	30	22
Effect of tax incentive (reduced tax rate)	(7)	—
Enhanced deductions and non-deductible expenses	(53)	(22)
Currency effects (result of change in tax balance sheet for changed exchange rates)	(26)	29
Impact of valuation allowance	14	—
Change in uncertain tax positions	16	—
Other effects	(5)	—
(Benefit) Provision for income taxes	$ (31)	$ 29

A significant element of the loss before tax was incurred in the Cayman Island legal entity. No tax arises on our Cayman Island activities.

During the period in which pioneer status is effective in Singapore (up to 2013), income arising from the pioneer trade is exempt from Singapore income tax. During the period in which post-pioneer status or development and expansion status is effective (up to 2018), income arising from the incentive activities is taxed at a concessionary rate of 10%. Based on these tax incentives, income tax is assessed at the individual fab level located in Singapore. Income arising from activities not covered under any of the abovementioned incentives is taxed at the prevailing Singapore corporate tax rate, which is 17% for the year ended December 25, 2010.

As of December 25, 2010, there was no recognized deferred tax liability for taxes that would be payable on the unremitted earnings of certain of our subsidiaries as it is our intention to indefinitely reinvest undistributed earnings of these subsidiaries.

Uncertain Tax Positions

The total unrecognized tax benefit as of December 25, 2010 is $20 million. As of December 25, 2010, we classified the balance as "Other non-current liabilities" under the accounting guidance for income taxes. We do not anticipate any significant changes to the total amounts of unrecognized tax benefits within the next 12 months of the reporting date.

As of December 25, 2010, we have not recognized any interest or penalties in the consolidated statement of operations or in the consolidated balance sheet.

A summary of the tax years that remain subject to examination in our major tax jurisdictions are:

Major tax jurisdiction	Fiscal years that remain subject to examination as of December 25, 2010
U.S.	2008 and forward
Germany	2001 and forward
Netherlands	2009 and forward
Abu Dhabi	2010 and forward
Singapore	2005 and forward

16. SUBSEQUENT EVENTS

We have evaluated all events on transactions occurring after December 25, 2010 through February 17, 2011, the date of issuance of these consolidated financial statements.

On December 27, 2010, ATIC transferred its ownership interests in GFS to GLOBALFOUNDRIES in exchange for 2.8 million Class A preferred shares in GLOBALFOUNDRIES. Consequently, GFS became a wholly-owned subsidiary of GLOBALFOUNDRIES. This transaction will be accounted for as a combination of entities under common control. Under this method of accounting, the assets and liabilities of GFS will be carried forward to GLOBALFOUNDRIES at their historical costs in the books of ATIC.