

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 26, 2020

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**

**AMD**  
**ADVANCED MICRO DEVICES, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**94-1692300**  
(I.R.S. Employer  
Identification No.)

**2485 Augustine Drive**  
**Santa Clara, California 95054**  
(Address of principal executive offices)

**(408) 749-4000**  
Registrant's telephone number, including area code

N/A  
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$0.01 par value</b>	<b>AMD</b>	<b>The Nasdaq Global Select Market</b>

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 (the Exchange Act) 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 every Interactive Data File required to be submitted 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 such files). Yes  No

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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of the registrant's common stock, \$0.01 par value, as of October 23, 2020: 1,202,711,638



PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions, except per share amounts)			
Net revenue	\$ 2,801	\$ 1,801	\$ 6,519	\$ 4,604
Cost of sales	1,571	1,024	3,623	2,685
Gross profit	1,230	777	2,896	1,919
Research and development	508	406	1,410	1,152
Marketing, general and administrative	273	185	687	544
Licensing gain	—	—	—	(60)
Operating income	449	186	799	283
Interest expense	(11)	(24)	(38)	(76)
Other expense, net	(37)	(36)	(32)	(40)
Income before income taxes and equity income	401	126	729	167
Income tax provision (benefit)	12	7	22	(4)
Equity income in investee	1	1	2	—
Net income	\$ 390	\$ 120	\$ 709	\$ 171
Earnings per share				
Basic	\$ 0.33	\$ 0.11	\$ 0.60	\$ 0.16
Diluted	\$ 0.32	\$ 0.11	\$ 0.59	\$ 0.15
Shares used in per share calculation				
Basic	1,184	1,097	1,176	1,075
Diluted	1,215	1,117	1,208	1,107

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions)			
Net income	\$ 390	\$ 120	\$ 709	\$ 171
Other comprehensive income (loss), net of tax of zero:				
Net change in unrealized gains (losses) on cash flow hedges	9	(7)	5	1
Total comprehensive income	<u>\$ 399</u>	<u>\$ 113</u>	<u>\$ 714</u>	<u>\$ 172</u>

See accompanying notes.

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

	<u>September 26, 2020</u>	<u>December 28, 2019</u>
<b>ASSETS</b>		
(In millions, except par value amounts)		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,296	\$ 1,466
Short-term investments	475	37
Accounts receivable, net	2,134	1,859
Inventories	1,292	982
Receivables from related parties	4	20
Prepaid expenses and other current assets	299	233
<b>Total current assets</b>	<u>5,500</u>	<u>4,597</u>
Property and equipment, net	595	500
Operating lease right-of-use assets	215	205
Goodwill	289	289
Investment: equity method	60	58
Other non-current assets	364	379
<b>Total assets</b>	<u>\$ 7,023</u>	<u>\$ 6,028</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 752	\$ 988
Payables to related parties	115	213
Accrued liabilities	1,478	1,084
Other current liabilities	72	74
<b>Total current liabilities</b>	<u>2,417</u>	<u>2,359</u>
Long-term debt, net	373	486
Long-term operating lease liabilities	205	199
Other long-term liabilities	161	157
Contingencies (See Note 11)		
<b>Stockholders' equity:</b>		
Capital stock:		
Common stock, par value 0.01; shares authorized: 2,250; shares issued: 1,208 and 1,175; shares outstanding: 1,202 and 1,170	12	12
Additional paid-in capital	10,362	9,963
Treasury stock, at cost (shares held: 6 and 5)	(126)	(53)
Accumulated deficit	(6,386)	(7,095)
Accumulated other comprehensive income	5	—
<b>Total stockholders' equity</b>	<u>3,867</u>	<u>2,827</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 7,023</u>	<u>\$ 6,028</u>

See accompanying notes.

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

	Nine Months Ended	
	September 26, 2020	September 28, 2019
	(In millions)	
Cash flows from operating activities:		
Net income	\$ 709	\$ 171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	222	158
Stock-based compensation	195	140
Amortization of debt discount and issuance costs	12	25
Amortization of operating lease right-of-use assets	31	27
Loss on debt redemption, repurchase and conversion	38	48
Loss on sale/disposal of property and equipment	28	34
Other	12	(13)
Changes in operating assets and liabilities:		
Accounts receivable, net	(287)	(158)
Inventories	(310)	(195)
Receivables from related parties	16	17
Prepaid expenses and other assets	(172)	(32)
Payables to related parties	(98)	8
Accounts payable, accrued liabilities and other	121	(179)
Net cash provided by operating activities	<u>517</u>	<u>51</u>
Cash flows from investing activities:		
Purchases of property and equipment	(220)	(175)
Purchases of short-term investments	(530)	(284)
Proceeds from maturity of short-term investments	92	309
Collection of deferred proceeds on sale of receivables	—	25
Other	—	2
Net cash used in investing activities	<u>(658)</u>	<u>(123)</u>
Cash flows from financing activities:		
Proceeds from short-term debt borrowings	200	—
Repayment and extinguishment of debt	(200)	(331)
Proceeds from warrant exercise	—	449
Proceeds from sales of common stock through employee equity plans	45	38
Common stock repurchases for tax withholding on employee equity plans	(73)	(6)
Other	(1)	—
Net cash provided by (used in) financing activities	<u>(29)</u>	<u>150</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	(170)	78
Cash, cash equivalents, and restricted cash at beginning of period	1,470	1,083
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1,300</u>	<u>\$ 1,161</u>
Supplemental cash flow information:		
Non-cash investing and financing activities:		
Purchases of property and equipment, accrued but not paid	\$ 36	\$ 120
Issuance of common stock to settle convertible debt	\$ 156	\$ 108
Transfer of assets for acquisition of property and equipment	\$ 57	\$ —
Issuance of treasury stock to partially settle debt	\$ —	\$ 7
Non-cash activities for leases:		
Operating lease right-of-use assets acquired by assuming related liabilities	\$ 40	\$ 12
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 1,296	\$ 1,156
Restricted cash included in Prepaid expenses and other current assets	4	5
Total cash, cash equivalents, and restricted cash	<u>\$ 1,300</u>	<u>\$ 1,161</u>

See accompanying notes.

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(In millions)				
<b>Capital stock:</b>				
Common stock				
Balance, beginning of period	\$ 12	\$ 11	\$ 12	\$ 10
Issuance of common stock upon warrant exercise	—	—	—	1
Balance, end of period	<u>\$ 12</u>	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$ 11</u>
Additional paid-in capital				
Balance, beginning of period	\$ 10,127	\$ 9,325	\$ 9,963	\$ 8,750
Common stock issued under employee equity plans	3	3	45	38
Stock-based compensation	76	54	195	140
Issuance of common stock upon warrant exercise	—	—	—	449
Issuance of common stock to settle convertible debt	156	108	156	108
Issuance of treasury stock to partially settle debt	—	—	—	4
Issuance of common stock warrant	—	—	3	1
Balance, end of period	<u>\$ 10,362</u>	<u>\$ 9,490</u>	<u>\$ 10,362</u>	<u>\$ 9,490</u>
Treasury stock				
Balance, beginning of period	\$ (54)	\$ (50)	\$ (53)	\$ (50)
Issuance of treasury stock to partially settle debt	—	—	—	3
Common stock repurchases for tax withholding on employee equity plans	(72)	(3)	(73)	(6)
Balance, end of period	<u>\$ (126)</u>	<u>\$ (53)</u>	<u>\$ (126)</u>	<u>\$ (53)</u>
<b>Accumulated deficit:</b>				
Balance, beginning of period	\$ (6,776)	\$ (7,385)	\$ (7,095)	\$ (7,436)
Net income	390	120	709	171
Balance, end of period	<u>\$ (6,386)</u>	<u>\$ (7,265)</u>	<u>\$ (6,386)</u>	<u>\$ (7,265)</u>
<b>Accumulated other comprehensive loss:</b>				
Balance, beginning of period	\$ (4)	\$ —	\$ —	\$ (8)
Other comprehensive income (loss)	9	(7)	5	1
Balance, end of period	<u>\$ 5</u>	<u>\$ (7)</u>	<u>\$ 5</u>	<u>\$ (7)</u>
<b>Total stockholders' equity</b>	<u><u>\$ 3,867</u></u>	<u><u>\$ 2,176</u></u>	<u><u>\$ 3,867</u></u>	<u><u>\$ 2,176</u></u>

See accompanying notes.

**Notes to Condensed Consolidated Financial Statements  
(Unaudited)**

**NOTE 1. Basis of Presentation and Significant Accounting Policies**

**Basis of Presentation.** The accompanying unaudited condensed consolidated financial statements of Advanced Micro Devices, Inc. and its subsidiaries (the Company or AMD) have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. The results of operations for the three and nine months ended September 26, 2020 shown in this report are not necessarily indicative of results to be expected for the full year ending December 26, 2020 or any other future period. In the opinion of the Company's management, the information contained herein reflects all adjustments necessary for a fair presentation of the Company's results of operations, financial position, cash flows and stockholders' equity. All such adjustments are of a normal, recurring nature. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 2019. Certain prior period amounts have been reclassified to conform to current period presentation.

The Company uses a 52 or 53 week fiscal year ending on the last Saturday in December. The three and nine months ended September 26, 2020 and September 28, 2019 each consisted of 13 weeks and 39 weeks, respectively.

**Significant Accounting Policies.** Below reflects the enhanced disclosures pertaining to the Company's accounting policy for revenue recognition. There have been no material changes to the Company's significant accounting policies in Note 2—Summary of Significant Accounting Policies, of the Notes to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019.

**Revenue Recognition.** Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. Sales, value-added, and other taxes collected concurrently with the provision of goods or services are excluded from revenue. Shipping and handling costs associated with product sales are included in cost of sales.

**Nature of products and services**

The Company's microprocessors (CPUs), chipsets, graphics processing units (GPUs), data center and professional graphics products, accelerated processing units (APUs), server and embedded processors, and System-on-Chip (SoC) products may be sold as standard non-custom products, or custom products manufactured to customers' specifications. The Company also provides development services and licenses portions of its intellectual property (IP) portfolio. Substantially all the Company's revenue is derived from product sales, representing a single performance obligation.

**Non-custom products:** The Company transfers control and recognizes revenue when non-custom products are shipped to customers, which includes original equipment manufacturers (OEM) and distributors, in accordance with the shipping terms of the sale. Non-custom product arrangements generally comprise a single performance obligation. Certain OEMs may be entitled to rights of return and rebates under OEM agreements. The Company also sells to distributors under terms allowing the majority of distributors certain rights of return and price protection on unsold merchandise held by them. The Company estimates the amount of variable consideration under OEM and distributor arrangements and, accordingly, records a provision for product returns, allowances for price protection and rebates based on actual historical experience and any known events.

The Company offers incentive programs to certain customers, including cooperative advertising, marketing promotions, volume-based incentives, and special pricing arrangements. Where funds provided for such programs can be estimated, the Company recognizes a reduction to revenue at the time the related revenue is recognized; otherwise, the Company recognizes such reduction to revenue at the later of when: i) the related revenue transaction occurs; or ii) the program is offered. 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 recognized as a reduction to revenue unless they qualify for expense recognition.

Constraints of variable consideration have not been material.



**Custom products:** Custom products which are associated with the Company's Enterprise, Embedded, and Semi-Custom segment (semi-custom products), sold under non-cancellable purchase orders, for which the Company has an enforceable right to payment, and which have no alternative use to the Company at contract inception, are recognized as revenue, over the time of production of the products by the Company. The Company utilizes an input method (cost incurred plus estimated margin) to determine the amount of revenue to recognize for in-process, but incomplete, customer orders at a reporting date. The Company believes that a cost-based input method is the most appropriate manner to measure how the Company satisfies its performance obligations to customers because the effort and costs incurred best depict the Company's performance in transferring control of goods or services promised to its customers (that is, the satisfaction of the Company's performance obligation).

Sales of semi-custom products are not subject to a right of return. Custom products arrangements involve a single performance obligation. There are no variable consideration estimates associated with custom products.

**Development and intellectual property licensing agreements:** From time to time, the Company may enter into arrangements with customers that combine the provision of development services and a license to the right to use the IP. These arrangements are deemed to be single or multiple performance obligations based upon the nature of the arrangements. Revenue is recognized upon the transfer of control, over time or at a point in time, depending on the nature of the arrangements. The Company evaluates whether the licensing component is distinct. A licensing component is distinct if it is both (i) capable of being distinct and (ii) distinct in the context of the arrangement. If the license is not distinct it is combined with the development services as a single performance obligation and recognized over time. If the license is distinct, revenue is recognized at a point in time when the customer has the ability to benefit from the license.

From time to time, the Company may enter into arrangements with customers that solely involve the sale or licensing of its patents or IP. Generally, there are no performance obligations beyond transferring the designated license to the Company's patents or IP. Accordingly, revenue is recognized at a point in time when the customer has the ability to benefit from the license.

There are no variable consideration estimates associated with either combined development and intellectual property arrangements or for standalone arrangements involving either the sale or licensing of IP.

Total revenue recognized over time associated with custom products and development services accounted for approximately 25% and 15% for the three and nine months ended September 26, 2020, respectively, and 17% and 24% for the three and nine months ended September 28, 2019, respectively, of the Company's revenue.

Customers are generally required to pay for products and services within the Company's standard contractual terms, which are typically net 30 to 60 days. The Company has determined that it does not have significant financing components in its contracts with customers.

#### **Recently Adopted Accounting Standards**

**Financial Instruments.** In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. This standard changes the methodology for measuring credit losses on financial instruments and the timing of when such losses are recorded. The Company adopted this standard in the first quarter of 2020 using the modified retrospective adoption method. This standard did not have an impact on the condensed consolidated financial statements upon adoption.

#### **Recently Issued Accounting Standards**

**Debt.** In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Contracts in Entity's Own Equity (Subtopic 815-40), Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This standard simplifies the accounting for convertible instruments and its application of the derivatives scope exception for contracts in its own equity by eliminating some of the models that require separating embedded conversion features from convertible instruments. The guidance also addresses how convertible instruments are accounted for in the diluted earnings per share calculation and enhances disclosures about the terms of convertible instruments and contracts in an entity's own equity. The standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted, and can be adopted through either a modified retrospective method with a cumulative effect adjustment to opening retained earnings or a full retrospective method. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

Although there were several other new accounting pronouncements issued by the FASB during the three and nine months ended September 26, 2020, the Company does not believe any of these accounting pronouncements had or will have a material impact on its condensed consolidated financial statements.

## NOTE 2. Supplemental Balance Sheet Information

### Short-term Investments

Short-term investments consist of time deposits and commercial paper. As of September 26, 2020, the Company had \$400 million of time deposits and \$75 million of commercial paper. As of December 28, 2019, the Company had \$37 million of commercial paper.

### Accounts Receivable, net

As of September 26, 2020 and December 28, 2019, Accounts receivable, net included unbilled accounts receivable of \$115 million and \$197 million, respectively. Unbilled receivables primarily represent work completed on development services recognized as revenue but not yet invoiced to customers and semi-custom products under non-cancellable purchase orders that have no alternative use to the Company at contract inception, for which revenue has been recognized but not yet invoiced to customers. All unbilled accounts receivable are expected to be billed and collected within twelve months.

### Inventories

	September 26, 2020	December 28, 2019
	(In millions)	
Raw materials	\$ 98	\$ 94
Work in process	990	691
Finished goods	204	197
Total inventories	<u>\$ 1,292</u>	<u>\$ 982</u>

### Property and Equipment, net

	September 26, 2020	December 28, 2019
	(In millions)	
Leasehold improvements	\$ 203	\$ 203
Equipment	1,190	951
Construction in progress	92	114
Property and equipment, gross	1,485	1,268
Accumulated depreciation	(890)	(768)
Total property and equipment, net	<u>\$ 595</u>	<u>\$ 500</u>

### Other Non-Current Assets

	September 26, 2020	December 28, 2019
	(In millions)	
Software technology and licenses, net	\$ 194	\$ 210
Other	170	169
Total other non-current assets	<u>\$ 364</u>	<u>\$ 379</u>

### Accrued Liabilities

	September 26, 2020	December 28, 2019
	(In millions)	
Accrued compensation and benefits	\$ 379	\$ 285
Accrued marketing programs and advertising expenses	709	454
Other	390	345
Total accrued liabilities	<u>\$ 1,478</u>	<u>\$ 1,084</u>

### Remaining Performance Obligations

Revenue allocated to remaining performance obligations that are unsatisfied (or partially unsatisfied) as of September 26, 2020 is \$375 million, which may include amounts received from customers but not yet earned and amounts that will be invoiced and recognized as revenue in future periods associated with any combination of development services, IP licensing and product revenue. The Company expects to recognize \$178 million of such amounts as revenue in the next 12 months.

The revenue allocated to remaining performance obligations does not include amounts which have an original expected contractual duration of one year or less.

### NOTE 3. Related Parties — Equity Joint Ventures

#### ATMP Joint Ventures

The Company holds a 15% equity interest in two joint ventures (collectively, the ATMP JV) with affiliates of Tongfu Microelectronics Co., Ltd, a Chinese joint stock company. The Company has no obligation to fund the ATMP JV. The Company accounts for its equity interests in the ATMP JV under the equity method of accounting due to its significant influence over the ATMP JV. As of September 26, 2020 and December 28, 2019, the carrying value of the Company's investment in the ATMP JV was \$60 million and \$58 million, respectively.

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

The Company's purchases from the ATMP JV during the three and nine months ended September 26, 2020 amounted to \$204 million and \$559 million, respectively. The Company's purchases from the ATMP JV during the three and nine months ended September 28, 2019 amounted to \$175 million and \$479 million, respectively. As of September 26, 2020 and December 28, 2019, the amounts payable to the ATMP JV were \$115 million and \$213 million, respectively, and are included in Payables to related parties on the Company's condensed consolidated balance sheets. The Company's resales to the ATMP JV during the three and nine months ended September 26, 2020 amounted to \$3 million and \$18 million, respectively. The Company's resales to the ATMP JV during the three and nine months ended September 28, 2019 amounted to \$4 million and \$47 million, respectively. As of September 26, 2020 and December 28, 2019, the Company's receivables from the ATMP JV were \$4 million and \$7 million, respectively, and were included in Receivables from related parties on the Company's condensed consolidated balance sheets.

### **THATIC Joint Ventures**

The Company holds equity interests in two joint ventures (collectively, the THATIC JV) with Higon Information Technology Co., Ltd. (THATIC), a third-party Chinese entity. The Company holds a majority interest in one of the joint ventures and a minority interest in the other. The Company is not a primary beneficiary of the THATIC JV and, as such, the Company does not consolidate either of these entities and accounts for its equity interests in the THATIC JV under the equity method of accounting. The Company's share in the net losses of the THATIC JV is not recorded in the Company's condensed consolidated statements of operations since the Company is not obligated to fund the THATIC JV's losses in excess of the Company's investment in the THATIC JV, which was zero as of both September 26, 2020 and December 28, 2019.

In February 2016, the Company licensed certain of its intellectual property (Licensed IP) to the THATIC JV for a total of \$293 million in license fees payable over several years upon achievement of certain milestones. The Company also expects to receive a royalty based on the sales of the THATIC JV's products to be developed on the basis of such Licensed IP. The Company classifies Licensed IP income and royalty income, associated with the February 2016 agreement, as licensing gain within operating income.

The Company recognized \$60 million as licensing gain associated with the Licensed IP during the nine months ended September 28, 2019. As of September 26, 2020, the Company had no receivables from the THATIC JV. The Company's receivables from the THATIC JV was \$13 million as of December 28, 2019, and was included in Receivables from related parties on the Company's condensed consolidated balance sheets.

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

### **NOTE 4. Debt and Revolving Facility**

#### **Debt**

The Company's total debt as of September 26, 2020 and December 28, 2019 consisted of the following:

	September 26, 2020	December 28, 2019
	(In millions)	
2.125% Convertible Senior Notes Due 2026 (2.125% Notes)	\$ 86	\$ 251
7.50% Senior Notes Due 2022 (7.50% Notes)	312	312
<b>Total debt (principal amount)</b>	<b>398</b>	<b>563</b>
Unamortized debt discount for 2.125% Notes	(23)	(73)
Unamortized debt issuance costs for 2.125% Notes	(1)	(3)
Unamortized debt issuance costs for 7.50% Notes	(1)	(1)
<b>Total long-term debt (net)</b>	<b>\$ 373</b>	<b>\$ 486</b>

#### **2.125% Convertible Senior Notes Due 2026**

In September 2016, the Company issued \$805 million in aggregate principal amount of 2.125% Convertible Senior Notes which mature on September 1, 2026. The 2.125% Notes are general unsecured senior obligations of the Company.

Holders of the 2.125% Notes may convert them at their option during certain time periods and upon the occurrence of certain events, including, during any calendar quarter, if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day (equivalent to an initial conversion price of approximately \$8.00 per share of common stock). The above event was met during the third calendar quarter of 2020 and as a result, the 2.125% Notes are convertible at the option of the holder from October 1, 2020 until December 31, 2020.

During the three and nine months ended September 26, 2020, holders of the 2.125% Notes converted \$165 million principal amount of these notes, for which the Company issued approximately 20 million shares of the

Company's common stock at the conversion price of \$8.00 per share. The Company recorded a loss of \$38 million from these conversions in Other expense, net on its condensed consolidated statements of operations. As of September 26, 2020, the outstanding aggregate principal amount of the 2.125% Notes was \$86 million.

The Company's current intent is to deliver shares of its common stock upon conversion of the 2.125% Notes. The Company continued to classify the carrying value of the liability component of the 2.125% Notes as long-term debt and the equity component of the 2.125% Notes as permanent equity on its condensed consolidated balance sheet as of September 26, 2020. The effective interest rate of the liability component of the 2.125% Notes is 8%. This interest rate was based on the interest rates of similar liabilities at the time of issuance that did not have associated conversion features. The carrying amount of the equity component of the 2.125% Notes was \$33 million and \$95 million as of September 26, 2020 and December 28, 2019, respectively.

#### **7.50% Senior Notes Due 2022**

On August 15, 2012, the Company issued \$500 million of its 7.50% Senior Notes due 2022. As of September 26, 2020, the outstanding aggregate principal amount of the 7.50% Notes was \$312 million.

#### **Revolving Credit Facility**

On June 7, 2019, the Company entered into a secured revolving credit facility for up to \$500 million (the Revolving Facility) pursuant to a credit agreement by and among the Company, as borrower, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (the Credit Agreement). The Revolving Facility consists of a \$500 million, five-year secured revolving loan facility, including a \$50 million swingline subfacility and a \$75 million sublimit for letters of credit.

Prior to the current quarter, obligations under the Credit Agreement were secured by a lien on substantially all the Company's property, other than intellectual property. During the three months ended September 26, 2020, as a result of upgrades of the Company's debt ratings, the security requirements under the Credit Agreement were terminated and the liens on the Company's collateral were released.

The Credit Agreement also provides the ability to increase the Revolving Facility or incur incremental term loans or other incremental equivalent debt by an amount not to exceed certain amounts as set forth in the Credit Agreement. The Company's available borrowings under the Revolving Facility are also subject to reduction by an amount equal to the net cash proceeds of (i) any debt issuances not permitted by the Revolving Facility and (ii) any non-ordinary course asset sales, in excess of \$250 million, if such net cash proceeds are not reinvested by the Company within twelve months of receipt.

On April 6, 2020, the Company borrowed \$200 million under the Credit Agreement via the LIBOR rate loan option at an annual interest rate of 2.37%. The Company repaid the \$200 million borrowing plus interest on July 6, 2020. As of September 26, 2020, the Company had \$13 million of letters of credit outstanding under the Credit Agreement and the Company was in compliance with all required covenants under the Credit Agreement.

### **NOTE 5. Financial Instruments**

#### **Fair Value Measurements**

##### **Financial Instruments Recorded at Fair Value on a Recurring Basis**

As of September 26, 2020 and December 28, 2019, the Company had \$75 million and \$37 million of commercial paper, respectively, included in Short-term investments on the Company's condensed consolidated balance sheets. The commercial paper is classified within Level 2 as its fair value estimates was based on quoted prices for comparable instruments.

In addition, as of September 26, 2020 and December 28, 2019, the Company also had \$42 million and \$30 million, respectively, of investments in mutual funds held in a Rabbi trust established for the Company's deferred compensation plan, which were included in Other non-current assets on the Company's condensed consolidated balance sheets. These money market funds and mutual funds are classified within Level 1 as their fair value estimates are based on quoted prices for identical instruments in active markets. The Company is restricted from accessing these investments.

## Financial Instruments Not Recorded at Fair Value

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

	September 26, 2020		December 28, 2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In millions)			
Long-term debt, net	\$ 373	\$ 1,190	\$ 486	\$ 1,823

The estimated fair value of the Company's long-term debt is based on Level 2 inputs as the fair value is based on quoted prices for the Company's debt and comparable instruments in inactive markets. The Company's 2.125% Notes, included in Long-term debt, net above, were convertible at the option of the holders as of September 26, 2020. The estimated fair value of the 2.125% Notes considers the relationship between the Company's stock price of \$78.055 as of September 25, 2020, the last trading day of the three months ended September 26, 2020 and the equivalent initial conversion price of approximately \$8.00 per share of common stock.

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

## Hedging Transactions and Derivative Financial Instruments

### Cash Flow Hedges Designated as Accounting Hedges and Foreign Currency Forward Contracts Not Designated as Accounting Hedges

The Company enters into foreign currency forward contracts to hedge its exposure to foreign currency exchange rate risk related to future forecasted transactions denominated in currencies other than the U.S. Dollar. These contracts generally mature within 12 months. These cash flow hedges are designated as accounting hedges and the gains or losses on these contracts are initially deferred in other comprehensive income (loss) and reclassified to earnings in the period during which the hedged transaction affects earnings.

The Company also enters into foreign currency forward contracts to reduce the short-term effects of foreign currency fluctuations on certain receivables or payables denominated in currencies other than the U.S. Dollar. These forward contracts generally mature within 3 months. These contracts are not designated as accounting hedges and the gains or losses on these contracts are recognized in other income (expense), net in the condensed consolidated statements of operations based on the changes in fair value.

As of September 26, 2020 and December 28, 2019, the notional values of the Company's outstanding foreign currency forward contracts were \$659 million and \$739 million, respectively. The fair value of these contracts was not material as of September 26, 2020 and December 28, 2019.

### NOTE 6. Accumulated Other Comprehensive Income (Loss)

The table below summarizes the changes in accumulated other comprehensive income (loss) for the three and nine months ended September 26, 2020 and September 28, 2019:

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
Gains (losses) on cash flow hedges:	(In millions)			
Beginning balance	\$ (4)	\$ —	\$ —	\$ (8)
Net unrealized gains (losses) arising during the period	11	(9)	(1)	(5)
Net losses (gains) reclassified into income during the period	(2)	2	6	6
Total other comprehensive income (loss)	9	(7)	5	1
Ending balance	\$ 5	\$ (7)	\$ 5	\$ (7)

## NOTE 7. Earnings Per Share

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(In millions, except per share amounts)				
<b>Numerator</b>				
Net income for basic earnings per share	\$ 390	\$ 120	\$ 709	\$ 171
Effect of potentially dilutive shares:				
Interest expense related to the 2.125% Notes	1	—	4	—
Net income for diluted earnings per share	\$ 391	\$ 120	\$ 713	\$ 171
<b>Denominator</b>				
Basic weighted average shares	1,184	1,097	1,176	1,075
Effect of potentially dilutive shares:				
Employee equity plans and warrants	20	20	21	32
2.125% Notes	11	—	11	—
Diluted weighted average shares	1,215	1,117	1,208	1,107
<b>Earnings per share:</b>				
Basic	\$ 0.33	\$ 0.11	\$ 0.60	\$ 0.16
Diluted	\$ 0.32	\$ 0.11	\$ 0.59	\$ 0.15

Potential shares from employee equity plans, and the impact from the conversion of the 2.125% Notes up to the conversion date, totaling 17 million and 20 million shares for the three and nine months ended September 26, 2020, respectively, were not included in the earnings per share calculation because their inclusion would have been anti-dilutive.

Potential shares from employee equity plans, the impact from the conversion of the 2.125% Notes up to the conversion date and the assumed conversion of the remaining outstanding 2.125% Notes, totaling 101 million and 102 million shares for the three and nine months ended September 28, 2019, respectively, were not included in the earnings per share calculation because their inclusion would have been anti-dilutive.

## NOTE 8. Common Stock and Employee Equity Plans

Shares of common stock outstanding were as follows:

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
(In millions)				
Balance, beginning of period	1,174	1,086	1,170	1,005
Common stock issued under employee equity plans	9	12	13	17
Common stock repurchases for tax withholding on equity awards	(1)	—	(1)	—
Issuance of common stock upon warrant exercise	—	—	—	75
Issuance of common stock to settle convertible debt	20	16	20	16
Issuance of treasury stock to partially settle debt	—	—	—	1
Balance, end of period	1,202	1,114	1,202	1,114

Stock-based compensation expense was as follows:

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions)			
Cost of sales	\$ 1	\$ 2	\$ 5	\$ 5
Research and development	48	37	122	92
Marketing, general and administrative	27	15	68	43
Total	\$ 76	\$ 54	\$ 195	\$ 140

#### NOTE 9. Income Taxes

For the three months ended September 26, 2020, the Company recorded an income tax provision of \$12 million associated primarily with foreign income taxes. For the three months ended September 28, 2019, the Company recorded an income tax provision of \$7 million, consisting primarily of \$4 million of withholding taxes and \$3 million of foreign income taxes in profitable locations.

For the nine months ended September 26, 2020, the Company recorded an income tax provision of \$22 million associated primarily with foreign income taxes and withholding taxes. For the nine months ended September 28, 2019, the Company recorded an income tax benefit of \$4 million, consisting primarily of a \$13 million credit to U.S. income taxes due to the completion of certain internal tax structuring partially offset by \$5 million of withholding taxes and \$4 million of foreign income taxes in profitable locations.

As of September 26, 2020, substantially all the Company's U.S. and foreign deferred tax assets, net of deferred tax liabilities, were subject to valuation allowances. After considering all available evidence, the Company determined that the valuation allowances should be maintained.

The Company's total gross unrecognized tax benefits were \$84 million as of September 26, 2020. The Company has foreign and U.S. state tax audits in process at any one point in time. It is reasonably possible the Company may have tax audits close in the next 12 months that could materially change the balance of the uncertain tax benefits; however, the timing of tax audit closures and settlements are uncertain.

#### NOTE 10. Segment Reporting

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

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

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



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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions)			
<b>Net revenue:</b>				
Computing and Graphics	\$ 1,667	\$ 1,276	\$ 4,472	\$ 3,047
Enterprise, Embedded and Semi-Custom	1,134	525	2,047	1,557
<b>Total net revenue</b>	<b>\$ 2,801</b>	<b>\$ 1,801</b>	<b>\$ 6,519</b>	<b>\$ 4,604</b>
<b>Operating income (loss):</b>				
Computing and Graphics	\$ 384	\$ 179	\$ 846	\$ 217
Enterprise, Embedded and Semi-Custom	141	61	148	218
All Other <sup>(1)</sup>	(76)	(54)	(195)	(152)
<b>Total operating income</b>	<b>\$ 449</b>	<b>\$ 186</b>	<b>\$ 799</b>	<b>\$ 283</b>

(1) For both the three months ended September 26, 2020 and September 28, 2019, all Other operating losses were related to stock-based compensation expense.

For the nine months ended September 26, 2020, All Other operating loss was related to stock-based compensation expense. All Other operating loss of \$152 million for the nine months ended September 28, 2019 consisted of \$140 million stock-based compensation expense and a \$12 million contingent loss accrual on a legal matter.

## NOTE 11. Contingencies

### *Shareholder Derivative Lawsuits (Wessels, Hamilton and Ha)*

On March 20, 2014, a purported shareholder derivative lawsuit captioned *Wessels v. Read, et al.*, Case No. 1:14 cv-262486 (Wessels) was filed against the Company (as a nominal defendant only) and certain of its directors and officers in the Santa Clara County Superior Court of the State of California. The complaint purports to assert claims against the Company and certain individual directors and officers for breach of fiduciary duty, waste of corporate assets and unjust enrichment. The complaint seeks damages allegedly caused by alleged materially misleading statements and/or material omissions by the Company and the individual directors and officers regarding its 32nm technology and “Llano” product, which statements and omissions, the plaintiffs claim, allegedly operated to artificially inflate the price paid for the Company’s common stock during the period. On April 27, 2015, a similar purported shareholder derivative lawsuit captioned *Christopher Hamilton and David Hamilton v. Barnes, et al.*, Case No. 5:15-cv-01890 (Hamilton) was filed against the Company (as a nominal defendant only) and certain of its directors and officers in the United States District Court for the Northern District of California.

On September 29, 2015, a similar purported shareholder derivative lawsuit captioned *Jake Ha v Caldwell, et al.*, Case No. 3:15-cv-04485 (Ha) was filed against the Company (as a nominal defendant only) and certain of its directors and officers in the United States District Court for the Northern District of California. The lawsuit also seeks a court order voiding the stockholder vote on the Company’s 2015 proxy. The case was transferred to the judge handling the Hamilton Lawsuit and is now Case No. 4:15-cv-04485. The Wessels, Hamilton and Ha shareholder derivative lawsuits were stayed pending resolution of a class action lawsuit captioned *Hatamian v. AMD, et al.*, C.A. No. 3:14-cv-00226 filed against the Company in the United States District Court for the Northern District of California (the Hatamian Lawsuit). The Hatamian Lawsuit asserted claims against the Company and certain of its officers for alleged violations of Section 10(b) of the Exchange Act of 1934, as amended (the Exchange Act), and SEC Rule 10b-5 concerning certain statements regarding its 32nm technology and “Llano” products. On October 9, 2017, the parties signed a definitive settlement agreement resolving the Hatamian Lawsuit and submitted it to the Court for approval. Under the terms of this agreement, the settlement was funded entirely by certain of the Company’s insurance carriers and the defendants continued to deny any liability or wrongdoing. On March 2, 2018, the court approved the settlement and entered a final judgment in the Hatamian Lawsuit.

On January 30, 2018, the Wessels and Hamilton plaintiffs amended their complaints. On February 2, 2018, the Ha plaintiff also filed an amended complaint. On February 22, 2018, the Company filed motions to dismiss the Hamilton and Ha plaintiffs’ amended complaints. On April 2, 2018, the Company filed a demurrer seeking to dismiss

the Wessels amended complaint. On July 23, 2018, the Santa Clara Superior Court sustained the Company's demurrer in the Wessels case, dismissing all claims in that matter with prejudice. The Wessels plaintiff filed a Notice of Appeal on September 27, 2018. On October 4, 2018, the Federal Court issued an order dismissing the Hamilton and Ha amended complaints. The Hamilton plaintiffs filed a Notice of Appeal on October 8, 2018, and the Ha plaintiffs filed a Notice of Appeal on October 15, 2018. On November 19, 2018, the Hamilton and Ha plaintiffs filed a motion seeking summary reversal of the order dismissing their claims. The Company opposed this motion on December 13, 2018, and the Court denied it on February 25, 2019. On March 16, 2020, the Ninth Circuit reversed and remanded the district court's dismissal of the Hamilton complaint and affirmed the district court's dismissal of the Ha complaint. On August 27, 2020, the California Court of Appeal affirmed the district court's dismissal of the Wessels complaint.

#### ***Hauck et al. Litigation***

Since January 19, 2018, three putative class action complaints have been filed against the Company in the United States District Court for the Northern District of California: (1) Diana Hauck et al. v. AMD, Inc., Case No. 5:18-cv-0047, filed on January 19, 2018; (2) Brian Speck et al. v. AMD, Inc., Case No. 5:18-cv-0744, filed on February 4, 2018; and (3) Nathan Barnes and Jonathan Caskey-Medina, et al. v. AMD, Inc., Case No. 5:18-cv-00883, filed on February 9, 2018. On April 9, 2018, the court consolidated these cases and ordered that Diana Hauck et al. v. AMD, Inc. serve as the lead case. On June 13, 2018, six plaintiffs (from California, Louisiana, Florida and Massachusetts) filed a consolidated amended complaint alleging that the Company failed to disclose its processors' alleged vulnerability to Spectre. Plaintiffs further allege that the Company's processors cannot perform at their advertised processing speeds without exposing consumers to Spectre, and that any "patches" to remedy this security vulnerability will result in degradation of processor performance. The plaintiffs seek damages under several causes of action on behalf of a nationwide class and four state subclasses (California, Florida, Massachusetts and Louisiana) of consumers who purchased the Company's processors and/or devices containing AMD processors. The plaintiffs also seek attorneys' fees, equitable relief and restitution. Pursuant to the court's order directing the parties to litigate only eight of the causes of action in the consolidated amended complaint initially, the Company filed a motion to dismiss on July 13, 2018. On October 29, 2018, after the plaintiffs voluntarily dismissed one of their claims, the court granted the Company's motion and dismissed six causes of action with leave to amend. The plaintiffs filed their amended consolidated complaint on December 6, 2018. On January 3, 2019, the Company again moved to dismiss the subset of claims currently at issue. On April 4, 2019, the court granted the Company's motion and dismissed all claims currently at issue with prejudice. On May 6, 2019, the court granted the parties' stipulation and request under Fed. R. Civ. P. 54(b) to enter a partial final judgment and certify for appeal the court's April 4, 2019 dismissal order, and on that same date, the plaintiffs voluntarily dismissed without prejudice their remaining claims pursuant to an agreement whereby, subject to certain terms and conditions, the Company agreed to toll the statute of limitations and/or statute of repose. On May 30, 2019, the plaintiffs filed a Notice of Appeal with the U.S. Court of Appeals for the Ninth Circuit. On May 15, 2020, the Ninth Circuit affirmed the district court's ruling dismissing the subset of claims currently at issue against the Company. On August 14, 2020, the district court dismissed the remaining claims with prejudice.

#### ***Monterey Research Litigation***

On November 15, 2019, Monterey Research, LLC filed a patent infringement complaint against the Company in the United States District Court for the District of Delaware. Monterey Research alleges that the Company infringes six U.S. patents: 6,534,805 (related to SRAM cell design); 6,629,226 (related to read interface protocols); 6,651,134 (related to memory devices); 6,765,407 (related to programmable digital circuits); 6,961,807 (related to integrated circuits and associated memory systems); and 8,373,455 (related to output buffer circuits). Monterey Research seeks unspecified monetary damages, enhanced damages, interest, fees, expenses, costs, and injunctive relief against the Company. On January 22, 2020, the Company filed a motion to dismiss part of Monterey Research's complaint. On February 5, 2020, Monterey Research filed an amended complaint. On February 19, 2020, the Company filed a renewed motion to dismiss part of Monterey Research's complaint. On October 13, 2020, the district court granted in part, and denied in part, the Company's motion to dismiss.

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

### ***City of Pontiac Police and Fire Retirement System Litigation***

On September 29, 2020, the City of Pontiac Police and Fire Retirement System, an AMD shareholder, filed a shareholder derivative complaint (the "Complaint") against AMD and the members of its Board of Directors (collectively, "Defendants") in the United States District Court for the Northern District of California. See *City of Pontiac Police and Fire Retirement System v. Caldwell, et al.*, No. 5:20-cv-6794 (N.D. Cal.). The Complaint alleges that Defendants breached their fiduciary duties, violated Section 14(a) of the Exchange Act of 1934, and were unjustly enriched by misrepresenting the Company's commitment to diversity, particularly with respect to the composition of the membership of AMD's Board of Directors and senior leadership team. Defendants anticipate filing a motion to dismiss the Complaint.

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

### ***Other Legal Matters***

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

### **NOTE 12. Subsequent Event**

On October 26, 2020, the Company entered into an Agreement and Plan of Merger (the Merger Agreement), by and among the Company, Thrones Merger Sub, Inc. (Merger Sub), a Delaware corporation and wholly owned subsidiary of the Company and Xilinx, Inc., a Delaware corporation (Xilinx), pursuant to which, subject to the terms and conditions set forth therein, Merger Sub will merge with and into Xilinx (the Merger), with Xilinx surviving such Merger as a wholly owned subsidiary of the Company. Under the Merger Agreement, at the effective time of the Merger (the Effective Time), each share of common stock, par value \$0.01 per share, of Xilinx (Xilinx Common Stock) issued and outstanding immediately prior to the Effective Time (other than treasury shares and any shares of Xilinx Common Stock held directly by the Company or Merger Sub) will be converted into the right to receive 1.7234 of a fully paid and non-assessable share of common stock, par value \$0.01 per share, of the Company and, if applicable, cash in lieu of fractional shares, subject to any applicable withholding, which as of the signing of the Merger Agreement, the transaction was valued at \$35 billion. The closing of the Merger is subject to customary conditions, including regulatory approval and approval by the stockholders of both the Company and Xilinx. The transaction is currently expected to close by the end of calendar year 2021.

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

*The statements in this report include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These 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 speak only as of the date hereof or as of the dates indicated in the statements and should not be relied upon as predictions of future events, as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," "anticipates," "designed," or the negative of these words and phrases, other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: the proposed merger between AMD and Xilinx, Inc. and the expected closing by the end of 2021; demand for AMD's products; the growth, change and competitive landscape of the markets in which AMD participates; expected seasonality trends; that unbilled accounts receivables are expected to be billed and collected within twelve months; the expected amounts to be received by AMD under the IP licensing agreement and AMD's expected royalty payments from future product sales of China JVs' products to be developed on the basis of such licensed IP; the level of international sales as compared to total sales; that AMD's cash, cash equivalents and short-term investments balances together with the availability under that certain revolving credit facility (Revolving Facility) made available to AMD and certain of its subsidiaries under the Credit Agreement, will be sufficient to fund AMD's operations including capital expenditures over the next 12 months; AMD's ability to obtain sufficient external financing or external financing on favorable terms; AMD's expectation that based on the information presently known to management, the potential liability related to AMD's current litigation will not have a material adverse effect on its financial condition, cash flows or results of operations; that the COVID-19 pandemic will continue to impact our business; ongoing and increase in costs related to IT network security; and a small number of customers will continue to account for a substantial part of AMD's revenue in the future. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from current expectations. For a discussion of the factors that could cause actual results to differ materially from the forward-looking statements, see "Part II, Item 1A—Risk Factors and 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. Many of these risks and uncertainties may be exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. We assume no obligation to update forward-looking statements, except as may be required by law.*

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

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this report and our audited consolidated financial statements and related notes as of December 28, 2019 and December 30, 2018, and for each of the three years for the period ended December 28, 2019 as filed in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019.

### Overview

We are a global semiconductor company primarily offering:

- x86 microprocessors, as standalone devices or as incorporated into an accelerated processing unit (APU), chipsets, discrete and integrated graphics processing units (GPUs), data center and professional GPUs, and development services; and
- server and embedded processors, semi-custom System-on-Chip (SoC) products, development services and technology for game consoles.

From time to time, we may also sell or license portions of our intellectual property (IP) portfolio.

In this section, we will describe the general financial condition and the results of operations of Advanced Micro Devices, Inc. and its wholly-owned subsidiaries (collectively, "us," "our" or "AMD"), including a discussion of our results of operations for the three and nine months ended September 26, 2020 compared to the prior year period, an analysis of changes in our financial condition and a discussion of our contractual obligations.

Net revenue for the three months ended September 26, 2020 was \$2.8 billion, a 56% increase compared to the prior year period. The increase was due to a 31% increase in Computing and Graphics net revenue and a 116% increase in Enterprise, Embedded and Semi-Custom net revenue. The increase in Computing and Graphics segment net revenue was primarily due to higher sales of our Ryzen™ processors. The increase in Enterprise, Embedded and Semi-Custom net revenue was primarily due to higher semi-custom revenue and EPYC™ server processor revenue.

Our operating income for the three months ended September 26, 2020 was \$449 million compared to operating income of \$186 million for the prior year period. Our net income for the three months ended September 26, 2020 was \$390 million compared to net income of \$120 million for the prior year period. The increase in operating income and net income was primarily driven by strong revenue growth which more than offset higher operating expenses.

Cash, cash equivalents and short-term investments as of September 26, 2020 were \$1.8 billion, compared to \$1.5 billion as of December 28, 2019. The aggregate principal amount of our outstanding debt obligations was \$398 million and \$563 million as of September 26, 2020 and December 28, 2019, respectively.

During the third quarter of 2020, we expanded our desktop and mobile processor families. In July 2020, we introduced the AMD Ryzen Threadripper™ PRO Processor line-up designed for professional workstations from OEMs to system integrators and AMD Ryzen 4000 Series desktop processors with Radeon™ graphics for consumers, gamers, streamers and creators. We also introduced AMD Athlon™ 3000 Series desktop processors using the same Zen core architecture and built-in Radeon graphics as the AMD Ryzen desktop processor family. In August 2020, we announced the availability of the new AMD Radeon Pro 5000 series GPUs for the updated 27-inch iMac bringing a wide variety of graphically intensive applications and workloads to consumer and professional users. Also, in September 2020, we announced the AMD Ryzen 3000 C-Series mobile processors and the AMD Athlon 3000 C-Series mobile processors for Chromebook platforms designed for multi-tasking and content creation in distance learning and remote working.

During the third quarter of 2020, we continued to monitor the ongoing novel coronavirus (COVID-19) situation and to take measures to protect the health and safety of our employees. While many of our offices remained open to enable critical on-site business functions in accordance with local government guidelines, most of our employees worked from home during the third quarter of 2020. We continue to take measures to support our employees so that they can be productive as they work from home. During the third quarter of 2020, the majority of our employees in China worked at the office and we maintained normal business operations subject to local government health measures. While COVID-19 has impacted our business operations and practices, and we expect that it may continue to impact our business, we experienced limited financial disruption during the third quarter of 2020 from COVID-19. We monitor demand signals as we adjust our supply chain requirements based on changing customer needs and demands. We also assess our product schedules and roadmaps to make any adjustments that may be necessary to support remote working requirements and address the geographic and market demand shifts caused by COVID-19.

On October 26, 2020, we entered into an Agreement and Plan of Merger (the Merger Agreement), by and among us, Thrones Merger Sub, Inc. (Merger Sub), a Delaware corporation and wholly owned subsidiary of ours, and Xilinx, Inc., a Delaware corporation (Xilinx), pursuant to which, subject to the terms and conditions set forth therein, Merger Sub will merge with and into Xilinx (the Merger), with Xilinx surviving such merger as a wholly owned subsidiary of ours. Under the Merger Agreement, at the effective time of the Merger (the Effective Time), each share of common stock, par value \$0.01 per share, of Xilinx (Xilinx Common Stock) issued and outstanding immediately prior to the Effective Time (other than treasury shares and any shares of Xilinx Common Stock held directly by us or Merger Sub) will be converted into the right to receive 1.7234 of a fully paid and non-assessable share of common stock, par value \$0.01 per share, of AMD and, if applicable, cash in lieu of fractional shares, subject to any applicable withholding, which as of the signing of the Merger Agreement, the transaction was valued at \$35 billion. The closing of the Merger is subject to customary conditions, including regulatory approval and approval by the stockholders of both AMD and Xilinx. The transaction is currently expected to close by the end of calendar year 2021.

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 and quarter to quarter, the primary factors that resulted in those changes, and how certain accounting principles, policies and estimates affect our financial statements.

### Results of Operations

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

Additional information on our reportable segments is contained in Note 10—Segment Reporting of the notes to condensed consolidated financial statements (Part I, Financial Information of this Form 10-Q).

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

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions)			
Net revenue:				
Computing and Graphics	\$ 1,667	\$ 1,276	\$ 4,472	\$ 3,047
Enterprise, Embedded and Semi-Custom	1,134	525	2,047	1,557
Total net revenue	<u>\$ 2,801</u>	<u>\$ 1,801</u>	<u>\$ 6,519</u>	<u>\$ 4,604</u>
Operating income (loss):				
Computing and Graphics	\$ 384	\$ 179	\$ 846	\$ 217
Enterprise, Embedded and Semi-Custom	141	61	148	218
All Other	(76)	(54)	(195)	(152)
Total operating income	<u>\$ 449</u>	<u>\$ 186</u>	<u>\$ 799</u>	<u>\$ 283</u>

### Computing and Graphics

Computing and Graphics net revenue of \$1.7 billion for the three months ended September 26, 2020 increased by 31%, compared to net revenue of \$1.3 billion for the prior year period, primarily as a result of a 44% increase in unit shipments, partially offset by a 7% decrease in average selling price. The increase in unit shipments was primarily due to higher demand for our Ryzen processors. The decrease in average selling price was primarily driven by lower average selling price for our Radeon channel products due to product cycle timing.

Computing and Graphics net revenue of \$4.5 billion for the nine months ended September 26, 2020 increased by 47%, compared to net revenue of \$3.0 billion for the prior year period, primarily as a result of a 39% increase in unit shipments and a 5% increase in average selling price. The increase in unit shipments was primarily due to higher demand for our Ryzen processors. The increase in average selling price was primarily driven by a richer mix of client processors from higher sales of our Ryzen processors which have a higher average selling price, partially offset by lower average selling price for our Radeon products due to product cycle timing.

Computing and Graphics operating income was \$384 million for the three months ended September 26, 2020, compared to operating income of \$179 million for the prior year period. Computing and Graphics operating income was \$846 million for the nine months ended September 26, 2020, compared to operating income of \$217 million for the prior year period. The increase in operating income for both periods was primarily driven by the margin contribution from higher sales which more than offset higher operating expenses. Operating expenses increased for the reasons outlined under "Expenses" below.

### Enterprise, Embedded and Semi-Custom

Enterprise, Embedded and Semi-Custom net revenue of \$1.1 billion for the three months ended September 26, 2020 increased by 116%, compared to net revenue of \$525 million for the prior year period, primarily driven by higher semi-custom revenue and sales of our EPYC server processors.

Enterprise, Embedded and Semi-Custom net revenue of \$2.0 billion for the nine months ended September 26, 2020 increased by 31%, compared to net revenue of \$1.6 billion for the prior year period, primarily driven by higher sales of our EPYC server processors, partially offset by lower semi-custom revenue.

Enterprise, Embedded and Semi-Custom operating income was \$141 million for the three months ended September 26, 2020 compared to operating income of \$61 million for the prior year period. The increase in operating income was primarily driven by the margin contribution from higher revenue which more than offset higher operating expenses. Operating expenses increased for the reasons outlined under "Expenses" below.

Enterprise, Embedded and Semi-Custom operating income was \$148 million for the nine months ended September 26, 2020 compared to operating income of \$218 million for the prior year period. The decrease in operating income was primarily due to the recognition of a \$60 million licensing gain in the prior year period and higher operating expenses which more than offset the margin contribution from the increase in revenue. Operating expenses increased for the reasons outlined under "Expenses" below.

#### **All Other**

All Other operating loss of \$76 million and \$54 million for the three months ended September 26, 2020 and prior year period, respectively, were related to stock-based compensation expense.

All Other operating loss consisted of \$195 million of stock-based compensation expense for the nine months ended September 26, 2020. All Other operating loss of \$152 million for the prior year period consisted of \$140 million stock-based compensation expense and \$12 million contingent loss accrual on a legal matter.

#### **International Sales**

International sales as a percentage of net revenue were 72% for both the three months ended September 26, 2020 and September 28, 2019. International sales as a percentage of net revenue were 77% for the nine months ended September 26, 2020 and 73% for the prior year period.

We expect that international sales will continue to be a significant portion of total sales in the foreseeable future. Substantially all of our sales transactions were denominated in U.S. dollars.

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

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

	Three Months Ended		Nine Months Ended	
	September 26, 2020	September 28, 2019	September 26, 2020	September 28, 2019
	(In millions except for percentages)			
Net Revenue	\$ 2,801	\$ 1,801	\$ 6,519	\$ 4,604
Cost of sales	1,571	1,024	3,623	2,685
Gross profit	1,230	777	2,896	1,919
Gross margin	44 %	43 %	44 %	42 %
Research and development	508	406	1,410	1,152
Marketing, general and administrative	273	185	687	544
Licensing gain	—	—	—	(60)
Interest expense	(11)	(24)	(38)	(76)
Other expense, net	(37)	(36)	(32)	(40)
Income tax provision (benefit)	12	7	22	(4)
Equity income in investee	1	1	2	—

## **Gross Margin**

Gross margin was 44% for the three months ended September 26, 2020, compared to 43% for the prior year period. Gross margin was 44% for the nine months ended September 26, 2020, compared to 42% for the prior year period. The increase in gross margin for both periods was primarily driven by sales of Ryzen and EPYC processors, which have a higher gross margin than the corporate average, partially offset by sales of semi-custom products which have a lower gross margin than the corporate average.

## **Expenses**

### **Research and Development Expenses**

Research and development expenses of \$508 million for the three months ended September 26, 2020 increased by \$102 million, or 25%, compared to \$406 million for the prior year period. Research and development expenses of \$1.4 billion for the nine months ended September 26, 2020 increased by \$0.2 billion, or 22%, compared to \$1.2 billion for the prior year period. The increase for both periods was primarily driven by an increase in product development costs in both the Computing and Graphics and Enterprise and Embedded and Semi-Custom segments, due to an increase in headcount and higher annual employee incentives driven by improved financial performance.

### **Marketing, General and Administrative Expenses**

Marketing, general and administrative expenses of \$273 million for the three months ended September 26, 2020 increased by \$88 million, or 48%, compared to \$185 million for the prior year period. Marketing, general and administrative expenses of \$687 million for the nine months ended September 26, 2020 increased by \$143 million, or 26%, compared to \$544 million for the prior year period. The increase for both periods was primarily due to an increase in go to market activities in both the Computing and Graphics and Enterprise and Embedded and Semi-Custom segments, and an increase in headcount and higher annual employee incentives driven by improved financial performance.

## **Licensing Gain**

During the nine months ended September 28, 2019, we recognized \$60 million as licensing gain associated with licensed IP to the THATIC JV. See Note 3—Related Parties—Equity Joint Ventures of the Notes to Condensed Consolidated Financial Statements (Part 1, Financial Information of this Form 10-Q) for additional information. We did not recognize a licensing gain in the three and nine months ended September 26, 2020.

## **Interest Expense**

Interest expense for the three months ended September 26, 2020 was \$11 million compared to \$24 million for the prior year period. Interest expense for the nine months ended September 26, 2020 was \$38 million compared to \$76 million for the prior year period. The decrease for both periods was due to lower debt balances.

## **Other Expense, Net**

Other expense, net was \$37 million for the three months ended September 26, 2020, compared to Other income, net of \$36 million for the prior year period.

Other expense, net was \$32 million for the nine months ended September 26, 2020, compared to Other expense, net of \$40 million for the prior year period.

Other expense, net for all periods primarily comprised of losses on redemptions, repurchases and conversions of our outstanding debt and convertible debt instruments.

## **Income Tax Provision (Benefit)**

For the three months ended September 26, 2020, we recorded an income tax provision of \$12 million associated primarily with foreign income taxes. For the prior year period, we recorded an income tax provision of \$7 million, consisting primarily of \$4 million of withholding taxes and \$3 million of foreign income taxes in profitable locations.



For the nine months ended September 26, 2020, we recorded an income tax provision of \$22 million associated primarily with foreign income taxes and withholding taxes. For the prior year period, we recorded an income tax benefit of \$4 million, consisting primarily of a \$13 million credit to U.S. income taxes due to the completion of certain internal tax structuring partially offset by \$5 million of withholding taxes and \$4 million of foreign income taxes in profitable locations.

We regularly evaluate the realizability of our net deferred tax assets. As of September 26, 2020, substantially all our U.S. and foreign deferred tax assets, net of deferred tax liabilities, were subject to valuation allowances. If our financial results continue to improve and we conclude that estimates of our future taxable income are objectively verifiable, our assessment of the realization of our net deferred tax assets could result in the release of a significant portion of the valuation allowances, with the exception of net operating losses subject to potential limitation, including limitations under Internal Revenue Code Section 382 or 383, separate return loss year rules, or dual consolidated loss rules. Such a release would result in a material non-cash income tax benefit in our condensed consolidated statement of operations in the period of release and the recording of additional deferred tax assets on our condensed consolidated balance sheet. There is a reasonable possibility that within the next several quarters, sufficient positive evidence becomes available to reach a conclusion that a significant portion of the valuation allowances against our U.S. net deferred tax assets would no longer be required.

## FINANCIAL CONDITION

### Liquidity and Capital Resources

As of September 26, 2020, our cash, cash equivalents and short-term investments were \$1.8 billion, compared to \$1.5 billion as of December 28, 2019. The percentage of cash, cash equivalents and short-term investments held domestically was 91% as of September 26, 2020 and 90% as of December 28, 2019.

Our operating, investing and financing activities for the nine months ended September 26, 2020 compared to the prior year period are as described below:

	Nine Months Ended	
	September 26, 2020	September 28, 2019
	(In millions)	
Net cash provided by (used in):		
Operating activities	\$ 517	\$ 51
Investing activities	\$ (658)	\$ (123)
Financing activities	\$ (29)	\$ 150

The aggregate principal amount of our outstanding debt obligations was \$398 million and \$563 million as of September 26, 2020 and December 28, 2019, respectively.

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

### Operating Activities

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

Net cash provided by operating activities was \$517 million in the nine months ended September 26, 2020, primarily due to our net income of \$709 million, adjusted for non-cash and non-operating charges of \$538 million and net cash outflows of \$730 million from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities included a \$287 million increase in accounts receivable driven primarily by higher revenue in the third quarter of 2020 compared to the fourth quarter of 2019, partially offset by higher collections due to better revenue linearity in the third quarter of 2020 compared to the fourth quarter of 2019, a \$310 million increase in inventories driven by an increase in product build, and a \$172 million increase in prepaid expenses and other assets due primarily to an increase in vendor credits.

Net cash provided by operating activities was \$51 million for the nine months ended September 28, 2019, primarily due to our net income of \$171 million, adjusted for non-cash and non-operating charges of \$419 million and net cash outflows of \$539 million from changes in our operating assets and liabilities. The primary drivers of the changes in operating assets and liabilities included a \$158 million increase in accounts receivable driven primarily by higher revenue in the third quarter of 2019 compared to the fourth quarter of 2018 partially offset by lower unbilled receivables, and a \$195 million increase in inventories primarily driven by an increase in wafer purchases during the third quarter of 2019 compared to the fourth quarter of 2018, a \$179 million decrease in accounts payable, accrued liabilities and other primarily driven by less inventory purchases in the latter half of the third quarter of 2019 compared to the fourth quarter of 2018.

#### ***Investing Activities***

Net cash used in investing activities was \$658 million for the nine months ended September 26, 2020, which primarily consisted of \$530 million for purchases of short-term investments and \$220 million for purchases of property and equipment, partially offset by \$92 million for maturities of short-term investments.

Net cash used in investing activities was \$123 million for the nine months ended September 28, 2019, which primarily consisted of \$284 million for purchases of available-for-sale debt securities and \$175 million for purchases of property and equipment, partially offset by \$309 million for maturities of available-for-sale debt securities.

#### ***Financing Activities***

Net cash used in financing activities was \$29 million for the nine months ended September 26, 2020, which primarily consisted of common stock repurchased for tax withholding on employee equity plans of \$73 million, partially offset by proceeds from the issuance of common stock under our employee equity plans of \$45 million. We borrowed \$200 million short-term debt and paid off the balance during the nine months ended September 26, 2020.

Net cash provided by financing activities was \$150 million for the nine months ended September 28, 2019, which primarily consisted of a cash inflow of \$449 million from the warrant exercised by West Coast Hitech L.P. and \$38 million from the issuance of common stock under our employee equity plans, partially offset by \$331 million cash outflows for the redemption of our 6.75% Senior Notes due 2019, repurchase of some of our 7.50% Senior Notes due 2020 and 7.00% Senior Notes due 2024, and repayment of our outstanding loan balance of \$70 million when we terminated our secured revolving line of credit under the Amended and Restated Loan and Security Agreement dated as of April 14, 2015.

#### **Contractual Obligations**

Other than the conversion of \$165 million principal amount of our 2.125% Notes, there were no other material changes outside the ordinary course of business in our contractual obligations from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019.

Refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019 for details of our contractual obligations.

#### **Off-Balance Sheet Arrangements**

As of September 26, 2020, we had no off-balance sheet arrangements.

## Critical Accounting Estimates

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

The following reflect updates to our disclosures of certain of our critical accounting estimates compared to the items that we disclosed as our critical accounting estimates in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Annual Report on Form 10-K for the fiscal year ended December 28, 2019.

*Revenue Allowances.* Revenue contracts with our customers include variable amounts which we evaluate under ASC 606-10-32-8 through 14 in order to determine the net amount of consideration to which we are entitled and which we recognize as revenue. We determine the net amount of consideration to which we are entitled by estimating the most likely amount of consideration we expect to receive from the customer after adjustments to the contract price for rights of return and rebates to our OEM customers and rights of return, rebates and price protection on unsold merchandise to our distributor customers.

We base our determination of necessary adjustments to the contract price by reference to actual historical activity and experience, including actual historical returns, rebates and credits issued to OEM and distributor customers adjusted, as applicable, to include adjustments, if any, for known events or current economic conditions, or both.

Our estimates of necessary adjustments for distributor price incentives and price protection on unsold products held by distributors are based on actual historical incentives provided to distributor customers and known future price movements based on our internal and external market data analysis.

Our estimates of necessary adjustments for OEM price incentives utilize, in addition to known pricing agreements, actual historical rebate attainment rates and estimates of future OEM rebate program attainment based on internal and external market data analysis.

We also provide limited product return rights to certain OEMs and to most distribution customers. These return rights are generally limited to a contractual percentage of the customer's prior quarter shipments, although, from time to time we may approve additional product returns beyond the contractual arrangements based on the applicable facts and circumstances. In order to estimate adjustments to revenue to account for these returns, including product restocking rights provided to distributor and OEM customers, we utilize relevant, trended actual historical product return rate information gathered, adjusted for actual known information or events, as applicable.

Overall our estimates of adjustments to contract price due to variable consideration under our contracts with OEM and distributor customers, based on our assumptions and include adjustments, if any, for known events, have been materially consistent with actual results; however, 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 revenue and operating results.

*Inventory Valuation.* We value inventory at standard cost, adjusted to approximate the lower of actual cost or estimated net realizable value using assumptions about future demand and market conditions. Material assumptions we use to estimate necessary inventory carrying value adjustments can be unique to each product and are based on specific facts and circumstances. In determining excess or obsolescence reserves for products, we consider assumptions such as changes in business and economic conditions, other-than-temporary decreases in demand for our products, and changes in technology or customer requirements. In determining the lower of cost or net realizable value reserves, we consider assumptions such as recent historical sales activity and selling prices, as well as estimates of future selling prices. If in any period we anticipate a change in assumptions such as 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, resulting in a negative impact to our gross margin in that

period. If in any period we are able to sell inventories that had been written down to a level below the ultimate realized selling price in a previous period, related revenue would be recorded with a lower or no offsetting charge to cost of sales resulting in a net benefit to our gross margin in that period.

The impact from applying the above assumptions in calculating inventory carrying value adjustments was immaterial for each of the periods presented on the condensed consolidated statements of operations.

*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. Unless recovery is considered more-likely-than-not (a probability level of more than 50%), we will record a 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 or maintain the valuation allowance recorded in prior periods. When considering all available evidence, if we determine we can more-likely-than-not realize our deferred tax assets, we will reverse some or a significant portion of the existing valuation allowance, which would result in a credit to income tax expense and the establishment of an asset in the period of reversal.

In determining the need to establish or maintain a valuation allowance, we considered the four sources of jurisdictional taxable income: (i) future reversals of existing taxable temporary differences; (ii) future taxable income exclusive of reversing temporary differences and carryforwards; (iii) carryback of net operating losses to prior years; and (iv) tax planning strategies. Given the lack of available taxable income from three of the other sources, our determination of taxable income sufficient to realize our deferred tax assets is based on estimated future taxable income. The incremental recognition of deferred tax assets is based upon estimated future taxable income through objectively verifiable forecasts of future income. The highly competitive landscape and cyclical nature of the semiconductor industry makes it difficult to create an objectively verifiable forecast for those companies not in a dominant position and, as a result, sustained profitability is difficult to forecast.

We regularly evaluate the realizability of our net deferred tax assets. We have a history of generating periods of substantial losses. Our recent three-year period of modest profitability was preceded by six years of substantial losses. Given the magnitude of our tax attributes, our position in the highly competitive semiconductor industry dominated by two larger competitors, the cyclical nature of the industry, and our underlying history of uncertainty for sustained product performance, market acceptance and the resulting financial impact, we do not have objectively verifiable forecasts. We are developing and have released new products with large market potential in areas such as server processors, mobile processors, and game consoles. We currently have positive momentum with our new consumer and commercial product offerings. We are building high-performance computing leadership. However, given our historical earnings patterns, additional market success and a higher level of confidence in related profits are needed to establish the sustained profitability to objectively verify our forecasts of future taxable income. As a result, substantially all our U.S. and foreign deferred tax assets, net of deferred tax liabilities, are subject to valuation allowances, subject to other jurisdictional limitations on the timing of utilization of certain deferred tax asset attributes, including net operating loss carryforwards.

Our sustained profitability is dependent on the continued positive momentum of our consumer and commercial products including our newly released mobile processors, greater market acceptance for our server products, the successful adoption of our new game console products, and our continued development of high-performance computing products leadership. In assessing the realizability of the deferred tax assets, we will continue to monitor the highly dynamic and competitive landscape of our industry, the continued performance and market acceptance of our new products, and the impact of such market acceptance on profitability. If our financial results continue to improve and we conclude that estimates of our future taxable income are objectively verifiable, our assessment of the realization of our net deferred tax assets could result in the release of some or a significant portion of the valuation allowances.

In addition, the calculation of our tax liabilities involves addressing 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 authorities. If our estimates of these taxes are greater or less than actual results, an additional tax benefit or charge will result. We recognize the interest and penalties related to unrecognized tax benefits as interest expense and income tax expense, respectively.

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

Reference is made to "Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk," in our Annual Report on Form 10-K for the fiscal year ended December 28, 2019.

There have not been any material changes in interest rate risk, default risk or foreign exchange risk since December 28, 2019.

**ITEM 4. CONTROLS AND PROCEDURES**

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

As of September 26, 2020, the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

There was no change in our internal controls over financial reporting for our three months ended September 26, 2020 that materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For a discussion of our legal proceedings, refer to Note 11—Contingencies of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q).

### ITEM 1A. RISK FACTORS

*The risks and uncertainties described below are not the only ones we face. If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In addition, you should consider the interrelationship and compounding effects of two or more risks occurring simultaneously. Many of the risks and uncertainties described below may be exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result.*

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

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

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

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

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

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

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

We rely on third-party wafer foundries to fabricate the silicon wafers for all of our products. We also rely on third-party manufacturers to assemble, test, mark and pack (ATMP) our products. It is important to have reliable relationships with all of these third-party manufacturing suppliers to ensure adequate product supply to respond to customer demand.

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

We do not have long-term commitment contracts with some of our third-party manufacturing suppliers. We obtain some of these manufacturing services on a purchase order basis and these manufacturers are not required to provide us with any specified minimum quantity of product beyond the quantities in an existing purchase order. Accordingly, we depend on these suppliers to allocate to us a portion of their manufacturing capacity sufficient to meet our needs, to produce products of acceptable quality and at acceptable manufacturing yields and to deliver those products to us on a timely basis and at acceptable prices. The manufacturers we use also fabricate wafers and ATMP products for other companies, including certain of our competitors. They could choose to prioritize capacity for other customers, increase the prices that they charge us on short notice 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. Moreover, if any of our third-party manufacturers suffer any damage to facilities, lose benefits under material agreements, experience power outages, lack sufficient capacity to manufacture our products, encounter financial difficulties, are unable to secure necessary raw materials from their suppliers, suffer any other disruption or reduction in efficiency, or experience uncertain social economic or political circumstances or conditions, we may encounter supply delays or disruptions. If we are unable to secure sufficient or reliable supplies of products, our ability to meet customer demand may be adversely affected and this could materially affect our business.

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

We are a party to a wafer supply agreement (WSA) with GLOBALFOUNDRIES, Inc. (GF) that governs the terms by which we purchase products manufactured by GF and is in place until 2024. Pursuant to the WSA, we are required to purchase all of our microprocessor and APU product requirements and a certain portion of our GPU product requirements from GF manufactured at process nodes larger than 7 nanometer (nm), with limited exceptions. We have agreed to minimum annual wafer purchase targets through 2021. If we fail to meet the agreed wafer purchase target during a calendar year, we will be required to pay to GF a portion of the difference between our actual wafer purchases and the applicable annual purchase target. If our actual wafer requirements are less than the number of wafers required to meet the applicable annual wafer purchase target, we could have excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations. We could experience significant delays in the shipment of our products if we are required to find alternative third-party manufacturers, which could have a material adverse effect on our business.

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

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

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

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

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

We may purchase equipment and materials for use by our back-end manufacturing service providers from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials on a timely basis. Our third-party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials in the manufacture of our products. In addition, as many of our products increase in technical complexity, we rely on our third-party suppliers to update their processes in order to continue meeting our back-end manufacturing needs. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers, or in some cases, a sole supplier. We also depend on a limited number of suppliers to provide the majority of certain types of integrated circuit packages for our microprocessors, including our APU products. Similarly, certain non-proprietary materials or components such as memory, printed circuit boards (PCBs), interposers, substrates and capacitors used in the manufacture of our products are currently available from only a limited number of sources. Because some of the equipment and materials that we and our third-party manufacturing suppliers purchase are complex, it is sometimes difficult to substitute one supplier for another. From time to time, suppliers may extend lead times, limit supply or increase prices due to capacity constraints or other factors. Also, some of these materials and components may be subject to rapid changes in price and availability. Interruption of supply or increased demand in the industry could cause shortages and price increases in various essential materials. Dependence on a sole supplier or a limited number of suppliers exacerbates these risks. If we are unable to procure certain of these materials for our back-end manufacturing operations, or our third-party foundries or manufacturing suppliers are unable to procure materials for manufacturing our products, our business would be materially adversely affected.

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

Our success depends to a significant extent on the development, qualification, implementation and acceptance of new product designs and improvements that provide value to our customers. Our ability to develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis are significant factors in determining our competitiveness in our target markets. As consumers have new product feature preferences or have different requirements than those consumers in the PC market, PC sales could be negatively impacted, which could adversely impact our business. Our product roadmap includes our next generation AMD Ryzen™, AMD Radeon™ and AMD EPYC™ processors using 7nm process technology. We cannot assure you that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in developing, qualifying or shipping new products or technologies that provide value to our customers and address these new trends or if we fail to predict which new form factors consumers will adopt and



adjust our business accordingly, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products. Although we make substantial investments in research and development, we cannot be certain that we will be able to develop, obtain or successfully implement new products and technologies on a timely basis or that they will be well-received by our customers. Moreover, our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. New investments may not generate sufficient revenue, may incur unanticipated liabilities and may divert our limited resources and distract management from our current operations. We cannot be certain that our ongoing investments in new products and technologies will be successful, will meet our expectations and will not adversely affect our reputation, financial condition and operating results.

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

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

Uncertain global economic conditions have in the past and may in the future adversely impact our business, including, without limitation, a slowdown in the Chinese economy, one of the largest global markets for desktop and notebook PCs. Uncertainty in the worldwide economic environment may negatively impact consumer confidence and spending causing our customers to postpone purchases. In addition, during challenging economic times, our current or potential future customers may experience cash flow problems and as a result may modify, delay or cancel plans to purchase our products. Additionally, if our customers are not successful in generating sufficient revenue or are unable to secure financing, they may not be able to pay, or may delay payment of, accounts receivable that they owe us. The risk related to our customers' potentially defaulting on or delaying payments to us is increased because we expect that a small number of customers will continue to account for a substantial part of our revenue. Any inability of our current or potential future customers to pay us for our products may adversely affect our earnings and cash flow. Moreover, our key suppliers may reduce their output or become insolvent, thereby adversely impacting our ability to manufacture our products. In addition, uncertain economic conditions may make it more difficult for us to raise funds through borrowings or private or public sales of debt or equity securities.

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

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

***Our receipt of revenue from our semi-custom SoC products is dependent upon our technology being designed into third-party products and the success of those products.***

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

years. Consequently, the semi-custom SoC product revenue expected by us may not be fully realized and our operating results may be adversely affected.

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

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

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

We have experienced some disruptions to parts of our supply chain as the result of COVID-19. We continue to monitor demand signals as we adjust our supply chain requirements based on changing customer needs and demands. If the supply of our products to customers is delayed, reduced or canceled due to disruptions encountered by our third-party manufacturing, suppliers or vendors as a result of facility closures, border and port closures, and mobility limitations put on their workforces, it could have a material adverse effect on our business.

COVID-19 has in the short-term and may in the long-term adversely impact the global economy, potentially leading to an economic downturn. This could negatively impact consumer confidence and spending causing our customers to postpone or cancel purchases, or delay paying or default on payment of outstanding amounts due to us, which may have a material adverse effect on our business. For example, we experienced some softness in PC related sales in China, one of the largest global markets for desktop and notebook PCs, during the first quarter of 2020. Also, we experienced some delays in payments from customers due to COVID-19 during the first half of 2020.

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

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

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

We maintain operations around the world, including in the United States, Canada, Europe, Australia and Asia. We rely on third-party wafer foundries in the United States, Europe and Asia. Nearly all product assembly and final testing of our products is performed at manufacturing facilities, operated by third-party manufacturing facilities, in China, Malaysia and Taiwan. We also have international sales operations. International sales, as a percent of net

revenue, were 72% for the three months ended September 26, 2020. We expect that international sales will continue to be a significant portion of total sales in the foreseeable future.

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

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

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

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

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

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

For example, on October 26, 2020, we, along with a direct wholly owned subsidiary of ours, entered into an agreement and plan of merger (the Merger Agreement) with Xilinx, Inc. (Xilinx), whereby we agreed to acquire Xilinx

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

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

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

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

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

The Merger is subject to a number of closing conditions as specified in the Merger Agreement. These include, among others, approvals by our and Xilinx's stockholders, the receipt of approvals under certain competition laws and the absence of governmental restraints or prohibitions preventing the consummation of the Merger. No assurance can be given that the required consents and approvals will be obtained or that the closing conditions will be satisfied in a timely manner or at all. Any delay in completing the Merger could cause the combined company not

to realize, or to be delayed in realizing, some or all of the benefits that we expect to achieve. In addition, we can provide no assurance that these conditions will not result in the abandonment or delay of the Merger. The occurrence of any of these events could have a material adverse effect on our results of operations and the trading price of our common stock.

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

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

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

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

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

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

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

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

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

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

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

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

We typically sell our products pursuant to individual purchase orders. We generally do not have long-term supply arrangements with our customers or minimum purchase requirements except that orders generally must be for standard pack quantities. Generally, our customers may cancel orders for standard products more than 30 days prior to shipment without incurring significant fees. We base our inventory levels in part on customers' estimates of demand for their products, which may not accurately predict the quantity or type of our products that our customers will want in the future or ultimately end up purchasing. Our ability to forecast demand is even further complicated when our products are sold indirectly through downstream channel distributors and customers, as our forecasts for demand are then based on estimates provided by multiple parties throughout the downstream channel.

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

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

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

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

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

The indenture governing our 7.50% Senior Notes due 2022 (7.50% Notes) contains various covenants which limit our ability to, among other things: 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 Revolving Facility's credit agreement (Credit Agreement) restricts our ability to make cash payments on the notes to the extent that (i) on the date of such payment, an event of default exists under the Credit Agreement or would result therefrom or (ii) if we would have, on a pro forma basis after giving effect to such payment, a consolidated total leverage ratio that exceeds 3.50x. Any of our future debt agreements may contain similar restrictions. If under certain circumstances we fail to make a cash payment on a series of notes when required by the applicable indenture, it would constitute an event of default under such indenture, which, in turn, could constitute an event of default under the agreements governing our other indebtedness.

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

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

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

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

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

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

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

Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. A large portion of our Computing and Graphics revenue is focused on the consumer desktop PC and notebook segments, which have in the past experienced a decline driven by, among other factors, the adoption of smaller and other form factors, increased competition and changes in replacement cycles. The success of our semi-custom SoC products is dependent on securing customers for our semi-custom design pipeline and consumer market conditions, including the success of the Sony PlayStation®4, Sony PlayStation®4 Pro, Microsoft® Xbox One™ S and Microsoft® Xbox One™ X game console systems and next generation consoles for Sony and Microsoft, worldwide. In addition, the GPU market has at times seen elevated demand due to the application of GPU products to cryptocurrency mining. For example, our GPU revenue has been affected in part by the volatility of the cryptocurrency mining market. Demand for cryptocurrency has changed and is likely to continue to change quickly. For example, China and South Korea have instituted restrictions on cryptocurrency trading and the valuations of the currencies, and corresponding interest in mining of such currencies are subject to significant fluctuations. Alternatively, countries may create, or in the case of China are creating, their own cryptocurrencies or equivalents that could also impact interest in mining. If we are unable to manage the risks related to the volatility of the cryptocurrency mining market, our GPU business could be materially adversely affected.

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

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

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

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

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

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



the support of Microsoft or other software vendors, our ability to market our products would be materially adversely affected.

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

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

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

***The conversion of the 2.125% Notes may dilute the ownership interest of our existing stockholders, or may otherwise depress the price of our common stock.***

The conversion of some or all of the 2.125% Notes may dilute the ownership interests of our existing stockholders. The 2.125% Notes will mature on September 1, 2026, unless earlier redeemed or repurchased by us or converted. During the third calendar quarter of 2020, the sale price of our common stock for conversion was satisfied as of September 30, 2020 and as a result, the 2.125% Notes are eligible for conversion during the fourth calendar quarter of 2020. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the 2.125% Notes may encourage short selling by market participants because the conversion thereof could be used to satisfy short positions, or the anticipated conversion of the 2.125% Notes into cash and/or shares of our common stock could depress the price of our common stock.

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

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

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

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

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

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

***If we cannot generate sufficient revenue 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 or other strategic investments.***

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

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. 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 or concerns regarding our credit worthiness may 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 or other strategic initiatives. If we curtail planned investments in research and development or abandon projects, our products may fail to remain competitive and our business would be materially adversely affected.

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

Our total debt principal amount outstanding as of September 26, 2020 was \$398 million. Our indebtedness may make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments; limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes; limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes; require us to use a substantial portion of our cash flow from operations to make debt service payments; place us at a competitive disadvantage compared to our competitors with relatively less debt; and increase our vulnerability to the impact of adverse economic and industry conditions.

We enter into sale and factoring arrangements from time to time with respect to certain accounts receivable, which arrangements are non-recourse to us in the event that an account debtor fails to pay for credit-related reasons, and are not included in our indebtedness. We could become obligated to repurchase such accounts receivable or otherwise incur liability to the counterparties under these arrangements under certain circumstances, such as where a commercial dispute arises between us and an account debtor. Also, should we not participate in such sale and factoring arrangements or if these arrangements were no longer available, or changes to the cost or credit limits were made to our existing arrangements, it could have a negative impact on our cash flow from operations.

***We may not be able to generate sufficient cash to service our debt obligations or meet our working capital requirements.***

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, financial and business conditions along with other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow or that we will be able to borrow funds, including under our revolving credit facility for a principal amount up to \$500 million (our Revolving Facility), 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, borrow funds under our Revolving Facility or borrow more funds on terms acceptable to us, if at all.

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

Upon a change of control, we will be required to offer to repurchase all of our 7.50% Notes and 2.125% Notes then outstanding at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date. In addition, a change of control would be an event of default under our Revolving Facility. As of September 26, 2020, \$398 million principal amount was outstanding, consisting of our Notes. Future debt agreements may contain similar provisions. We may not have the financial resources to repurchase our outstanding notes and prepay all of our outstanding obligations under our Revolving Facility.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have costs, assets and liabilities that are denominated in foreign currencies. As a consequence, movements in exchange rates could cause our foreign currency denominated expenses to increase as a percentage of revenue, affecting our profitability and cash flows. Whenever we believe appropriate, we hedge a portion of our short-term foreign currency exposure to protect against fluctuations in currency exchange rates. We determine our total foreign currency exposure using projections of long-term expenditures for items such as payroll. We cannot assure you that these activities will be effective in reducing foreign exchange rate exposure. Failure to do so could have an adverse effect on our business, financial condition, results of operations and cash flow. In addition, the majority of our product sales are denominated in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the local currency can cause increases or decreases in the cost of our products in the local currency of such customers. An appreciation of the U.S. dollar relative to the local currency could reduce sales of our products.

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

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

***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. Also, due to measures to slow down the outbreak of

COVID-19, various patent offices and courts have been adversely impacted and there is a potential for delay or disruptions that might affect certain of our patent rights.

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

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

From time to time, we are a defendant or plaintiff in various legal actions. For example, as described in Note 11 of our condensed consolidated financial statements, we have been subject to certain claims concerning federal securities laws and corporate governance. Our products are purchased by and/or used by consumers, which could increase our exposure to consumer actions such as product liability claims and consumer class action claims, including those described in Note 11 of our condensed consolidated financial statements. On occasion, we receive claims that individuals were allegedly exposed to substances used in our former semiconductor wafer manufacturing facilities and that this alleged exposure caused harm. Litigation can involve complex factual and legal questions, and its outcome is uncertain. It is possible that if a claim is successfully asserted against us, including the claims described in Note 11 of our condensed consolidated financial statements, it could result in the payment of damages that could be material to our business.

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

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

***Our business is subject to potential tax liabilities.***

We are subject to income tax, indirect tax or other tax claims by tax agencies in jurisdictions in which we conduct business. Significant judgment is required in determining our worldwide provision for income taxes. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The Tax Cuts and Jobs Act of 2017 (the Tax Reform Act) contains many significant changes to the U.S. federal income tax laws, the consequences of which could have a material impact on the value of our deferred tax assets and could increase our future U.S. income tax expense. As additional regulatory guidance is issued by the applicable taxing authorities and as new accounting treatment is clarified, we may report additional adjustments in the period if new information becomes available. We have a significant amount of deferred tax assets and a portion of the deferred tax assets related to net operating losses or tax credits could be subject to limitations under Internal Revenue Code Section 382 or 383, separate return loss year rules, or dual consolidated loss rules. The limitations could reduce our ability to utilize the net operating losses or tax credits before the expiration of the tax attributes.

Tax law changes or the limitations could be material and could materially affect our tax obligations and effective tax rate.

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

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

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

Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the European Union (EU) and China are two among a growing number of jurisdictions that have enacted restrictions on the use of lead and other materials in electronic products. These regulations affect semiconductor devices and packaging. As regulations restricting materials in electronic products continue to increase around the world, there is a risk that the cost, quality and manufacturing yields of products that are subject to these restrictions may be less favorable compared to products that are not subject to such restrictions, or that the transition to compliant products may not meet customer roadmaps, or produce sudden changes in demand, which may result in excess inventory. A number of jurisdictions including the EU, Australia, California and China are developing or have finalized market entry or public procurement regulations for computers and servers based on ENERGY STAR specifications as well as additional energy consumption limits. There is the potential for certain of our products being excluded from some of these markets which could materially adversely affect us.

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

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC adopted disclosure and reporting requirements for companies that use "conflict" minerals originating from the Democratic Republic of Congo or adjoining countries. We continue to incur additional costs associated with complying with these requirements, such as costs related to developing internal controls for the due diligence process, determining the source of any conflict minerals used in our products, auditing the process and reporting to our customers and the SEC. In addition to the SEC regulation, the European Union, China and other jurisdictions are developing new policies focused on conflict minerals that may impact and increase the cost of our compliance program. Also, since our supply chain is complex, we may face reputational challenges if we are unable to sufficiently verify the origins of the subject minerals. Moreover, we are likely to encounter challenges to satisfy those customers who require that all

of the components of our products be certified as “conflict free.” If we cannot satisfy these customers, they may choose a competitor’s products.

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



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

We issued warrants dated June 29, 2020 and September 28, 2020 to purchase 593 and 38,745 shares, respectively, of our common stock to a commercial partner pursuant to a strategic arrangement with such partner. The warrants have an exercise price of \$25.50 per share and expire on June 29, 2023 and September 28, 2023, respectively.

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

**Restricted Stock Unit Share Withholding**

During the fiscal quarter ended September 26, 2020, we paid approximately \$72 million in employee withholding taxes due upon the vesting of net settled equity awards. We withheld fewer than 1 million shares of common stock from employees in connection with such net share settlement at an average price of \$82.93 per share. These shares may be deemed to be “issuer purchases” of shares.

## ITEM 6. EXHIBITS

*10.1	Wafer Supply Agreement, among Advanced Micro Devices, Inc., The Foundry Company and AMD Fab Technologies US, Inc., dated March 2, 2009.
*10.2	Wafer Supply Agreement Amendment No. 1, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES U.S. Inc. and GLOBALFOUNDRIES Singapore. Pte. Ltd., dated March 29, 2011.
*10.3	Wafer Supply Agreement Amendment No. 2, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc., GLOBALFOUNDRIES U.S. Inc., Advanced Technology Investment Company LLC and ATIC International Investment Company LLC, dated March 4, 2012.
*10.4	Wafer Supply Agreement Amendment No. 3, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated December 6, 2012.
*10.5	Wafer Supply Agreement Amendment No. 4, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated March 30, 2014.
*10.6	Wafer Supply Agreement Amendment No. 5, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES Inc. and GLOBALFOUNDRIES U.S. Inc., dated as of April 16, 2015.
*10.7	Wafer Supply Agreement Amendment No. 6, among Advanced Micro Devices, Inc., GLOBALFOUNDRIES, Inc. and GLOBALFOUNDRIES U.S., Inc., dated August 30, 2016.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

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

**SIGNATURE**

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

October 28, 2020

**ADVANCED MICRO DEVICES, INC.**

By: */s/Devinder Kumar*  
Name: Devinder Kumar  
Title: Senior Vice President, Chief Financial Officer and Treasurer  
Signing on behalf of the Registrant as the Principal Financial Officer

## WAFER SUPPLY AGREEMENT

This **WAFER SUPPLY AGREEMENT** (this “**Agreement**”) is made this 2nd day of March, 2009, (the “**Effective Date**”), by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in this Agreement other than those in Sections 5.5(a), 6.2, 7.1 and 7.3(a) and the related provisions in connection with U.S. sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7), The Foundry Company, an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”) on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth herein; and (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7, with respect to Sections 5.5(a), 6.2, 7.1 and 7.3(a) and the related provisions in connection with U.S. sales activities only, AMD Fab Technologies US, Inc., a Delaware corporation and a wholly-owned subsidiary of FoundryCo (“**USOpCo**”).

WHEREAS, AMD has been in the business of designing and manufacturing semiconductor products;

WHEREAS, AMD desires to transfer its business of manufacturing and sorting semiconductor products to FoundryCo pursuant to the Master Transaction Agreement by and among AMD, Advanced Technology Investment Company LLC and West Coast Hitech L.P., dated as of October 6, 2008 (as may be amended from time to time, the “**Master Agreement**”);

WHEREAS, it is the intent of the parties that this Agreement establish a productive, mutually-beneficial relationship among the parties that will mitigate key risks for each party by establishing volume, capacity and pricing commitments by each party pursuant to the terms and conditions set forth herein;

WHEREAS, the parties also desire that this Agreement help establish business processes for the parties to work closely together on planning capacity and supply;

WHEREAS, FoundryCo is a company whose primary purpose is the provision of wafer fabrication foundry services and FoundryCo is willing to provide such services to AMD on the terms and conditions set forth herein, and AMD is willing to engage FoundryCo to provide foundry services to AMD on the terms and conditions set forth herein; and

WHEREAS, all purchases of Products by AMD will be made from FoundryCo Sales Entities, including USOpCo, and all manufacturing of Products for AMD will be performed by FoundryCo Manufacturing Entities;

NOW, THEREFORE, in consideration of the mutual promises of the parties, and of good and valuable consideration, it is agreed by and among the parties as follows:

### 1. DEFINITIONS

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For the purpose of this Agreement the following capitalized terms are defined in this Section 1 and shall have the meaning specified herein. Other terms that are capitalized but not specifically defined below or in this Agreement shall have the meaning set forth in the Master Agreement.

1.1 “**Actual Quarterly GPU Wafers Shipped**” shall mean the actual number of Wafer Outs for GPU Products delivered in a fiscal quarter from the applicable FoundryCo Sales Entities to AMD.

1.2 “**Actual Quarterly Total GPU Wafer Demand**” shall mean the actual number of Wafer Outs for GPU Products delivered in a fiscal quarter from all foundry partners to AMD.

1.3 “**Actual Quarterly GPU Wafer Demand Percentage**” is calculated as Actual Quarterly GPU Wafers Shipped divided by Actual Quarterly Total GPU Wafer Demand.

1.4 “**AMD Furnished Property**” shall mean materials or tooling that AMD consigns to the applicable FoundryCo Manufacturing Entities for use by the applicable FoundryCo Manufacturing Entities to process AMD’s Product orders or to perform services on AMD’s behalf, as further set forth in this Agreement, including such materials or tooling (other than Sort Equipment owned by the applicable FoundryCo Manufacturing Entities on the Effective Date pursuant to the Master Agreement) required by the FoundryCo Manufacturing Entities to provide Sort Services pursuant to the terms of this Agreement.

1.5 “**AMD Indemnified Parties**” shall have the meaning set forth in Section 10.2.

1.6 “**AMD MPU Specific Development Wafer Cost**” shall mean the sum of:

(a) During a Period, the number of Development Wafer Starts for MPU Products multiplied by the AMD MPU Specific Direct Material Cost, divided by the sum of the number of Production Wafer Starts for MPU Products and the number of Development Wafer Starts of MPU Products, which, in an equation format, shall be:

$$\frac{\left( \begin{array}{c} \text{Development Wafer Starts} \\ \text{for MPU Products} \end{array} \right) \left( \begin{array}{c} \text{AMD MPU Specific} \\ \text{Direct Material Cost} \end{array} \right)}{\left( \begin{array}{c} \text{Production Wafer Starts} \\ \text{for MPU Products} \end{array} \right) + \left( \begin{array}{c} \text{Development Wafer Starts} \\ \text{for MPU Products} \end{array} \right)}; \text{ and}$$

(b) During such Period, (i)(1) the number of Development Wafer Starts for MPU Products multiplied by the Development Factor and then multiplied by (2) the AMD MPU Specific Manufacturing Costs less the AMD MPU Specific Direct Material Cost, divided by (ii) the sum of (1) the number of Production Wafer Starts for MPU Products and (2) the number of Development Wafer Starts for MPU Products multiplied by the Development Factor, which, in an equation format, shall be

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$$\frac{\left( \text{Development Wafer Starts for MPU Products} \right) \left( \text{Development Factor} \right) \left( \text{AMD MPU Specific Manufacturing Cost} - \text{AMD MPU Specific Direct Material Cost} \right)}{\left( \text{Production Wafer Starts for MPU Products} \right) + \left( \text{Development Wafer Starts for MPU Products} \right) \left( \text{Development Factor} \right)}$$

1.7 “**AMD MPU Specific Direct Material Cost**” shall mean the actual cost of Raw Wafers for MPU Products.

1.8 “**AMD MPU Specific Fixed Cost**” shall mean all AMD MPU Specific [\*\*\*\*] actually incurred during a Period, other than the AMD MPU Specific [\*\*\*\*]. For the avoidance of doubt and notwithstanding anything to the contrary, AMD MPU Specific Fixed Cost shall include, and AMD shall pay, [\*\*\*\*] for the [\*\*\*\*] existing on the Effective Date (which shall be [\*\*\*\*] in [\*\*\*\*] and [\*\*\*\*] in [\*\*\*\*]) and [\*\*\*\*] for the [\*\*\*\*] to be put in [\*\*\*\*] to [\*\*\*\*] AMD MPU Product [\*\*\*\*], and agreed to by the parties, pursuant to Sections 2.2 and 5.1 that have not been recouped by the applicable FoundryCo Manufacturing Entities.

1.9 “**AMD MPU Specific Inventory Change**” shall mean the amount calculated by subtracting (a) the gross inventory dollars attributable to MPU Products manufactured for AMD at the end of a relevant Period from (b) the gross inventory dollars attributable to MPU Products manufactured for AMD at the beginning of such Period (excluding, in each case, Raw Wafers).

1.10 “**AMD MPU Specific Manufacturing Costs**” shall mean all [\*\*\*\*] and [\*\*\*\*] costs incurred in the MPU Product wafer manufacturing process (including [\*\*\*\*] Services Cost and [\*\*\*\*] cost (which shall include [\*\*\*\*] on [\*\*\*\*] owned by the FoundryCo Manufacturing Entities on the Effective Date), and whether or not such wafers are [\*\*\*\*] and whether or not such wafers are [\*\*\*\*] or are in [\*\*\*\*]) and which would properly be included according to industry and accounting standards in the cost of a [\*\*\*\*], [\*\*\*\*] or a [\*\*\*\*]. AMD MPU Specific Manufacturing Costs shall not include [\*\*\*\*], nor shall it include [\*\*\*\*] or [\*\*\*\*] and [\*\*\*\*]. AMD MPU Specific Manufacturing Costs shall be equal to the sum of AMD MPU Specific [\*\*\*\*] and AMD MPU Specific [\*\*\*\*]. In addition, AMD MPU Specific Manufacturing Costs shall be equal to the sum of AMD MPU Specific [\*\*\*\*] and AMD MPU Specific [\*\*\*\*].

1.11 “**AMD MPU Specific Other COGS**” shall mean FoundryCo’s allocation of other costs of goods sold related to MPU Products not otherwise specified as AMD MPU Specific [\*\*\*\*], as determined in accordance with industry and accounting standards as generally applied by FoundryCo, and which includes as of the Effective Date a portion of the [\*\*\*\*] of [\*\*\*\*] related [\*\*\*\*], a portion of the [\*\*\*\*] of the [\*\*\*\*] organization (mostly within the sub-organization [\*\*\*\*] which is almost entirely [\*\*\*\*]), a portion of the [\*\*\*\*] related to [\*\*\*\*], as well as a portion of other costs (including certain [\*\*\*\*] allocated to COGS) that are incurred in direct support of the [\*\*\*\*] in the FoundryCo Manufacturing Entities’ facilities.

1.12 “**AMD MPU Specific Production Wafer Cost**” shall mean the sum of:

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

(a) During a Period, the number of Production Wafer Starts for MPU Products multiplied by the actual AMD MPU Specific Direct Material Cost, divided by the sum of the number of [Production Wafer Starts for MPU Products and the number of Development Wafer Starts for MPU Products, which, in an equation format, shall be:

$$\frac{\left(\begin{array}{c} \text{Production Wafer Starts} \\ \text{for MPU Products} \end{array}\right) \left(\begin{array}{c} \text{AMD MPU Specific} \\ \text{Direct Material Cost} \end{array}\right)}{\left(\begin{array}{c} \text{Production Wafer Starts} \\ \text{for MPU Products} \end{array}\right) + \left(\begin{array}{c} \text{Development Wafer Starts} \\ \text{for MPU Products} \end{array}\right)}$$

; and

(b) During such Period, (i)(1) the number of Production Wafer Starts for MPU Products multiplied by (2) the AMD MPU Specific Manufacturing Costs less the AMD MPU Specific Direct Material Cost, divided by (ii) the sum of (1) the number of Production Wafer Starts for MPU Products and (2) the number of Development Wafer Starts for AMD MPU Products multiplied by the Development Factor, which, in an equation format, shall be:

$$\frac{\left(\begin{array}{c} \text{Production Wafer Starts} \\ \text{for MPU Products} \end{array}\right) \left(\begin{array}{c} \text{AMD MPU Specific Manufacturing Cost} \\ - \text{AMD MPU Specific Direct Material Cost} \end{array}\right)}{\left(\begin{array}{c} \text{Production Wafer Starts} \\ \text{for MPU Products} \end{array}\right) + \left(\begin{array}{c} \text{Development Wafer Starts} \\ \text{for MPU Products} \end{array}\right) \left(\begin{array}{c} \text{Development} \\ \text{Factor} \end{array}\right)}$$

1.13 “**AMD MPU Specific Total COGS**” shall mean the sum of AMD MPU Specific Production Wafer Cost, AMD MPU Specific Other COGS and AMD MPU Specific Inventory Change.

1.14 “**AMD MPU Specific Variable Cost**” shall mean those AMD MPU Specific Manufacturing Costs actually incurred during a Period, consisting of AMD MPU Specific Direct Materials Cost, and [\*\*\*\*] percent ([\*\*\*\*]%) of [\*\*\*\*].

1.15 “**AMD-Specific Engineering Expense Allocation**” shall mean the actual costs incurred by FoundryCo Manufacturing Entities in developing AMD-Specific Manufacturing Process Technologies.

1.16 “**AMD-Specific License Fee Allocation**” shall mean [\*\*\*\*] percent ([\*\*\*\*]%) of the aggregate [\*\*\*\*] fees incurred by FoundryCo according to the [\*\*\*\*] and [\*\*\*\*] between [\*\*\*\*] and AMD dated as of [\*\*\*\*], as may be amended from time to time, for both [\*\*\*\*] and [\*\*\*\*] process technologies, and [\*\*\*\*] percent ([\*\*\*\*]%) of any additional licenses required specifically for MPU Products.

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

1.17 “**AMD-Specific Manufacturing Process Technology**” shall refer to any manufacturing or sorting process technology used at the time of development by any FoundryCo Manufacturing Entity specifically for AMD. For purposes of example only, as of the Effective Date, the [\*\*\*\*] is currently considered an AMD-Specific Manufacturing Process Technology. For the avoidance of doubt, [\*\*\*\*] process technology, unless specifically designed to manufacture only Products, is not an AMD-Specific Manufacturing Process Technology.

1.18 “**AMD-Specific Process Engineering Wafer Starts**” shall mean the Wafer Starts of AMD-Specific Process Engineering Wafers.

1.19 “**AMD-Specific Process Development Wafers**” or “**AMD-Specific Process Engineering Wafers**” shall mean Process Engineering Wafers processed by a FoundryCo Manufacturing Entity utilizing an AMD-Specific Manufacturing Process Technology.

1.20 “**AMD-Specific Process Engineering Wafer Cost**” shall mean the portion of AMD MPU Specific Development Wafer Costs incurred to produce AMD-Specific Process Engineering Wafers. It shall be determined based on the ratio of AMD-Specific Process Engineering Wafer Starts] to Development Wafer Starts (for MPU Products).

1.21 “**AMD-Specific Product Qualification Plan**” shall mean the qualification tests and schedules to be agreed upon by the parties under which a Product is Qualified.

1.22 “**AMD-Specific Qualified Process**” shall mean the qualification tests and schedules to be agreed upon by the parties under which an AMD-Specific Qualified Process is established and tested at the applicable FoundryCo Manufacturing Entity and the MPU Products are manufactured using an AMD-Specific Qualified Process to meet the Specifications.

1.23 “**AMD-Specific Qualified Process**” shall mean the wafer manufacturing processes used at the applicable FoundryCo Manufacturing Entity specifically for production of Wafers for AMD with respect to MPU Products, and any other FoundryCo-proprietary wafer manufacturing process approved by the parties specifically to produce MPU Products on AMD’s behalf.

1.24 “**AMD-Specific R&D Costs**” shall mean the sum of AMD-Specific [\*\*\*\*], AMD-Specific [\*\*\*\*] and AMD-Specific [\*\*\*\*].

1.25 “[\*\*\*\*]” shall mean the [\*\*\*\*] of the applicable FoundryCo Manufacturing Entities’ [\*\*\*\*] to [\*\*\*\*] the [\*\*\*\*] of (a) any [\*\*\*\*] within the FoundryCo Manufacturing Entities and (b) any [\*\*\*\*] to AMD.

1.26 “**Binding Forecast**” shall mean AMD’s MPU Product forecast for the first [\*\*\*\*] months of any rolling [\*\*\*\*] month MPU Product forecast as set forth in Section 5.1 and in accordance with Section 2.2. For the avoidance of doubt, a “Binding Forecast” shall not include any forecast that requires more capacity to manufacture the relevant Products than the capacity that had been agreed upon pursuant to Section 2.2.

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1.27 “**Binding Forecast Period**” shall mean the first [\*\*\*\*] months of any rolling [\*\*\*\*] month MPU Product forecast.

1.28 “[\*\*\*\*]” shall have the meaning set forth in Section 2.1(b)(i).

1.29 “[\*\*\*\*] **Change of Control Transaction**” shall mean a transaction with or among [\*\*\*\*] or any of its subsidiaries and any other person (other than FoundryCo) with respect to (a) a merger, consolidation, business combination or similar transaction of [\*\*\*\*], (b) any purchase of an equity interest (including by means of a tender or exchange offer) representing an amount equal to or greater than a [\*\*\*\*] percent ([\*\*\*\*]%) voting or economic interest in [\*\*\*\*], or (c) any purchase of assets, securities or ownership interests representing an amount equal to or greater than [\*\*\*\*] percent ([\*\*\*\*]%) of the consolidated assets of [\*\*\*\*] and its subsidiaries taken as a whole (including stock of [\*\*\*\*]’s subsidiaries); provided that a sale or transfer of assets that are not used to manufacture on behalf of [\*\*\*\*] shall not be included in the calculation of assets to determine a [\*\*\*\*] Change of Control Transaction.

1.30 “**COGS**” shall mean cost of goods sold in accordance with AMD’s standard practices in effect as of the Effective Date.

1.31 “**Confidential Information**” shall mean all proprietary or nonpublic information disclosed by one party to another party in connection with this Agreement, whether in graphic, oral, written or electronic form, directly or indirectly, which information (a) is marked as “proprietary” or “confidential” or, if disclosed orally, is designated as confidential or proprietary at the time of disclosure, or (b) provided under circumstances reasonably indicating that it constitutes confidential and proprietary information.

1.32 “**Development Factor**” shall mean a factor calculated once per fiscal year (within the first fiscal quarter of a year for application to that fiscal year) by FoundryCo to reflect [\*\*\*\*] for processing [\*\*\*\*] versus a [\*\*\*\*] Wafer. The Development Factor is used for the [\*\*\*\*] of AMD MPU Specific [\*\*\*\*] for a Period into AMD MPU Specific [\*\*\*\*] and AMD MPU Specific [\*\*\*\*]. The Development Factor consists of a factor for [\*\*\*\*] and a factor for [\*\*\*\*] that are consolidated into one factor (weighted with the [\*\*\*\*] of the respective [\*\*\*\*] categories). The development factor for [\*\*\*\*] reflects the higher effort due to engineering times before, during and after processing [\*\*\*\*], e.g. creation of ERFs, writing reports, R&D-analysis, and split lots. The calculation is based on [\*\*\*\*] via [\*\*\*\*] for representative ERFs and on processing data of the ERFs in the manufacturing execution system (currently [\*\*\*\*]). The development factor for [\*\*\*\*] reflects the [\*\*\*\*] for [\*\*\*\*] versus a [\*\*\*\*]. The data is collected and calculated through a software tool. Output of this software tool is per [\*\*\*\*] per [\*\*\*\*] versus [\*\*\*\*] per [\*\*\*\*] over [\*\*\*\*]. This [\*\*\*\*] will be weighted with the running [\*\*\*\*] per [\*\*\*\*]. As of the Effective Date, the Development Factor is [\*\*\*\*].

1.33 “**Development Wafer Starts**” shall mean the combined Wafer Starts of AMD-Specific Process Engineering Wafers and Product Development Wafers.

1.34 “**Die**” shall mean one of the semiconductor devices on a Wafer produced by FoundryCo for AMD using a Qualified Process.

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1.35 “**Dispute**” shall have the meaning set forth in Section 15.11(b).

1.36 “**Dispute Notice**” shall have the meaning set forth in Section 15.11(b).

1.37 “**Embedded Products**” shall mean x86-based semiconductor devices or any other device based on new architecture or architecture adopted in the future, in each case, other than MPU Products that are used in systems that have targeted applications, and which are not designed for use as central processing units for general purpose desktop, notebook, workstation, server computers or game consoles. Embedded Products shall include AMD’s Geode™ product lines.

1.38 “**Engineering Change**” shall mean any change to the process, materials, equipment, technology, location or any other items listed in FoundryCo’s standard specifications for which a change would affect the performance, function or reliability of the Wafers.

1.39 “**Engineering Request Form**” or “**ERF**” shall mean an engineering request form submitted by AMD to FoundryCo to carry out an experiment in a process line.

1.40 “**Engineering Wafers**” shall mean those Wafers required for the Qualification Plan or delivered to AMD for testing pursuant to AMD’s request. Engineering Wafers consist of Process Development Wafers and Product Development Wafers.

1.41 “**Epidemic Failure**” shall mean the occurrence of an average in-field failure rate of [\*\*\*\*] percent ([\*\*\*\*]%) or more per month of the total units for a particular Product delivered in any rolling [\*\*\*\*] month period.

1.42 “**Fab Start up Costs**” shall mean the costs required by FoundryCo to establish new facilities or to convert existing facilities to new wafer sizes (e.g., from 200mm to 300mm) and any other costs which FoundryCo would otherwise include in this category.

1.43 “**Forecasted GPU Wafer Demand**” shall mean a non-binding, rolling [\*\*\*\*] month forecast describing the monthly Wafer Outs expected to be placed by AMD on FoundryCo Sales Entities for GPU Products.

1.44 “**Forecasted Total GPU Wafer Demand**” shall mean a non-binding, rolling [\*\*\*\*] month forecast describing the total Wafer Outs expected to be placed by AMD on all foundry partners for GPU Products.

1.45 “**Forecasted GPU Wafer Demand Percentage**” is calculated as Forecasted GPU Wafer Demand divided by Forecasted Total GPU Wafer Demand.

1.46 “**FoundryCo Indemnified Parties**” shall have the meaning set forth in Section 10.1.

1.47 “**FoundryCo Manufacturing Entities**” shall mean FoundryCo and any direct or indirect wholly-owned subsidiaries of FoundryCo to which FoundryCo has delegated the responsibility to manufacture Products for AMD in accordance with this Agreement.

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

1.48 “**FoundryCo Sales Entities**” shall mean USOpCo and any other direct or indirect wholly-owned subsidiaries of FoundryCo to which FoundryCo has delegated the responsibility to process purchase orders from AMD and to offer to sell and sell Products to AMD in accordance with this Agreement.

1.49 “**Fusion Products**” shall mean both (a) MPU Products that incorporate GPU Products and (b) GPU Products that incorporate MPU Products; for purposes hereof, subsection (iv) of the “MPU Products” definition referring to “Fusion Products” shall not apply.

1.50 “**GAC**” shall mean gases, acids and chemicals.

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

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1.51 “**G&A Expenses**” shall mean standard general and administrative expenses, as calculated by FoundryCo in accordance with accounting standards as generally applied by FoundryCo.

1.52 “**GPU Minimum Percentage**” shall have the meaning set forth in Section 2.1(c)(ii).

1.53 “**GPU Product**” shall mean an integrated or discrete graphics processing unit. As an example, as of the Effective Date, GPU Products consist of integrated or discrete graphics processing unit for use in any of the following or similar products: desktop computers, notebook computers, servers, workstations or game consoles.

1.54 “**Interim Relief Proceeding**” shall have the meaning set forth in Section 15.11(c).

1.55 “**Lead Time**” shall mean the time between the date an order is accepted by a FoundryCo Sales Entity and the date the Wafers are made available for shipment by the FoundryCo Sales Entity.

1.56 “**Major Change**” shall mean a change to a manufacturing process that would affect the form, fit, or function of a Product of AMD or that otherwise materially affects a manufacturing process for AMD.

1.57 “**Minimum Batch Size**” shall mean the minimum total number of Wafers in a Process Batch for a particular Product.

1.58 “**MPU Products**” shall mean any of the following: (i) the x86, x86-64, and IA (Intel Architecture)-64 families of microprocessors, (ii) any existing or new microprocessors based on the x86, x86-64, and IA-64 family architecture, or any new instruction set for a processor described in clause (i) first introduced by AMD, (iii) any microprocessors based on new architecture or an architecture adopted in the future, or (iv) Fusion Products. As used in this definition, a microprocessor shall include a component that can execute computer programs and is the central processing unit controlling an electronic device.

1.59 “**Other Future Products**” shall mean any future integrated circuit devices designed by AMD other than GPU Products and MPU Products.

1.60 “**Partnership Committee**” shall have the meaning set forth in Section 3.2(a).

1.61 “**Period**” shall mean a fiscal month or fiscal quarter, as applicable to the specific measurement period in question.

1.62 “**Process Batch**” shall mean a group of wafers that are processed together as a group.

1.63 “**Process Development Wafers**” or “**Process Engineering Wafers**” shall mean Engineering Wafers produced by a FoundryCo Manufacturing Entity to enable it to design, develop, establish, test, improve and validate FoundryCo Manufacturing Entity manufacturing processes. For avoidance of doubt, Process Development Wafers or Process Engineering Wafers

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shall not include Engineering Wafers expressly requested by AMD, which shall be counted as Product Development Wafers.

1.64 “**Process Node**” shall mean a specific geometry loosely based on minimum line width at which semiconductor integrated circuit devices, and the photomasks or reticles used in the manufacture of those devices, are manufactured (e.g., a 45 nm process node). For avoidance of doubt, Process Nodes shall include half nodes (e.g., 40nm and 28nm process nodes).

1.65 “**Product**” shall mean an integrated circuit device incorporating AMD’s proprietary designs to be manufactured by the FoundryCo Manufacturing Entities and sold to AMD by the FoundryCo Sales Entities, including Embedded Products, GPU Products, MPU Products and Other Future Products. The Products will be provided to AMD as unprobed Wafers, probed Wafers or bumped Wafers, as specified in the applicable purchase order.

1.66 “**Product Development Wafers**” shall mean Engineering Wafers requested by AMD and produced by the FoundryCo Manufacturing Entities to test, evaluate and validate Product designs, including, but not limited to, design verification and engineering verification.

1.67 “**Product Development Wafer Cost**” shall mean the portion of AMD MPU Specific Development Wafer Cost related to Product Development Wafer Starts, determined as the ratio of Product Development Wafer Starts to Development Wafer Starts (for MPU Products).

1.68 “**Product Development Wafer Starts**” shall mean the Wafer Starts of Product Development Wafers.

1.69 “**Production Wafers**” shall mean the finished silicon wafers for the Products to be manufactured by the FoundryCo Manufacturing Entities in accordance with the applicable Specifications and using the Qualified Processes, and shall include Risk Starts.

1.70 “**Production Wafer Starts**” shall mean Wafer Starts for Production Wafers.

1.71 “**Qualification Plan**” shall mean the qualification tests and schedules to be agreed upon by the parties under which a Qualified Process is established and tested at FoundryCo Manufacturing Entities and relevant Wafers are manufactured using the Qualified Process to meet the Specifications.

1.72 “**Qualification**” or “**Qualified**” shall mean the mutual determination that the relevant Wafers meet the Specifications in accordance with the applicable Qualification Plan for a particular Product.

1.73 “**Qualified Process**” shall mean the wafer manufacturing processes used at FoundryCo for production of relevant Wafers, and any other FoundryCo Manufacturing Entity proprietary wafer manufacturing process approved by the parties to produce relevant Wafers.

1.74 “**Quarterly Business Reviews**” or “**QBRs**” shall mean business reviews held every fiscal quarter by the Partnership Committee or their designees as mutually agreed to by the parties.

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1.75 “**Quarterly Technical Reviews**” or “**QTRs**” shall mean technical reviews held every fiscal quarter by the Partnership Committee or their designees as mutually agreed to by the parties.

1.76 “**R & D**” shall mean research and development.

1.77 “**Raw Wafers**” shall mean unprocessed or bare silicon wafers purchased by FoundryCo Manufacturing Entities and used by FoundryCo Manufacturing Entities as a substrate to enable the FoundryCo Manufacturing Entities to fabricate Wafers on behalf of AMD as set forth in this Agreement.

1.78 “**Raw Wafer Cost**” shall mean the actual cost to the FoundryCo Manufacturing Entities of a Raw Wafer.

1.79 “**Recall**” shall mean a recall, field correction, market withdrawal, stock recovery, or other similar action with respect to any Products delivered under this Agreement and related to manufacturing of such Products (and not related to AMD’s Product designs or Specifications) other than Engineering Wafers.

1.80 “**Relevant Executive Officer**” shall have the meaning set forth in Section 3.2(b).

1.81 “**Representatives**” shall have the meaning set forth in Section 13.1.

1.82 “**Residual Information**” shall mean with respect to Confidential Information, information in non-tangible form which may be incidentally retained in the unaided memory of the receiving party’s personnel having had access to the Confidential Information of the disclosing party, and which such personnel cannot identify as Confidential Information of the disclosing party. Such personnel’s memory is “unaided” if the personnel have not intentionally memorized any Confidential Information of the disclosing party.

1.83 “**Risk Starts**” shall mean Production Wafer Starts for Products that have yet to be accepted by a customer. Process Development Wafers and Product Development Wafers are not Risk Starts.

1.84 “**RFQ**” shall mean request for quotation with respect to the [\*\*\*\*] of [\*\*\*\*] as specified in Exhibit B.

1.85 “**RMA**” shall mean return material authorization. An RMA process is a process by which Products are identified as defective, returned to a FoundryCo Sales Entity or scrapped, and the applicable FoundryCo Sales Entity or FoundryCo Manufacturing Entity undertakes specified remediation activities and provides refunds or credits, as further specified in Exhibit E.

1.86 “**RMA Threshold**” shall mean a percentage of the Target Yield for each Product, as determined by the Partnership Committee on a Product by Product basis.

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1.87 “**Sales and Marketing Expenses**” shall mean standard sales and marketing expenses, as calculated by FoundryCo in accordance with accounting standards as generally applied by FoundryCo.

1.88 “**SOF**” shall mean use of a layered silicon-insulator-silicon substrate in the process of manufacturing Wafers.

1.89 “**Sort Equipment**” shall mean equipment owned as of the Effective Date by FoundryCo to perform Sort Services for MPU Products.

1.90 “**Sort Services**” shall mean the wafer testing and sorting services to be provided by the applicable FoundryCo Manufacturing Entities upon agreement of the parties to determine conformance of the Wafers with the Specifications.

1.91 “**Sort Services Cost**” shall mean all cost incurred in providing Sort Services, including the depreciation on Sort Equipment.

1.92 “**Specifications**” shall mean the AMD Product specifications agreed upon by the parties on a Product by Product basis, initially consistent with AMD’s current specifications for existing Products currently being manufactured by AMD as of the Effective Date.

1.93 “**Target Yield**” shall mean the anticipated Yield for each Product determined on a fiscal quarter basis by the parties as set forth in Section 3.7.

1.94 “[\*\*\*\*]” shall mean [\*\*\*\*].

1.95 “**Transition Period**” shall have the meaning set forth in Section 12.3.

1.96 “**Transition Services Agreement**” shall mean the Transition Services Agreement between AMD and FoundryCo dated of even date herewith.

1.97 “[\*\*\*\*]” shall mean [\*\*\*\*].

1.98 “**Wafers**” shall mean Engineering Wafers, Production Wafers, or both, as applicable.

1.99 “**Wafer Outs**” shall mean completed Wafers processed for delivery to AMD.

1.100 “**Wafer Price**” shall mean the price of Wafers quoted by FoundryCo Sales Entities to AMD on a Product by Product basis and thereafter set forth on a purchase order from AMD to the FoundryCo Sales Entities.

1.101 “**Wafer Starts**” shall mean Wafers that have started the manufacturing process.

1.102 “**Warranty Period**” shall mean the time following delivery of a Product when the performance warranty set forth in Section 9.1 is available for such Product. This Warranty Period shall be reviewed and approved by the Partnership Committee on a Product by Product basis, but

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in the absence of a specific Warranty Period approved by the Partnership Committee, the default Warranty Period for a Product will be [\*\*\*\*] months.

1.103 “**Yield**” shall mean the actual percentage of Die on a Wafer that conform to the Specifications as measured at Wafer sort.

1.104 “**Yield Loss**” shall mean the percentage of Die on a Wafer that do not conform with the Specifications as measured at Wafersort.

## 2. PURCHASE AND CAPACITY COMMITMENTS

### 2.1 Purchase Commitments.

(a) MPU Products. During the term of this Agreement and subject to Section 2.1(b), AMD agrees to purchase all of AMD’s and the Remaining Discovery Subsidiaries’ MPU Product requirements from FoundryCo Sales Entities in accordance with the terms and conditions of this Agreement, provided that if FoundryCo is not in compliance with its obligations to provide the agreed to capacity or to provide all of the MPU Products pursuant to the Binding Forecasts and applicable purchase orders in a timely manner, within the Yield requirements, on Qualified Processes and in accordance with the Specifications, then the parties agree to meet, discuss and implement a mutually acceptable corrective action plan to address such non-compliance as well as a mutually acceptable plan to allow FoundryCo to provide the agreed to capacity and to provide all of the MPU Products pursuant to the Binding Forecasts and applicable purchase orders in a timely manner, within the Yield requirements, on Qualified Processes and in accordance with the Specifications going forward. Notwithstanding the foregoing, in the event that AMD acquires a business from a third party that either manufactures or has manufactured MPU Products, then AMD shall have a commercially reasonable period of time to transition manufacture of such MPU Products to FoundryCo; provided that such period of time to transition shall not exceed two (2) years from the date of such acquisition, unless consented to by FoundryCo (which consent shall not be unreasonably withheld).

#### (b) Second Sourcing.

i. Notwithstanding Section 2.1(a), AMD may source up to [\*\*\*\*] percent ([\*\*\*\*]%) of AMD’s and the Remaining Discovery Subsidiaries’ quarterly MPU Product Wafer requirements with [\*\*\*\*] at Process Nodes of [\*\*\*\*] nm or greater, until [\*\*\*\*] establishes a fabrication facility at an [\*\*\*\*] outside [\*\*\*\*] with Qualified Processes to manufacture the applicable MPU Products for AMD.

ii. If at any time while AMD may purchase the applicable MPU Products from [\*\*\*\*], FoundryCo cannot deliver in a timely manner Qualified Products produced on Qualified Processes that meet the Specifications in accordance with Binding Forecasts, the Partnership Committee shall promptly address the situation, including conducting a prompt review process and implementing a corrective action plan. If, however, such failure to so deliver such Products is causing AMD to fail to meet its material commitments to its customers, and AMD as a result needs to purchase greater MPU Product volumes from [\*\*\*\*] than otherwise set forth above,

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AMD may increase its purchases at [\*\*\*\*] for the affected MPU Products above the [\*\*\*\*] percent ([\*\*\*\*]%) maximum to meet such customer requirements. AMD may thereafter continue to purchase MPU Products over the [\*\*\*\*] percent ([\*\*\*\*]%) maximum until such time as FoundryCo demonstrates, as mutually agreed upon, that FoundryCo can meet the relevant Specifications and Yields for such MPU Product in a manner reasonably comparable or better than those of [\*\*\*\*], as well as meet the applicable supply commitments set forth in this Agreement or as actually required by AMD.

iii. Upon request from AMD and [\*\*\*\*], FoundryCo agrees to use commercially reasonable efforts to provide technical assistance to [\*\*\*\*] with respect to an agreed upon plan to enable [\*\*\*\*]'s efforts to manufacture the applicable MPU Products, including, subject to any applicable third-party sublicensing and disclosure restrictions, granting access and rights to necessary process technology, provided that [\*\*\*\*] agrees to use such assistance solely to manufacture applicable MPU Products for AMD and to enter into a confidentiality agreement reasonably satisfactory to FoundryCo. AMD agrees to bear the reasonable expenses approved in advance by AMD and actually incurred by FoundryCo to provide such assistance.

iv. Notwithstanding any of the foregoing, upon the occurrence of [\*\*\*\*] Change of Control Transaction, AMD shall not be permitted thereafter to engage [\*\*\*\*] as a second source manufacturer of any MPU Products, subject to a reasonable wind-down period to move the production of the applicable MPU Products to Qualified Processes at the FoundryCo Manufacturing Entities without materially affecting AMD's supply obligations to its customers. FoundryCo agrees, in good faith, to work with AMD to resolve any issues related to AMD's ongoing customer relationship as a result of AMD's inability to engage [\*\*\*\*] as a second source manufacturer. Notwithstanding the foregoing and except for the reasonable transition period contemplated in the final sentence of Section 2.1(a), to the extent the relevant MPU Products were being made by [\*\*\*\*] or [\*\*\*\*] at the time AMD acquired the applicable business pursuant to the final sentence of Section 2.1(a), AMD agrees not to second source any MPU Products from [\*\*\*\*] or [\*\*\*\*] or any company controlled by [\*\*\*\*] or [\*\*\*\*].

#### (c) GPU Products.

i. AMD commits to, and the parties agree to work together, to establish FoundryCo's ability to manufacture GPU Products via a high volume bulk 32 nm process with Specifications to be agreed upon in advance by the parties in writing.

ii. At such time as FoundryCo has established a 32 nm Qualified Process, AMD agrees, subject to this Section 2.1(c), that it will purchase from FoundryCo Sales Entities at least [\*\*\*\*] percent ([\*\*\*\*]%) of AMD's and the Remaining Discovery Subsidiaries' monthly Wafer requirements for the GPU Products at all Process Nodes, as further detailed in Exhibit C, ramping up linearly over a five (5) year period beginning with the fiscal month in which the initial [\*\*\*\*] percent ([\*\*\*\*]%) GPU Product volume sourcing commitment has been met, to at least [\*\*\*\*] percent ([\*\*\*\*]%) of AMD's Wafer requirements of its GPU Products (such minimum percentage, the "**GPU Minimum Percentage**"). If for an applicable quarter it is determined that AMD has not placed the GPU Minimum Percentage of AMD's and the Remaining Discovery Subsidiaries' GPU Products for manufacture by FoundryCo as set forth

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herein, the parties agree to meet, discuss and implement a mutually acceptable corrective action plan to address such non-compliance and to enable FoundryCo to manufacture higher volumes of the GPU Products in future.

iii. For each GPU Product (including the first-tape out of such GPU Product), FoundryCo shall have a [\*\*\*\*] in accordance with the process set forth in Exhibit B to manufacture such GPU Product. For the avoidance of doubt, the parties agree that FoundryCo shall have such [\*\*\*\*] in accordance with the process set forth in Exhibit B with respect to each GPU Product (whether or not such GPU Product is first GPU Product) at each [\*\*\*\*] of [\*\*\*\*].

iv. AMD agrees not to sell, transfer or otherwise dispose of all or substantially all of its or the Remaining Discovery Subsidiaries' assets related to GPU Products and related technology (including the equity interests of ATI Technologies ULC or its other subsidiaries that own such assets) to any person (other than to AMD or another Remaining Discovery Subsidiaries) without the consent of FoundryCo, unless the transferee (A) agrees to be bound by the provisions of this Agreement with respect to GPU Products, including FoundryCo's [\*\*\*\*] with respect to each GPU Product and the GPU volume commitment set forth in this section 2.1(c), and (B) agrees to purchase, on an annual basis, GPU Products in an amount equal to the GPU Minimum Percentage (determined at the time of such transfer) of AMD's volume of total GPU Products purchased from any foundry during the one (1) year period before such transfer, or if such transfer takes place less than one (1) year from the Effective Date, then the annualized volume for the period from the Effective Date to such transfer date.

(d) Embedded Products. FoundryCo shall continue to manufacture the Embedded Products (other than such Products on [\*\*\*\*]nm technology), in accordance with the terms of this Agreement, that AMD is manufacturing as of the Effective Date so long as AMD gives FoundryCo commercially viable volumes, as determined by the Partnership Committee.

(e) Other Future Products. AMD shall have no purchase commitment with respect to any Other Future Products; provided, however, that in the event AMD introduces a tape-out of any Other Future Products, FoundryCo shall have a right of first refusal in accordance with the process set forth in Exhibit B to manufacture such Other Future Product (including the first tape-out of such Other Future Product), subject to Qualification of such Other Future Product at such Process Node.

**2.2 Capacity Commitment.** The parties agree to work in good faith to review the forecast with respect to MPUs provided by AMD pursuant to Section 5.1, including a review of all incremental capital costs and expenditures expected to be incurred by FoundryCo resulting from any increase in the MPU Product volumes pursuant to the MPU Product forecasts. Upon completion of such review, and to the extent agreed to by the parties regarding the implementation of any additional capacity at FoundryCo Manufacturing Entities, FoundryCo shall allocate such additional capacity sufficient to produce the MPU Product volumes indicated in the relevant Binding Forecasts. The parties agree to act in good faith and in reasonable manner in connection with such review and any agreement to allocate such capacity. The parties agree to establish capacity requirements in writing in advance for the manufacture and supply of GPU Products. Notwithstanding the foregoing, FoundryCo will use commercially reasonable efforts to

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fill any unutilized capacity at FoundryCo Manufacturing Entity facilities that has been allocated to AMD as set forth in this Agreement with production on behalf of third parties, and FoundryCo will offset AMD's obligations to reimburse FoundryCo's fixed costs for such unutilized capacity by the percentage of such unutilized capacity FoundryCo uses to manufacture products for third parties; provided that FoundryCo shall not be required to fill such unutilized capacity that has been allocated to AMD if there exists unutilized capacity at FoundryCo Manufacturing Entity facilities that has not been allocated to AMD.

### 3. PROCESS IMPLEMENTATION

3.1 **Operational Coordination.** The parties will maintain communication via applicable technical personnel to ensure production and delivery of Products in accordance with the requirements as set forth in this Agreement.

#### 3.2 Partnership Committee.

(a) Partnership Committee Composition. The parties hereto shall create a partnership committee (the "**Partnership Committee**") which shall have responsibility for the implementation of this Agreement and for the relationship between FoundryCo and AMD. The Partnership Committee shall be comprised of at least four (4) members, with each of AMD and FoundryCo appointing an equal number of representatives. The Partnership Committee will create or approve general guidelines, policies, and procedures governing the process for determining any specific parameters to be mutually established by the parties (e.g., production volume forecast, customer feedback, Specifications, Target Yields). The Partnership Committee will meet (a) on a quarterly basis, (b) at the request of any party in connection with the resolution of a dispute, and (c) at the reasonable request of any party to address significant issues with respect to this Agreement. The Partnership Committee or its designees will also conduct QBRs and QTRs.

(b) Dispute Escalation. If at any point the Partnership Committee members are deadlocked and cannot reach agreement on an issue, the Partnership Committee will notify the relevant executive officer (each, a "**Relevant Executive Officer**") of AMD and FoundryCo of the issue. If the Relevant Executive Officers reasonably determine that the issue warrants further escalation, the Relevant Executive Officers will then discuss the issue in person or by telephone and the parties shall attempt in good faith to resolve the issue for a period of ten (10) Business Days. If the issue is not resolved, as agreed by AMD and FoundryCo, within such ten (10) Business Day period, the issue will be escalated to the chief executive officers of AMD and FoundryCo.

3.3 **New Processes.** The parties will discuss in good faith the details of the introduction of new process technologies, technology roadmaps and new Process Nodes at FoundryCo (subject to, in each case, any applicable constraints to which FoundryCo may be subject pursuant to any confidentiality obligations (whether oral or in writing) to or confidentiality agreements with third parties) for use to manufacture Products, including production capacity, ramp time, dependencies and Wafer Prices. As between FoundryCo and AMD, FoundryCo will bear all expenses for introducing new process technology and new Process Nodes, as further described in Exhibit A, other than AMD-Specific Manufacturing Process Technologies.

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**3.4 New Products.** If the parties agree, pursuant to Section 2.1 or otherwise, to add new non-MPU Products for FoundryCo to manufacture on AMD's behalf, AMD and FoundryCo shall agree in writing in advance on the Specifications, the AMD-Specific Product Qualification Plan and the price for such new non-MPU Products.

**3.5 Product Development Wafer Production Run.** Upon the agreement of the parties pursuant to a purchase order, FoundryCo will produce Product Development Wafers, using the applicable FoundryCo manufacturing process, and deliver the Product Development Wafers to AMD in accordance with the AMD-Specific Qualification Plan or the Qualification Plan agreed upon by the parties.

**3.6 Process Evaluation.** AMD shall evaluate the Wafers provided by FoundryCo in accordance with the AMD-Specific Qualification Plan or the Qualification Plan, as applicable. The parties will then assess in accordance with the procedures set forth in Exhibit G whether the applicable manufacturing process fulfills the necessary requirements to manufacture the applicable Products in commercial production quantities in accordance with all applicable Specifications and requirements.

**3.7 Yield Calculation Process and Yield Improvements.**

(a) Existing Products on Existing Processes. On a fiscal quarter basis within thirty (30) days following the end of the previous fiscal quarter, the parties will meet and review the actual Yields achieved by FoundryCo on a Product by Product basis. The parties will agree in writing on a Product by Product basis for the Target Yields for each Product that will apply to orders placed in the subsequent fiscal quarter. For the first [\*\*\*\*] fiscal quarters following the Effective Date, the lot average actual Yields measured over the last completed fiscal quarter prior to the Effective Date for the Products calculated by AMD and provided to FoundryCo shall be used for the Target Yields.

(b) New Products on New Processes. For instances where AMD and FoundryCo have agreed that FoundryCo will manufacture a new Product for AMD and will do so on a new process that has not previously been Qualified to manufacture Products for AMD, the Partnership Committee may set a Target Yield, but Yield and Yield Loss percentages will not be calculated until the parties mutually agree that a sufficient number of Wafers have been produced to generate Target Yield data. The parties will establish in advance mutually- acceptable test criteria for determining conformance of the applicable Die to the applicable Specifications so that the Target Yield data will be determined objectively.

(c) New Products on Existing Processes. For instances where AMD and FoundryCo have agreed that FoundryCo will manufacture a new Product for AMD and will do so on an existing FoundryCo process that has previously been Qualified to manufacture Products for AMD, the Partnership Committee may set a Target Yield, but the Target Yield will not be calculated until the parties mutually agree that a sufficient number of Wafers have been produced to generate Target Yield data, with a presumption that fewer Wafers will need to be produced to calculate such Target Yield data than would be required for new Products on new processes. The parties will establish in advance mutually-acceptable test criteria for determining conformance of

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the applicable Die to the applicable Specifications so that the Target Yield data will be determined objectively.

(d) Yield Improvements. FoundryCo shall use commercially reasonable efforts to continuously improve Yields and to decrease Yield Losses for all Products. AMD understands and accepts that design and test program changes instigated by AMD (for instance, by moving test from system level test to wafer sort test) may decrease the Wafer sort Yield and reasonably decrease the Target Yield, and agrees to reset the relevant Target Yield and Wafer sort Yield accordingly. FoundryCo shall notify AMD with respect to such decrease in the Wafer sort Yield and decrease in the Target Yield.

### **3.8 Notice of Engineering Change.**

(a) Engineering Change Approval. FoundryCo shall not remove, destroy, cease production on, or make any Major Changes to, any Qualified Process, or the controlled process parameters or sources, types or grade classifications of materials used on any Qualified Process, with respect to any Product, except (i) in accordance with FoundryCo's then-standard, reasonable engineering change notification process as generally applied to its customers; (ii) as reviewed and approved by the Partnership Committee on a case-by-case basis; or (iii) in accordance with a mutually agreed-upon process for implementing end-of-life procedures at the request of AMD.

(b) Engineering Change Requests from AMD. AMD may request Engineering Changes to a Qualified Process with respect to any Product from time to time. AMD agrees to provide FoundryCo reasonable specifications and rationales for making the process change, as well as propose an effective date for such Engineering Changes. FoundryCo shall respond within a reasonable period of time with a change order advising AMD as to whether it can support such change, and if it can support such change, the impact of such change on Product price, Yield, schedule, materials and work in progress. FoundryCo shall implement the requested Engineering Changes upon written agreement by AMD and FoundryCo of the terms of the change order.

**3.9 Information.** To the extent that it is able to do so based on disclosure obligations to third parties, and upon a specific request from AMD and the receipt by FoundryCo of each relevant consent from its third party customers, FoundryCo agrees to share with AMD the necessary technical and manufacturing information to ensure successful performance and production ramp of Products. Without limiting the foregoing, FoundryCo agrees to provide AMD the information listed in Exhibit D in accordance with the delivery schedules specified in Exhibit D for the applicable information.

**3.10 Technical Assistance to Enable FoundryCo to Implement New Processes and New Process Nodes.** The parties acknowledge and agree that it is in the best interest of each party that FoundryCo design and implement new processes and new Process Nodes to enable FoundryCo to manufacture Products on behalf of AMD and to obtain additional customers for its services. Therefore, AMD agrees to use reasonable efforts to provide FoundryCo information and assistance to enable FoundryCo to implement manufacturing processes at Process Nodes that are equivalent to or better than similar manufacturing processes at the same or higher Process

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Nodes in the marketplace. This information sharing between AMD and FoundryCo will be conducted through the Quarterly Technical Reviews and Quarterly Business Reviews or as otherwise agreed by the parties.

#### 4. PRODUCTION

4.1 **General.** Upon the successful completion of Qualification, the FoundryCo Manufacturing Entities will manufacture the Products, utilizing the applicable Qualified Processes, for AMD in accordance with the terms and conditions of this Agreement.

##### 4.2 Sort Services and Sort Equipment.

(a) Sort Services. As part of the Wafer supply services performed by FoundryCo for AMD under this Agreement, FoundryCo agrees to provide the Sort Services on a Product by Product basis as requested by AMD. Unless otherwise agreed to by the parties, AMD shall consign to the FoundryCo Manufacturing Entities all equipment and tooling (other than the Sort Equipment described below in Section 4.2(b), but including any upgrade to then existing equipment and tooling) necessary for the FoundryCo Manufacturing Entities to provide Sort Services, and such equipment and tooling shall be considered AMD Furnished Property subject to Section 4.3 below.

(b) Sort Equipment. The Sort Equipment will be owned by FoundryCo pursuant to the Master Agreement. The parties will meet and discuss in good faith with respect to any proposal from FoundryCo or AMD to modify or dispose of any of the Sort Equipment. In the event any or all of the Sort Equipment is no longer useable for providing Sort Services for MPU Products or for products of FoundryCo's other customers due to AMD changes in its test platforms or otherwise, FoundryCo may dispose of such Sort Equipment in any reasonable manner and AMD agrees to reimburse FoundryCo for the difference between (i) the sum of (A) [\*\*\*\*] percent ([\*\*\*\*]%) of the [\*\*\*\*] of the disposed Sort Equipment, (B) FoundryCo's reasonable costs to dispose of the Sort Equipment, (C) all [\*\*\*\*] and [\*\*\*\*] (and any interest related to such [\*\*\*\*] and [\*\*\*\*]) required to be [\*\*\*\*] as a result of such disposition, and (D) incremental taxes incurred by FoundryCo on such disposition, and (ii) the proceeds from the sale of Sort Equipment actually received by FoundryCo. Notwithstanding the foregoing, if the proceeds resulting from the sale of such Sort Equipment, less the costs to be reimbursed by AMD as set forth above, including the costs of [\*\*\*\*] or [\*\*\*\*], results in a net profit from such disposal of the Sort Equipment, then FoundryCo agrees to reimburse AMD the net profit resulting from such disposal of the Sort Equipment.

4.3 **AMD Furnished Property.** AMD may provide FoundryCo AMD Furnished Property from time to time to enable FoundryCo to provide the services specified under this Agreement. All such AMD Furnished Property shall be itemized and agreed upon in writing by the parties from time to time. All equipment and tooling included in the AMD Furnished Property shall be installed at the locations agreed upon in writing in advance and shall not be serviced without the prior written consent of AMD on a case-by-case basis, except that AMD's prior written consent shall not be required if the AMD Furnished Property is serviced by

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appropriate FoundryCo Manufacturing Entity personnel, by the manufacturer of the AMD Furnished Property, or by an AMD pre-approved vendor. AMD shall bear all reasonable maintenance and other operational costs for all equipment consigned by AMD as part of the AMD Furnished Property. The parties will agree from time to time regarding the nature, quantity and location for all AMD Furnished Property and FoundryCo shall be responsible for the proper storage of the AMD Furnished Property, at AMD's reasonable expense, and for FoundryCo's use of the AMD Furnished Property, ordinary wear and tear excepted. Upon completion of use, or upon termination of this Agreement, FoundryCo shall return such AMD Furnished Property to AMD at AMD's reasonable expense in accordance with AMD's reasonable packing and shipment instructions.

**4.4 AMD Activities at FoundryCo Facilities.** It is anticipated by the parties that AMD may undertake activities as needed at FoundryCo Manufacturing Entity facilities (i) to work with FoundryCo Manufacturing Entities to enhance and to improve engineering and quality initiatives with respect to the manufacture of Products for AMD and (ii) to verify maintenance of the AMD-Specific Qualified Processes and the manufacturing of the Products for AMD in accordance with the Specifications. AMD agrees to comply with all applicable safety, security and environmental policies and procedures implemented by FoundryCo at such facilities. In addition, AMD will comply with all confidentiality procedures that separate AMD activities at FoundryCo facilities from other activities related to other FoundryCo customers. FoundryCo agrees to implement reasonable safety, security and environmental procedures at all of its facilities, including reasonable security procedures to protect the confidentiality of AMD's technical information and AMD's personnel for AMD- Specific Manufacturing Process Technology and AMD's Confidential Information.

**4.5 Provision of Reticles.** The parties will obtain and manage the reticles for the Products as further specified in Section 5.9 and Exhibit H.

**4.6 Quick Turn Module Assembly Line Services.** As part of the Wafer supply services performed by FoundryCo for AMD under this Agreement, FoundryCo agrees to provide quick turn module assembly line services on a Product by Product basis as reasonably requested by AMD.

**4.7 Treatment of Gain on Sale of Specific FoundryCo Equipment.** When FoundryCo delivers certain specific [\*\*\*\*] equipment that was sold to [\*\*\*\*] prior to the Effective Date and recognizes the gain on the sale of such equipment, to the extent such gain reduces manufacturing costs, the gain shall be reversed in calculating AMD MPU Specific Total COGS or AMD MPU Specific Manufacturing Costs for the Period in which such gain was recognized by FoundryCo. For the avoidance of doubt, AMD MPU Specific Total COGS or AMD Specific Manufacturing Costs shall not be reduced in that Period as a result of such gain.

## **5. ORDER AND SHIPMENT**

**5.1 MPU Product Forecasts.** Beginning on the Effective Date, AMD shall provide FoundryCo, in writing on a monthly basis a non-binding, rolling [\*\*\*\*] month forecast of its monthly volume requirements for MPU Products on a Product by Product basis, identified by

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specific technology and Process Node for the MPU Products listed. Notwithstanding the foregoing, upon the agreement of the parties with respect to any additional capacity requirements as specified in Section 2.2, the forecasts for capacity requirements for MPU Products shall be binding on each party regarding the Binding Forecast Period. AMD shall be required to reimburse FoundryCo for all AMD MPU Specific [\*\*\*\*], as part of the MPU Product pricing calculation in Exhibit A, [\*\*\*\*] of the [\*\*\*\*] of [\*\*\*\*] actually [\*\*\*\*] during any relevant Period. Notwithstanding anything to the contrary, the parties agree that the binding capacity for the first [\*\*\*\*] years after the Effective Date shall be [\*\*\*\*] percent ([\*\*\*\*]%) of the capacity at [\*\*\*\*] in [\*\*\*\*] plus [\*\*\*\*] in [\*\*\*\*] and any [\*\*\*\*] at the request of AMD to manufacture MPU Products during such [\*\*\*\*] years per mutual written agreement by the parties.

(a) In the event that during the Binding Forecast Period AMD requests additional capacity and FoundryCo provides such capacity, AMD shall also [\*\*\*\*] FoundryCo for the AMD MPU Specific [\*\*\*\*], as part of the MPU pricing calculation in Exhibit A, for such additional capacity.

(b) FoundryCo shall, upon receipt of the relevant [\*\*\*\*] month rolling forecast, provide AMD, on a quarterly basis, with a non-binding forecast of the AMD MPU Specific [\*\*\*\*], AMD MPU Specific [\*\*\*\*], AMD-Specific [\*\*\*\*] and [\*\*\*\*] Wafer [\*\*\*\*] (for MPU Products) at a reasonable level of detail required to produce and maintain the capacity requirements contained in such forecast.

(c) FoundryCo agrees to make a good faith effort to provide additional capacity to meet AMD requirements in excess of the capacity allocated to AMD pursuant to this Section 5.1 and Section 2.2; provided, however, that FoundryCo shall not be required to reallocate any capacity that has been committed to its other customers.

**5.2 GPU Products.** AMD shall provide FoundryCo, in writing and updated on a monthly basis, a rolling [\*\*\*\*] month forecast of its Forecasted GPU Wafer Demand on a Product by Product basis, identified by specific technology and Process Node for the GPU Products listed.

**5.3 Embedded Products.** AMD shall provide FoundryCo, in writing and updated on a monthly basis, a non-binding, rolling [\*\*\*\*] month forecast of its monthly volume requirements for Wafers for Embedded Products on a Product by Product basis, identified by specific technology and Process Node for the Embedded Products listed.

#### **5.4 Cost Allocation Principles.**

(a) The cost allocations set forth in Exhibit A are based on the assumption that in the early years of this Agreement following the Effective Date, AMD will likely be the primary customer of FoundryCo, and that it will take time for FoundryCo to establish additional customers to fill capacity at its facilities not used to manufacture Products on behalf of AMD. However, subject to Section 2.2, FoundryCo agrees (i) to make a good faith effort to fill any capacity at its facilities allocated to AMD that is not required to meet FoundryCo's supply commitments under this Agreement by providing foundry services to additional customers and

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(ii) to offset AMD's obligations to [\*\*\*\*] FoundryCo's [\*\*\*\*] for such capacity by the [\*\*\*\*] of such capacity FoundryCo uses to manufacture products for third party customers.

(b) In addition, subject to Section 2.2, if AMD notifies FoundryCo in writing that despite the binding MPU Product forecast AMD issued pursuant to Section 5.1 above, AMD's actual requirements for MPU Product production will be less than initially forecasted for the applicable Binding Forecast Period, FoundryCo agrees to use commercially reasonable efforts to find customers to fill the unneeded capacity and to the extent that FoundryCo does engage alternative customers to fill such capacity no longer needed by AMD, then FoundryCo agrees not to charge AMD for the forecasted, but no longer necessary, capacity for which FoundryCo has found alternative purchasers, provided that the price paid by such alternative purchasers is equal to or greater than the purchase price for the MPU Products to have been manufactured for AMD pursuant to the applicable forecast.

(c) The parties agree to use commercially reasonable efforts to work together to reduce fixed costs and Product production costs, including by improving Yields.

### 5.5 Purchase Orders.

(a) AMD will purchase Products from FoundryCo Sales Entities pursuant to valid purchase orders referencing this Agreement that specify the purchase order number, type and quantity of Products ordered, the applicable price for such Products, the place(s) of delivery, and required delivery date(s). Purchase orders may take the form of electronic submissions in a mutually-acceptable format (including submissions currently referred to by AMD as "B+B+B files") so long as they contain the same information specified above for purchase orders, even if such submissions may not be referred to specifically as "purchase orders" when transmitted. The applicable FoundryCo Sales Entity shall provide written order acknowledgements by confirmed facsimile, electronic transmission, or other mutually-agreed means as soon as reasonably practicable; provided that such purchase orders shall not be binding until accepted in writing by the applicable FoundryCo Sales Entity. Notwithstanding the foregoing, no FoundryCo Sales Entity may reject an MPU Product purchase order submitted in accordance with Binding Forecasts and Lead Times, and will not unreasonably delay purchase order acknowledgments or unreasonably reject purchase orders submitted in accordance with applicable forecasts and Lead Times for all other Products. In the event of any discrepancy between any pre-printed terms on a purchase order or sales acknowledgment form or notice and the terms of this Agreement, this Agreement shall prevail and any different or additional terms shall be deemed rejected.

(b) Minimum Batch Sizes for Production Wafers shall be determined by FoundryCo on a commercially reasonable basis. Lead Times will be determined by the parties on a Product-by-Product basis. Lead Times shall take into account manufacturing process cycle times, capacity commitment times, materials ordering times, and the like.

**5.6 Acceleration.** It is anticipated that from time to time there may be instances where an accelerated lead and cycle time is required to serve the needs of AMD. AMD shall have the right to request change orders to existing purchase orders to accelerate production and delivery of specified Products by providing written notice to FoundryCo prior to the delivery of the Products

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impacted by such change order and FoundryCo shall use commercially reasonable efforts to meet such request; provided that, unless otherwise agreed to by the parties, such lot acceleration shall be limited to [\*\*\*\*] percent ([\*\*\*\*]%) of AMD's [\*\*\*\*] at [\*\*\*\*].

**5.7 Cancellations.** Subject to AMD's purchase volume commitments set forth in this Agreement, including the MPU Product purchase requirements set forth in Section 5.1, AMD may cancel any purchase order or portion thereof for Products, without charge, upon [\*\*\*\*] days advance written notice to FoundryCo prior to the applicable Wafer Start date. If AMD provides notice of cancellation on or after the applicable Wafer Start date for a Product order, then AMD agrees to pay FoundryCo all verified, reasonable out-of-pocket costs, per a mutually-agreed scrap calculation as further described in Exhibit F, for raw materials and work in process incurred by FoundryCo for the ordered Products under the cancelled purchase order, provided that such raw materials and work in process may not be reasonably used by FoundryCo in fulfilling subsequent purchase orders.

**5.8 Lot Splits and Lot Holds.** The parties agree to work in good faith with respect to any lot splits and lot holds requested by AMD; provided that, unless otherwise agreed to by the parties, no lot hold may extend for a period exceeding [\*\*\*\*] days and the total number of Wafers on hold cannot exceed [\*\*\*\*] percent ([\*\*\*\*]%) of total work in process for AMD.

**5.9 Reticle Holds.** FoundryCo agrees to retain reticles for Products for at least [\*\*\*\*] months following the last applicable Product delivery for the applicable reticle. At the end of such [\*\*\*\*] month period, upon agreement by the parties, FoundryCo may return such reticles to AMD at AMD's expense if no applicable Product has been forecasted by AMD.

**5.10 Product End of Life Procedures.** If AMD decides that it will no longer offer for sale and sell a particular Product, AMD will give FoundryCo reasonable prior written notice, and the parties will mutually agree upon and implement an end of life process for the applicable Products, including any Wafers specific to that Product that may still be on hold in accordance with Section 5.8 above. As part of such discussions, the parties will determine the disposition of any reticles specific to that Product.

## **6. DELIVERY**

**6.1 Packaging.** The FoundryCo Manufacturing Entities will package the Products for shipment to AMD in accordance with the applicable industry standard specifications, unless otherwise agreed to by the parties.

**6.2 Delivery and Risk of Loss.** Unless otherwise agreed to by the applicable FoundryCo Sales Entity and AMD, the Products will be delivered EXW the applicable FoundryCo Manufacturing Entity (Incoterms 2000). Title to Products will pass from the applicable FoundryCo Sales Entity to AMD upon receipt of the Products by AMD or its carrier at the FoundryCo Manufacturing Entity shipping dock, unless the applicable FoundryCo Sales Entity and AMD agree to another location. At AMD's request, the applicable FoundryCo Sales Entity will arrange for transportation in accordance with standard industry practice, and AMD shall pay for the transportation of the Products.

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## 7. PRICING, R&D CHARGES AND PAYMENT

7.1 **Pricing.** The following pricing terms shall apply to all FoundryCo Sales Entities, including USOpCo, and USOpCo and any other FoundryCo Sales Entity shall be bound by the cost determinations set forth in this Agreement.

(a) **MPU Product Pricing.** The methodology for calculating the pricing for MPU Products is set forth in Exhibit A attached hereto. The same pricing and pricing methodology shall apply to Fusion Products, if and when such Fusion Products are developed by AMD.

i. MPU Product pricing for the first [\*\*\*\*] after the Effective Date shall be the amount as determined under Section 1 of Exhibit A. Such amounts shall be determined based on FoundryCo's capacity in place to manufacture MPU Products for such [\*\*\*\*], which shall be [\*\*\*\*] percent ([\*\*\*\*]%) of the capacity at [\*\*\*\*] in [\*\*\*\*] plus [\*\*\*\*] in [\*\*\*\*] and any [\*\*\*\*] added at the request of AMD to [\*\*\*\*] during such [\*\*\*\*] period per mutual written agreement of the parties.

ii. MPU Product pricing for FoundryCo's fiscal years subsequent to such [\*\*\*\*] period shall be the amount determined under Section 1 of Exhibit A and based on the FoundryCo manufacturing capacity allocated to AMD pursuant to Sections 2.2 and 5.1. If FoundryCo decides, in accordance with Exhibit D to the Shareholders' Agreement, to [\*\*\*\*] a [\*\*\*\*] or [\*\*\*\*] after the Effective Date in a [\*\*\*\*], and the choice of location for such [\*\*\*\*] will result in materially increased [\*\*\*\*] for the MPU Products, then AMD and FoundryCo shall discuss in good faith [\*\*\*\*] measures to make the AMD MPU Specific [\*\*\*\*] manufactured at such new facilities reasonably consistent with the AMD MPU Specific [\*\*\*\*] for the same type of MPU Products manufactured at [\*\*\*\*] of FoundryCo Manufacturing Entities; provided that the parties agree that the [\*\*\*\*] in Section 1 of Exhibit A on AMD MPU Specific [\*\*\*\*] shall not be amended. Notwithstanding the foregoing, AMD acknowledges and agrees that normal, [\*\*\*\*] by foundries to implement new processes or new facilities shall not be taken into account in determining whether a material [\*\*\*\*] in [\*\*\*\*] has occurred.

(b) **GPU Product Pricing.** At such time as FoundryCo is able to begin manufacturing GPU Products for AMD, the parties will agree on the applicable pricing for such GPU Products; provided, however, that the parties agree that such prices shall be based on competitive market pricing. The price for Engineering Wafers for GPU Products shall be determined by mutual written agreement of the parties on a case-by-case basis.

(c) **Embedded Product Pricing.** The pricing for Embedded Products shall be based on competitive market pricing. The price for Engineering Wafers for Embedded Products shall be determined by mutual written agreement of the parties on a case-by-case basis.

(d) **Other Future Product Pricing.** The parties will agree on applicable pricing for any Other Future Products; provided, however, that the parties agree that such prices shall be based on competitive market pricing. The price for Engineering Wafers for Other Future Products shall be determined by mutual written agreement of the parties on a case-by-case basis.

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(e) Shipping Costs. AMD shall bear, in addition to the Product pricing agreed upon by the parties, the amount of any freight, insurance, handling and other duties levied on the shipment of Product.

(f) Price Calculation Process for Products other than MPU Products. The parties may from time to time agree on a Product by Product basis to alter the method of calculating the pricing for a Product, including to die-buy purchasing models, and regarding situations where Yields may be materially less than Target Yields (but greater than RMA Thresholds) or materially greater than Target Yields.

## 7.2 Research and Development Charges.

(a) Charge for AMD-Specific R&D Costs. The charge for AMD-Specific R&D Costs shall be determined pursuant to Section 2 of Exhibit A. Pursuant to Section 5 of Exhibit A, should FoundryCo produce products for other customers using the AMD-Specific Manufacturing Process Technology, FoundryCo shall pay a rebate amount, if any, to AMD as described therein. Such rebate shall in the form of a credit by FoundryCo against the accounts receivable from AMD.

(b) Charge for Process Development Wafers. Charges for Process Development Wafers shall be determined pursuant to Section 3 of Exhibit A.

(c) Charge for Product Development Wafers. The charge for Product Development Wafers shall be determined pursuant to Section 4 of Exhibit A.

(d) [\*\*\*\*],[\*\*\*\*].and[\*\*\*\*].and [\*\*\*\*]. Notwithstanding anything to the contrary in this Agreement, FoundryCo shall not charge AMD for its [\*\*\*\*], for any [\*\*\*\*] and [\*\*\*\*], or for any [\*\*\*\*], other than as may be provided in the Transition Services Agreement.

## 7.3 Payment.

(a) The FoundryCo Sales Entities will invoice AMD for all Products (including Product Development Wafers) shipped to AMD in a manner to be mutually agreed by the applicable FoundryCo Sales Entities and AMD. Payment shall be made in U.S. Dollars in cash within forty-five (45) days after the invoice date unless otherwise agreed to by the parties.

(b) The prices for MPU Products shall be based on forecasts of the AMD MPU Specific [\*\*\*\*] provided by FoundryCo to AMD pursuant to Section 5.1(b). The parties shall true-up at the end of each [\*\*\*\*] any difference in such prices based on such forecasts and the actual AMD MPU Specific [\*\*\*\*] calculated by FoundryCo at the end of such [\*\*\*\*]. If at the end of each fiscal [\*\*\*\*] Period, AMD has [\*\*\*\*] the [\*\*\*\*] to it pursuant to Sections 2.2 and 5.1, FoundryCo shall, as part of a mandatory, [\*\*\*\*] true-up process, invoice AMD for the [\*\*\*\*] related to such [\*\*\*\*]. If, as part of such [\*\*\*\*] true-up process, AMD has previously overpaid required amounts, then the amount of overpayment will be deducted from the next payment due from AMD. FoundryCo shall invoice AMD with respect to AMD-Specific [\*\*\*\*] at the end of each fiscal [\*\*\*\*].

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7.4 **Taxes.** Unless otherwise explicitly stated, the prices specified in this Agreement are exclusive of any sales, use, excise, consumption or similar taxes, and of any export and import duties, which may be levied upon or collectible by FoundryCo as a result of the sale or shipment of the products to AMD or its customers. AMD agrees to pay and otherwise be fully responsible for any such taxes and duties, unless in lieu thereof AMD provides FoundryCo with an exemption certificate acceptable to the relevant governmental authorities.

## 8. AUDIT

### 8.1 Audit.

(a) FoundryCo. FoundryCo shall keep records in sufficient detail to enable AMD to determine the correctness of the pricing for MPU Products, and to determine the correctness of the AMD-Specific R&D Costs allocated to AMD, in accordance with Section 7. FoundryCo shall permit said records to be inspected, at AMD's expense, upon reasonable advance notice, during regular business hours by an independent auditor selected by AMD and approved by FoundryCo, which approval shall not be unreasonably withheld. The audit shall only be for the purpose of verifying that the MPU Product prices and the AMD-Specific R&D Cost allocations established in Section 7 have been properly calculated. Inspections conducted under this Section 8.1(a) shall be at AMD's expense, unless a variation or error in FoundryCo's calculations have produced an overcharge of [\*\*\*\*] percent ([\*\*\*\*]%) or more for the applicable audited period, in which case FoundryCo shall bear the reasonable expenses of such audit. Notwithstanding anything to the contrary in Section 4.4 or this Section 8.1, FoundryCo shall not be obligated to permit AMD to inspect any agreement or terms with other third party customers, including with respect to pricing.

(b) AMD. AMD shall keep records in sufficient detail to enable FoundryCo to determine that AMD has complied with its second sourcing limitations in Section 2.1(b) and its GPU Product volume sourcing commitments in Section 2.1(c). AMD shall permit said records to be inspected, at FoundryCo's expense, upon reasonable advance notice, during regular business hours by an independent auditor selected by FoundryCo and approved by AMD, which approval shall not be unreasonably withheld. The audit shall be for the purpose of verifying that AMD has complied with its second source restrictions in Section 2.1(b) and its GPU Product sourcing commitments in Section 2.1(c). Inspections conducted under this Section 8.1(b) shall be at FoundryCo's expense, unless AMD has a non-compliance variance adverse to FoundryCo of [\*\*\*\*] percent ([\*\*\*\*]%) or more of (i) the relevant [\*\*\*\*] percent ([\*\*\*\*]%) second source restriction or (ii) the GPU Minimum Percentage for the applicable audited period, in which case AMD shall bear the reasonable expenses of such audit.

## 9. LIMITED WARRANTY; WARRANTY DISCLAIMER

9.1 **Limited Warranty.** FoundryCo represents and warrants that the Products delivered hereunder (other than Engineering Wafers) shall meet the applicable Specifications, and shall be free from defects in material and workmanship, under normal use and service during the Warranty Period. If, during the Warranty Period, (i) AMD notifies FoundryCo promptly in writing upon discovery of any defect in the applicable Products, including a reasonable

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description of the alleged defect, or if Yield Losses exceed pre-established limits, (ii) AMD returns samples of such Products to FoundryCo pursuant to the RMA procedures described in Exhibit E, and (iii) FoundryCo determines in good faith that such Product is defective or corroborates the low Yields and that such defect or low Yield was not caused by any accident, abuse, misuse, neglect, improper installation, repair, alteration or some other action by someone other than FoundryCo, improper testing or use contrary to any instructions issued by FoundryCo, or by any other reason not attributable to FoundryCo, then FoundryCo shall undertake the actions specified in Exhibit F. The warranty in this Section 9.1 does not apply to any failure in conformance or defect to the extent arising as a result of AMD's design nor for any other cause not attributable to defective materials or workmanship or failure to meet Specifications on the part of FoundryCo. This paragraph states the exclusive remedy of AMD and FoundryCo's sole and exclusive obligation for a breach of the foregoing warranty. All Engineering Wafers delivered to AMD are delivered "AS IS," without any warranty of any kind.

**9.2 Disclaimer.** EXCEPT AS EXPRESSLY PROVIDED IN SECTION 9.1, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FOUNDRYCO EXPRESSLY DISCLAIMS ALL WARRANTIES AND CONDITIONS REGARDING THE WAFERS PROVIDED HEREUNDER, WHETHER EXPRESS, IMPLIED OR STATUTORY, AND INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON- INFRINGEMENT OF THIRD PARTY RIGHTS.

## **10. INDEMNIFICATION**

**10.1 AMD Indemnity.** Except as provided for in Section 10.2 below, AMD shall, at its own expense, indemnify, defend and hold FoundryCo and its Affiliates, officers, directors, employees, agents, successors and assigns ("**FoundryCo Indemnified Parties**") harmless from and against any liabilities, losses, damages, costs or expenses, including reasonable attorneys' fees, arising from any third party action, claim, suit or proceeding alleging infringement or misappropriation of such third party's patent, trademark, copyright, mask work or other intellectual property rights to the extent arising from (i) FoundryCo Manufacturing Entities making Wafers for AMD in compliance with any AMD's Product designs or Specifications, (ii) the use by FoundryCo Manufacturing Entities to make Products for AMD of the same equipment, material, manufacturing methods and process technologies as those used by AMD or its Subsidiaries at the relevant facilities immediately prior to the Effective Date (provided that such indemnity shall not be applicable for this clause (ii) if such use were not in the same manner as that used by AMD or its Subsidiaries immediately prior to the Effective Date and the applicable claim directly relates to a FoundryCo Manufacturing Entity's not using such equipment, materials, manufacturing methods and process technologies in the same manner for the same Products as those used by AMD or its Subsidiaries immediately prior to the Effective Date); or (iii) the use by FoundryCo Manufacturing Entities of AMD Furnished Property (provided that such indemnity shall not apply with respect to this clause (iii) if the FoundryCo Manufacturing Entities have not used such AMD Furnished Property in accordance with all applicable safety standards and instructions and the applicable claim directly relates to the

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FoundryCo Manufacturing Entities' not complying with the applicable safety standards and instructions); provided that such indemnities shall not apply to such liabilities, losses, damages, costs or expenses arising from fraud, willful misconduct or gross negligence of FoundryCo Indemnified Parties.

**10.2 FoundryCo Indemnity.** Except as provided for in Section 10.1, FoundryCo shall, at its own expense, indemnify, defend and hold AMD and its Affiliates, officers, directors, employees, agents, successors and assigns (“**AMD Indemnified Parties**”) harmless from and against any liabilities, losses, damages, costs or expenses, including reasonable attorneys’ fees, arising from any third party action, claim, suit or proceeding alleging infringement or misappropriation of such third party’s patent, trademark, copyright, mask work or other intellectual property rights to the extent arising from FoundryCo’s method of manufacturing the applicable Products, providing the Sort Services, or from IP blocks (e.g., standard cell libraries), (except as a result of the use by FoundryCo of the same equipment, materials, manufacturing methods and process technologies as those used by AMD or its subsidiaries at the relevant facilities immediately prior to the Effective Date); provided that such indemnity shall not apply to such liabilities, losses, damages, costs or expenses arising from fraud, willful misconduct or gross negligence of AMD Indemnified Parties.

**10.3 Notice of Loss; Third Party Claims.** The provisions of Section 12.07 of the Master Agreement shall apply in connection with any claim for a loss under this Section 10 as it relates to the indemnified party and the indemnifying party under this Section 10.

## **11. INTELLECTUAL PROPERTY**

**11.1 License Grant.** Subject to the terms and conditions of this Agreement, AMD grants FoundryCo and the applicable FoundryCo subsidiaries (and any permitted assignees) a non-exclusive, non-transferable, royalty-free right and license to make Products on behalf of AMD and to import and sell such Products to AMD. Subject to the terms and conditions of this Agreement, AMD also grants FoundryCo and the applicable FoundryCo subsidiaries (and any permitted assignees) a non-exclusive, non-transferable, royalty-free right and license to reproduce any documentation provided by AMD hereunder to enable FoundryCo and the applicable FoundryCo subsidiaries (or such permitted assignees) to manufacture the Products on behalf of AMD. All other rights are reserved. AMD confirms that on the Effective Date, AMD has not granted such rights or licenses to AMD’s Technology or non-patent intellectual property rights to FoundryCo or any applicable FoundryCo subsidiaries, other than the rights or licenses granted pursuant to this Section 11.1 related to designs or Specifications for the Products and to the AMD Excluded Technology (as defined and listed in the Non-Patent Intellectual Property and Technology Transfer Agreement between FoundryCo and AMD of even date herewith).

**11.2 AMD Ownership.** Subject to the Non-Patent Intellectual Property and Technology Transfer Agreement between FoundryCo and AMD of even date herewith, as among the parties, AMD will own all right, title and interest in and to the designs and Specifications for the Products, and any other documentation that AMD provides FoundryCo pursuant to this Agreement.

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11.3 **FoundryCo Ownership.** Subject to the Non-Patent Intellectual Property and Technology Transfer Agreement between FoundryCo and AMD of even date herewith, as among the parties, FoundryCo will own all right, title and interest in and to any manufacturing process technology that the FoundryCo Manufacturing Entities use to manufacture the Products hereunder.

11.4 **Joint Development of New Technology or Intellectual Property Rights.** This Agreement does not address the development and ownership of new technology or intellectual property rights. If the parties choose to work together to develop new process technology, new product technology, the parties will enter into a separate written development agreement to address the terms and conditions of such development work, and the resulting ownership and licenses applicable to any intellectual property rights created as a result.

11.5 **Trademarks.** None of the parties shall acquire any proprietary right or interest in any trademark of another party by reason of this Agreement.

## 12. TERM AND TERMINATION

12.1 **Term.** This Agreement shall commence on the Effective Date and shall continue until the later of ten (10) years or until the [\*\*\*\*] is [\*\*\*\*] with a [\*\*\*\*] and [\*\*\*\*] of at least [\*\*\*\*] on Qualified Processes per month, unless terminated earlier by FoundryCo or AMD pursuant to Section 12.2, but in no event longer than fifteen (15) years after the Effective Date. The parties agree to discuss any renewal of this Agreement at least [\*\*\*\*] years prior to the anticipated date of its termination under the first sentence of this Section 12.1.

12.2 **Termination of Agreement.** This Agreement may be terminated as follows:

(a) The parties may terminate this Agreement upon mutual written consent at any time.

(b) This Agreement may be terminated by FoundryCo or AMD if and when a Business Plan Deadlock (as defined in the FoundryCo Funding Agreement) exists and Advanced Technology Investment Company PJSC elects to enter into the Transition Period (as defined in the FoundryCo Funding Agreement).

12.3 **Termination Assistance.** Upon expiration or termination of this Agreement, FoundryCo shall use commercially reasonable efforts (i) to cooperate with AMD to assist AMD in the preparation and execution of a plan to transition the supply of Products to another provider; provided that the period of such transition (the “**Transition Period**”) shall not last more than twenty four (24) months from such expiration or termination of this Agreement; and (ii) to fulfill purchase orders submitted by AMD during the Transition Period. The pricing for MPU Products during the Transition Period shall be based on pricing specified in Section 7, and the exclusivity provision in Section 2.1(a) shall be waived from the beginning of the Transition Period in order to enable AMD to find and qualify a new manufacturing partner or to otherwise obtain manufacturing capabilities for MPU Products. For the avoidance of doubt, during the Transition Period (i) AMD shall continue to provide MPU Product forecasts pursuant to Section

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5.1 and (ii) AMD shall be required to reimburse FoundryCo for all AMD MPU Specific [\*\*\*\*], as part of the MPU Product pricing calculation in Exhibit A, regardless of the amount of MPU Products [\*\*\*\*] manufactured during the Transition Period.

**12.4 Effect of Termination.** Upon expiration of the term, the licenses granted herein shall terminate (other than with respect to any Products manufactured or delivered during the Transition Period), and FoundryCo shall have no further delivery obligations other than continuing to manufacture and deliver all confirmed purchase orders accepted prior to the expiration of the term or during the Transition Period. Termination of this Agreement shall not affect any payment rights accrued as of the date of such termination or during the Transition Period. The termination of this Agreement shall not release any party from any liability which at said date of termination has already accrued to another party.

**12.5 Survival.** Notwithstanding any termination or expiration of this Agreement, Section 2.2 (with respect to the Transition Period), 5.1 (with respect to the Transition Period), Sections 7 (with respect to the Transition Period), 8 (with respect to the Transition Period), 9, 10, 11.2, 11.3, 11.5, 12.3, 12.4, 12.5, 13 (for the period specified in Section 13.3), 14, and 15 and the applicable Exhibits and definitions shall survive any expiration or termination of this Agreement.

### 13. CONFIDENTIALITY

**13.1 Confidential Information.** Each party agrees, and agrees to cause its officers, directors, employees, attorneys, accountants, auditors and agents (collectively, “**Representatives**”), to maintain in confidence the Confidential Information it has received from another party, using the same degree of care to preserve the confidentiality of such Confidential Information that the party to whom such Confidential Information is disclosed would use to preserve the confidentiality of its own information of a similar nature and in no event less than a reasonable degree of care. Except as authorized in writing by the affected party, none of the other

parties shall at any time use or disclose or permit to be disclosed any Confidential Information of such party to any person, firm, corporation or entity, (a) except as may reasonably be required in connection with the performance of this Agreement by AMD, FoundryCo, USOpCo, or FoundryCo’s other permitted designees, as the case may be, and (b) except to the parties’ Representatives or Affiliates who are informed by the parties of the confidential nature of the information and are bound to maintain its confidentiality.

**13.2 Exceptions.** The obligation not to disclose information under Section 13.1 hereof shall not apply to information that, (a) becomes generally available to the public other than as a result of disclosure made by the party desiring to treat such information as non-confidential, (b) was or becomes readily available to the party desiring to treat such information as non-confidential on a non- confidential basis, (c) is or becomes available to the party desiring to treat such information as non-confidential on a non-confidential basis from a source other than its own files or personnel or the other parties, provided that such source is not known by the party desiring to treat such information as non-confidential to be bound by confidentiality agreements with the other parties or by legal, fiduciary or ethical constraints on disclosure of such information, or (d) is required to be disclosed pursuant to a governmental order or decree or other legal requirement (including the requirements of the U.S. Securities and Exchange Commission

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and the listing rules of any applicable securities exchange), provided that the party required to disclose such information shall give the other parties prompt notice thereof prior to such disclosure and, at the request of the other parties, shall cooperate in all reasonable respects in maintaining the confidentiality of such information, including obtaining a protective order or other similar order. Nothing in this Section 13.2 shall limit in any respect any party's ability to disclose information in connection with the enforcement by such party of its rights under this Agreement; provided that the proviso of clause (d) in the immediately preceding sentence shall apply to the party desiring to disclose such information.

13.3 **Duration.** The obligations of the parties set forth in this Section 13 with respect to the protection of Confidential Information shall remain in effect until the later of (a) five (5) years after the date of disclosure and (b) two (2) years after the termination of this Agreement.

13.4 **Residual Information.** Notwithstanding Section 13.1 above, a party receiving Confidential Information shall not be in breach of its confidentiality obligations under Section 13.1 for the inadvertent use of the disclosing party's Residual Information for the receiving party's own business purposes by personnel who no longer has access to any tangible (including machine-readable) embodiments of the applicable Confidential Information of the disclosing party; provided, however, that the foregoing shall not apply to any disclosure of the disclosing party's Confidential Information to any third parties, or any use of such Confidential Information by such third parties. This Section 13.4 shall not be deemed to (a) grant to the receiving party a license under any intellectual property rights (excluding trade secrets) of the disclosing party or (b) authorize any use of the tangible (including machine-readable) embodiments of any Confidential Information of the disclosing party.

#### 14. LIMITATION OF LIABILITY

14.1 **Damages Waiver.** IN NO EVENT SHALL ANY PARTY BE LIABLE TO ANY OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR

PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

#### 15. MISCELLANEOUS PROVISIONS

15.1 **Compliance with Law.** Each party agrees to comply with all applicable state, local and federal laws related to the performance of their obligations under this Agreement. Without limiting the foregoing, each party agrees to comply with any applicable export control laws and regulations of the United States.

15.2 **No Agency.** It is agreed and understood that neither FoundryCo nor AMD is the agent, representative or partner of the other and neither FoundryCo nor AMD has any authority or power to bind or contract in the name of or to create any liability against the other in any way or for any purpose pursuant to this Agreement.

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15.3 **Force Majeure.** Each party shall not be liable for any failure to perform its obligations under this Agreement due to a force majeure event during the term of this Agreement or during the Transition Period, including but not limited to an act of God, flood, earthquake, fire, explosion, interruption or defect in the supply of electricity or water, act of government, war, acts of terror, civil commotion, insurrection, embargo, riots, lockouts, inability to obtain raw materials, or labor disputes. Upon the occurrence of a force majeure event, (a) the affected party shall notify the other parties in writing; and (b) the originally scheduled date shall be deemed extended for a period equal to the time lost by reason of the event except that if such force majeure continues for more than twelve (12) consecutive months without the prospect of cure, AMD (if such affected party is FoundryCo, USOpCo or any FoundryCo permitted designee) or FoundryCo (if such affected party is AMD) shall have the option to terminate this Agreement immediately upon written notice. Upon the cessation of a force majeure event, the affected party shall inform the other parties of the date on which that party's obligations under this Agreement shall be reinstated.

15.4 **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, by registered or certified mail (postage prepaid, return receipt requested) to the respective parties hereto at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 15.4):

a. if to FoundryCo:

The Foundry Company  
c/o Maples Corporate Services Limited  
PO Box 309, Uglan House  
Grand Cayman KY1-1104, Cayman Islands  
Attention: General Counsel

b. if to USOpCo:

AMD Fab Technologies US, Inc.  
One AMD Place  
Sunnyvale, CA 94085 USA  
Attention: General Counsel

c. if to AMD:

Advanced Micro Devices, Inc.  
7171 Southwest Parkway  
MS B100.T  
Austin, Texas 78735

Facsimile: (512) 602-0148

Attention: General Counsel

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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  
Christopher Kaufman

**15.5 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.

**15.6 Entire Agreement.** This Agreement, the Master Agreement and the other Ancillary Agreements constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof and thereof.

**15.7 Assignment.** This Agreement may not be assigned by operation of law or otherwise without the express written consent of the other parties hereto (which consent may be granted or withheld in the sole discretion of such parties (provided that USOpCo shall have no such consent right)) and any such assignment or attempted assignment without such consent shall be void; provided, however, that FoundryCo may assign or delegate all or some of its rights and obligations under this Agreement to one or more of its subsidiaries, including USOpCo, any other applicable FoundryCo Sales Entity, or any FoundryCo Manufacturing Entity, without any such consent if FoundryCo guarantees the performance of the obligations that have been so assigned or delegated. Subject to the foregoing obligation by FoundryCo to guarantee USOpCo's performance and any other FoundryCo designee's or assignee's performance, the parties acknowledge that FoundryCo will assign or delegate all or some of such rights hereunder, directly or indirectly, to USOpCo with respect to U.S. sales activities pursuant to one or more intercompany agreements to be entered into on the date hereof by FoundryCo (with copies provided to AMD). Without limiting FoundryCo's guarantee of performance pursuant to this Section 15.7, the parties intend that FoundryCo shall assign or delegate all such rights and obligations, directly or indirectly, to USOpCo to the extent the retention of such rights or obligations could give rise to income to FoundryCo that is treated as effectively connected with

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the conduct of a trade or business within the United States within the meaning of Section 864 of the U.S. Internal Revenue Code of 1986, as amended.

**15.8 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 15.9.

**15.9 Waiver.** Any party may (a) extend the time for the performance of any of the obligations or other acts of any other party or waive compliance with any of the agreements of the 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.

**15.10 Third Party Beneficiaries.** Except for the provisions of Section 10 relating to indemnified parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and delegates 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.

**15.11 Governing Law; Dispute Resolution.**

(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 conflict of law principles.

(b) Any dispute arising out of, or in connection with this Agreement or any transactions contemplated hereby or thereby, 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 parties, 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 LCIA Rules then in effect, as amended by this Section 15.11, which LCIA Rules are deemed to be incorporated by reference into this Section 15.11. The seat, or legal place, of the arbitration shall be London, England. The language of the arbitration shall be English. The number of arbitrators shall be three. Each party shall nominate one arbitrator and the two arbitrators nominated by the parties shall, within thirty (30) days of the appointment of the second

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arbitrator, agree upon and nominate a third arbitrator who shall act as Chairman of the Tribunal. If no agreement is reached within thirty (30) days, the LCIA Court shall appoint a third arbitrator to act as Chairman of the Tribunal. 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 15.11, may be entered and enforced in any court of competent jurisdiction by any of the parties. In the event any party subject to such final and binding award desires to have it confirmed by a final order of a court, the only court which may do so shall be a court of competent jurisdiction located in London, England; provided however, that nothing in this sentence shall prejudice or prevent a party from enforcing the arbitrators' final and binding award in any court of competent jurisdiction. The parties hereto acknowledge and agree that any breach of the terms of this Agreement could give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, the parties agree that, prior to the formation of the Tribunal, the parties have the right to apply exclusively to any court of competent jurisdiction or other judicial authority located in London, England for interim or conservatory measures, including, without limitation, to compel arbitration (an "**Interim Relief Proceeding**"). Furthermore, the parties agree that, after the formation of the Tribunal, the arbitrators shall have the sole and exclusive power to grant temporary, preliminary and permanent relief, including injunctive relief and specific performance, and any then pending Interim Relief Proceeding shall be discontinued without prejudice to the rights of any of the parties thereto. Unless otherwise ordered by the arbitrators pursuant to the terms hereof, the arbitrators' expenses shall be shared equally by the parties. In furtherance of the foregoing, each of the parties hereto irrevocably submits to: (i) the exclusive jurisdiction of the courts of England located in London, England in relation to any Interim Relief Proceeding and; (ii) the non-exclusive jurisdiction of the courts of England located in London, England with respect to the enforcement of any arbitral award rendered in accordance with this Section 15.11; and, with respect to any such suit, action or proceeding, waives any objection that it may have to the courts of England located in London, England on the grounds of inconvenient forum. For the avoidance of doubt, where an arbitral tribunal is appointed under this Agreement, the whole of its award shall be deemed for the purposes of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 to be contemplated by this Agreement, as the case may be (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 15.11).

(d) 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 15.4. 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,

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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.

15.12 **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 party hereto has been represented by counsel in connection with the negotiation and execution of this Agreement. 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.

15.13 **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.

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WHEREFORE, the parties have signed this Wafer Supply Agreement effective as of the date first set forth above.

**FoundryCo**

**AMD**

By: /s/ Bruce McDougall By: /s/ Harry A. Wolin  
Name: Bruce McDougall Name: Harry A. Wolin  
Title: Chief Financial Officer Title: SVP, General Counsel & Secretary

**USOpCo**

By: /s/ Kelly Smales  
Name: Kelly Smales  
Title: Vice President

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**Exhibit List:**

Exhibit A – Product Pricing and Cost Allocation

Exhibit B – [\*\*\*\*] Process

Exhibit C – Capacity Commitments

Exhibit D – Technical Information

Exhibit E – RMA Process

Exhibit F – Product Scrapping Process

Exhibit G – Manufacturing Process Qualification Procedures

Exhibit H – Reticles/Mask

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

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## Exhibit A: Product Pricing and Cost Allocation

**1. Price for Production Wafers.** The price for Production Wafers containing MPU Products, regardless of [\*\*\*\*] or [\*\*\*\*], shall be [\*\*\*\*] by AMD MPU Specific [\*\*\*\*], as graphically represented in the attachment to this Exhibit A.

**2. Charges for AMD-Specific R&D Costs.** The charge for AMD-Specific R&D Costs shall be determined as follows:

**AMD-Specific R&D Costs [\*\*\*\*] by the following [\*\*\*\*] (such [\*\*\*\*], the “AMD-Specific [\*\*\*\*]”):**

- (i) [\*\*\*\*] during the first [\*\*\*\*] full fiscal months after the Effective Date
- (ii) [\*\*\*\*] during the remainder of fiscal year [\*\*\*\*]
- (iii) [\*\*\*\*] during fiscal year [\*\*\*\*]
- (iv) [\*\*\*\*] during fiscal year [\*\*\*\*]
- (v) [\*\*\*\*] during fiscal year [\*\*\*\*]
- (vi) [\*\*\*\*] during fiscal year [\*\*\*\*]

Notwithstanding the foregoing, FoundryCo shall pay all [\*\*\*\*], [\*\*\*\*], [\*\*\*\*] and other R&D costs, unless otherwise agreed by the parties.

**3. Charges for Process Development Wafers.** The charge for Process Development Wafers shall be determined as follows:

- a. AMD-Specific Process Engineering Wafers containing MPU Products – Pursuant to Section 2 above.
- b. Process Engineering Wafers containing MPU Products (other than AMD-Specific Process Engineering Wafers) – [\*\*\*\*].
- c. Process Engineering Wafers (not containing MPU Products) – [\*\*\*\*].

**4. Price for Product Development Wafers Containing MPU Products.** The price for Product Development Wafers containing MPU Products shall be determined as follows:

- a. For the first [\*\*\*\*] after the Effective Date: [\*\*\*\*] by the [\*\*\*\*].
- b. Thereafter: [\*\*\*\*] by the [\*\*\*\*].

**5. Rebate Amounts.** Should FoundryCo produce products for other customers using AMD-Specific Manufacturing Process Technologies, FoundryCo shall rebate within a reasonable period of time after the end of the relevant fiscal [\*\*\*\*] (starting with the end of [\*\*\*\*]) [\*\*\*\*] or [\*\*\*\*], as the [\*\*\*\*] be, of the AMD-Specific R&D Costs from the immediately prior [\*\*\*\*], as follows:

[****] (with respect to any [****])	[****]	(AMD-Specific R&D Costs with respect to the [****])
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provided that such rebate amount shall not be less than zero with respect to any relevant [\*\*\*\*].

The parties expect that any products produced for other customers using AMD-Specific Manufacturing Process Technologies are likely to be based on such technology put in place in prior years. Therefore, the parties agree that any rebate amount paid to AMD as specified above at the [\*\*\*\*] of any relevant [\*\*\*\*] should be based on the AMD-Specific R&D Costs for the immediately prior [\*\*\*\*].

As an example, if (a) AMD-Specific [\*\*\*\*] with respect to [\*\*\*\*] is [\*\*\*\*], (b) the [\*\*\*\*] of wafer starts using AMD-Specific Manufacturing Process Technology for AMD (in [\*\*\*\*] total wafer starts using AMD-Specific Manufacturing Process Technology for any customer) in [\*\*\*\*] is [\*\*\*\*] (thus, such [\*\*\*\*] of wafer starts for third party customers is [\*\*\*\*]) and (c) AMD-Specific R&D Costs for [\*\*\*\*] is \$[\*\*\*\*], then the rebate amount AMD will receive at the [\*\*\*\*] of [\*\*\*\*] is ([\*\*\*\*]) (\$[\*\*\*\*]) or \$[\*\*\*\*].

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## **[\*\*\*] Product Pricing Chart**

**[\*\*\*]**

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

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## Exhibit B: [\*\*\*\*] PROCESS

Subject to Section 2.1(c) of this Agreement, AMD will continually provide FoundryCo with the opportunity to respond to GPU Product business opportunities and Other Future Product business opportunities. AMD agrees to invite FoundryCo to participate in the RFQ process for any and all GPU Products and Other Future Products that are being developed within AMD (including the first tape-out of such GPU Product or Other Future Product) that could potentially be manufactured at FoundryCo.

AMD agrees to share present and future product requirements with FoundryCo so that FoundryCo can adequately respond to any RFQ requests coming from AMD. This will be accomplished through Quarterly Technical Reviews and Quarterly Business Reviews.

In the process of awarding business to FoundryCo, AMD will execute a benchmarking process on a product-by-product basis across a number of potential foundry partners (including FoundryCo), covering AMD's technical requirements and design system requirements, along with commercial terms. This benchmarking process can occur at any point in time and may or may not be coincident with the QTR or QBR meetings already occurring. Notwithstanding the foregoing, this benchmarking process shall not be undertaken by AMD with regards to MPU Products.

Subject to Section 2.1(c), in the event that FoundryCo has a [\*\*\*\*], as determined by AMD, FoundryCo will be selected as the foundry partner for the development and production of that particular product. In the event that FoundryCo's offer is equivalent to the [\*\*\*\*] of another foundry partner, as determined by AMD, FoundryCo will be selected as the foundry partner for the development and production of that particular product.

In the event that after an initial review of the available bids, AMD determines that FoundryCo's [\*\*\*\*] is [\*\*\*\*], AMD agrees to [\*\*\*\*] a [\*\*\*\*] with FoundryCo not to exceed [\*\*\*\*] and to work collaboratively with FoundryCo during such [\*\*\*\*] to attempt to [\*\*\*\*] any [\*\*\*\*] in the [\*\*\*\*] to make the [\*\*\*\*]. AMD also agrees that, at the point that AMD engages with FoundryCo on this [\*\*\*\*] process, AMD will [\*\*\*\*] with [\*\*\*\*] to assist [\*\*\*\*] in the [\*\*\*\*] of their [\*\*\*\*]. This [\*\*\*\*] may be [\*\*\*\*] at AMD's discretion.

After this [\*\*\*\*], and subject to Section 2.1(c), if FoundryCo's offer becomes [\*\*\*\*], as determined by AMD, AMD will select FoundryCo as the foundry partner for the development and production of that particular product.

In the event that, after this [\*\*\*\*], AMD determines that FoundryCo's offer is [\*\*\*\*], AMD is free to select another foundry partner as the foundry partner for the development of that particular product and will continue to [\*\*\*\*] in [\*\*\*\*] to assist FoundryCo in [\*\*\*\*] its [\*\*\*\*] such that FoundryCo will be more likely to [\*\*\*\*] for future AMD [\*\*\*\*].

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## Exhibit C: Capacity Commitments

As described in Section 5 of this Agreement, AMD will provide to FoundryCo, on a monthly basis, a rolling [\*\*\*\*] month wafer forecast for MPU Products, a rolling [\*\*\*\*] month wafer forecast for GPU Products, and a rolling [\*\*\*\*] month forecast for Embedded Products.

For those Products other than MPU Products for which FoundryCo has received, and agreed to, purchase orders from AMD in accordance with Section 5.5, FoundryCo agrees to provide adequate capacity to produce such Products. In addition, FoundryCo agrees to allocate capacity to AMD as described in Section 2.2 of this Agreement.

For Embedded Products, so long as AMD gives FoundryCo commercially viable volume, FoundryCo agrees to maintain the process and equipment set required to manufacture these products for a period of [\*\*\*\*] years, or if earlier, until the termination or expiration of this Agreement. The [\*\*\*\*] year duration is measured from the qualification date of each specific Embedded Product and any extensions to the [\*\*\*\*] year duration will be negotiated in good faith between AMD and FoundryCo.

For GPU Products, the Forecasted GPU Wafer Demand will be calculated on a monthly basis along with the Forecasted Total GPU Wafer Demand. The Forecasted GPU Wafer Demand Percentage will then be reviewed monthly as part of the Partnership Committee meeting as well as reviewed quarterly as part of the Quarterly Business Review. The Forecasted GPU Wafer Demand Percentage will be calculated based on the [\*\*\*\*] fiscal months following and including the month that the Forecasted GPU Wafer Demand Percentage is shared with FoundryCo.

Also for GPU Products, the Actual Quarterly GPU Wafers Shipped will be calculated on a quarterly basis, along with the Actual Quarterly Total GPU Wafer Demand. The Actual Quarterly GPU Wafer Demand Percentage will then be reviewed with FoundryCo as part of the Quarterly Business Review. The Actual Quarterly GPU Wafer Demand Percentage will be calculated based on the most recent fiscal quarter prior to the date that the Actual Quarterly GPU Wafer Demand Percentage is shared with FoundryCo.

FoundryCo and AMD jointly agree that if, at any time, either the Forecasted GPU Wafer Demand Percentage or the Actual Quarterly GPU Wafer Demand Percentage falls below the designated levels as described in Section 2.1(c) of this Agreement that both companies will use commercially reasonable efforts to restore the percentage levels to their agreed upon values.

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### **Exhibit D: Technical Information**

The technical information that AMD may request from FoundryCo may include:

- SPICE models of varying degrees of accuracy, in concert with the state of process development at FoundryCo
  - Various EDA tools support files (for example, SDK's and PDK's)
  - lot status update reports
  - Defect density trends on a per-fab basis for any technologies that are being used by AMD
  - WIP status updates on all Products
  - Yield status update on all Products
  - Wafer sort data
  - Inline trend charts for key process modules
  - Inline data for specific process modules
  - Process failure analysis timetables and reports, as necessary
  - Detailed explanation and sharing of all relevant data for significant fab excursions
  - Any qualification reports for technology and technology options (process qual, eFuse qual etc...)
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## **Exhibit E: RMA Process**

### **In General**

Wafers that sort to less than the RMA Threshold may not be scrapped without providing AMD with prior written notice and shall be subject to the procedures set forth in Exhibit F. FoundryCo must, at AMD's option, either credit the amounts paid for the rejected Wafers or replace the defective Wafers as set forth in this Exhibit E or Exhibit F, as applicable.

FoundryCo shall bear all packing, transportation, insurance and other costs incurred in connection with the return and replacement of defective Products. For MPU Products, in no event may FoundryCo charge AMD for replacement Wafers pursuant to this Exhibit E.

For all Wafers whose Yields fall below the RMA Threshold, FoundryCo will provide a credit or will deliver additional Wafers for the affected Products to make up for the shortfall of good Die in a manner to be determined by the Partnership Committee.

### **Epidemic Failure**

If an Epidemic Failure occurs, or if FoundryCo or AMD believes it may be necessary to conduct a Recall, the parties will work together to promptly diagnose the problem resulting in an Epidemic Failure or requiring the Recall and establish a corrective action plan to fix the problem with the affected Products and to implement such plan immediately upon the parties' agreement regarding the corrective action plan. If the parties cannot promptly agree upon a corrective action plan, the corrective action plan will be submitted to the Partnership Committee for resolution, or if the Partnership Committee cannot resolve the issue promptly, the parties will escalate the issue for resolution as set forth in Section 3.2 of this Agreement.

In the event of any Recall required due to (i) a manufacturing error, (ii) a breach of this Agreement by FoundryCo, or (iii) negligence or willful misconduct by FoundryCo, FoundryCo shall, subject to the terms of this Agreement: (a) replace the affected Products; or credit amounts previously paid by AMD for the affected Products against future payment obligations of AMD; and (b) reimburse (or at the election of AMD, credit) AMD for the actual costs and expenses incurred by AMD in respect of such recalled Products. Any Recall required because of a negligent act or omission in the additional manufacturing or testing, handling, storage, marketing, promotion, sale or distribution of Products, or as a result of AMD's designs or Specifications, or other breach of this Agreement by AMD shall be at AMD's sole expense.

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## Exhibit F: Product Scrapping Process

Product scrapping occurs when the manufacturing of a Product is discontinued before the Product has completed all of its processing steps in the facility.

Product scrapping can be requested by FoundryCo only if the manufacturing process has fallen out of Specification and the delivered Products are expected to not meet the desired performance range or Yield. In this occurrence, the Partnership Committee will review the factory performance excursion and AMD will decide if the Product should be scrapped. If the decision is for such Product to be scrapped, at AMD's request, FoundryCo shall replace the affected Products or credit amounts previously paid by AMD for the affected Products against future payment obligations of AMD. In the event that AMD elects to run Products that are known to be out of Specification through the complete fabrication process, these Products will be taken from FoundryCo "AS IS", without any warranty of any kind, and there will be no RMA or profit-sharing variances performed on the purchase order value of those scrapped Products with FoundryCo.

In addition, AMD can request Product scrapping on a case-by-case basis at AMD's discretion. There is no limit to the number of Products that AMD can request to be scrapped. In the event that AMD requests Products to be scrapped, the Products will immediately be put on-hold at FoundryCo and an assessment will be made of where in the process the Products to be scrapped are located. The location in the process is defined by the last numerical masking step that the Products to be scrapped have been subjected to. For instance, if FoundryCo is running a process with 50 masking steps, and AMD requests a lot of Products to be scrapped, and those Products have been determined to have passed masking step 36 but have not yet passed masking step 37, the location in the process is defined as masking step 36.

In the event that AMD requests FoundryCo to scrap Products, AMD will render partial payment for the scrapped Products to FoundryCo relative to where in the process those scrapped Products are located. Using the example above, if a Product is requested by AMD to be scrapped, and the Product is determined to be at masking step 35 out of total of 50 masking steps in the technology, the Raw Wafer Cost was \$200, and the Wafer Price of the Product was \$1000, the scrap cost is calculated as

$[\text{Wafer Price} - \text{Raw Wafer Cost}] \times [\text{percentage of total mask levels fabricated}] + \text{Raw Wafer Cost}$ , which would be calculated as  $(\$1000 - \$200) \times (35/50) + \$200$  which equals \$760.

It is AMD's decision whether the scrap cost is rendered to FoundryCo as an adjustment of the original purchase order pricing or through a credit note to FoundryCo, or through some other means.

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## Exhibit G: Manufacturing Process Qualification Procedures

Process Qualification Requirements will be reviewed on a Product-by-Product basis. In the situation where FoundryCo is making a technology offering that is not yet Qualified (for instance, in the early stages of the development of a new technology node), the parties will discuss and agree upon Specifications, the process technology to be employed, and the allowable variations in each of the following evaluation areas during the development and production phases of that technology or a specific Product.

The areas of evaluation will include at least the following:

1. **Die pricing.** The die pricing is calculated from the Wafer Pricing, gross die per (GDPW), and Yield.
2. **Yields.** AMD and FoundryCo will agree on a consistent manner in which Target Yield predictions will be made and may also monitor other parameters (such as defect densities) that are used in the calculation of Yield.
3. **Alignment with 3rd party assembly houses.** The manufacturing process performed by FoundryCo will adhere to the applicable sections of the Specifications that address AMD's need to take the Wafers manufactured by FoundryCo through the die assembly process within industry acceptable quality levels.
4. **Wafer-in-process Monitoring.** For each process, FoundryCo must provide the ability for AMD to continuously monitor the position of Wafer orders as they progress through the FoundryCo manufacturing processes. It is expected that, starting in [\*\*\*\*], this ability will be rendered from FoundryCo to AMD through a secure internet portal. Until the internet portal is available, FoundryCo will provide Wafer monitoring reports consistent with Exhibit D at a frequency to be agreed upon by the parties.
5. **Product Life Test Procedures.** AMD will perform product life tests on Products delivered from FoundryCo and will run tests including but not limited to short-term life, long-term life, and HAST (Highly Accelerated Stress Tests). The successful completion of these product life tests will be a gating item for the release of the Product to volume production at FoundryCo.

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## Exhibit H: Reticles/Mask

Upon request from AMD, FoundryCo shall provide mask manufacturing services to AMD, including mask data prep, at [\*\*\*\*]. As of the Effective Date, FoundryCo shall provide mask data prep services to AMD utilizing hardware and software owned or leased by AMD. The parties agree to secure alternative hardware and software going forward. AMD acknowledges that for each new technology, mask manufacturing research and development and mask data prep may require AMD-specific [\*\*\*\*] that will be deemed to be AMD-Specific [\*\*\*\*] pursuant to the terms of this Agreement.

Any additional mask sets required specifically (a) for FoundryCo in connection with its technology learning, (b) for process changes introduced by FoundryCo, (c) for replacements by FoundryCo to account for normal wear and tear or (d) to enable FoundryCo to manufacture a particular Product at more than one FoundryCo location, will be at FoundryCo's expense. AMD acknowledges that for the purpose of MPU Product pricing, mask costs may become part of the AMD MPU Specific [\*\*\*\*].

Any new masks required by (a) design or Specification changes, (b) design learning desired by AMD, (c) process changes requested by AMD or (d) second sourcing requested by AMD or its customers will be paid by AMD at [\*\*\*\*].

AMD and FoundryCo shall mutually agree on mask suppliers for the purpose of meeting all the required technical criteria at reasonable cost and fulfilling the [\*\*\*\*] obligations in the Advanced Mask Technology Center. The parties acknowledge that for initial designs at each new technology node or at each process within a technology node, AMD may request, and FoundryCo may reasonably consider, early adopter incentives that may include discounted engineering, prototyping or production mask sets to AMD.

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**WAFER SUPPLY AGREEMENT AMENDMENT NO. 1**

This First Amendment to the WAFER SUPPLY AGREEMENT (this “**Amendment**”), dated as of March 29, 2011, amends that certain Wafer Supply Agreement, dated March 2, 2009, (the “**Agreement**”) by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”), on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware corporation and a wholly owned subsidiary of FoundryCo (“**USOpCo**”), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo’s sales activities; and (iv) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES Singapore Pte. Ltd., a private limited Singapore company and a wholly owned subsidiary of FoundryCo (“**GFS**”), which, by executing this Amendment, is becoming a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with GFS’ sales activities.

WHEREAS, the parties wish to modify certain pricing and other terms of the Wafer Supply Agreement with respect to MPU Products to be delivered by FoundryCo to AMD during 2011 as well as regarding certain payments to be made by AMD in 2012 relating to MPU Products; and

WHEREAS, the parties wish to permanently amend the Agreement with respect to GPU Products, Chipset Products (as defined below) and FoundryCo Sales Entities;

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

1. AMENDMENTS RELATED TO GPU PRODUCTS

1.1. Section 1.52.1

The following defined term shall be added to the Agreement immediately following Section 1.52 of the Agreement:

1.52.1 “**GPU Plan of Record**” shall mean a long-range planning document prepared by AMD, as amended from time to time as provided in Section 2.1(c), that outlines

AMD's planned tape-out and production schedule for each GPU Product, and identifying each GPU Product Family.

1.2. Section 1.53.1

The following defined term shall be added to the Agreement immediately following Section 1.53 of the Agreement:

1.53.1 "**GPU Product Family**" means any group of GPU Products that are developed by AMD as part of a single product marketing and design cycle and that are generally differentiated by AMD from other GPU Products based on performance, power and cost, as identified by AMD in the GPU Plan of Record.

1.53.2 "**GPU Product Technology Readiness Condition**" means, with respect to each GPU Product, a condition that shall be deemed to be satisfied if and when FoundryCo has achieved, on or before the GPU Product Technology Readiness Date, the passage of the certain [\*\*\*\*] criteria which define a set of important parameters related to [\*\*\*\*] milestones (the "**Critical Parameters**"). The definition of Critical Parameters for each GPU Product will be mutually agreed in good faith by AMD and FoundryCo. In the event that AMD shall change the GPU Plan of Record, the parties agree to meet in good faith to determine whether such change requires any corresponding changes to the Critical Parameters. FoundryCo and AMD will evaluate the achievement of the Critical Parameters in accordance with industry standard practice, and based on such evaluation will jointly and in good faith determine whether this condition is substantially or sufficiently satisfied for the purposes of Section 2.1(c) (ii)(A), (B) and (C).

1.53.2 "**GPU Product Technology Readiness Date**" means, with respect to each GPU Product, a date to be mutually agreed in good faith by AMD and FoundryCo as the earliest date at which the parties will determine whether the GPU Product Technology Readiness Condition has been satisfied. Specifically, for the purposes of the GPU Volume Ramp Products, the GPU Product Technology Readiness Date shall be [\*\*\*\*], provided that the parties will jointly evaluate by [\*\*\*\*] whether or not FoundryCo will satisfy the GPU Product Technology Readiness Condition for the [\*\*\*\*] GPU Product Family by [\*\*\*\*], and if necessary, will discuss and implement an action plan that enables AMD to award GPU Volume Ramp Products to FoundryCo.

1.3. Section 2.1(c)

Section 2.1(c) of the Agreement shall be amended and restated in its entirety to read as follows:

**(c) GPU Products.**

i. AMD and FoundryCo each commits to, and the parties agree to work together to, [\*\*\*\*] manufacture GPU Products via a high volume bulk process at the [\*\*\*\*]nm

Process Node and at all future smaller Process Nodes, with Specifications to be agreed upon in advance by the parties in writing. AMD's obligations and commitments set forth below under this Section 2.1(c) are subject to the satisfaction by FoundryCo of the GPU Product Technology Readiness Condition applicable to any given GPU Product, on or before the GPU Product Technology Readiness Date applicable to such GPU Product. FoundryCo acknowledges and agrees that all GPU Product commitments of AMD are subject to the [\*\*\*\*] process set forth in Exhibit B, which includes without limitation an analysis of FoundryCo's ability to manufacture any such GPU Products at [\*\*\*\*].

ii. In order to assist FoundryCo to establish FoundryCo's ability to meet AMD's demand for GPU Products, AMD commits (subject to the condition set forth in Section 2.1(c)(i)) to have FoundryCo manufacture: [\*\*\*\*] (collectively, these [\*\*\*\*] GPU Products are the "**GPU Volume Ramp Products**"). AMD shall also (x) supply to FoundryCo or to [\*\*\*\*], or (y) provide to FoundryCo a version of [\*\*\*\*] or [\*\*\*\*] in a [\*\*\*\*] architecture so that FoundryCo can [\*\*\*\*], in each case as the parties mutually agree is suitable [\*\*\*\*] to support FoundryCo's manufacturing readiness for the [\*\*\*\*] GPU Product Family.

A. In the event that FoundryCo has [\*\*\*\*] achieved [\*\*\*\*] of the Critical Parameters by the GPU Product Technology Readiness Date for the GPU Volume Ramp Products, then AMD shall [\*\*\*\*] the GPU Volume Ramp Products at FoundryCo and shall [\*\*\*\*] of AMD's requirements for the GPU Volume Ramp Products from FoundryCo.

B. In the event that FoundryCo has achieved [\*\*\*\*] of the Critical Parameters by the GPU Product Technology Readiness Date for the GPU Volume Ramp Products, [\*\*\*\*] has met [\*\*\*\*] Critical Parameters to be [\*\*\*\*] to [\*\*\*\*] the GPU Product Technology Readiness Condition and [\*\*\*\*] the [\*\*\*\*] for each GPU [\*\*\*\*] Product, then FoundryCo and AMD shall identify and mutually agree on [\*\*\*\*] actions (the "[\*\*\*\*] **Actions**") to be [\*\*\*\*] in the shortest period of time (such time period to be agreed upon in advance) for each GPU Product (the "[\*\*\*\*] **Time**").

(a) If FoundryCo completes [\*\*\*\*] Actions within the [\*\*\*\*] Time, then AMD shall [\*\*\*\*] the GPU Volume Ramp Products at FoundryCo and shall [\*\*\*\*] of AMD's requirements for the GPU Volume Ramp Products from FoundryCo.

(b) If FoundryCo completes [\*\*\*\*] Actions after the [\*\*\*\*] Time [\*\*\*\*] before [\*\*\*\*], then AMD shall use commercially reasonable efforts to [\*\*\*\*] GPU Volume Ramp Products at FoundryCo and to [\*\*\*\*] of its requirements for the GPU Volume Ramp Products at FoundryCo.

C. In the event that FoundryCo [\*\*\*\*] achieve [\*\*\*\*] a [\*\*\*\*] number of Critical Parameters by the GPU Product Technology Readiness Date for the GPU Volume Ramp Products to be [\*\*\*\*] to [\*\*\*\*] the [\*\*\*\*] for any such Product, then FoundryCo shall not be [\*\*\*\*] in accordance with the procedures set forth in Exhibit B in accordance with Section 2.1(c)(i), and AMD may [\*\*\*\*] for the GPU Volume Ramp Products.

D. In order to implement these commitments with respect to the GPU Volume Ramp Products, the parties further agree as follows:

(a) AMD may continue to work with other foundry partners to design and prepare to manufacture GPU Products from the [\*\*\*\*] GPU Product Family, as long as such design efforts do not divert design and engineering resources from the joint development effort described in the following paragraph.

(b) Immediately upon completion of the design activity for the [\*\*\*\*] currently code-named [\*\*\*\*] which is currently scheduled to be completed [\*\*\*\*], AMD and FoundryCo shall each commit [\*\*\*\*] full-time-equivalent, highly qualified and experienced design engineers (including engineers currently committed to the [\*\*\*\*] design efforts, or other engineers mutually acceptable to the other party), together with their associated support resources, to a joint AMD/FoundryCo effort to complete, on or before [\*\*\*\*], the full suite of Intellectual Property required for [\*\*\*\*] and [\*\*\*\*] targeted to be manufactured at FoundryCo using FoundryCo's [\*\*\*\*]nm technology.

(c) The process-design interaction for the [\*\*\*\*] GPU Product Family will be validated using [\*\*\*\*]; provided that any additional Intellectual Property specific to the GPU Volume Ramp Products that is required to be silicon verified may be verified using [\*\*\*\*], with the cost to be [\*\*\*\*].

iii. AMD agrees that, starting with the GPU Product Family currently code-named [\*\*\*\*] AMD will purchase at least [\*\*\*\*] percent ([\*\*\*\*]%) of its requirements for GPU Products measured on a [\*\*\*\*] basis (such minimum percentage, the "**GPU Minimum Percentage**") for the remaining duration of this Agreement. In order to achieve the GPU Minimum Percentage, AMD commits (subject to the condition set forth in Section 2.1(c)(i)) to have FoundryCo manufacture at least [\*\*\*\*] GPU Products from each of the [\*\*\*\*] and [\*\*\*\*] GPU Product Families.

iv. For the [\*\*\*\*] and [\*\*\*\*] GPU Product Families, FoundryCo and AMD shall determine whether FoundryCo has [\*\*\*\*], [\*\*\*\*] or [\*\*\*\*] the GPU Product Technology Readiness Condition for each GPU Product in the same manner set forth in Sections 2.1(c)(ii)(A), (B) and (C), with purchase commitments determined according to Section 2.1(c)(iii). This determination shall be made on a Product-by-Product basis and shall not affect such determination for any other GPU Product or change the GPU Minimum Percentage.

v. If for an applicable quarter it is determined that AMD has not (A) placed orders for manufacture by FoundryCo of the GPU Volume Ramp Products or the GPU Minimum Percentage of GPU Products starting with the [\*\*\*\*] GPU Product Family, or (B) complied with any other requirements as set forth herein to enable FoundryCo the opportunity to manufacture the GPU Minimum Percentage throughout the entire duration of this Agreement, the parties agree to meet, discuss and implement a mutually acceptable corrective action plan to address

such non-compliance and to enable FoundryCo to manufacture higher volumes of the GPU Products in the following quarters.

vi. Cooperation and Partnership on GPU Products. In order (A) to ensure the coordination of FoundryCo's technology roadmap and development and implementation of necessary process technology in a timely manner to intersect AMD's GPU Product roadmap on a schedule that will enable FoundryCo to establish Qualified Processes for GPU Products and satisfy the GPU Product Technology Readiness Condition for each GPU Product by the GPU Product Technology Readiness Date for such GPU Product, as provided in this Section 2.1(c), (B) to enable FoundryCo to meet AMD's requirements to manufacture GPU Products so that AMD will purchase the GPU Volume Ramp Products as well as purchase the GPU Minimum Percentage as anticipated in subsection (iii) above, and (C) to allow FoundryCo to compete for incremental GPU Products above the GPU Minimum Percentage, AMD and FoundryCo each commits to take the following steps with respect to GPU Products, with the intent of the parties to bring the same rigor and level of collaboration to the GPU migration process that currently exists between AMD and FoundryCo in their partnership to develop and qualify processes for MPU Products:

A. AMD shall share with FoundryCo on a timely basis AMD's GPU Product roadmap schedules, detailed GPU Product requirements, detailed technology needs, forecasts of volume requirements for all GPU Products by quarter, and all other pertinent information that AMD has that is related to AMD's product requirements and technology needs for the applicable GPU Products, including information regarding device targets, product performance requirements, and known process technology requirements (collectively, the "**GPU Product Roadmap Information**"). AMD agrees to deliver to FoundryCo the GPU Product Roadmap Information, together with all supporting information reasonably requested by FoundryCo, as early as practicable to ensure that FoundryCo has time to develop and qualify the processes required for FoundryCo to manufacture GPU Products for AMD in accordance with such roadmaps and this Section 2.1(c). AMD agrees to regularly update FoundryCo with additional GPU Product Roadmap Information consistent with the technology review and update process set forth in Schedule B to this Amendment. [\*\*\*\*] In the event that, following the [\*\*\*\*] described in Exhibit B, AMD selects a foundry partner other than FoundryCo to manufacture a particular GPU Product, AMD shall [\*\*\*\*] GPU Product Roadmap Information on such GPU Product [\*\*\*\*] such time that AMD has taped out such GPU Product at such other AMD foundry partner. In addition, AMD shall continuously [\*\*\*\*] updated quarterly volume forecasts for each GPU Product [\*\*\*\*] for as long as AMD is ordering such GPU Product from [\*\*\*\*]. For the avoidance of doubt, AMD shall be required to [\*\*\*\*] the GPU Product Roadmap Information, beginning on the date hereof, for all GPU Products, regardless of whether or not FoundryCo has qualified a process to produce such products and regardless of whether AMD has committed or intends to commit the production of all or some of its requirements for such GPU Products to one or more foundries other than FoundryCo.

B. AMD shall establish an annual GPU Plan of Record that includes identified GPU Products with quarterly wafer volumes sufficient to first achieve and then



maintain the GPU Minimum Percentage as set forth above. FoundryCo acknowledges and agrees that AMD has sole discretion regarding the GPU Products it designs and decides to have manufactured, and as a result, subject to the obligations set forth in this Section 2.1, including meeting the GPU Minimum Percentage as set forth above, AMD may change the GPU Plan of Record in response to changes in the GPU Product market or in AMD's position in that market.

C. AMD and FoundryCo will establish separate GPU QTR/QBR and supporting meetings on a regular cadence (basis) to track the parties' product and process technology requirements and progress in order to achieve the GPU Product manufacturing and purchase commitments set forth in this Section 2.1(c) with the same rigor and level of collaboration as the parties maintain in the development and manufacture of MPU Products. Specifically, AMD and FoundryCo shall initially use such processes to refine the GPU Plan of Record with the goal of establishing FoundryCo's ability to manufacture GPU Products and meeting the GPU Minimum Percentage as soon as practicable.

D. The parties will develop formalized executive level oversight of the commitments set out in this Section 2.1(c), including a designated executive at each of AMD and FoundryCo to drive and track progress towards achieving the GPU Product manufacturing targets set forth in the GPU Plan of Record. In addition to the executive level oversight, each party shall document a process with senior management accountability to align mid-level management execution of the commitments set forth herein and coordinate communications between such mid-level management at each party. This alignment process shall include participation by non-operational executives of FoundryCo and AMD.

vii. For each GPU Product (including the first-tape out of such GPU Product), FoundryCo shall have a [\*\*\*\*] in accordance with the process set forth in Exhibit B to manufacture such GPU Product. For the avoidance of doubt, the parties agree that FoundryCo shall have such [\*\*\*\*] in accordance with the process set forth in Exhibit B with respect to each GPU Product (whether or not such GPU Product is the first GPU Product) at each [\*\*\*\*] of [\*\*\*\*].

viii. AMD agrees not to sell, transfer or otherwise dispose of all or substantially all of its or its Subsidiaries' assets related to GPU Products and related technology (including the equity interests of ATI Technologies ULC or its other subsidiaries that own such assets) to any person (other than to AMD or another of its Subsidiaries) without the consent of FoundryCo, unless the transferee (A) agrees to be bound by the provisions of this Agreement with respect to GPU Products, including FoundryCo's [\*\*\*\*] with respect to each GPU Product and the commitments to purchase the GPU Volume Ramp Products as set forth in this

Section 2.1(c), and (B) agrees to purchase, on an annual basis, GPU Products in an amount at least equal to the GPU Minimum Percentage.

## 2. AMENDMENTS RELATED TO CHIPSET PRODUCTS

### 2.1 Section 1.29.1

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

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

2.2 Section 2.1(f)

Section 2.1 of the Agreement shall be amended by the addition of the following language as a new sub-Section 2.1(f), which shall read in its entirety as follows:

**(f) Chipset Volumes**

i. Each party commits to, and the parties agree to work together to, establish FoundryCo’s ability to manufacture Chipset Products via a [\*\*\*\*]nm bulk silicon process at the [\*\*\*\*]nm Process Node and at all future smaller Process Nodes for which AMD may purchase Chipset Products, with Specifications to be agreed upon in advance by the parties in writing.

ii. AMD agrees that, beginning with the [\*\*\*\*] family of Chipset Products (or, subject to the last clause of this paragraph (ii), any successor or replacement family of Chipset Products at the [\*\*\*\*]nm and any smaller Process Node)<sup>1</sup>, and continuing for the entire duration of this Agreement, AMD will purchase [\*\*\*\*]% of its requirements (including the requirements of its Subsidiaries) for any new Chipset Products from FoundryCo; provided, however, that if AMD purchases a company or assets from a company that has at the time of acquisition, Chipset Products in production or that have already taped out for manufacture at a third party foundry, such acquired Chipset Products will not be subject to this Section 2.1(f).

2.3 Section 7.1(c-2)

Section 7.1 of the Agreement shall be amended by the addition of the following language as a new sub-Section 7.1(c-2) (to be inserted between existing sub-Sections 7.1(c) and 7.1(d)), which shall read in its entirety as follows:

(c-2) Chipset Product Pricing. The pricing for Chipset Products shall be based on competitive market pricing. The price for Engineering Wafers for Chipset Products shall be determined by mutual written agreement of the parties on a case-by-case basis.

3. AMENDMENTS RELATED TO MPU PRODUCT PRICING IN 2011

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<sup>1</sup> As of the effective date of this Amendment, the [\*\*\*\*] Chipset Product on AMD’s [\*\*\*\*] is the one code-named [\*\*\*\*].

### 3.1 MPU Product Prices for 2011.

(a) Notwithstanding Section 7.1 and Exhibit A of the Agreement, the price for MPU Products delivered by FoundryCo to AMD in 2011 (including MPU Products in both [\*\*\*\*] and [\*\*\*\*] (as defined in Schedule D to this Amendment), and [\*\*\*\*] containing MPU Products (“**PQUL Wafers**”)) shall be as set forth in Schedule D to this Amendment.

(b) Payment by AMD of the purchase price set forth in Schedule D to this Amendment for MPU Products delivered in 2011 shall be, with respect to such MPU Products, in lieu of the payment of (A) the price for [\*\*\*\*] containing [\*\*\*\*] set forth in Section 1 of Exhibit A to this Agreement, and (B) the price for [\*\*\*\*] MPU Products set forth in Section 4 of Exhibit A to the Agreement. Payments of the purchase prices set forth in Schedule D for MPU Products delivered in 2011, however, shall be exclusive of and shall not affect the obligation of AMD to pay for [\*\*\*\*].

3.2 2011 Additional [\*\*\*\*] Fixed Payments. In addition to the prices set forth for purchases by AMD of MPU Products slated for delivery in 2011, AMD agrees to pay FoundryCo certain additional fixed [\*\*\*\*] payments (the “**2011 Additional [\*\*\*\*] Fixed Payments**”) as set forth in Schedule D.

### 3.3 Consequence of Failure to be in Commercial Production in 2011

(a) FoundryCo shall be deemed to be in “**Commercial Production in 2011**” of [\*\*\*\*] MPU Products if either one of these events has occurred: (i) the achievement of the [\*\*\*\*] milestone for the [\*\*\*\*] (as defined in Schedule A to this Amendment); or (ii) AMD has ordered [\*\*\*\*] MPU Product Production Wafers for delivery in [\*\*\*\*] of 2011.

(b) In the event that FoundryCo does not enter into Commercial Production in 2011, then in lieu of AMD’s obligation to pay for [\*\*\*\*] MPU Products as set forth in Schedule D, FoundryCo may instead invoice any time after the [\*\*\*\*] day of [\*\*\*\*] of 2011, and before the [\*\*\*\*] day of the [\*\*\*\*], AMD will pay within forty-five (45) days of the invoice date, [\*\*\*\*] Dollars (\$[\*\*\*\*]), representing [\*\*\*\*] percent ([\*\*\*\*]%) of FoundryCo’s [\*\*\*\*] MPU Product fixed costs. FoundryCo acknowledges that if it does not achieve Commercial Production in 2011, then it will not have met the conditions to be entitled to receive the 2012 Additional Quarterly Fixed Payments (as defined below), and as a consequence the 2012 Additional Quarterly Fixed Payments will not have been earned and will not be payable.

### 3.4 2012 Additional Quarterly Fixed Payments.

(a) Subject to the conditions set forth below, AMD will pay to FoundryCo the aggregate additional amount of Four Hundred and Thirty Million Dollars (\$430,000,000), payable in equal quarterly installments of One Hundred and Seven Million, Five Hundred Thousand Dollars (\$107,500,000) (collectively, the “**2012 Additional Quarterly Fixed Payments**”). The obligation to pay the 2012 Additional Quarterly Fixed Payments is contingent upon FoundryCo being in Commercial Production of [\*\*\*\*] MPU Products in 2012, even if the

Yields for such [\*\*\*\*] MPU Products fall below the Target Yield Curve (as defined in Schedule D) for such [\*\*\*\*] MPU Products in 2012.

(b) FoundryCo shall be deemed to be in “**Commercial Production of [\*\*\*\*] MPU Products in 2012**” if FoundryCo has achieved Commercial Production in 2011 (as defined above), and on or after [\*\*\*\*] fiscal 2012 FoundryCo continues to offer committed capacity to AMD to manufacture [\*\*\*\*] MPU Product Production Wafers for delivery in 2012.

(c) Notwithstanding subsection 3.4(a) above, the 2012 Additional Quarterly Fixed payments are subject to reduction in the event that FoundryCo earns any Yield Bonus Revenue as set forth in Section 12 of Schedule D.

(d) Subject to the provisions of this Amendment, [\*\*\*\*] days prior to the end of [\*\*\*\*] in 2012, FoundryCo shall invoice, and AMD shall pay on or prior to the last day of [\*\*\*\*], the applicable 2012 Additional Quarterly Fixed Payment.

3.5 Reversion to Existing Pricing Model for MPU Products in 2012. On and after January 1, 2012, except as set forth in Section 3.3 above, the parties will revert to the MPU Product pricing set forth in Section 7.1(a) and Exhibit A of the Agreement for all MPU Products.

3.6 Other Payment Obligations in 2011. During 2011, except as explicitly set forth in this Amendment, the parties will continue to perform their respective obligations under this Agreement, including forecasts, process implementation procedures, etc. The financial terms in Schedule D incorporate the payment of [\*\*\*\*] Costs and [\*\*\*\*] Costs under this Agreement, but will not modify any other [\*\*\*\*] or [\*\*\*\*] obligations of the parties under the Agreement. With respect to [\*\*\*\*] Wafer Outs containing [\*\*\*\*]nm MPU Products that were originally ordered by AMD for delivery in [\*\*\*\*], [\*\*\*\*], such [\*\*\*\*] have been or will be invoiced at prices calculated according to Section 7.1(a) and Exhibit A of the Agreement, and the prices for [\*\*\*\*] will not be modified by Schedule D of this Amendment.

#### 4. AMENDMENTS RELATED TO FOUNDRYCO SALES ENTITIES

##### 4.1 Section 1.48

Section 1.48 of the Agreement shall be amended and restated in its entirety to read as follows:

1.48 “**FoundryCo Sales Entities**” shall mean USOpCo, GFS, and any other direct or indirect wholly-owned subsidiaries of FoundryCo to which FoundryCo has delegated the responsibility to process purchase orders from AMD and to offer to sell and sell Products to AMD in accordance with this Agreement.

#### 5. AMENDMENTS RELATED TO AUDIT PROVISIONS

5.1 Additional Financial Review Procedures. Because this Amendment has established MPU Product prices for 2011 on a [\*\*\*\*] basis, rather than on a [\*\*\*\*] basis, the operational monitoring of the Agreement in 2011 will focus on a process that includes monthly reporting of product shipments, payments, Yield performance, [\*\*\*\*], and a [\*\*\*\*] (of billing versus [\*\*\*\*]). FoundryCo also agrees to support AMD's monthly S&OP process, annual business planning process and the long range planning process.

5.2 Additional FoundryCo Audit Rights. During 2011, FoundryCo shall have audit rights, consistent with Section 8.1(b) of the Agreement, to verify AMD's compliance with its obligations with respect to [\*\*\*\*] and [\*\*\*\*] inventories and dispositions thereof.

## 6. AMENDMENT RELATED TO ALLOCATION OF ADDITIONAL [\*\*\*\*] EXPENSES IN 2011

6.1 Incremental FoundryCo [\*\*\*\*] in 2011 for Implementing [\*\*\*\*] Technology for AMD. During 2011 only, AMD may periodically identify and request that FoundryCo invest in additional [\*\*\*\*] for the purpose of enhancing product performance or supporting very specific product features for the [\*\*\*\*] MPU Products. In the case where this [\*\*\*\*] is unique, unrelated to the established [\*\*\*\*], and incremental to the FoundryCo base investment already disclosed to AMD as of the Effective Date of this Amendment, AMD acknowledges financial responsibility for the 2011 [\*\*\*\*] associated with any such [\*\*\*\*] requested and approved by AMD. AMD requests for such [\*\*\*\*] will be made during the monthly meetings between the parties' [\*\*\*\*], and the financial responsibility will be captured in the [\*\*\*\*] process in 2011. As part of such [\*\*\*\*], the parties will agree in advance on the applicable [\*\*\*\*] costs to be passed through to AMD prior to FoundryCo's purchase of such [\*\*\*\*]. After 2011, and for any [\*\*\*\*] already incorporated into FoundryCo's budget for 2011 and requested as an incremental addition by AMD in 2011 as described above, the terms of the Agreement, rather than the terms of this Section 6 of the Amendment, shall apply.

## 7. AMENDMENTS RELATED TO DISPUTE RESOLUTION

### 7.1 Section 15.11 Governing Law; Dispute Resolution

Section 15.11(c) of the Agreement shall be amended and restated in its entirety to read as follows:

(c) Any Dispute not resolved within thirty (30) days of the Dispute Notice being received shall be referred to, and shall be finally and exclusively resolved by, arbitration under the LCIA Rules then in effect, as amended by this Section 15.11, which LCIA Rules are deemed to be incorporated by reference into this Section 15.11. The seat, or legal place, of the arbitration shall be London, England. The language of the arbitration shall be English. The number of arbitrators shall be three. Each party shall nominate one arbitrator and the two arbitrators nominated by the parties shall, within thirty (30) days of the appointment of the second arbitrator, agree upon and nominate a third arbitrator who shall act as Chairman of the Tribunal. If no agreement is reached within thirty (30) days, the LCIA Court shall appoint a third arbitrator

to act as Chairman of the Tribunal. It is hereby expressly agreed that if there is more than one claimant party or more than one respondent party, the claimant parties shall together nominate one arbitrator and the respondent parties shall together nominate one arbitrator. In the event that a sole claimant or the claimant parties, on the one side, or a sole respondent or the respondent parties, on the other side, fails to nominate its/their arbitrator, such arbitrator shall be appointed by the LCIA Court. Any award issued by the arbitrators shall be final and binding upon the parties, and, subject to this Section 15.11, may be entered and enforced in any court of competent jurisdiction by any of the parties. In the event any party subject to such final and binding award desires to have it confirmed by a final order of a court, the only court which may do so shall be a court of competent jurisdiction located in London, England; provided however, that nothing in this sentence shall prejudice or prevent a party from enforcing the arbitrators' final and binding award in any court of competent jurisdiction. The parties hereto acknowledge and agree that any breach of the terms of this Agreement could give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, the parties agree that, prior to the formation of the Tribunal, the parties have the right to apply exclusively to any court of

competent jurisdiction or other judicial authority located in London, England for interim or conservatory measures, including, without limitation, to compel arbitration (an "**Interim Relief Proceeding**"). Furthermore, the parties agree that, after the formation of the Tribunal, the arbitrators shall have the sole and exclusive power to grant temporary, preliminary and permanent relief, including injunctive relief and specific performance, and any then pending Interim Relief Proceeding shall be discontinued without prejudice to the rights of any of the parties thereto. Unless otherwise ordered by the arbitrators pursuant to the terms hereof, the arbitrators' expenses shall be shared equally by the parties. In furtherance of the foregoing, each of the parties hereto irrevocably submits to: (i) the exclusive jurisdiction of the courts of England located in London, England in relation to any Interim Relief Proceeding and; (ii) the non-exclusive jurisdiction of the courts of England located in London, England with respect to the enforcement of any arbitral award rendered in accordance with this Section 15.11; and, with respect to any such suit, action or proceeding, waives any objection that it may have to the courts of England located in London, England on the grounds of inconvenient forum. For the avoidance of doubt, where an arbitral tribunal is appointed under this Agreement, the whole of its award shall be deemed for the purposes of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 to be contemplated by this Agreement, as the case may be (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 15.11).

## 8. MISCELLANEOUS

Other than as expressly provided in this Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Wafer Supply Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

[Signature pages follow]

Signature Page to Amendment to the Wafer Supply Agreement

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ADVANCED MICRO DEVICES, INC.

By: /s/ Thomas J. Seifert

Name: Thomas J. Seifert

Title: Senior Vice President, Chief Financial Officer and Interim Chief Executive Officer

Signature Page to Amendment to the Wafer Supply Agreement

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GLOBALFOUNDRIES INC.

By: /s/ Chia Song Hwee  
Name: Chia Song Hwee  
Title: Chief Operating Officer

Signature Page to Amendment to the Wafer Supply Agreement

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GLOBALFOUNDRIES U.S. INC.

By: /s/ Robert Krakauer

Name: Robert Krakauer

Title: CFO

Signature Page to Amendment to the Wafer Supply Agreement

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GLOBALFOUNDRIES SINGAPORE PTE. LTD.

By: /s/ Robert Krakauer

Name: Robert Krakauer

Title: CFO

Signature Page to Amendment to the Wafer Supply Agreement

## WAFER SUPPLY AGREEMENT AMENDMENT NO. 2

This Second Amendment to the WAFER SUPPLY AGREEMENT (this “**Second Amendment**”), dated as of March 4, 2012, amends that certain Wafer Supply Agreement, dated March 2, 2009, (as amended, the “**Agreement**”) by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”), on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware Corporation (“**USOpCo**”), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo’s sales activities; (iv) Advanced Technology Investment Company LLC (“**ATIC**”), which is a party to this Amendment solely with respect to Sections 4, 5, and 6 of this Second Amendment; and (v) ATIC International Investment Company LLC (“**ATIC Investment**”), which is a party to this Amendment solely with respect to Sections 4, and 5(a) of this Second Amendment (AMD, FoundryCo, USOpCo, ATIC and ATIC Investment collectively, the “**Parties**”). Capitalized terms used in this Second Amendment without definition shall have the meanings set forth in the Agreement and in Wafer Supply Agreement Amendment No. 1 dated as of April 2, 2011 (the “**First Amendment**”).

WHEREAS, the Parties wish to modify (i) certain pricing and other terms of the Agreement regarding MPU Products to be delivered by FoundryCo to AMD during 2012 and thereafter, (ii) certain payments to be made by AMD to FoundryCo in 2012 and (iii) AMD’s equity and governance interest in FoundryCo;

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

### 1. LIMITED WAIVER OF SECTIONS 2.1(A) AND (B) OF THE AGREEMENT

(a) FoundryCo hereby waives any claims it may have arising out of or relating to the requirements of Sections 2.1(a) and (b) of the Agreement solely with respect to the exclusive sourcing by AMD from [\*\*\*\*], of the MPU Products [\*\*\*\*] as of the date of this Second Amendment as [\*\*\*\*], and any minor enhancements or modifications of the foregoing (each, a “**Waiver Product**,” and a waiver relating to such Waiver Product, a “**Waiver**” and collectively, the “**Waivers**”). For the avoidance of doubt, AMD and FoundryCo agree that:

(i) any future related products or derivatives related to or emanating from any Waiver Products, other than minor enhancements or modifications of the foregoing, shall not be covered by any Waiver under this Section 1(a); and

(ii) the MPU Product currently codenamed by AMD as [\*\*\*\*] is not a Waiver Product.

(b) AMD and FoundryCo agree that subject to the terms of this Second Amendment they will transition all of the Waiver Products from [\*\*\*\*] to FoundryCo no longer than [\*\*\*\*] so that FoundryCo is in a position to promptly manufacture such Waiver Products. For the avoidance of doubt, such volume production date shall be [\*\*\*\*], or such other initial production date that AMD specifically notifies FoundryCo in writing. FoundryCo acknowledges that, as part of such transition, certain AMD customers who have had Waiver Products manufactured at [\*\*\*\*] (each such customer, a “**Waiver Product Customer**”) may withhold approval of FoundryCo’s manufacture of such Waiver Products. Therefore, AMD and FoundryCo agree to collaborate and work together in good faith as necessary to obtain all approvals required from any such Waiver Product Customer prior to the expiration of the applicable waiver. If, notwithstanding such good faith efforts on the part of AMD, a Waiver Product Customer is unwilling to order such Waiver Product from FoundryCo:

(i) such Waiver will be extended for up to [\*\*\*\*] (a “**Waiver Extension**”); and

(ii) AMD and FoundryCo agree to work together in good faith to secure such Waiver Product Customer’s acceptance of FoundryCo’s manufacture of such Waiver Product prior to the expiry of each [\*\*\*\*] Waiver Extension.

(c) Except as set forth in this Second Amendment, each of AMD’s and FoundryCo’s rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Agreement.

## 2. AMENDMENTS RELATED TO MPU PRODUCT PRICING

### (a) MPU Product Pricing for 2012

(i) Notwithstanding Section 7.1 and Exhibit A of the Agreement, the price for [\*\*\*\*] delivered by FoundryCo to AMD in 2012 at the [\*\*\*\*] nodes, including any such product which began to be manufactured in 2011 but is delivered in 2012 (each, a “**2012 Production Wafer**” and together, the “**2012 Production Wafers**”) and [\*\*\*\*] (each, a “**2012 PQUL Wafer**” and together, the “**2012 PQUL Wafers**”) shall be as set forth in this Section 2. [\*\*\*\*].

(ii) Payment by AMD of the purchase price set forth in this Section 2(a) for the 2012 Production Wafers and the 2012 PQUL Wafers, shall be, respectively, in lieu of the payment of (A) the price for Production Wafers containing MPU Products set forth in Section 1 of Exhibit A to the Agreement, and (B) the price for Product Development Wafers containing MPU Products set forth in Section 4 of Exhibit A to the Agreement. Payments of the purchase prices set forth in this Section 2 for 2012 Production Wafers and 2012 PQUL Wafers, however, shall be exclusive of and shall not affect the obligation of AMD to pay for [\*\*\*\*].

(iii) The Wafer Prices to AMD for AMD's purchase of 2012 Production Wafers shall be as set forth in Schedule A to this Second Amendment.

(iv) During 2012, AMD commits to purchase, and FoundryCo commits to deliver, at the Wafer Prices set forth in Schedule A to this Second Amendment and pursuant to the Binding Forecast methodology described in the Agreement, and the number of 2012 Production Wafers set forth in Schedule A to this Second Amendment (the "**2012 Wafer Volume**"). Purchase orders for MPU Products with a delivery date in [\*\*\*\*] 2012 shall be delivered by AMD to FoundryCo no later than [\*\*\*\*], 2012.

(v) In the event that, by [\*\*\*\*], 2012, AMD has not ordered at least the 2012 Wafer Volume, then subject to subsection (vi) below, AMD shall be obligated in accordance with subsection (viii) to pay FoundryCo an amount equal to the difference between the aggregate amount AMD would have paid for 2012 Production Wafers if it had ordered and FoundryCo had delivered the 2012 Wafer Volume at the Wafer Prices and the aggregate price for the 2012 Production Wafers ordered by AMD. Except in cases where FoundryCo and AMD have agreed otherwise, if AMD has ordered the full 2012 Wafer Volume by [\*\*\*\*], 2012, but FoundryCo does not deliver the 2012 Wafer Volume in accordance with the delivery schedule set forth in Schedule A to this Second Amendment, FoundryCo shall be entitled to make up for any shortfall in subsequent quarters of 2012 and AMD will only pay for the 2012 Production Wafers actually delivered by [\*\*\*\*], 2012.

(vi) To the extent AMD's 2012 Production Wafer requirements for which orders have been submitted to FoundryCo by [\*\*\*\*], 2012 fall below the 2012 Wafer Volume, FoundryCo shall make a good faith effort to source any excess capacity in respect thereof to other customers, and if successful in such mitigation and only to the extent thereof, FoundryCo shall allocate fewer 2012 Production Wafers to AMD, which successful allocation shall decrease the 2012 Wafer Volume by such number of Wafers so allocated and reduce AMD's obligations pursuant to Subsection (v) above by [\*\*\*\*] dollars (\$[\*\*\*\*]) per Wafer. FoundryCo shall notify AMD no later than [\*\*\*\*], 2012, whether or not it has been successful in sourcing any excess capacity. If FoundryCo notifies AMD that it will not be able to mitigate and source the excess capacity, AMD shall automatically be deemed to have issued a purchase order for 2012 Production Wafers to fulfill its obligation to purchase the 2012 Wafer Volume (as may be adjusted pursuant to the first sentence of this Section 2(a)(vi)) and FoundryCo will deliver such 2012 Production Wafers on or prior to [\*\*\*\*], 2012 in accordance with subsection (v). Unless FoundryCo and AMD agree otherwise, the product mix ([\*\*\*\*]) for such purchase order shall be such as will cause FoundryCo to achieve the percentage product mix ([\*\*\*\*]) set forth in Schedule A for [\*\*\*\*] 2012.

(vii) To the extent AMD's 2012 Production Wafer requirements are higher than the 2012 Wafer Volume, FoundryCo shall make a good faith effort to use any existing excess production capacity to accommodate an increase in allocation to AMD (an "**Allocation Increase**"), *provided, however*, that any such Allocation Increase shall be at [\*\*\*\*].

(viii) Promptly after [\*\*\*\*], 2012, FoundryCo shall notify AMD in writing of the amount AMD would be obligated to pay pursuant to the first sentence of Subsection (v) above. On or prior to [\*\*\*\*], 2012, FoundryCo will send a final invoice to AMD reflecting a credit or a payable for any adjustments pursuant to Subsections (vi) and (vii) above during [\*\*\*\*] 2012. Payment by AMD on such invoice shall be due forty-five (45) days following the date of each such invoice.

(ix) In connection with AMD's purchase of 2012 PQUL Wafers, the price per Wafer to AMD shall be as set forth in Schedule A (the "**PQUL Wafer Price**").

(x) For the avoidance of doubt, AMD shall pay for, at prices agreed by AMD and FoundryCo, [\*\*\*\*] in addition to the Wafer Price or the PQUL Wafer Price. If AMD elects not to use the FoundryCo [\*\*\*\*] facility or [\*\*\*\*], the Wafer Price or PQUL Wafer Price shall not be reduced unless FoundryCo cannot perform the applicable services and the type and scope of services involved have been provided by FoundryCo to AMD prior to the date hereof.

(b) MPU Product Pricing for 2013. AMD and FoundryCo agree to work in good faith to establish a mutually agreeable pricing methodology for MPU Products delivered by FoundryCo to AMD during 2013 (the "**2013 MPU Pricing Plan**") as further described in Schedule B attached hereto. However, if AMD and FoundryCo are unable to agree on the 2013 MPU Pricing Plan on or prior to [\*\*\*\*], 2012, then the price for all MPU Products delivered by FoundryCo to AMD in 2013 shall be calculated in accordance with Section 7.1 and Exhibit A of the Agreement.

(c) After [\*\*\*\*], 2013, the terms of Section 7.1 and Exhibit A of the Agreement will determine all MPU Product pricing.

### 3. AMENDMENTS RELATED TO AMD'S PAYMENT OF THE 2012 ADDITIONAL QUARTERLY FIXED PAYMENTS

(a) FoundryCo waives payment by AMD of the 2012 Additional Quarterly Fixed Payments.

(b) In partial consideration of the Waivers, AMD agrees to pay FoundryCo the 2012 Additional Payment (as described below). In light thereof, Section 3.4 of the First Amendment is hereby amended and restated in its entirety to read as follows:

### 3.4 2012 Additional Payment

(a) FoundryCo will invoice in 2012, and AMD will pay to FoundryCo the aggregate additional amount of Four Hundred and Twenty-five Million Dollars (\$425,000,000) during 2012 (the “**2012 Additional Payment**”), as follows:

- (i) no later than March 5, 2012, at least One Hundred Fifty Million Dollars (\$150,000,000) in cash;
- (ii) no later than July 2, 2012, at least an additional Fifty Million Dollars (\$50,000,000) in cash;
- (iii) no later than October 2, 2012, at least an additional Fifty Million Dollars (\$50,000,000) in cash; and
- (iv) no later than December 31, 2012, all of the remaining unpaid portion of the 2012 Additional Payment in cash.

(b) As security for the payment of the amounts set forth in Section 3.4(a) (iii) and (iv), AMD has executed and delivered to FoundryCo the Promissory Note in the form set forth in Exhibit A. Payments made pursuant to the Promissory Note shall constitute a credit against AMD’s payment obligations pursuant to Section 3.4 (a) (iii) and (iv), including payments made to the transferee of the Promissory Note in the event FoundryCo transfers the Promissory Note to a third party. AMD’s payment obligations with respect to the 2012 Additional Payment Obligations as reflected in this Section 3.4 and in the Promissory Note shall be absolute and unconditional. AMD shall pay such amounts without reduction, abatement, diminution, counterclaim, set-off, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Agreement or otherwise, or for any other reason whatever.

### 4. AMD’S TRANSFER OF ITS REMAINING CAPITAL INTEREST IN FOUNDRYCO

(a) As partial consideration for the Waivers, AMD and FoundryCo agree that a shareholder resolution substantially in the form of Exhibit B hereto has been or shall be passed on the date hereof. Each of AMD, FoundryCo, ATIC and ATIC Investment agrees that:

- (i) AMD, as legal and beneficial owner, free from any encumbrance or equitable interest, sells to FoundryCo with immediate effect, and FoundryCo shall purchase from AMD all of the capital of FoundryCo that AMD owns, directly or indirectly, being 1,063,798 class A preferred shares (the “**Transferred Shares**”);
- (ii) AMD shall deliver to FoundryCo on the date hereof the share certificate(s) representing the Transferred Shares; and
- (iii) AMD shall promptly perform all other actions and necessary undertakings in order to effect the transfer of the Transferred Shares simultaneously with the execution of this Second Amendment.



(b) At AMD's request, FoundryCo shall provide to AMD such records and other information reasonably necessary to enable AMD to prepare any tax return that reports the tax consequences of the transactions contemplated by this Agreement. The Parties agree that the purchase by FoundryCo of the Transferred Shares pursuant to this Agreement shall result in AMD ceasing to be a partner of FoundryCo for U.S. federal, state and local income tax purposes, and that AMD and FoundryCo shall work together to achieve a mutually agreeable allocation of the distributive share of items under IRC Sec 702(a); pursuant to Treas. Reg. Sec 1.706(c)(2)(ii) and Prop. Reg. Sec. 1.706-4. For U.S. federal, state and local income tax purposes, the Parties agree to treat any gross income realized by FoundryCo as a result of the transactions contemplated by this Agreement as not allocable to AMD. FoundryCo shall provide to AMD no later than December 1, 2012 a final Schedule K-1 or the equivalent and any similar form or the equivalent required for the filing of state or local income tax returns in respect of the taxable period of FoundryCo that ends on the effective date of such purchase. AMD shall cease serving as the Tax Matters Partner (as defined in Section 6231(a)(7) of the Code) of FoundryCo as of the effective date of such purchase. Any stamp, sales, use, gross receipts, value-added, goods and services or other transfer tax imposed in connection with the transactions contemplated by this Agreement shall be borne by the person who is liable for such tax under the applicable tax law.

#### 5. TERMINATION OF AMD'S RIGHTS AS A SHAREHOLDER IN FOUNDRYCO

(a) AMD, FoundryCo, ATIC and ATIC Investment agree that, as of the date of this Second Amendment, as a result of AMD's transfer of the Transferred Shares to FoundryCo and pursuant to Section 8.01 of the Amended and Restated Shareholders' Agreement, dated as of December 27, 2010 by and among AMD, Advanced Technology Investment Company LLC, ATIC International Investment Company LLC and FoundryCo, and article 25 of FoundryCo's articles of association, AMD is no longer a Shareholder in FoundryCo, AMD is no longer a party to the Amended and Restated Shareholders' Agreement and AMD is no longer entitled to designate a director to the FoundryCo board, and AMD shall therefore direct its current designated director of FoundryCo to resign, effective immediately, by submitting to the directors of FoundryCo a resignation letter substantially in the form attached hereto as Exhibit C.

(b) AMD further agrees with FoundryCo and ATIC that, as of the date of this Second Amendment, AMD shall have no further rights or obligations pursuant to and AMD shall no longer be a party to, the Amended and Restated Funding Agreement, dated as of December 27, 2010, by and among AMD, FoundryCo and ATIC.

#### 6. STRATEGIC ALLIANCE COMMITTEE

(a) AMD, FoundryCo and ATIC agree that there shall be promptly created a strategic alliance committee (the "**Strategic Alliance Committee**"), comprised of:

- (i) four members designated by AMD;
- (ii) two members designated by FoundryCo;

- (iii) one member designated by ATIC; and
  - (iv) one member designated by Mubadala.
- (b) In each case, the designee shall be an employee or director of the party designating the member.
  - (c) The Strategic Alliance Committee will meet on a quarterly basis.
  - (d) The Strategic Alliance Committee shall be mandated to:

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

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(i) strive to enhance the strategic alliance of the partnership consistent with the original strategic intent of AMD and FoundryCo by jointly reviewing business strategies and assessing strategic opportunities; and

(ii) serve as an overarching body to ensure that product sourcing discussions between FoundryCo and AMD are progressing and that FoundryCo and AMD are working in good faith to operate their respective businesses within the framework of the Agreement.

(e) If FoundryCo and AMD are unable to agree that a particular product will be sourced by FoundryCo, the Strategic Alliance Committee will promptly meet to determine in good faith how to resolve such disagreement. The Strategic Alliance Committee shall consider a number of criteria to be agreed upon to achieve the objectives of AMD and FoundryCo. Notwithstanding Section 2.1(a) and (b) of the Agreement, if the Strategic Alliance Committee determines by majority vote that a particular MPU Product shall not be produced by FoundryCo (any such MPU Product, an “**Alternatively Sourced Product**”), then such determination shall conclusively apply to FoundryCo and AMD. [\*\*\*\*]

(f) Nothing in this Second Amendment shall require a Party to disclose any confidential information of a third party in breach of any confidentiality obligation it has with the third party; provided, that AMD agrees that this sentence shall not prohibit AMD from disclosing to FoundryCo its then current product roadmap from time to time upon FoundryCo’s request, including (i) information concerning AMD’s planned product offerings at the time of such request, (ii) the technology associated with each such products, and (iii) the foundry(s) slated to manufacture such products.

## 7. MISCELLANEOUS

(a) Each of FoundryCo and AMD represents and warrants that this Second Amendment has been duly authorized, executed and delivered by it, that this Second Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this Second Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party.

(b) Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such, agrees to work together and coordinate such communications and announcements, particularly in respect of the Transferred Shares, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 8(b) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.

(c) Other than as expressly provided in this Second Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

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

[Signature pages follow]

ADVANCED MICRO DEVICES, INC.

By: /s/ Thomas J. Seifert

Name: Thomas J. Seifert  
Title: Senior Vice President and  
Chief Financial Officer

*[Signature Page to Wafer Supply Agreement Amendment No. 2]*

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GLOBALFOUNDRIES INC.

By: /s/ Daniel Durn  
Name: Daniel Durn  
Title: Chief Financial Officer

*[Signature Page to Wafer Supply Agreement Amendment No. 2]*

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GLOBALFOUNDRIES U.S. INC.

By: /s/ Daniel Durn  
Name: Daniel Durn  
Title: Chief Financial Officer

*[Signature Page to Wafer Supply Agreement Amendment No. 2]*

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ADVANCED TECHNOLOGY INVESTMENT COMPANY LLC

By: /s/ Ibrahim Ajami  
Name: Ibrahim Ajami  
Title: Chief Executive Officer

*[Signature Page to Wafer Supply Agreement Amendment No. 2]*

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ATIC INTERNATIONAL INVESTMENT COMPANY LLC

By: /s/ Ibrahim Ajami  
Name: Ibrahim Ajami  
Title: Chief Executive Officer

By: /s/ Samak L. Azar  
Name: Samak L. Azar  
Title: Director

*[Signature Page to Wafer Supply Agreement Amendment No. 2]*

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**Schedule B**  
**2013 MPU Pricing Plan**

[\*\*\*]

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

### WAFER SUPPLY AGREEMENT AMENDMENT NO. 3

This Third Amendment to the WAFER SUPPLY AGREEMENT (this “**Third Amendment**”), dated as of December 6, 2012, amends that certain Wafer Supply Agreement, dated March 2, 2009 (the “**Original WSA**”, and as amended to the date hereof, the “**Agreement**”) by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”), on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; and (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware Corporation (“**USOpCo**”), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo’s sales activities (AMD, FoundryCo and USOpCo are collectively referred to herein as the “**Parties**”). Capitalized terms used in this Third Amendment without definition shall have the meanings set forth in the Agreement and in Wafer Supply Agreement Amendment No. 1 dated as of April 2, 2011 (the “**First Amendment**”) or Wafer Supply Agreement Amendment No. 2 dated as of March 4, 2012 (the “**Second Amendment**”), as applicable.

WHEREAS, the Parties wish to set forth their agreement with respect to (i) certain pricing and other terms of the Agreement regarding certain wafers to be delivered by FoundryCo to AMD during the fourth quarter of 2012 and thereafter, (ii) certain payments to be made by AMD to FoundryCo in 2012 and 2013 and (iii) certain exclusivity and migration provisions regarding Waiver Products as defined in the Second Amendment;

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

#### 1. EXCLUSIVITY AND MIGRATION TO FOUNDRYCO

(a) AMD hereby agrees that it will comply in full with the covenants and other agreements concerning exclusivity of production of MPU Products by FoundryCo for AMD as set forth in the Agreement, including without limitation the specific waivers and transition provisions set forth in Section 1(a) and 1(b) of the Second Amendment. In addition, AMD and FoundryCo agree to conduct a planning workshop by [\*\*\*\*] in accordance with the parameters set forth on Exhibit A.

(b) AMD hereby agrees that it will comply in full with the provisions related to the transition of GPU Products and Chipset Products to FoundryCo as set forth in the Agreement.

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

(c) Notwithstanding Section 1(a) and 1(b) of the Second Amendment, AMD shall tape out the MPU Products, certain GPU Products, and Chipset Products specifically identified in Exhibit A to FoundryCo pursuant to Exhibit A. AMD agrees that it shall not take any steps to [\*\*\*\*] Although the scheduled tape out dates in Exhibit A are best estimates based on information available at the time of execution of this Third Amendment, and such timing is subject to change by AMD based on business and market conditions and other factors, AMD agrees that such tape out requirements apply to the underlying products as they are understood at the time of the execution of this Third Amendment and that AMD may not avoid these requirements and the related required transitions of Waiver Products and tape outs of the certain GPU Products and of Chipset Products to FoundryCo by changing the names of products or their scope. Should AMD decide to cancel any of the listed products, AMD agrees that it will not tape out any future related products or derivatives related to or emanating from such listed products, or any products that will be sold as substitutes for such products, with any party other than FoundryCo.

(d) Except as set forth in this Third Amendment, each of AMD's and FoundryCo's rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Agreement.

## 2. AMENDMENTS RELATED TO MPU PRODUCT PRICING

### (a) MPU Product Pricing from October 1, 2012 through December 31, 2013

(i) Notwithstanding Section 7.1 and Exhibit A of the Original WSA and Section 3 and Schedule A and B of the Second Amendment, AMD commits to purchase and pay for, in the form of a take-or-pay obligation, the Production Wafers containing MPU Products ("MPU Production Wafers") specified in Exhibit B in accordance with the schedule, amounts and pricing set forth therein.

(ii) The purchase price for the MPU Production Wafers shall be paid in accordance with the payment provisions set forth in the Agreement, provided, however, that [\*\*\*\*].

(iii) The specific volume delivery schedule and wafer pricing during the period beginning on October 1, 2012 and ending December 31, 2013 shall be as set forth on Exhibit B. If AMD desires to have flexibility to shift the delivery times of certain MPU Production Wafers volumes between quarters during the this period, AMD shall provide FoundryCo with at least 45 days written notice in advance of the requested delivery date and FoundryCo shall evaluate such request at its sole discretion. AMD acknowledges and agrees that AMD shall not push out any MPU Production Wafers volumes (X) from [\*\*\*\*] or [\*\*\*\*] to any later period, or (Y) from [\*\*\*\*] to [\*\*\*\*] or any later period. Further, in the event that FoundryCo's [\*\*\*\*] process qualification is progressing on schedule, if AMD wishes to have the flexibility to shift [\*\*\*\*] volumes scheduled for manufacture in [\*\*\*\*] to [\*\*\*\*] volumes for manufacture [\*\*\*\*], then AMD and FoundryCo will discuss the matter in good faith, provided that no such shift in volumes will occur without the express written consent of both parties, which consent may be withheld by either party in its sole and absolute discretion.

(b) MPU Product Forecasts, Purchase Orders and Invoicing

(i) AMD hereby agrees that it will comply in full with the provisions related to monthly binding forecasts as set forth in the Agreement, beginning with the delivery on the date hereof of a binding forecast meeting the requirements set forth in the Agreement. AMD acknowledges and agrees that FoundryCo may rely on such forecasts for the purposes of scheduling manufacturing and other resources in accordance with the terms of the Agreement.

(ii) AMD agrees to provide FoundryCo detailed product mix information and purchase orders (X) on the date hereof, for all [\*\*\*\*] MPU Production Wafers scheduled for delivery in [\*\*\*\*] 2013, and (Y) by [\*\*\*\*], for all [\*\*\*\*] MPU Production Wafers scheduled for delivery in [\*\*\*\*] 2013. Notwithstanding the foregoing, FoundryCo acknowledges and agrees that AMD may update actual product mix information in accordance with AMD's standard UOB process on a monthly basis, by which AMD will provide FoundryCo updated product mix information by the fifteenth day of the month prior to the month in which the applicable MPU Production Wafers will be started.

(iii) AMD agrees that FoundryCo may at its option complete the manufacture of the [\*\*\*\*] MPU Production Wafers referenced in Section 2(b)(ii) at any time prior to their delivery to AMD, notwithstanding that such MPU Production Wafers shall be shipped in accordance with the delivery schedule set forth on Exhibit B. FoundryCo shall have the option of selecting the location for storage at either FoundryCo's own premises or at a third party's premises subcontracted by FoundryCo, provided that such third party is obligated to maintain the Wafers in accordance with industry standards. [\*\*\*\*] shall bear the storage costs of any [\*\*\*\*] MPU Production Wafers stored at [\*\*\*\*]. [\*\*\*\*] FoundryCo agrees to use reasonable commercial efforts to properly store such MPU Production Wafers in accordance with applicable industry standards and [\*\*\*\*] in accordance with this Section 2(b)(iii). FoundryCo agrees that it will deliver to storage pursuant to this Section 2(b)(iii) only MPU Production Wafers that met the applicable yield criteria determined as provided in the Agreement at the time such MPU Production Wafers were manufactured, and that Section 9 of the Agreement shall apply to the MPU Production Wafers placed in storage pursuant to this Section 2(b)(iii), including for any MPU Production Wafers that do not meet such yield criteria. Title and risk of loss of any stored MPU Production Wafers shall remain with FoundryCo until delivered to AMD in accordance with the applicable delivery schedule and terms for such MPU Production Wafers.

(iv) AMD agrees to provide FoundryCo (X) purchase orders and detailed product mix information by [\*\*\*\*], 2013 for all [\*\*\*\*] MPU Production Wafers scheduled for delivery in [\*\*\*\*] 2013, and (Y) purchase orders and detailed product mix information by [\*\*\*\*], 2013, for all [\*\*\*\*] MPU Production Wafers scheduled for delivery during [\*\*\*\*] 2013 and for the period beginning on [\*\*\*\*], 2013 and ending on [\*\*\*\*], 2013. Notwithstanding the foregoing, FoundryCo acknowledges and agrees that AMD may update actual product mix information in accordance with AMD's standard UOB process on a monthly basis, by which AMD will provide FoundryCo updated product mix information by the fifteenth day of the month prior to the month in which the applicable MPU Production Wafers will be started.

(v) If and to the extent that AMD has not delivered purchase orders for specified MPU Production Wafers in accordance with the dates set forth in Sections 2(b)(ii) and 2(b)(iv), then FoundryCo shall thereafter have the right to send an invoice to AMD at the time when the applicable specified MPU Production Wafers are delivered reflecting the price of the applicable MPU Production Wafers for which such purchase orders have not been provided, calculated in accordance with Exhibit B. If and to the extent that AMD has not delivered the applicable product mix information relating to MPU Production Wafers in accordance with the dates set forth in Sections 2(b)(ii) and 2(b)(iv), then FoundryCo may manufacture such MPU Production Wafers based on the most recent product mix information provided by AMD from the UOB; provided, that if AMD had not previously made available the contemplated product mix information FoundryCo may develop and submit its plan for production of products to AMD for discussion, and in the absence of a definitive response by AMD within 10 days of receipt of such plan FoundryCo may manufacture such MPU Production Wafers based on its proposed plan and AMD shall be obligated to take delivery of and pay for such Wafers pursuant to the payment provisions set forth in the Agreement. Payment by AMD on any such invoice shall be due forty-five (45) days following the date of such invoice.

(c) Additional MPU Volume and Future Pricing Plan

(i) AMD and FoundryCo agree to use reasonable commercial efforts to agree by [\*\*\*\*], 2013 on the total wafer volume for the annual period following [\*\*\*\*], 2013 (the current forecast of these wafers is [\*\*\*\*] MPU Production Wafers, inclusive of the [\*\*\*\*] MPU Production Wafers scheduled for delivery between [\*\*\*\*], 2013 and [\*\*\*\*], 2013). AMD agrees to provide monthly binding forecasts for this annual period to FoundryCo in accordance with the terms of the Agreement.

(ii) If AMD and FoundryCo are unable to agree on the total wafer volume for such subsequent period by [\*\*\*\*], 2013, then (X) the price for all MPU Products delivered by FoundryCo to AMD during such period shall be calculated in accordance with Section 7.1 and Exhibit A of the Original WSA and the MPU volume shall be calculated in accordance with the binding forecast provisions set forth in Section 5.1 of the Original WSA, and (Y) all other provisions of the Original WSA shall apply and be in full force and effect during such subsequent period, without giving effect to any amendments thereto.

3. LIMITED WAIVER OF SECTION 2(a)(iv) OF THE SECOND AMENDMENT

(a) FoundryCo hereby waives any claims it may have arising out of or relating to the requirements of Section 2(a)(iv) of the Second Amendment, but solely with respect to AMD's take-or-pay obligation for the fourth quarter of 2012 (the "**Take-or-Pay Waiver**").

(b) In consideration of the Take-or-Pay Waiver, AMD agrees to pay FoundryCo a termination fee of \$320,000,000 (the "**Termination Fee**"), which shall be paid as follows:

(i) no later than December 28, 2012, at least \$80,000,000 shall be paid in cash to the account designated by FoundryCo;

(ii) no later than April 1, 2013, at least \$40,000,000 shall be paid in cash to the account designated by FoundryCo; and

(iii) on the date hereof, AMD shall issue a promissory note to FoundryCo in the form attached hereto as Exhibit C in the aggregate principal amount of \$200,000,000 (the “**Promissory Note**”).

AMD’s payment obligations with respect to the Termination Fee, including its obligations under the Promissory Note, shall be absolute and unconditional. AMD shall pay such amounts without reduction, abatement, diminution, counterclaim, set-off, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Agreement or otherwise, or for any other reason whatever.

#### 4. ADDITIONAL PAYMENT IN THE EVENT OF CERTAIN BREACHES

(a) If AMD fails to tape out the [\*\*\*\*] or [\*\*\*\*] products with FoundryCo as required by Section 1 and Exhibit A of this Third Amendment, or if AMD fails to comply with the requirements with respect to the [\*\*\*\*] product set forth in Exhibit A (including the footnote to Exhibit A), then AMD shall pay to FoundryCo, within 45 days following receipt of invoice for same, an additional [\*\*\*\*], to the account designated by FoundryCo (the “**Additional Payment**”); provided that AMD may make such payment in kind rather than in cash if AMD also delivers at the date of such transfer an independent appraisal from a nationally recognized valuation firm acceptable to FoundryCo confirming that such in-kind property has a Fair Market Value (as defined below) of at least [\*\*\*\*], and either (at AMD’s election) standard and customary representations and warranties from AMD, or an opinion of legal counsel acceptable to FoundryCo, confirming that good legal title to such property has been conveyed to FoundryCo free and clear of any liens, claims or other encumbrances. Such Additional Payment shall (x) be in addition to all take-or-pay amounts set forth on Exhibit B, (y) be in addition to any other remedies FoundryCo may have under the Agreement, and (z) not be considered a penalty. For purposes of this Section 4, “**Fair Market Value**” means, with respect to any in-kind property, the price that would be paid in an arms’-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy.

#### 5. MISCELLANEOUS

(a) Each of FoundryCo and AMD represents and warrants that this Third Amendment has been duly authorized, executed and delivered by it, that this Third Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this Third Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party.

(b) Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such,



agrees to work together and coordinate such communications and announcements, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 5(b) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.

(c) Other than as expressly provided in this Third Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

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

[Signature pages follow]

ADVANCED MICRO DEVICES, INC.

By: /s/ Devinder Kumar

Name: Devinder Kumar

Title: Senior Vice President, Interim Chief Financial Officer and Corporate Controller

GLOBALFOUNDRIES INC.

By: /s/ Daniel Durn

Name: Daniel Durn

Title: Chief Financial Officer

GLOBALFOUNDRIES U.S. INC.

By: /s/ Daniel Durn

Name: Daniel Durn

Title: Chief Financial Officer

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**Schedule for required tape outs**

	2012	2013	2014 – going forward
<b>MPU/APU</b>	[****]	[****]	[****]
<b>GPU</b>	[****]	[****]	[****]
<b>Chipset</b>	[****]	[****]	[****]

[\*\*\*\*]

**2013 [\*\*\*\*] Planning Workshop**

AMD will provide to FoundryCo the following information for each of the 2013 products set forth in the table above:

- [\*\*\*\*]

AMD will provide monthly updates to the plans above for each of the 2013 products set forth in the table above.

FoundryCo will provide to AMD the following information for each of the 2013 products set forth in the table above:

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

Volume Delivery Schedule and Wafer Pricing by Fiscal Quarter

Volume Delivery (in thousands)

(wafers)	2012	2013				
Product	Q4	Q1	Q2	Q3	Q4	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]

[\*\*\*\*].

Wafer Pricing ([\*\*\*\*])

(US\$)	2012	2013				
Product	Q4	Q1	Q2	Q3	Q4	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]	[****]	[****]

Pricing for GPU Products at [\*\*\*\*] will be set at \$[\*\*\*\*]/Wafer ([\*\*\*\*]).

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

[Form of Promissory Note]

PROMISSORY NOTE

\$200,000,000 Sunnyvale, California

[ ], 2012

**FOR VALUE RECEIVED**, Advanced Micro Devices, Inc., a Delaware corporation (“Maker”), promises to pay to the order of GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“FoundryCo”, and together with its successors and assigns, “Payee”), the principal sum of two hundred million dollars (\$200,000,000) as follows:

1. *Payments and Maturity.* Maker shall pay two hundred million dollars (\$200,000,000) on or before December 31, 2013 (such repayments together with any Default Interest, the “Obligations”).
2. *Interest.* No interest shall be payable on this Note; provided that, except as set forth in Section 4 below, if (a) any Obligation is not paid in full in cash in immediately available funds into the bank account set forth on Exhibit A on or before its due date, or (b) any other Event of Default shall occur and remain uncured, then without any further action on the part of the Payee interest shall immediately become due and payable on the aggregate unpaid principal amount that has not been paid by Maker when due pursuant to this Note at such time, at the rate of twenty percent (20%) per annum (the “Default Interest”), commencing retroactively from the date of this Note as set forth above ([ ], 2012) and accruing until the date on which both such unpaid and overdue principal amount and any unpaid Default Interest have been paid in full and no other Event of Default shall remain uncured.
3. *Prepayment.* Maker may prepay this Note at any time, in whole or in part, without notice, penalty, or premium.
4. *Payments.* Maker shall pay all Obligations in lawful money of the United States in immediately available funds to the bank account set forth on Exhibit A, free and clear of, and without deduction or offset for, any present or future taxes, levies, imposts, charges, withholdings or liabilities with respect thereto. Maker’s obligation to pay the Obligations pursuant to this Note shall be absolute and unconditional. Maker shall pay such amounts without reduction, abatement, diminution, deduction, counterclaim, set-off, offset, claim, credit, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Wafer Supply Agreement, originally dated as of March 2, 2009, as amended, among Maker, FoundryCo, and certain other parties (the “Wafer Supply Agreement”), or for any other reason whatsoever. If the bank account set forth on Exhibit A is not kept open through December 31, 2013, then no Default Interest shall become payable under this Note unless Payee or its transferee of this Note has

provided Maker with bank account information for such payment at the same bank in the form set forth in Exhibit A by December 15, 2013.

5. *Events of Defaults.* Each of the following events and occurrences shall constitute an Event of Default under this Note:

(a) The failure by Maker to pay any principal installment of or Default Interest on this Note, when and as the same shall become due and payable, whether at maturity, upon acceleration or otherwise;

(b) The failure of Maker to comply with the covenant set forth in Section 6 of this Note for a period of more than five calendar days;

(c) A default under any indebtedness for borrowed money by Maker that results in acceleration of the maturity of such indebtedness, or failure to pay any such indebtedness at maturity, in each case in an aggregate amount greater than fifty million dollars (\$50,000,000); or

(d) If an order is made or if a resolution is passed which results in the bankruptcy of Maker or if Maker becomes insolvent or if a bankruptcy petition or a petition for winding up is filed or presented against Maker and not dismissed within sixty (60) days or if a receiver or trustee is appointed for Maker or for any assets of Maker.

If an Event of Default occurs and is continuing, then this Note shall forthwith mature and become due and payable immediately without presentment, demand, protest, notice of dishonor and all other demands and notices of any kind, all of which are hereby expressly waived. No delay or failure by Payee in the exercise of any right or remedy shall constitute a waiver thereof, and no single or partial exercise by Payee hereof of any right or remedy shall preclude other or future exercise thereof or the exercise of any other right or remedy.

1. *Cash.* Maker shall at all times prior to the payment of all Obligations maintain cash balances in excess of the amount of all unpaid Obligations.

2. *Notices.* Any notices under this Note shall be given by personal delivery, by nationally recognized overnight courier service or by facsimile transmission with confirmation of receipt to the respective parties at their addresses specified beneath the signature line of this Note, in the case of Maker, and on Exhibit A, in the case of Payee. Notices shall be effective upon receipt or upon affirmative refusal to accept delivery.

3. *Waivers.* Maker and all others who may become liable for all or any part of the obligations evidenced by this Note, severally waive presentment for payment, protest, notice of protest, dishonor, notice of dishonor, demand, notice of non-payment, and the benefit of all statutes, ordinances, judicial rulings, and other legal principles of any kind, now or hereafter enacted or in force, affording any right of cure or any right to a stay of execution or extension of time for payment or exempting any property of such person from levy and sale upon execution of any judgment obtained by the holder in respect of this Note. THE PARTIES WAIVE JURY

TRIAL IN ANY ACTION TO ENFORCE OR INTERPRET, OR OTHERWISE ARISING FROM THIS NOTE. MAKER FURTHER WAIVES ANY RIGHTS IT MAY HAVE PURSUANT TO ANY LAWS CONCERNING USURY, MAXIMUM INTEREST OR OTHER SIMILAR MATTERS AS THEY RELATE TO THE TERMS OF THIS NOTE.

4. *Governing Law; Jurisdiction and Venue.* THIS NOTE AND THE PARTIES' RIGHTS UNDER THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, NOTWITHSTANDING ANY PRINCIPLES OF CONFLICTS OF LAW. Any suit, action or proceeding against the Maker to enforce any provision of this Note or any remedy hereunder may, at the option of the Payee, be brought in a federal court located in New York, New York, and the Maker hereby consents to the exclusive jurisdiction of such courts and waives any right or privilege to require that any such action be brought in any other jurisdiction or venue.

5. *Severability.* If any provision of this Note is invalid or unenforceable, then the other provisions shall remain in full force and effect.

6. *Assignment and Transfer.* The provisions of this Note shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. Payee may assign, delegate or otherwise transfer any of its rights or obligations under this Note without Maker's consent. Maker shall not assign, delegate or otherwise transfer its rights or obligations under this note without Payee's prior written consent.

7. *Amendments.* This Note may be amended but only if such amendment is in writing and is signed by Maker and Payee.

IN WITNESS WHEREOF, Maker by its duly authorized officer has executed this Promissory Note this [ ] day of [ ], 2012.

**ADVANCED MICRO DEVICES, INC.**

By: \_\_\_\_\_

Name:

Title:

Address for Notices:

ADVANCED MICRO DEVICES, INC.

7171 Southwest Parkway

MS B100.T

Austin, Texas 78735

Attention: General Counsel

Facsimile: (512) 602-0148

With a copy to (which shall not constitute notice):

Latham & Watkins LLP

140 Scott Drive

Menlo Park, CA 94025

Attention: Tad J. Freese

Christopher Kaufman

Facsimile: 650-463-2600

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Exhibit A

Bank Account and Payee Notices Information

Payments should be wired to:

Beneficiary Name: GLOBALFOUNDRIES INC.

[\*\*\*\*]

Account Number: [\*\*\*\*]

ABA for Wire: [\*\*\*\*]

Swift code: [\*\*\*\*]

Notices should be sent to:

GLOBALFOUNDRIES INC.

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Fax: (345) 949-8080

Attn: Suzanne Correy

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

#### WAFER SUPPLY AGREEMENT AMENDMENT NO. 4

This Fourth Amendment to the WAFER SUPPLY AGREEMENT (this “**Fourth Amendment**”), dated as of March 30, 2014, amends that certain Wafer Supply Agreement, dated March 2, 2009 (the “**Original WSA**,” as amended to the date hereof including this Fourth Amendment, the “**Agreement**”) by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”), on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; and (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware Corporation (“**USOpCo**”), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo’s sales activities (AMD, FoundryCo and USOpCo are collectively referred to herein as the “**Parties**”). Capitalized terms used in this Fourth Amendment without definition shall have the meanings set forth in the Original WSA and in Wafer Supply Agreement Amendment No. 1 dated as of April 2, 2011, Wafer Supply Agreement Amendment No. 2 dated as of March 4, 2012 (the “**Second Amendment**”) or Wafer Supply Agreement Amendment No. 3 dated as of December 6, 2012 (the “**Third Amendment**”), as applicable.

WHEREAS, the Parties wish to set forth their agreement with respect to certain pricing and other terms of the Agreement regarding certain wafers to be delivered by FoundryCo to AMD including (i) AMD’s commitment to purchase and pay for, in the form of a take-or-pay obligation, a total of [\*\*\*\*] Production Wafers containing MPU Products or GPU Products during the period from January 1, 2014 through December 31, 2014 (the “**2014 Period**”) and (ii) AMD’s commitment to satisfy certain tape out obligations with respect to GPU Products from January 1, 2014 and thereafter.

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

1. AMENDMENTS RELATED TO PRODUCT AND PRODUCT PRICING

(a) 2014 MPU Volume and Product Pricing

(i) Notwithstanding Section 7.1 and Exhibit A of the Original WSA, Section 2(c) of the Third Amendment and except as otherwise specifically provided below in this Section 1(a), AMD commits, during the 2014 Period, to purchase and pay for, in the form of a take-or-pay obligation,

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

the Production Wafers containing MPU Products specified in Exhibit A of this Fourth Amendment in accordance with the schedule, amounts and pricing set forth therein. For the purpose of this Fourth Amendment, the term Production Wafer may include Wafers that have been [\*\*\*\*\*].

(ii) In the event that, due to a [\*\*\*\*\*], FoundryCo fails to [\*\*\*\*\*] for either [\*\*\*\*\*] as set forth in Exhibit A of this Fourth Amendment during the 2014 Period, then FoundryCo agrees to provide AMD with [\*\*\*\*\*] (as defined below) [\*\*\*\*\*] for any and all such failures.

(iii) Commencing [\*\*\*\*\*], 2014, pricing for [\*\*\*\*\*] Production Wafers during the 2014 Period shall be [\*\*\*\*\*] based on [\*\*\*\*\*] as set forth in Exhibit A of this Fourth Amendment. In the event that a [\*\*\*\*\*] occurs with respect to [\*\*\*\*\*] for any quarter in the 2014 Period, FoundryCo shall provide [\*\*\*\*\*] in the form of [\*\*\*\*\*], and FoundryCo will [\*\*\*\*\*]. FoundryCo and AMD will meet monthly to discuss [\*\*\*\*\*]. At the monthly meeting, FoundryCo and AMD will agree in writing on [\*\*\*\*\*].

(iv) As used in this Fourth Amendment:

(1) [\*\*\*\*\*] and [\*\*\*\*\*] shall mean the current Products named [\*\*\*\*\*] and [\*\*\*\*\*], respectively, that have been taped out with FoundryCo on [\*\*\*\*\*] technology as at the date hereof, and excludes re-designs (other than as necessary to correct design deficiencies or to improve manufacturability), derivative or future related products.

(2) “[\*\*\*\*\*]” with respect to a particular Product shall mean [\*\*\*\*\*]. The Parties agree that [\*\*\*\*\*].

(3) “[\*\*\*\*\*]” shall mean the [\*\*\*\*\*].

(4) “[\*\*\*\*\*]” shall mean [\*\*\*\*\*].

(5) “[\*\*\*\*\*]” shall mean [\*\*\*\*\*].

(6) “[\*\*\*\*\*]” for a particular time period and Product shall mean [\*\*\*\*\*] for such Product contemplated by the [\*\*\*\*\*], and FoundryCo and AMD will agree on which and on how [\*\*\*\*\*]. Notwithstanding the forgoing, to the extent [\*\*\*\*\*]. For the avoidance of doubt, AMD and FoundryCo agree that [\*\*\*\*\*].

For the avoidance of doubt, (A) [\*\*\*\*\*], and (B) [\*\*\*\*\*]; provided, however, if [\*\*\*\*\*].

(7) “[\*\*\*\*\*]” means [\*\*\*\*\*].

(v) AMD and FoundryCo will meet at least monthly to discuss and agree in writing on [\*\*\*\*], and AMD will provide FoundryCo a copy of any applicable [\*\*\*\*]. If FoundryCo and AMD mutually agree in good faith that the [\*\*\*\*], then [\*\*\*\*]. If FoundryCo and AMD despite good faith efforts are unable to mutually agree within [\*\*\*\*] of the applicable monthly meeting that [\*\*\*\*], then such disagreement will be escalated to the following individuals for resolution within [\*\*\*\*]. [\*\*\*\*].

(vi) For the purposes of Section 1(a)(ii) and (iii) above:

(A) [\*\*\*\*] for a particular Product shall [\*\*\*\*] for such Product, [\*\*\*\*].

(B) In the event [\*\*\*\*].

(C) [\*\*\*\*].

(D) [\*\*\*\*].

(E) [\*\*\*\*], provided that if [\*\*\*\*].

(vii) For the avoidance of doubt, [\*\*\*\*].

(viii) FoundryCo and AMD agree that their respective CEO's shall meet no later than [\*\*\*\*], 2014 to discuss in good faith their respective performance and any issues under the Agreement, including their compliance with the terms set forth in this Fourth Amendment. Such discussion shall address, among other things, [\*\*\*\*].

(b) 2014 GPU Volume and Product Pricing

In accordance with Section 7.1(b) of the Agreement, as amended in Section 1(d)(ii) below, during the 2014 Period AMD commits to purchase and pay for, in the form of a take-or-pay obligation, the Production Wafers containing GPU Products specified in Exhibit A of this Fourth Amendment in accordance with the schedule, amounts and pricing set forth therein.

(c) Payment Terms, Product Forecasts, Purchase Orders and Invoicing

(i) The purchase price for the 2014 MPU and GPU Production Wafers shall be paid in accordance with the payment provisions set forth in the Agreement, subject to the following modifications: (X) FoundryCo shall accept [\*\*\*\*]-day payment terms from January 1, 2014 through [\*\*\*\*], 2014 subsequent to which the payment terms shall revert to the Original WSA payment terms (i.e. [\*\*\*\*]-days); provided that in case of any late payments that have not been cured by AMD within [\*\*\*\*] business days of AMD's receipt or deemed receipt (in case of a fax with electronic confirmation of receipt) of a written notice of non-payment, in addition to any remedies or other terms as set

forth in the Agreement, the payment terms shall revert immediately to the Original WSA payment terms (i.e. [\*\*\*\*]-days), and (Y) AMD shall pay FoundryCo a [\*\*\*\*] payment by [\*\*\*\*], 2014 for all Products delivered to AMD prior to [\*\*\*\*], 2014, the payment for which has not been received as of [\*\*\*\*], 2014. Any written notice of non-payment pursuant to this Section 1(c)(i) shall be sent by FoundryCo's Chief Financial Officer or Chief Accounting Officer and addressed to the attention of AMD's Chief Financial Officer and Treasurer (AMD, One AMD Place, Sunnyvale, CA 94088, Fax: [\*\*\*\*], with a copy sent via email on the same day to the following email addresses: [\*\*\*\*] and [\*\*\*\*]). For avoidance of doubt, the purchase price for all Wafers delivered during [\*\*\*\*] period shall be paid on [\*\*\*\*], 2014 in accordance with the payment provisions as set forth in the Third Amendment.

(ii) AMD hereby agrees that it will comply in full with the provisions related to monthly binding forecasts as set forth in the Agreement, beginning with the delivery on the date hereof of a binding forecast meeting the requirements set forth in the Agreement. AMD acknowledges and agrees that FoundryCo may rely on such forecasts for the purposes of scheduling manufacturing and other resources in accordance with the terms of the Agreement.

(iii) AMD agrees to provide FoundryCo detailed Product mix information and purchase orders (A) on the date hereof, for all 2014 MPU and GPU Production Wafers set forth in Exhibit A scheduled for delivery in the [\*\*\*\*] and in the [\*\*\*\*] quarters of 2014, (B) within [\*\*\*\*] business days of execution of this Fourth Amendment, for all 2014 MPU and GPU Production Wafers set forth in Exhibit A scheduled for delivery in the [\*\*\*\*] quarter of 2014, and (C) by [\*\*\*\*], 2014, for all 2014 MPU and GPU Production Wafers set forth in Exhibit A scheduled for delivery in the [\*\*\*\*] quarter of 2014. Notwithstanding the foregoing or any other provision of this Agreement or any purchase order to the contrary, FoundryCo acknowledges and agrees that AMD may update actual Product mix information in accordance with AMD's [\*\*\*\*] process (currently referred to as the Universal Order Book process), by which AMD will provide FoundryCo updated Product mix information by [\*\*\*\*].

(iv) FoundryCo may at its option [\*\*\*\*]. FoundryCo shall have the option of selecting the location for storage of such Production Wafers at either FoundryCo's own premises or at a third party's premises subcontracted by FoundryCo, provided that such third party is obligated to maintain the Wafers in accordance with industry standards. [\*\*\*\*] shall bear the storage costs of any 2014 MPU and GPU Production Wafers set forth in Exhibit A stored at [\*\*\*\*]. [\*\*\*\*]. FoundryCo agrees to use reasonable commercial efforts to properly store such Production Wafers in accordance with applicable industry standards and [\*\*\*\*] in accordance with this Section 1(c)(iv). FoundryCo agrees that it will deliver to storage pursuant to this Section 1(c)(iv)

only 2014 MPU and GPU Production Wafers that met the applicable [\*\*\*\*] determined as provided in the Agreement at the time [\*\*\*\*] and that Section 9 of the Agreement shall apply to the Production Wafers placed in storage pursuant to this Section 1(c) (iv), including for any Production Wafers that do not meet such [\*\*\*\*]. In the event of capacity constraints relating to [\*\*\*\*], FoundryCo may deliver to storage 2014 MPU and GPU Production Wafers [\*\*\*\*]. The applicable [\*\*\*\*] for such wafers upon [\*\*\*\*] shall be the [\*\*\*\*] of such wafers [\*\*\*\*]. Title and risk of loss of any stored Production Wafers shall remain with FoundryCo until delivered to AMD in accordance with the applicable delivery schedule and terms for such Production Wafers.

(v) If and to the extent that AMD has not delivered the applicable Product mix information relating to 2014 MPU or GPU Production Wafers in accordance with the dates set forth in Section 1(c)(iii), then FoundryCo may manufacture such Production Wafers based on the most recent Product mix information provided by AMD from the Universal Order Book process; provided, that if AMD had not previously made available the contemplated Product mix information FoundryCo may develop and submit its plan for production of Products to AMD for discussion, and in the absence of a definitive response by AMD within [\*\*\*\*] of receipt of such plan FoundryCo may manufacture such 2014 MPU or GPU Production Wafers based on its proposed plan and AMD shall be obligated to take delivery of and pay for such Wafers pursuant to the payment provisions set forth in the Agreement. If and to the extent that AMD has not delivered purchase orders for specified 2014 MPU and GPU Production Wafers in accordance with the dates set forth in Section 1(c)(iii), then FoundryCo shall thereafter have the right to send an invoice to AMD at the time when the applicable specified 2014 MPU or GPU Production Wafers are delivered reflecting the price of the applicable Production Wafers for which such purchase orders have not been provided, calculated in accordance with Exhibit A.

(d) [\*\*\*\*]

(i) Notwithstanding the terms of Section 2.1(c) of the Agreement (it being understood that the cooperation and information-sharing provisions of clause vi. and the provisions of clause viii., will continue to apply), the parties agree as follows:

- (1) With respect to GPU Products [\*\*\*\*].
- (2) With respect to GPU Products [\*\*\*\*].
- (3) With respect to GPU Products [\*\*\*\*].
- (4) With respect to GPU Products [\*\*\*\*]. In addition, [\*\*\*\*].

(5) With respect to GPU Products [\*\*\*\*].

(ii) Section 7.1(b) of the Agreement shall be amended and restated in its entirety to read as follows:

“(b) GPU Product Pricing

The pricing for GPU Products shall be agreed [\*\*\*\*]; provided, however that the parties agree that such pricing shall be based on [\*\*\*\*]. The price for Engineering Wafers for GPU Products shall be determined by mutual written agreement of the parties on a case-by-case basis.”

(e) 2015 MPU and GPU Volume and Pricing Plan

(i) Subject at all times to the exclusivity obligations of the Agreement and the GPU volume requirements set out in Section 2.1(c)(i) through (iii) and in this Fourth Amendment, AMD and FoundryCo agree to use reasonable commercial efforts to agree by [\*\*\*\*], 2014 on the total wafer volume and associated pricing for the annual period following December 31, 2014 (AMD will provide a non-binding forecast of MPU and GPU Production Wafers by [\*\*\*\*], 2014, to be confirmed by AMD no later than [\*\*\*\*], 2014 in accordance with the standard rolling [\*\*\*\*] month forecast process as set forth in the Original WSA). AMD shall provide monthly rolling forecasts in accordance with the terms of the Agreement, including for the Binding Forecast Period.

(ii) If AMD and FoundryCo are unable to agree by [\*\*\*\*], 2014 on the total wafer volume and associated pricing for the annual period following December 31, 2014, then (X) the price for all MPU Products delivered by FoundryCo to AMD during such period shall be calculated in accordance with Section 7.1(a) and Exhibit A of the Original WSA and the MPU volume shall be calculated in accordance with the binding forecast provisions set forth in Section 5.1 of the Original WSA, and (Y) the price for all GPU Products delivered by FoundryCo to AMD during such period shall be determined in accordance with Section 7.1(b) of the Agreement and the GPU tape out and volume requirements shall be calculated in accordance with this Fourth Amendment.

## 2. FUTURE TAPE OUTS, EXCLUSIVITY AND WAIVER PRODUCTS

(a) The Parties agree that with respect to calendar year 2014 and beyond, the schedule for required tape outs in Exhibit A to the Third Amendment shall be amended and restated in its entirety and the schedule for required tape outs shall be as set forth in Exhibit B to this Fourth Amendment. AMD agrees that it shall not [\*\*\*\*]. For avoidance of doubt, as relates to the [\*\*\*\*] Product only, the Parties acknowledge that the tape out for the [\*\*\*\*] Product at FoundryCo remains subject to [\*\*\*\*]. If [\*\*\*\*], then AMD's tape out obligations as set forth in

Exhibit B of this Fourth Amendment shall cease to continue with respect to the [\*\*\*\*] Product. However, the forgoing shall not constitute a waiver of AMD's exclusivity obligation with respect to the sourcing of the [\*\*\*\*] Product from FoundryCo as set forth in the Agreement, and AMD may not source the [\*\*\*\*] Products from any other manufacturer without FoundryCo's written consent as evidenced by an amendment in writing signed by the persons required pursuant to Section 5(c) of this Fourth Amendment. Although the scheduled tape out dates with respect to all Products set forth in Exhibit B hereto are best estimates based on information available at the time of execution of this Fourth Amendment, and such timing is subject to change by AMD based on business and market conditions and other factors, AMD agrees that such tape out requirements apply to the underlying Products as they are understood at the time of the execution of this Fourth Amendment and that AMD may not avoid these requirements and the related required transitions of Waiver Products and tape outs of the GPU Products and of Chipset Products to FoundryCo by changing the names of Products or their scope. Should AMD decide to cancel any of the listed Products, AMD agrees that it will not tape out any future related Products or derivatives related to or emanating from such listed Products, or any Products that will be sold as substitutes for such Products, with any party other than FoundryCo. The Parties agree that a waiver granted to a particular Product shall not apply to any Product manufactured at a different node, notwithstanding that AMD may give both Products the same or similar Product names.

(b) AMD hereby agrees that it will comply in full with the covenants and other agreements concerning exclusivity of production of MPU Products by FoundryCo for AMD as set forth in the Agreement, including without limitation the specific waivers and transition provisions set forth in Sections 1(a) and 1(b) of the Second Amendment. Since the Third Amendment, certain of the Waiver Products have been or are in the process of being transitioned to FoundryCo. The names assigned to the versions of certain Waiver Products to be manufactured by FoundryCo are as set forth in Exhibit C of this Fourth Amendment. For clarity, the original Waiver Products continue to be subject to the Waivers in accordance with the terms of the Second Amendment.

(c) Except as set forth in this Fourth Amendment, each of AMD's and FoundryCo's rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Agreement.

### 3. ADDITIONAL AGREEMENTS

(a) The Parties acknowledge that the tape out of the [\*\*\*\*] Product with FoundryCo as required by Section 1 of and Exhibit A to the Third Amendment has not occurred. FoundryCo hereby agrees to a waiver solely with respect to the [\*\*\*\*] Product in exchange for AMD's agreement to tape out and manufacture the [\*\*\*\*] Product [\*\*\*\*] with FoundryCo. Except as set forth in the immediately preceding sentence, FoundryCo reserves any rights or remedies FoundryCo has arising out of or relating to the requirements of Section 4 of the Third Amendment.

(b) As consideration for the agreements set forth in this Fourth Amendment including [\*\*\*\*], as well as for certain additional engineering services related to future product



development to be performed by FoundryCo in 2014 subject to mutual agreement by the parties, in addition to other amounts payable by AMD to FoundryCo pursuant to the Agreement, AMD shall pay FoundryCo \$[\*\*\*\*] in cash during calendar year 2014, in installments as follows: \$[\*\*\*\*] on [\*\*\*\*], 2014; \$[\*\*\*\*] on [\*\*\*\*], 2014; \$[\*\*\*\*] on [\*\*\*\*], 2014; and \$[\*\*\*\*] on [\*\*\*\*], 2014. AMD's payment obligations with respect to such payments shall be unconditional and AMD shall pay such amounts without reduction, abatement, diminution, counterclaim, set-off, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Agreement or otherwise, or for any other reason whatsoever.

(c) FoundryCo agrees to provide AMD, [\*\*\*\*] during the 2014 Period up to a total of [\*\*\*\*] NPI Wafers (as defined below), as follows: (i) at [\*\*\*\*], an aggregate of [\*\*\*\*] Wafers ([\*\*\*\*] lots of [\*\*\*\*] Wafers), and (ii) at [\*\*\*\*], an aggregate of [\*\*\*\*] Wafers ([\*\*\*\*] lots of [\*\*\*\*] Wafers); provided, that in all cases FoundryCo's obligation to provide such [\*\*\*\*] NPI Wafers to AMD shall be subject to FoundryCo having available, unutilized capacity at such facilities to manufacture such NPI Wafers as requested by AMD. As part of the [\*\*\*\*] NPI Wafers as set forth above, FoundryCo agrees to provide, to the extent requested by AMD, [\*\*\*\*] per Product per tape out. Other than as set forth in preceding sentence, if AMD requests accelerated lead or cycle times for any NPI Wafers, FoundryCo shall not have any obligation to provide such Wafers unless AMD agrees to pay FoundryCo a per Wafer price not to exceed [\*\*\*\*]. The term "NPI Wafers" shall mean Wafer Outs of Product Development Wafers processed during the 2014 Period that are tied to a new Product introduction and are not Production Wafers or multi-project wafers. For the avoidance of doubt, NPI Wafers are to be used for engineering and engineering sampling purposes only and shall not be used for production shipments. NPI Wafers will not be included in [\*\*\*\*] any quality or reliability criteria other than an applicable mutually agreed quality criteria for such wafers.

#### 4. SORTING AND MASK SERVICES

(a) The Parties agree that FoundryCo's responsibility for providing sorting services will be contingent on AMD meeting its obligations under Section 4 of the Original WSA, which requires, among other things, for AMD to consign test equipment to perform sort. Such equipment shall be installed and qualified in on a timely basis so as to enable FoundryCo to meet its Product delivery requirements. To the extent new equipment or upgrades to existing equipment are required for FoundryCo to perform sorting services, the costs associated with such equipment or upgrades (including but not limited to installation and qualification expenses incurred by FoundryCo, not to exceed USD [\*\*\*\*] per system) shall be paid by AMD. If AMD has not consigned test equipment to perform sort or cooperated with FoundryCo with regard to required upgrades on a timely basis (meaning such time as would be sufficient to sort the Production Wafers in the amount set forth in this Agreement by quarter), then each quarter FoundryCo may ship to AMD the 2014 MPU and GPU Production Wafers in the amounts provided for in the Agreement and AMD shall accept such Wafers whether or not they have been sorted. To ensure that (a) there is sufficient sort capacity for the delivery of the 2014 MPU and GPU Production Wafers, [\*\*\*\*] and (b) there is understanding between the Parties regarding who will have financial responsibility for the foregoing consistent with the terms of this Fourth

Amendment (including, without limitation, any engineering that may be required), the Parties will enter into a written arrangement addressing the above no later than [\*\*\*\*], 2014.

(b) To facilitate GF's delivery, at its option, of sorted or unsorted Wafers at a third party location during the 2014 Period, the Parties agree that they will enter into a written arrangement similar to the arrangement outlined in the letter from AMD to FoundryCo dated [\*\*\*\*] to provide for the delivery of wafers in a controlled fashion. The parties will use their best efforts to enter into such arrangement on or before [\*\*\*\*], 2014.

(c) AMD agrees that it shall procure mask services for 2014 MPU and GPU Production Wafers provided by FoundryCo [\*\*\*\*] from FoundryCo. The pricing relating to mask services during the 2014 Period shall be as set forth in Exhibit D.

## 5. MISCELLANEOUS

(a) Each of FoundryCo and AMD represents and warrants that this Fourth Amendment has been duly authorized, executed and delivered by it, that this Fourth Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this Fourth Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party. Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such, agrees to work together and coordinate such communications and announcements, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 5(b) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.

(b) In order to avoid miscommunications or misunderstandings concerning whether a Party has agreed to amend or waive any provision of the Agreement, no amendments or waivers shall be effective or agreed by any Party unless such amendment or waiver is expressed in a writing specifically identified as such and signed by the Chief Executive Officer or Chief Financial Officer of FoundryCo and by the Chief Executive Officer, Chief Financial Officer, current Senior Vice President—Global Operations or current Senior Vice President—Global Business Units of AMD, and no emails or other written communications, oral communications or actions or inactions by employees of any Party that may be inconsistent with the expressed written provisions of the Agreement shall serve as a basis for any Party to argue or establish that an amendment, waiver, or estoppel has been effected with respect to any written provision of this Agreement.

(c) Other than as expressly provided in this Fourth Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

*[Signature pages follow]*

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IN WITNESS WHEREOF, the Parties have caused this Fourth Amendment 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: Devinder Kumar  
Title: Chief Financial Officer

GLOBALFOUNDRIES INC.

By: /s/ Sanjay Jha  
Name: Sanjay Jha  
Title: Chief Executive Officer

GLOBALFOUNDRIES U.S. INC.

By: /s/ Sanjay Jha  
Name: Sanjay Jha  
Title: Chief Executive Officer

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**2014 Period volume delivery and pricing schedules**

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

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*MPU & GPU wafer pricing [\*\*\*\*]*

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

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[\*\*\*]

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

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**Schedule for required tape outs**

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

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Waiver Product Names as Modified

Previous Name	Modified Name
[****]	[****]
[****]	[****]
[****]	[****]

\*Waivers of Products at [\*\*\*\*] nm do not apply to any products at other nodes, regardless of whether they are given the same or similar names.

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

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2014 Period Mask Price Table

Technology Node	Product	Mask Price
[****]	[****]	[****]
	[****]	[****]
[****]	[****]	[****]
	[****]	[****]

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

## WAFER SUPPLY AGREEMENT AMENDMENT NO. 5

This Fifth Amendment to the WAFER SUPPLY AGREEMENT (this “**Fifth Amendment**”), dated as of April 16, 2015, amends that certain Wafer Supply Agreement, dated March 2, 2009 (the “**Original WSA**”, as amended to the date hereof including this Fifth Amendment, the “**Agreement**”) by and among (i) Advanced Micro Devices, Inc., a Delaware corporation (“**AMD**”); (ii) with respect to all of the provisions in the Agreement other than those in Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with sales activities only (though without limiting FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement), GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands (“**FoundryCo**”), on behalf of itself and its direct and indirect wholly-owned subsidiaries, including all FoundryCo Sales Entities and FoundryCo Manufacturing Entities, as further set forth in the Agreement; and (iii) subject to FoundryCo’s guarantee obligations pursuant to Section 15.7 of the Agreement, GLOBALFOUNDRIES U.S. Inc., a Delaware Corporation (“**USOpCo**”), which is a party to the Agreement solely with respect to Sections 5.5(a), 6.2 and 7.3(a) of the Agreement and the related provisions of the Agreement in connection with USOpCo’s sales activities (AMD, FoundryCo and USOpCo are collectively referred to herein as the “**Parties**”). Capitalized terms used in this Fifth Amendment shall have the meanings ascribed to them herein (including the definitions set forth on Exhibit A to this Fifth Amendment). Capitalized terms without definitions herein shall have the meanings set forth in the Original WSA and in Wafer Supply Agreement Amendment No. 1 dated as of April 2, 2011, Wafer Supply Agreement Amendment No. 2 dated as of March 4, 2012 (the “**Second Amendment**”), Wafer Supply Agreement Amendment No. 3 dated as of December 6, 2012 (the “**Third Amendment**”) or Wafer Supply Agreement Amendment No. 4 dated as of March 30, 2014 (the “**Fourth Amendment**”), as applicable.

WHEREAS, the Parties wish to set forth their agreement with respect to certain pricing and other terms of the Agreement regarding certain Wafers to be delivered by FoundryCo to AMD, including AMD’s commitment to purchase and pay for, in the form of a take-or-pay obligation, certain Production Wafers containing MPU Products or GPU Products during the period from January 1, 2015 through December 31, 2015 (the “**2015 Period**”).

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

### 1. AMENDMENTS RELATED TO PRODUCT AND PRODUCT PRICING

#### (a) 2015 Volume and Product Pricing

(i) Notwithstanding Section 7.1 and Exhibit A of the Original WSA, Section 1(e) of the Fourth Amendment and except as otherwise specifically provided below in this Section 1, AMD commits, during the 2015 Period, to purchase and pay for, in the form of a take-or-pay obligation, the Production Wafers specified in Exhibit B of this Fifth Amendment in accordance with the schedule, at the amounts and pricing set forth therein. For

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the purpose of this Fifth Amendment, the term Production Wafer may include Wafers that have been [\*\*\*\*] to the extent permitted pursuant to Section 1(f)(ii) below.

(b) 2015 Target Yields

(i) Subject to the provisions set forth in this Section 1(b) and the product and test parameters and other details set forth in Exhibit C of this Fifth Amendment, FoundryCo commits, during the 2015 Period, to the [\*\*\*\*] set forth in Exhibit C of this Fifth Amendment, as relates only to the Products set forth therein for the 2015 Period (the “2015 [\*\*\*\*]”). For the avoidance of doubt, (A) [\*\*\*\*]; and (B) [\*\*\*\*].

(1) With respect to the Products named [\*\*\*\*] and [\*\*\*\*] the Parties agree that [\*\*\*\*].

(ii) If FoundryCo is unable to [\*\*\*\*] as required in accordance with the Agreement, the [\*\*\*\*] of the [\*\*\*\*] will be used instead of the [\*\*\*\*] date.

(iii) The Partnership Committee and [\*\*\*\*]

(1) The Parties agree that the Strategic Alliance Committee, as established pursuant to Section 6(a) of the Second Amendment, is hereby dissolved. In its place, the Parties agree to revert to using the Partnership Committee as set out in the Original WSA.

(2) The Partnership Committee will initially consist of: for AMD, Chief Financial Officer, Corporate Vice President—Foundry Operations, and Senior Vice President—Computing & Graphics Business Group; for FoundryCo, Chief Financial Officer, Senior Vice President—Fab Operations & General Manager Fab 1, and Senior Vice President, U.S. Major Accounts. For the avoidance of doubt, the Partnership Committee responsibilities include the following specific items:

(A) Performing initial calculations of any [\*\*\*\*], [\*\*\*\*] or [\*\*\*\*] (as each term is defined below and per the process further detailed in Section 1(b)(iii)(4) below);

(B) Managing requests for any changes to Exhibit C to this Fifth Amendment;

(C) Aligning the Parties on 2015 [\*\*\*\*] for the products named [\*\*\*\*] and [\*\*\*\*] pursuant to Section 1(b)(i)(1) above; and

(D) Resolution of disputes between the Parties, including any changes pursuant to Section 1(f)(i) of this Fifth Amendment or any other process or design issues.

(3) Any disputes that are not able to be resolved by the Partnership Committee within 10 business days from initial discussion shall be escalated to the Parties' respective chief executive officers pursuant to Section 3.2(b) of the Agreement.

(4) The Partnership Committee will meet at least quarterly to discuss and agree in writing on any [\*\*\*\*] or [\*\*\*\*], as applicable, taking into account the [\*\*\*\*], and AMD will provide FoundryCo a copy of any applicable [\*\*\*\*] relied upon by AMD as part of this determination.

(iv) For the purposes of this Section 1(b):

(A) [\*\*\*\*] for a particular Product shall [\*\*\*\*] for such Product and [\*\*\*\*]. The Parties may otherwise mutually agree on limited shipments of scrap wafers.

(B) In the event [\*\*\*\*].

(C) [\*\*\*\*].

(D) For the purposes of [\*\*\*\*]. For the purposes of [\*\*\*\*]. [\*\*\*\*].

(E) In the event any process changes are proposed and demonstrated to improve or modify Yield performance, capacity or reliability of Production Wafers, AMD will provide prompt change support. If such change support is not provided promptly by AMD, [\*\*\*\*]. The Parties further agree that prior to FoundryCo instituting any such changes, the Parties will align in good faith to: (i) understand the approval and/or data requirements necessary for such changes; and (ii) to seek prompt approval from AMD's customers as necessary to implement the changes.

c. [\*\*\*\*]

(i) In the event that, due to a [\*\*\*\*], FoundryCo fails to [\*\*\*\*] during a particular period as set forth in Exhibit C of this Fifth Amendment, then FoundryCo agrees, subject to any modifications resulting from Section 1(d) below, to provide [\*\*\*\*]. In the event FoundryCo exceeds [\*\*\*\*] during a particular period as set forth in Exhibit C of this Fifth Amendment, then FoundryCo will receive, subject to any modifications resulting from Section 1(d) below, [\*\*\*\*].

(ii) For the purposes of this Fifth Amendment, “[\*\*\*\*]” for a particular time period and Product shall mean [\*\*\*\*]. [\*\*\*\*].

(iii) For the purposes of Sections 1(c)(i) and 1(c)(ii) above:

(1) [\*\*\*\*] shall be delivered to AMD [\*\*\*\*] but in no case will the delivery date exceed [\*\*\*\*] from the date of the determination of any [\*\*\*\*] related thereto. [\*\*\*\*] are expected to be [\*\*\*\*] to the [\*\*\*\*] for the applicable Product during the [\*\*\*\*] in which they are delivered to AMD; if any [\*\*\*\*] fail to meet such [\*\*\*\*], then the parties will meet to discuss the issue in good faith.

(2) In the event FoundryCo has elected to provide [\*\*\*\*] in the form of [\*\*\*\*], FoundryCo will discuss the [\*\*\*\*] to be provided with AMD in good faith in advance of Wafer starts and, at AMD’s option, [\*\*\*\*] may take the form of [\*\*\*\*] of [\*\*\*\*], provided those [\*\*\*\*] are of the same technology, and FoundryCo and AMD will agree on which and on how much [\*\*\*\*] will be provided (taking into consideration [\*\*\*\*]). Notwithstanding the forgoing, to the extent [\*\*\*\*]. For the avoidance of doubt, AMD and FoundryCo agree that [\*\*\*\*].

(3) If [\*\*\*\*] is requested by AMD, FoundryCo will [\*\*\*\*], subject to sufficient [\*\*\*\*]; provided, however, if [\*\*\*\*] is insufficient to [\*\*\*\*] then AMD will [\*\*\*\*] to FoundryCo up to [\*\*\*\*] to perform [\*\*\*\*] for such purpose. If [\*\*\*\*] is still [\*\*\*\*] to [\*\*\*\*] such Wafers, despite such [\*\*\*\*], then the last sentence of Section 4(a) of this Fifth Amendment shall apply.

(4) In the event FoundryCo has elected to provide [\*\*\*\*] in the form of [\*\*\*\*], a [\*\*\*\*] in the amount of such [\*\*\*\*] will be issued to AMD for use in the subsequent FoundryCo [\*\*\*\*].

(iv) For the purposes of this Fifth Amendment, “[\*\*\*\*]” for [\*\*\*\*] shall mean [\*\*\*\*] (as calculated below) [\*\*\*\*] setting forth such [\*\*\*\*] for such [\*\*\*\*], equal to the [\*\*\*\*] AMD [\*\*\*\*] in order to [\*\*\*\*] FoundryCo for the [\*\*\*\*] to AMD as relates to any [\*\*\*\*] as a result of FoundryCo [\*\*\*\*]

the [\*\*\*\*] for such time period for such Product after taking into account the provisions of Section 1(d) below.

(v) For the avoidance of doubt, [\*\*\*\*] and [\*\*\*\*] shall apply only with respect to the Products listed on [\*\*\*\*] of this Fifth Amendment.

(d) [\*\*\*\*]

(i) If, on a quarterly basis, the [\*\*\*\*] in the actual [\*\*\*\*] versus the [\*\*\*\*] for a particular Product is [\*\*\*\*] such [\*\*\*\*] by an amount less than [\*\*\*\*] (on a [\*\*\*\*] basis compared to such [\*\*\*\*]), then the Parties agree that any such resulting [\*\*\*\*] or [\*\*\*\*] from the [\*\*\*\*] produced shall be applied to the Parties [\*\*\*\*] or [\*\*\*\*] accordingly.

(ii) If, on a quarterly basis, the actual [\*\*\*\*] for a Product is [\*\*\*\*] the applicable [\*\*\*\*] by an amount greater than [\*\*\*\*] (on a [\*\*\*\*] basis compared to such [\*\*\*\*]), then the Parties agree that the first [\*\*\*\*] of any such [\*\*\*\*] shall be [\*\*\*\*] by the parties pursuant to Section 1(d)(i) above, but amounts in excess of [\*\*\*\*] will be, in the event of a [\*\*\*\*], solely to the benefit of [\*\*\*\*] (i.e. [\*\*\*\*] the [\*\*\*\*] as relates to that Product), and in the event of a [\*\*\*\*], solely at the cost of [\*\*\*\*] (i.e. [\*\*\*\*] the [\*\*\*\*] as relates to that Product).

(iii) Notwithstanding anything herein to the contrary, the Parties agree that this Section 1(d) and the related [\*\*\*\*] shall not apply to (X) Wafers that are [\*\*\*\*] by FoundryCo [\*\*\*\*] as a result of a [\*\*\*\*] or (Y) the [\*\*\*\*] for the [\*\*\*\*]. As relates to the [\*\*\*\*], the following provisions set forth in this Section 1(d)(iii) shall apply:

(1) If, on a quarterly basis, [\*\*\*\*] is less than the [\*\*\*\*] for the production of [\*\*\*\*], AMD shall be entitled to [\*\*\*\*];

(2) If, on a quarterly basis, [\*\*\*\*] is greater than the [\*\*\*\*] by up to and including [\*\*\*\*], then the [\*\*\*\*] for the purpose of the [\*\*\*\*] shall be the [\*\*\*\*]; and

(3) If, on a quarterly basis, [\*\*\*\*] is [\*\*\*\*] the [\*\*\*\*] by more than [\*\*\*\*], then [\*\*\*\*] shall be payable to FoundryCo for any amounts by which [\*\*\*\*] by more than [\*\*\*\*] for such time period.

(iv) Illustrative examples of certain of [\*\*\*\*] are provided as Exhibit D of this Fifth Amendment.

(v) Notwithstanding the above, in addition to [\*\*\*\*] that may be provided to AMD pursuant to this Fifth Amendment, FoundryCo will [\*\*\*\*] AMD for any [\*\*\*\*] that [\*\*\*\*] the [\*\*\*\*] of [\*\*\*\*] with respect to the period

beginning [\*\*\*\*] and ending [\*\*\*\*] (and the Parties will agree on acceptable [\*\*\*\*] for [\*\*\*\*] for the other periods [\*\*\*\*]):

- (1) [\*\*\*\*] for [\*\*\*\*];
- (2) [\*\*\*\*] for Products with a [\*\*\*\*] between [\*\*\*\*] and [\*\*\*\*]; and
- (3) [\*\*\*\*] for Products with [\*\*\*\*] than [\*\*\*\*].

The parties will mutually agree on the appropriate [\*\*\*\*] and [\*\*\*\*] for reporting [\*\*\*\*]. Such [\*\*\*\*] obligation will apply only to Products and time periods with agreed-upon [\*\*\*\*] for the [\*\*\*\*], and FoundryCo will adjust [\*\*\*\*] or [\*\*\*\*] accordingly for the [\*\*\*\*] of the Wafer [\*\*\*\*] applicable to such [\*\*\*\*].

(e) Notwithstanding Section [\*\*\*\*] of the Agreement, as relates to the 2015 Period, the provisions set forth in this Fifth Amendment as relate to [\*\*\*\*] and the related provisions regarding [\*\*\*\*] shall govern. Except for the [\*\*\*\*] and [\*\*\*\*] provided in Section 1(c)(i) of this Fifth Amendment or the [\*\*\*\*], there are no [\*\*\*\*] or [\*\*\*\*] requirements or other committed [\*\*\*\*] with respect to any Products to be delivered by FoundryCo to AMD during the 2015 Period or beyond pursuant to the Agreement. FoundryCo's obligations with respect to [\*\*\*\*] and [\*\*\*\*] shall remain as set forth in the Original WSA.

(f) Product Forecasts and Purchase Orders

(i) AMD agrees to provide FoundryCo detailed Product mix information and purchase orders (A) on the date hereof, for all 2015 Production Wafers set forth in Exhibit B of this Fifth Amendment scheduled for delivery in [\*\*\*\*] and (B) by [\*\*\*\*], 2015, for all 2015 Production Wafers set forth in Exhibit B of this Fifth Amendment scheduled for delivery in the [\*\*\*\*] quarter of 2015. Notwithstanding the foregoing or any other provision of this Agreement or any purchase order to the contrary, FoundryCo acknowledges and agrees that AMD may update actual Product mix information in accordance with AMD's [\*\*\*\*] process (currently referred to as the Universal Order Book process), by which AMD will provide FoundryCo updated Product mix information by [\*\*\*\*]. The Parties agree to meet and discuss in good faith any flexibility regarding product volumes, taking into consideration pricing, capacity constraints and margin. In the event the Parties are unable to agree within [\*\*\*\*] after discussing in good faith, such disagreement will be escalated to the Partnership Committee and, if required, the Parties' respective chief executive officers pursuant to Section 1(b)(iii) above.

(ii) FoundryCo may at its option [\*\*\*\*]. FoundryCo shall have the option of selecting the location for storage of such Production Wafers at



either FoundryCo's own premises or at a third party's premises subcontracted by FoundryCo, provided that such third party is obligated to maintain the Wafers in accordance with industry standards. [\*\*\*\*] shall bear the storage costs of any 2015 Production Wafers set forth in Exhibit B of this Fifth Amendment stored at [\*\*\*\*]. [\*\*\*\*]. FoundryCo agrees to use reasonable commercial efforts to properly store such Production Wafers in accordance with applicable industry standards and [\*\*\*\*] in accordance with this Section 1(f)(ii). FoundryCo agrees that it will deliver to storage pursuant to this Section 1(f)(ii) only 2015 Production Wafers that exceed the applicable [\*\*\*\*] determined as provided in the Agreement at the time [\*\*\*\*] and that Section 9 of the Agreement shall apply to the Production Wafers placed in storage pursuant to this Section 1(f)(ii), including for any Production Wafers that do not meet such [\*\*\*\*]. In the event of capacity constraints relating to [\*\*\*\*], FoundryCo may deliver to storage 2015 Production Wafers [\*\*\*\*]. The applicable [\*\*\*\*] for such wafers upon [\*\*\*\*] shall be the [\*\*\*\*] of such wafers [\*\*\*\*]. Title and risk of loss of any stored Production Wafers shall remain with FoundryCo until delivered to AMD in accordance with the applicable delivery schedule and terms for such Production Wafers.

(iii) If and to the extent that AMD has not delivered the applicable Product mix information relating to 2015 Production Wafers in accordance with the dates set forth in Section 1(f)(i) above, then FoundryCo may manufacture such Production Wafers based on the most recent Product mix information provided by AMD from the Universal Order Book process; provided, that if AMD had not previously made available the contemplated Product mix information FoundryCo may develop and submit its plan for production of Products to AMD for discussion, and in the absence of a definitive response by AMD within [\*\*\*\*] of receipt of such plan FoundryCo may manufacture such 2015 Production Wafers based on its proposed plan and AMD shall be obligated to take delivery of and pay for such Wafers pursuant to the payment provisions set forth in the Agreement. If and to the extent that AMD has not delivered purchase orders for specified 2015 Production Wafers in accordance with the dates set forth in Section 1(f)(i) above, then FoundryCo shall thereafter have the right to send an invoice to AMD at the time when the applicable specified 2015 Production Wafers are delivered reflecting the price of the applicable Production Wafers for which such purchase orders have not been provided, calculated in accordance with Exhibit B of this Fifth Amendment.

(g) 2016 Volume and Pricing Plan

(i) Subject at all times to the exclusivity obligations of the Agreement, AMD and FoundryCo agree to use reasonable commercial efforts to agree by [\*\*\*\*], 2015 on the total wafer volume and associated pricing for the annual period following December 31, 2015 (AMD will provide a non-binding

forecast of MPU and GPU Production Wafers by [\*\*\*\*], 2015, to be confirmed by AMD no later than [\*\*\*\*], 2015 in accordance with the standard rolling [\*\*\*\*] month forecast process as set forth in the Original WSA). AMD shall provide monthly rolling forecasts in accordance with the terms of the Agreement, including for the Binding Forecast Period.

(ii) If AMD and FoundryCo are unable to agree by [\*\*\*\*], 2015 on the total wafer volume and associated pricing for the annual period following December 31, 2015, then (X) the price for all MPU Products delivered by FoundryCo to AMD during such period shall be calculated in accordance with Section 7.1(a) and Exhibit A of the Original WSA and the MPU volume shall be calculated in accordance with the binding forecast provisions set forth in Section 5.1 of the Original WSA, and (Y) the price for all GPU Products delivered by FoundryCo to AMD during such period shall be determined in accordance with Section 7.1(b) of the Agreement.

## 2. FUTURE TAPE OUTS, EXCLUSIVITY AND WAIVER PRODUCTS

(a) Except as expressly permitted in the Agreement, AMD agrees that it shall not [\*\*\*\*]. For the avoidance of doubt, the GPU tape-out commitments set forth in the Agreement, in particular as amended under Section 1(d) of the Fourth Amendment, shall remain in full force and effect. AMD may not avoid the requirements in this Section 2(a) by changing the names of Products or their scope. Should AMD decide to cancel any of the listed Products in Exhibit B hereto, AMD agrees that it will not tape out any future related Products or derivatives related to or emanating from such listed Products, or any Products that will be sold as substitutes for such Products, with any party other than FoundryCo.

(b) Subject to the obligations set forth in Section 2(c) and 2(d) below, FoundryCo hereby waives any claim it may have arising out of or relating to the requirements of Sections 2.1(a) and 2.1(b) of the Agreement with respect to the exclusive sourcing by AMD from [\*\*\*\*] of the MPU Products set forth on Exhibit F and any minor enhancements or modifications of the foregoing (each, a “[\*\*\*\*] **Waiver Product**,” and a waiver relating to such Gaming Waiver Product, a “[\*\*\*\*] **Waiver**”). For the avoidance of doubt, AMD and FoundryCo agree that any future related products or derivatives related to or emanating from any [\*\*\*\*] Waiver Products, other than minor enhancements or modifications of the foregoing or any Products that could be sold as substitutes for such Products, shall not be covered by any [\*\*\*\*] Waiver.

(c) AMD agrees to pay to FoundryCo compensation for such [\*\*\*\*] Waivers pursuant to Exhibit F to this Fifth Amendment. The Partnership Committee shall meet and discuss in good faith and mutually agree prior to [\*\*\*\*], 2015 [\*\*\*\*]. If, notwithstanding such good faith efforts of the Parties, they are unable to agree to [\*\*\*\*] by [\*\*\*\*], 2015 (unless such deadline is otherwise extended by mutual agreement), then the [\*\*\*\*] Waivers set forth in Section 2(b) above shall terminate immediately.

(d) AMD and FoundryCo agree that subject to agreement on [\*\*\*\*], [\*\*\*\*]; provided [\*\*\*\*]. [\*\*\*\*]. AMD and FoundryCo agree to collaborate and work together in good faith as

necessary to: [\*\*\*\*]. Notwithstanding such good faith efforts, if for any reason (including [\*\*\*\*]) [\*\*\*\*].

(e) The Parties agree with respect to each of the Waiver Products (i.e. for [\*\*\*\*][\*\*\*\*]) to extend each Waiver [\*\*\*\*]; provided that [\*\*\*\*][\*\*\*\*]. Notwithstanding the preceding sentence, in the event that FoundryCo fails to deliver ordered volumes of [\*\*\*\*] in accordance with Exhibit B hereto for a reason other than [\*\*\*\*], then upon mutual agreement AMD may purchase only such additional volumes of [\*\*\*\*] from [\*\*\*\*] as necessary for AMD to satisfy documented customer demand. Further, with respect to [\*\*\*\*] Products manufactured and sold to customers for use in [\*\*\*\*] applications ([\*\*\*\*]), including any minor modifications and enhancements thereof, the Parties agree that the Waiver shall extend indefinitely throughout the entire life cycle of such [\*\*\*\*] Product, provided, however, that such manufacturing of [\*\*\*\*] products will be limited to [\*\*\*\*].

(f) In addition to the [\*\*\*\*] delivery of Schedule 2(g) pursuant to Section 2(g) below, AMD agrees, as part of the Universal Order Book process, to include its aggregate [\*\*\*\*] production Wafer forecast (including its production forecasts at [\*\*\*\*]).

(g) AMD represents and warrants that Schedule 2(g) to this Fifth Amendment, in the form attached hereto to be completed prior to or simultaneously with the execution of this Fifth Amendment, completely and accurately sets forth as of the date hereof for each of the Waiver Products and [\*\*\*\*] Waiver Products in aggregate and by FoundryCo fiscal quarter: (1) the name and technology node of each Product; and (2) the total wafer volumes for [\*\*\*\*] Products produced for the period beginning [\*\*\*\*], 2014 and ending [\*\*\*\*], 2015 that were manufactured at [\*\*\*\*], broken down by aggregate numbers of [\*\*\*\*] Products. AMD further agrees and covenants that AMD's Chief Financial Officer will provide a revised Schedule 2(g) updated with information from the prior twelve month period within [\*\*\*\*] following the conclusion of [\*\*\*\*].

(h) Except as set forth in this Fifth Amendment, each of AMD's and FoundryCo's rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Agreement. Without limiting the foregoing, AMD covenants and agrees that it will comply in full with the covenants and other agreements concerning the exclusivity of production of Products by FoundryCo for AMD as set forth in the Agreement. FoundryCo expressly reserves all other rights pertaining to the exclusive manufacture of Products not expressly waived by the terms of the Agreement or this Fifth Amendment.

### 3. ADDITIONAL AGREEMENTS

(a) As consideration for entering into the agreements set forth in this Fifth Amendment, including [\*\*\*\*], in addition to other amounts payable by AMD to FoundryCo pursuant to the Agreement, AMD shall pay FoundryCo \$37,500,000 in cash in equal installments on or before the following dates: \$9,375,000 on March 31, 2015 (the Parties acknowledge that

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<sup>1</sup> [\*\*\*\*].

<sup>2</sup> [\*\*\*\*].

such payment was timely made); \$9,375,000 on June 30, 2015; \$9,375,000 on September 30, 2015; and \$9,375,000 on December 31, 2015. AMD's payment obligations with respect to such payments shall be unconditional and AMD shall pay such amounts without reduction, abatement, diminution, counterclaim, set-off, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Agreement or otherwise, or for any other reason whatsoever.

(b) As consideration for certain engineering services related to future product development to be performed by FoundryCo and upon AMD acceptance, and as set forth on Exhibit H of this Fifth Amendment, AMD shall pay FoundryCo in cash the amounts set forth on Exhibit H to this Fifth Amendment in accordance with the payment due dates set forth on Exhibit H.

(c) Section 8.1(b) of the Agreement is hereby amended and restated in its entirety as follows:

“AMD. AMD shall keep records in sufficient detail to enable FoundryCo to determine that AMD has complied with its exclusivity obligations and commitments pursuant to the Agreement. AMD shall permit said records to be inspected, at FoundryCo's expense, upon reasonable advance notice, during regular business hours by an independent auditor selected by FoundryCo and approved by AMD, which approval shall not be unreasonably withheld. The audit shall be for the purposes of (i) verifying that AMD has complied with its exclusivity obligations and commitments pursuant to the Agreement and (ii) confirming the accuracy of any additional amounts payable by AMD to FoundryCo as described in Exhibit F of the Fifth Amendment. Inspections conducted under this Section 8.1(b) shall be at FoundryCo's expense, unless AMD has failed to comply with its exclusivity obligations and commitments pursuant to the Agreement, or has a non-compliance variance adverse to FoundryCo with respect to additional amounts payable as described in Exhibit F of the Fifth Amendment of [\*\*\*\*] percent ([\*\*\*\*]%) or more, in which case AMD shall bear the reasonable expenses of such audit.”

#### 4. SORTING AND MASK SERVICES

(a) The Parties agree that FoundryCo's responsibility for providing sorting services will be contingent on AMD meeting its obligations under Section 4 of the Original WSA, which requires, among other things, for AMD to consign test equipment to perform sort. Such equipment shall be installed and qualified in on a timely basis so as to enable FoundryCo to meet its Product delivery requirements. To the extent new equipment or upgrades to existing equipment are required for FoundryCo to perform sorting services, the costs associated with such equipment or upgrades (including but not limited to installation and qualification expenses incurred by FoundryCo, not to exceed USD [\*\*\*\*] per system) shall be paid by AMD. If AMD has not consigned test equipment to perform sort or cooperated with FoundryCo with regard to required upgrades on a timely basis (meaning such time as would be sufficient to sort the Production Wafers in the amount set forth in this Agreement by quarter), then each quarter

FoundryCo may ship to AMD the 2015 Production Wafers in the amounts provided for in the Agreement and AMD shall accept such Wafers whether or not they have been sorted.

(b) To facilitate FoundryCo's delivery, at its option, of sorted or unsorted Wafers at a third party location during the 2015 Period, the Parties agree that they will enter into a written arrangement similar to the arrangement outlined in the letter from AMD to FoundryCo dated [\*\*\*\*] to provide for the delivery of wafers in a controlled fashion. The parties will use their best efforts to enter into such arrangement on or before [\*\*\*\*].

(c) AMD agrees that it shall procure mask services for 2015 Production Wafers provided by FoundryCo [\*\*\*\*] from FoundryCo. The pricing relating to mask services during the 2015 Period shall be as set forth in Exhibit G of this Fifth Amendment.

## 5. MISCELLANEOUS

(a) Each of FoundryCo and AMD represents and warrants that this Fifth Amendment has been duly authorized, executed and delivered by it, that this Fifth Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this Fifth Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party.

(b) Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such, agrees to work together and coordinate such communications and announcements, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 5(b) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.

(c) In order to avoid miscommunications or misunderstandings concerning whether a Party has agreed to amend or waive any provision of the Agreement, no amendments or waivers shall be effective or agreed by any Party unless such amendment or waiver is expressed in a writing specifically identified as such and signed by the Chief Executive Officer or Chief Financial Officer of FoundryCo and by the Chief Executive Officer or Chief Financial Officer of AMD, and no emails or other written communications, oral communications or actions or inactions by employees of any Party that may be inconsistent with the expressed written provisions of the Agreement shall serve as a basis for any Party to argue or establish that an amendment, waiver, or estoppel has been effected with respect to any written provision of this Agreement.

(d) Other than as expressly provided in this Fifth Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

*[Signature page follows]*

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

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IN WITNESS WHEREOF, the Parties have caused this Fifth Amendment 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: Devinder Kumar  
Title: Chief Financial Officer

GLOBALFOUNDRIES INC.

By: /s/ John P. Goldsberry  
Name: John P. Goldsberry  
Title: Chief Accounting Officer &  
Acting Chief Financial Officer

GLOBALFOUNDRIES U.S. INC.

By: /s/ John P. Goldsberry  
Name: John P. Goldsberry  
Title: Chief Accounting Officer &  
Acting Chief Financial Officer

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**Certain Definitions**

“[\*\*\*\*]” with respect to a particular Product shall mean [\*\*\*\*]. The Parties agree that [\*\*\*\*].

“[\*\*\*\*]” shall mean [\*\*\*\*].

“[\*\*\*\*]” shall mean [\*\*\*\*].

“[\*\*\*\*]” means[\*\*\*\*].

“[\*\*\*\*]” shall mean [\*\*\*\*].

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

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**2015 Period Volume and Pricing Schedules**

[\*\*\*]

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

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[\*\*\*]

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

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**Illustrative Example of [\*\*\*\*]**

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<sup>3</sup> The examples in this Exhibit D are purely illustrative. To the extent there exists any conflict in the examples in this Exhibit D and the body of the Fifth Amendment, the body of the Fifth Amendment shall govern.

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**[\*\*\*\*] Waiver Products and Additional Payment Obligations**

AMD agrees to pay to FoundryCo[\*\*\*\*] an additional amount to be calculated by multiplying (i) the dollar amount set forth opposite such [\*\*\*\*] Waiver Product's name in the table below by (ii) the total production wafer volume for such [\*\*\*\*] Waiver Product supplied to AMD by [\*\*\*\*] during [\*\*\*\*]. AMD will calculate the applicable amount to FoundryCo no later than [\*\*\*\*] following [\*\*\*\*], and AMD will pay such amounts to FoundryCo [\*\*\*\*].

[****] Waiver Product Name	Payment per Wafer
[****]	\$*
[****]	\$*

\*[\*\*\*\*].

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

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2015 Period Mask Prices

Technology Node	Mask Price
[****]	[****]
[****]	[****]
[****]	[****]

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

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FoundryCo Engineering Services

Technology Development Milestones	Anticipated Completion Date	Milestone Payment Amount	Payment Date (on or before)
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]

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**Waiver and [\*\*\*\*] Waiver Products and Volumes**

Product Type	Technology Node(s) of Product(s)	Total 2014 Volume not produced by FoundryCo
[****]		
[****]		

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## WAFER SUPPLY AGREEMENT AMENDMENT NO. 6

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

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

WHEREAS, the Parties wish to set forth their agreement with respect to certain purchase commitments, pricing and other terms of the Agreement primarily regarding 14nm and smaller MPU Products, GPU Products and Chipset Products during the period from January 1, 2016 through December 31, 2020 (the “**5-year Period**”);

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

### 1. TERM AND PRIOR AMENDMENTS

- a. The term of this Sixth Amendment shall be concurrent with the 5-year Period. Except as specifically provided in Section 2(b) and Section 2(i)(i), this Sixth Amendment shall supersede all Prior Amendments, and such Prior Amendments shall have no further force and effect.

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- b. Prior to the expiration of the 5-year Period, and in any event no later than December 31, 2019, the Parties shall engage in good faith discussions to enter into another amendment to the WSA. In the event of a failure to agree to such an amendment, the terms of the Original WSA shall apply.

## 2. FUTURE TAPEOUTS, EXCLUSIVITY AND WAIVER PRODUCTS

### a. General Exclusivity Obligations

Except as expressly permitted in this Sixth Amendment, AMD agrees that:

1. it shall not [\*\*\*\*];
2. AMD shall purchase [\*\*\*\*] from FoundryCo; and
3. each of AMD's and FoundryCo's rights and obligations with respect to MPU Products, GPU Products and Chipset Products shall remain as governed by the Original WSA.

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

With respect to the Products entitled [\*\*\*\*] and [\*\*\*\*] (the "[\*\*\*\*] Waiver Products"), which one or more Prior Amendments permitted AMD to manufacture with [\*\*\*\*], including any minor modifications and enhancements thereof (collectively the "Prior Waiver"), the Prior Waiver shall extend indefinitely throughout the entire life cycle of the [\*\*\*\*] Waiver Products; provided, however, that such manufacturing of [\*\*\*\*] Products will be limited to [\*\*\*\*], and the manufacturing of [\*\*\*\*] Products will be limited to [\*\*\*\*]. The Parties agree that any waiver with respect to the [\*\*\*\*] Products set forth in Prior Amendments has expired. The provisions of this Section 2(b) shall survive the expiration of the 5-year Period.

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

Subject to AMD's timely payment of the [\*\*\*\*] Waiver Payments pursuant to Section 2.d, the [\*\*\*\*] Waiver Payments pursuant to Section 2.g, the fixed payment pursuant to Section 2.k, and any Mitigation Payments owed pursuant to Section 4 of this Sixth Amendment, FoundryCo hereby waives any claim it may have arising out of or relating to the requirements of Sections 2.1(a) and 2.1(b) of the Agreement with respect to the tape out to and sourcing by AMD from [\*\*\*\*] of the [\*\*\*\*] Products named [\*\*\*\*] (each of the [\*\*\*\*] aforementioned Products a "[\*\*\*\*] Waiver Product," and a waiver relating to such [\*\*\*\*] Waiver Product, a "[\*\*\*\*] Waiver"). As used in this Sixth Amendment, [\*\*\*\*] and [\*\*\*\*] shall include [\*\*\*\*]. AMD may not avoid the requirements in this Section 2.c by changing the names of

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Products or their scope. For the avoidance of doubt, AMD and FoundryCo agree that any future related Products or derivatives relating to or emanating from any of the [\*\*\*\*] Waiver Products, other than minor enhancements or modifications of the foregoing that result in Products that could be sold as substitutes for one or more of the [\*\*\*\*] Waiver Products without changes in AMD's product features, shall not be covered by any [\*\*\*\*] Waiver. Changes in AMD's product features shall include, without limitation, [\*\*\*\*]. To the extent that AMD believes that a minor enhancement or modification of any of the [\*\*\*\*] Waiver Products is covered by the [\*\*\*\*] Waiver, no later than [\*\*\*\*] prior to taping out the enhanced or modified Product (or for such [\*\*\*\*], promptly following AMD's receipt of [\*\*\*\*]), AMD shall provide FoundryCo with a written notice that includes a description of the enhancement or modification. In lieu of the notice requirements set forth in Section 15.4 of the Agreement, the notice requirement may be fulfilled via an email to the FoundryCo non-CFO Partnership Committee members. For the avoidance of doubt, no waivers exist for any other [\*\*\*\*] Products and any such [\*\*\*\*] Products are to be exclusively taped out to and manufactured by FoundryCo.

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

i. *Intentionally omitted.*

ii. **Quarterly Payments.** As partial consideration for the [\*\*\*\*] Waivers, beginning in [\*\*\*\*] 2017 with respect to [\*\*\*\*] Waiver Products [\*\*\*\*], and beginning in [\*\*\*\*] 2017 with respect to [\*\*\*\*] Waiver Products [\*\*\*\*], AMD shall pay FoundryCo, on a quarterly basis, payments on a per-wafer basis to be calculated pursuant to Schedule 2(d)(i) (“[\*\*\*\*] **Quarterly [\*\*\*\*] Waiver Payments**”), such that for each relevant year in Column A, the total production wafer volume for such [\*\*\*\*] Waiver Products supplied to AMD by [\*\*\*\*] in the aggregate during such fiscal quarter is multiplied by the dollar amount in Column B that corresponds to [\*\*\*\*] in Column C. The term “**Total AMD [\*\*\*\*] Wafers**” means the [\*\*\*\*]. The term “**AMD [\*\*\*\*] Wafers**” means [\*\*\*\*]. For purposes of calculating the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments, any AMD [\*\*\*\*] Wafer volumes that were included in AMD's Binding Forecasts to FoundryCo and were accepted by FoundryCo in writing, but that AMD subsequently purchased from [\*\*\*\*] solely because FoundryCo subsequently informed AMD in writing that FoundryCo would not make the necessary capacity available to AMD (“Decommitted Wafers”), will be treated as if they had been purchased from FoundryCo rather than from [\*\*\*\*]; provided, however, if AMD has not made cumulative [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments to FoundryCo totaling at least [\*\*\*\*] for wafers purchased by AMD from [\*\*\*\*] other than such Decommitted Wafers (as reconciled by the annual true up process set forth in subsection

2.d.iii below), AMD will remain obligated to pay the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payment amount for the quantity of Decommitted Wafers as necessary for FoundryCo to receive a cumulative total of [\*\*\*\*] in [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments. In order to facilitate and formalize the Parties' communications regarding forecasts, the Parties will commence [\*\*\*\*] forecast interlock meetings beginning in September 2016. During such [\*\*\*\*] meetings, the Parties will discuss in good faith AMD's forecast of [\*\*\*\*] Wafers during the Binding Forecast Period and FoundryCo's supply capability for such [\*\*\*\*] Wafers. Following each [\*\*\*\*] interlock, the Parties will memorialize FoundryCo's acceptance of the agreed portions of AMD's [\*\*\*\*] Wafer forecasts with respect to the Binding Forecast Period in writing, which writing may be fulfilled by an email exchange between each Party's designated member of the Partnership Committee expressly setting forth the agreement with respect to the applicable forecast and including the phrases "Agreed by AMD" and "Agreed by Globalfoundries" respectively. Any disagreements between the Parties with respect to [\*\*\*\*] Wafer forecast commitments shall be escalated pursuant to Section 3.2 of the Agreement. AMD will calculate the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments no later than [\*\*\*\*] following the end of each fiscal quarter in which AMD purchased any [\*\*\*\*] Waiver Product from [\*\*\*\*], and shall pay the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments no later than [\*\*\*\*] of the end of the quarter in which the purchases occurred. AMD's obligation to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments is unconditional, and AMD's failure to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments shall, in addition to any other remedies available to FoundryCo in this Agreement, or at law or equity, result in the termination of the [\*\*\*\*] Waivers as follows: (A) for a failure to make a timely [\*\*\*\*] Waiver Payment where such payment default is not disputed by AMD in good faith, FoundryCo may terminate the [\*\*\*\*] Waivers following [\*\*\*\*] written notice to AMD if such payment default is not cured by AMD within such [\*\*\*\*] period; and (B) for a payment default disputed by AMD in good faith, a Party may escalate the dispute to the Partnership Committee, and if the Partnership Committee is unable to resolve the dispute within [\*\*\*\*] of escalation, then the dispute will be escalated to the Chief Executive Officers of AMD and FoundryCo for resolution. If the Chief Executive Officers discuss and fail to resolve the dispute within [\*\*\*\*] of escalation, then FoundryCo may terminate the [\*\*\*\*] Waivers upon written notice of termination to AMD.

- iii. **Annual True Up.** At the conclusion of each fiscal year and promptly following the payment of the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments for the fourth fiscal quarter of the relevant year, AMD shall calculate, pursuant to Schedule 2(d)(i) for each relevant year in Column A, the total production wafer volume for such [\*\*\*\*] Waiver Products on an aggregate basis supplied to AMD by [\*\*\*\*] during such fiscal year multiplied by the

dollar amount in Column B that corresponds to [\*\*\*\*] in Column C (such amount, the “[\*\*\*\*] **Annual [\*\*\*\*] Waiver Payments**”). To the extent the aggregate [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments received by FoundryCo for the relevant year exceed the [\*\*\*\*] Annual [\*\*\*\*] Waiver Payments, then AMD shall invoice FoundryCo for the difference and FoundryCo shall reimburse AMD no later than [\*\*\*\*] from receipt of the invoice. To the extent the aggregate [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments received by FoundryCo for the relevant year are less than the [\*\*\*\*] Annual [\*\*\*\*] Waiver Payments, then AMD shall pay FoundryCo the difference no later than [\*\*\*\*] from the end of the calendar year. Illustrative examples of [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments are set forth in Schedule 2(d)(ii) hereof.

e. [\*\*\*\*] **Waiver Products** [\*\*\*\*]

- i. AMD shall purchase from FoundryCo at least [\*\*\*\*] of its [\*\*\*\*] Waiver Products (relating to [\*\*\*\*]), as measured on a [\*\*\*\*] basis, by the end of [\*\*\*\*]. By the end of [\*\*\*\*], AMD shall purchase from FoundryCo at least [\*\*\*\*] of its [\*\*\*\*] Waiver Products (relating to [\*\*\*\*]), as measured on a [\*\*\*\*] basis. The foregoing [\*\*\*\*] and [\*\*\*\*] amounts are hereinafter referred to as “[\*\*\*\*] Targets”.

The Parties agree that with respect to the failure by AMD to achieve the [\*\*\*\*] Targets only, FoundryCo’s sole and exclusive remedy for failure shall be AMD’s timely payment in full of the Mitigation Payments for the corresponding fiscal years pursuant to Section 4(b) of this Sixth Amendment (“Exclusive Remedy”), provided that the Exclusive Remedy shall not apply if one or more of the following conditions have occurred:

- (a) AMD provides FoundryCo with an inaccurate forecast with respect to the [\*\*\*\*] Waiver Products to be manufactured at FoundryCo that exceeds the applicable [\*\*\*\*] and FoundryCo reasonably relies on such forecast to its detriment, subject to FoundryCo providing prior written notice to AMD of any FoundryCo commitment, purchase, installation or development of manufacturing capacity or related R&D expenses to meet AMD’s forecast in excess of the applicable [\*\*\*\*];
- (b) AMD fails to satisfy the [\*\*\*\*] Targets despite the absence of material barriers to compliance; or
- (b) AMD fails to comply with any of the exclusivity requirements of the Agreement, including without limitation the requirements set forth in Section 2 of this Sixth Amendment.

- ii. In order to support the achievement of the [\*\*\*\*] Targets, AMD will tape out the Products listed below to FoundryCo pursuant to the dates below, and AMD will use commercially reasonable efforts to achieve the target Product ramp dates below:

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- iii. AMD agrees that its tape out and ramp support obligations set forth in Section 2(e)(ii) above related to the [\*\*\*\*] Waiver Products apply even if the Products are or are planned to be manufactured at a different Process Node or technology node (e.g., [\*\*\*\*]) at [\*\*\*\*]. AMD may not avoid the requirements in Sections 2(c) through 2(e) by changing the names of Products or their scope.
  - iv. Furthermore, in support of the transition of [\*\*\*\*] Waiver Products back to FoundryCo, AMD agrees to provide the following information and cooperation (collectively, the “[\*\*\*\*] **Plan**”) to FoundryCo within [\*\*\*\*] following execution of this Sixth Amendment [\*\*\*\*]: (1) AMD [\*\*\*\*] data requirements to assist FoundryCo in achieving supplier readiness; (2) scheduling information, including [\*\*\*\*]; and (3) overview of AMD’s [\*\*\*\*] strategy plans for [\*\*\*\*], including AMD’s good faith estimate of the pricing necessary to [\*\*\*\*], and [\*\*\*\*] plans, including [\*\*\*\*]. AMD shall update the [\*\*\*\*] Plan on at least a [\*\*\*\*] basis.
  - v. FoundryCo agrees that, in order to facilitate AMD’s efforts to [\*\*\*\*], FoundryCo will provide AMD with [\*\*\*\*] at [\*\*\*\*], [\*\*\*\*], and a total of [\*\*\*\*] for design support (“[\*\*\*\*] **Design Support Payment**”), with such [\*\*\*\*] Design Support Payment provided to reimburse AMD on a [\*\*\*\*] basis for design support expenses as incurred, to be paid within [\*\*\*\*] following the end of the applicable fiscal quarter, beginning in the [\*\*\*\*], and as expenses are incurred by AMD, subject to receiving documentation of expenditures reasonably acceptable to FoundryCo, with the remaining balance to be paid within [\*\*\*\*] following tape out at FoundryCo. AMD’s [\*\*\*\*] expenditure amount and documentation may be submitted for payment via email from AMD’s CFO to FoundryCo’s CFO.
  - vi. AMD and FoundryCo will discuss in good faith and mutually agree on [\*\*\*\*], such discussion to include among other factors [\*\*\*\*].
- f. [\*\*\*\*] **Waiver**
- i. Subject to AMD’s timely payment of the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments and [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments pursuant to Sections 2(d) and 2(g), the fixed payment pursuant to Section 2(k) and any Mitigation Payments owed pursuant to Section 4 of this Sixth Amendment, and AMD’s continued compliance with Section 8 of this

Sixth Amendment, FoundryCo agrees to waive any claim it may have arising out of or relating to the requirements of the Agreement with respect to the tape out and sourcing by AMD from [\*\*\*\*] for the [\*\*\*\*] Product [\*\*\*\*] (the “[\*\*\*\*] **Waiver Products**,” and the waiver relating to such [\*\*\*\*] Waiver Product, the “[\*\*\*\*] **Waiver**”), provided that with respect to the [\*\*\*\*] Waiver Product, the [\*\*\*\*] Waiver will be effective only if (a) FoundryCo fails to [\*\*\*\*] by [\*\*\*\*], if [\*\*\*\*], and (b) AMD has [\*\*\*\*]. In any event, if FoundryCo fails to [\*\*\*\*], AMD and FoundryCo shall exercise good faith efforts to [\*\*\*\*]. For clarification, the requirements for [\*\*\*\*] shall be as mutually agreed by the parties in writing. For the avoidance of doubt, AMD and FoundryCo agree that any future related Products or derivatives relating to or emanating from the [\*\*\*\*] Waiver Products, other than minor enhancements or modifications of the foregoing that result in Products that could be sold as substitutes for [\*\*\*\*] Waiver Products without changes in product features, shall not be covered by any [\*\*\*\*] Waiver. Changes in product features shall include, without limitation, [\*\*\*\*]. To the extent that AMD believes that a minor enhancement or modification of any of the [\*\*\*\*] Waiver Products is covered by the [\*\*\*\*] Waiver, no later than [\*\*\*\*] prior to taping out the enhanced or modified Product (or for such [\*\*\*\*], promptly following AMD’s receipt of [\*\*\*\*]), AMD shall provide FoundryCo with a written notice that includes a description of the enhancement or modification. In lieu of the notice requirements set forth in Section 15.4 of the Agreement, the notice requirement may be fulfilled via an email to the FoundryCo non-CFO Partnership Committee members. For the avoidance of doubt, no waivers exist for any other [\*\*\*\*] Product and any such [\*\*\*\*] Products are to be exclusively taped out to and manufactured by FoundryCo.

- ii. AMD shall purchase at least [\*\*\*\*] of its [\*\*\*\*] Waiver Products (if applicable pursuant to Section 2(f)(i), relating to [\*\*\*\*]) from FoundryCo, with such purchase requirements to be treated in the same manner as the [\*\*\*\*] Targets for [\*\*\*\*] Waiver products pursuant to Section 2(e) above, and subject to the Exclusive Remedy unless one of the exclusions set forth in Section 2(e)(i) (a), (b) or (c) applies with respect to [\*\*\*\*] Waiver Products. In order to achieve such [\*\*\*\*] Waiver Products purchase requirements at FoundryCo, AMD shall also [\*\*\*\*]. For purposes of clarification, FoundryCo shall not be required to [\*\*\*\*]. Furthermore, the Parties will agree upon a plan for information and cooperation consistent with the requirements in the [\*\*\*\*] Plan.
- iii. AMD agrees that its obligations of this Sixth Amendment related to the [\*\*\*\*] Waiver Product apply even if the product is or is planned to be manufactured at a different Process Node or technology node at [\*\*\*\*].

g. [\*\*\*\*] **Quarterly [\*\*\*\*] Waiver Payments**

As partial consideration for the [\*\*\*\*] Waiver, AMD agrees to pay to FoundryCo, on a quarterly basis, payments on a per-wafer basis (“[\*\*\*\*] **Quarterly [\*\*\*\*] Waiver Payments**”), with the amounts and commencement date of such [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments to be mutually agreed by the Parties. The Parties agree that the framework for these payments shall be substantially similar to the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments pursuant to Section 2(d) above and the related annual true-up mechanism. If the Parties are unable to agree upon the amounts and commencement date of the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments by [\*\*\*\*], such issue shall be escalated to the Partnership Committee, with escalation to the Parties’ Chief Executive Officers per Section 3.2 of the Agreement if needed. If the Parties have not agreed upon the amount of the [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments by [\*\*\*\*], the [\*\*\*\*] Waiver may be revoked by FoundryCo’s Chief Executive Officer providing written notice of revocation to AMD’s Chief Executive Officer. AMD’s obligation to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments is unconditional, and AMD’s failure to make timely [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payments shall, in addition to any other remedies available to FoundryCo in this Agreement, or at law or equity, result in the termination of the [\*\*\*\*] Waiver and [\*\*\*\*] Waivers pursuant to the same process, notice and timelines for termination for a [\*\*\*\*] Quarterly [\*\*\*\*] Waiver Payment default as set forth in Section 2(d)(ii) above.

h. [\*\*\*\*] **Limited Waiver**

Subject to the terms and conditions set forth in Section 2(h)(i)-(iv) below, FoundryCo agrees to waive any claim it may have arising out of or relating to the requirements of the Agreement with respect to the tape out and sourcing by AMD from [\*\*\*\*] of [\*\*\*\*] Wafers of AMD’s [\*\*\*\*] Product (the “[\*\*\*\*] **Waiver Product**”, and a waiver relating to such Product, a “[\*\*\*\*] **Limited Waiver**”). For the avoidance of doubt, AMD and FoundryCo agree that any future related products or derivatives related to or emanating from the [\*\*\*\*] Waiver Product, other than minor enhancements or modifications of the foregoing that result in Products that could be sold as substitutes for such Product, without changes in product features, shall not be covered by the [\*\*\*\*] Limited Waiver. Changes in product features shall include, without limitation, [\*\*\*\*]. To the extent that AMD believes that a minor enhancement or modification of the [\*\*\*\*] Waiver Product is covered by the [\*\*\*\*] Limited Waiver, no later than [\*\*\*\*] prior to taping out the enhanced or modified Product (or for such enhancements or modifications that AMD decides to implement within such [\*\*\*\*] period, promptly following such decision), AMD shall provide FoundryCo with a written notice that includes a description of the enhancement or modification. In lieu of the notice

requirements set forth in Section 15.4 of the Agreement, the notice requirement may be fulfilled via an email to the FoundryCo non-CFO Partnership Committee members. As a result of this [\*\*\*\*] Limited Waiver, AMD will [\*\*\*\*], including [\*\*\*\*], to support [\*\*\*\*].

The [\*\*\*\*] of the [\*\*\*\*] Limited Waiver may be [\*\*\*\*] subject to the following terms and conditions:

- i. During [\*\*\*\*], the Parties shall review [\*\*\*\*] and discuss in good faith the following: [\*\*\*\*]. If FoundryCo is determined to [\*\*\*\*], the Parties shall meet and discuss in good faith [\*\*\*\*]. In the event of a disagreement between the Parties regarding [\*\*\*\*], the Parties will promptly engage a mutually agreed representative from [\*\*\*\*] to [\*\*\*\*]. The Parties agree that the [\*\*\*\*] representative's findings must be provided to the Parties within [\*\*\*\*] of such engagement and shall be binding on each of them.
- ii. If it is determined pursuant to the above process that [\*\*\*\*], and subject to AMD's continued compliance with Section 8 of this Sixth Amendment, the [\*\*\*\*] Limited Waiver will apply to [\*\*\*\*] production wafers. In addition, notwithstanding the [\*\*\*\*] Limited Waiver, the Parties shall continue to work toward completion of the [\*\*\*\*] with the objective of enabling FoundryCo to [\*\*\*\*] as soon as possible. In any event, once the [\*\*\*\*], AMD will [\*\*\*\*]. Upon the [\*\*\*\*], AMD will [\*\*\*\*]. If it is determined that FoundryCo is [\*\*\*\*], then the parties will negotiate in good faith to (A) [\*\*\*\*] and/or (B) [\*\*\*\*]; and (C) if either or both of (A) or (B) are agreed, the parties shall also negotiate in good faith the appropriate compensation to FoundryCo for such additional waivers. The Parties' discussions shall take into consideration [\*\*\*\*], as well as AMD's continued compliance with Section 8 of this Sixth Amendment.
- iii. The [\*\*\*\*] Limited Waiver does not apply to [\*\*\*\*], and AMD will purchase [\*\*\*\*] from FoundryCo, with pricing for such Products to be agreed by the Parties in the same manner as [\*\*\*\*] Products as set forth in Section 3(b) of this Sixth Amendment.

The provisions of this Section 2(h) shall survive the expiration of the 5-year Period.

i. [\*\*\*\*] **Products**

- i. Section 2.1(c) of the Original WSA is hereby amended and restated in its entirety to read as follows:



(c) [\*\*\*\*] **Products.**

i. With respect to [\*\*\*\*] Products [\*\*\*\*], AMD commits to tape out to FoundryCo and to have FoundryCo exclusively manufacture [\*\*\*\*]; provided that, if [\*\*\*\*], then [\*\*\*\*], [\*\*\*\*] Products scheduled to be taped out [\*\*\*\*] shall be taped out to FoundryCo and exclusively manufactured by FoundryCo. However, if [\*\*\*\*], then, in addition to any [\*\*\*\*] Product previously taped out at another foundry, the Parties shall discuss in good faith AMD's potential tape out and sourcing from another foundry of one or more additional [\*\*\*\*] Products, taking into consideration AMD's continued compliance with [\*\*\*\*] and FoundryCo's progress with respect to [\*\*\*\*].

ii. With respect to AMD's obligations regarding the tapeout, sourcing and purchases of [\*\*\*\*] Products from FoundryCo [\*\*\*\*], the terms of the Prior Amendments shall continue to apply.

j. **Chipset Products**

As stated above, AMD will purchase [\*\*\*\*] Chipset Products from FoundryCo; provided, however, that if AMD purchases a company or assets from a company that has at the time of acquisition, Chipset Products in production or that have already taped out for manufacture at a third party foundry, such acquired Chipset Products will not be subject to this Section 2(j). The following defined term shall be added to the Agreement immediately following Section 1.29:

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

The provisions of this Section 2.j shall survive the expiration of the 5-year Period.

k. **AMD Fixed Payment**

As partial consideration for the [\*\*\*\*] Waivers, [\*\*\*\*] Waivers, the [\*\*\*\*] Waivers, and the [\*\*\*\*] Limited Waiver, AMD shall pay FoundryCo a total of one hundred million dollars (\$100,000,000) in cash, payable in installments within [\*\*\*\*] of AMD's receipt of FoundryCo's invoice as follows: (i) \$25,000,000, which may be invoiced on or after September 15,

2016; (ii) \$25,000,000, which may be invoiced on or after December 15, 2016; (iii) \$25,000,000, which may be invoiced on or after March 15, 2017; and (iv) \$25,000,000 which may be invoiced on or after June 15, 2017. AMD's payment obligation with respect to such payments shall be unconditional and AMD shall pay such amounts without reduction, abatement, diminution, counterclaim, set-off, defense, recoupment, deferment or other limitation, regardless of the acts, breaches or omissions, or alleged acts, breaches or omissions, of FoundryCo under the Agreement or otherwise, or for any other reason whatsoever. Any failure to make the above timely payments, in whole or in part, shall result in termination of the [\*\*\*\*] Waivers, [\*\*\*\*] Waivers, the [\*\*\*\*] Waivers, and the [\*\*\*\*] Limited Waiver.

### 3. AMENDMENTS RELATED TO PRODUCT AND PRODUCT PRICING

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

- i. In lieu of the forecasting requirements of Section 5.1 of the Original WSA, AMD will provide FoundryCo, in writing on a monthly basis, with a non-binding, rolling [\*\*\*\*] forecast of its monthly volume requirements for [\*\*\*\*] MPU Products, [\*\*\*\*] MPU Products, GPU Products, Chipset Products and Other Future Products, identified by Process Node. Notwithstanding the foregoing, the first [\*\*\*\*] of the [\*\*\*\*] rolling forecast referenced above will detail AMD's monthly volume requirements by Product and will be binding with respect to the total Wafer volume on a Product level basis during such [\*\*\*\*] period only, and the [\*\*\*\*] of the [\*\*\*\*] rolling forecast will be binding with respect to the total Wafer volume on a technology basis during such [\*\*\*\*] period only (accordingly, notwithstanding the Original WSA, the term "Binding Forecast" will mean AMD's Product forecast for the first [\*\*\*\*] of such [\*\*\*\*] forecast as provided herein, and "Binding Forecast Period" will mean such [\*\*\*\*] period). AMD acknowledges and agrees that FoundryCo may rely on such forecasts for the purposes of scheduling manufacturing and other resources in accordance with the terms of the Agreement.
- ii. In addition to the forecast requirements described in Section 3(a)(i) above, AMD shall provide FoundryCo the following within [\*\*\*\*] following the execution of this Sixth Amendment:
  1. A non-binding product roadmap by technology that includes the tape-out dates for a [\*\*\*\*] horizon (i.e., [\*\*\*\*]), to be updated and provided to FoundryCo on a [\*\*\*\*] basis (end of each [\*\*\*\*]); and
  2. A non-binding volumes forecast that includes all products, separately aggregated by technology and by product type ([\*\*\*\*])

MPU Products, [\*\*\*\*] MPU Products, GPU Products, Chipset Products, and Other Future Products), for a [\*\*\*\*] horizon, to be updated and provided to FoundryCo on or before [\*\*\*\*] of each year.

- iii. AMD agrees to provide FoundryCo detailed Product mix information and purchase orders, on the date hereof, for all 2016 Production Wafers scheduled for delivery in the [\*\*\*\*] of 2016. Notwithstanding the foregoing or any other provision of this Agreement or any purchase order to the contrary, FoundryCo acknowledges and agrees that AMD may update actual Product mix information in accordance with AMD's [\*\*\*\*] process (currently referred to as the Universal Order Book process), by which AMD will provide FoundryCo updated Product mix information by [\*\*\*\*]. The Parties agree to meet and discuss in good faith any flexibility regarding Product volumes, taking into consideration purchase orders, pricing, capacity constraints, Products started to date and margin. In the event the Parties are unable to agree within [\*\*\*\*] after discussing in good faith, such disagreement will be escalated to the Partnership Committee and, if required, the Parties' respective Chief Executive Officers pursuant to Section 3.2 of the Agreement.
- iv. AMD agrees to provide FoundryCo detailed Product mix information and purchase orders on a [\*\*\*\*] frequency. The Product mix information and purchase orders shall be released and reflect the Product mix for at least [\*\*\*\*] in advance of the commencement of manufacturing for each Product. Notwithstanding the foregoing or any other provision of this Agreement or any purchase order to the contrary, but without diminishing any of AMD's obligations to comply with Section 4 of this Sixth Amendment, FoundryCo acknowledges and agrees that AMD may update actual Product mix information in accordance with AMD's [\*\*\*\*] process (currently referred to as the Universal Order Book process), by which AMD will provide FoundryCo updated Product mix information by [\*\*\*\*]. Without diminishing any of AMD's obligations to comply with Section 4 of this Sixth Amendment, the Parties agree to meet and discuss in good faith any flexibility regarding product volumes, taking into consideration purchase orders, pricing, capacity constraints, Product started to date and margin. In the event the Parties are unable to agree within [\*\*\*\*] days after discussing in good faith, such disagreement will be escalated to the Partnership Committee and, if required, the Parties' respective Chief Executive Officers pursuant to Section 3.2 of the Agreement.
- v. FoundryCo may at its option [\*\*\*\*]. Within [\*\*\*\*] of receiving such notice, AMD shall provide FoundryCo with its desired Product mix for such [\*\*\*\*] period, and FoundryCo will adhere to such Product mix. If

AMD does not respond within [\*\*\*\*], FoundryCo may build ahead Products based on the latest the Product mix information released by AMD to FoundryCo and such Product mix shall be binding upon AMD.

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

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

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

specified Production Wafers are delivered reflecting the price of the applicable Production Wafers for which such purchase orders have not been provided.

**b. Product Pricing**

- i. Notwithstanding Section 7.1 and Exhibit A of the Original WSA, the Parties agree to the pricing for 2016 products as set forth in Schedule 3(b) herein.
- ii. Subject at all times to the exclusivity obligations of the Agreement and the Annual Effective Revenue Floor requirements set forth in Section 4 of this Sixth Amendment, AMD and FoundryCo agree to use commercially reasonable efforts to agree within [\*\*\*\*] following execution of this Sixth Amendment on 2017 pricing, and by [\*\*\*\*] of each of 2017, 2018 and 2019 on the pricing for the annual period following December 31 of such year.
- iii. With respect to [\*\*\*\*] and [\*\*\*\*] Products only, the Parties agree that pricing will be set at [\*\*\*\*] and to the extent mutually agreed, [\*\*\*\*]. If the Parties are unable to agree upon the [\*\*\*\*] and [\*\*\*\*], if any, for [\*\*\*\*] and [\*\*\*\*] Products, FoundryCo may elect to consult with a third party independent advisor (“[\*\*\*\*] Advisor”) to provide a prompt opinion as to the [\*\*\*\*]. The identity of the [\*\*\*\*] Advisor must also be reasonably agreeable to AMD, and both Parties shall consider the opinion of the [\*\*\*\*] Advisor in good faith. The Parties shall also discuss in good faith the inclusion of [\*\*\*\*] in the pricing for [\*\*\*\*] and [\*\*\*\*] Products.
- iv. If AMD and FoundryCo are unable to agree on the pricing pursuant to Section 3(b)(ii) or 3(b)(iii) above with respect to any calendar year, then the price for all existing [\*\*\*\*] Products (including, for avoidance of doubt, any [\*\*\*\*] and [\*\*\*\*] Products), shall [\*\*\*\*]. With respect to any such [\*\*\*\*] Products on [\*\*\*\*], the prices shall [\*\*\*\*]. In addition, Section 7.1(b) of the Agreement shall be amended and restated in its entirety to read as follows:

“The pricing for [\*\*\*\*] Products shall be agreed on an annual basis; provided, however that the Parties agree that such pricing shall be based on competitive market pricing. The price for Engineering Wafers for [\*\*\*\*] Products shall be determined by mutual written agreement of the Parties on a case-by-case basis.”

- v. Section 7.1 of the Agreement shall be amended by the addition of the following language as a new sub-Section 7.1(c-2) (to be inserted between existing sub-Sections 7.1(c) and 7.1(d)), which shall read in its entirety as follows:

“(c-2) Chipset Product Pricing. The pricing for Chipset Products shall be based on competitive market pricing. The price for Engineering Wafers for Chipset Products shall be determined by mutual written agreement of the Parties on a case-by-case basis.”

- c. Subsection 3(b)(iii) above will expire at the end of the 5-year Period; provided, however, if prior to December 31, 2020 the Parties have agreed that the pricing for any [\*\*\*\*] and [\*\*\*\*] Products will be effective for a period of time following the expiration of the 5-year Period, such pricing shall survive for the previously agreed period of time. The remainder of this Section 3 shall survive the expiration of the 5-year Period.

#### 4. ANNUAL FLOOR[\*\*\*\*]; MITIGATION PAYMENTS

##### a. Annual Revenue Floor[\*\*\*\*]

- i. AMD shall purchase from FoundryCo, for each fiscal year from 2016 until 2020, at a minimum the applicable **Annual Effective Revenue Floor**, which shall be defined as the dollar amount equal to the greater of:

1. The [\*\*\*\*]; or
2. The [\*\*\*\*].

- ii. For the purposes of this Sixth Amendment, the following definitions shall apply:

1. “[\*\*\*\*]” shall for a given fiscal year equal the dollar amounts set forth for that year in Schedule 4(a)(ii)(3) attached hereto.
2. “[\*\*\*\*]” for a given fiscal year shall be as set forth for that year in Schedule 4(a)(ii)(5) attached hereto.
3. “[\*\*\*\*]” shall mean for a given fiscal year the dollar amount equal to [\*\*\*\*].
4. “**Delta from the Applicable Floor**” shall mean, in cases where FoundryCo’s Actual Annual Revenue from AMD is less than the Annual Effective Revenue Floor in any given year, the dollar amount equal to the difference between these two amounts.
5. “**FoundryCo’s Actual Annual Revenue From AMD**” shall mean the total amounts invoiced by FoundryCo ([\*\*\*\*]) from AMD’s purchase of Production Wafers from FoundryCo during each fiscal year. For the avoidance of doubt, “FoundryCo’s Actual Annual Revenue From AMD” shall include [\*\*\*\*].

6. “**Total Annual AMD Foundry Wafer Spend**” shall mean the total amounts invoiced to AMD ([\*\*\*\*]) by FoundryCo or any other permitted foundry for all of its MPU Product, GPU Product, Chipset Product and Other Future Product production wafer purchases for a given fiscal year. For the avoidance of doubt, “Total Annual AMD Foundry Wafer Spend” shall include [\*\*\*\*].
7. “[\*\*\*\*]” shall mean [\*\*\*\*]. For the avoidance of doubt, “[\*\*\*\*]” shall include [\*\*\*\*].
- b. In the event FoundryCo’s Actual Annual Revenue From AMD is less than the Annual Effective Revenue Floor, AMD shall make mitigation payments (“**Mitigation Payments**”) to FoundryCo, within [\*\*\*\*] of the end of such fiscal year, equal to the following:
- i. In the event the Delta from the Applicable Floor is less than [\*\*\*\*] for the applicable year, AMD shall pay to FoundryCo an amount equal to [\*\*\*\*] of the Delta from the Applicable Floor for the applicable fiscal year.
- ii. In the event the Delta from the Applicable Floor is greater than or equal to [\*\*\*\*] for the applicable year, AMD shall pay to Foundry an amount equal to [\*\*\*\*] of the Delta from the Applicable Floor for the applicable fiscal year.
- iii. An illustrative example of the calculation of Mitigation Payments is set forth in Schedule 4(b)(iii) attached hereto.
- c. In the event AMD is unable to meet the requirements of Section 4(a) as a direct result of FoundryCo having insufficient capacity (as acknowledged in a writing by FoundryCo to AMD) and AMD had provided sufficient forecasting to allow FoundryCo a reasonable opportunity to prepare for the volume of Product ordered, or if FoundryCo had sufficient capacity in place to meet AMD’s Product requirements but informed AMD in writing that it allocated such capacity to other FoundryCo customers, then the Parties will engage in good faith discussions to adjust the Mitigation Payments to account for such unavailable capacity for the applicable time periods.
- d. If FoundryCo is determined to be [\*\*\*\*], then provided that (i) AMD has been taking, and will continue to take, all reasonable measures to achieve the applicable [\*\*\*\*] for [\*\*\*\*], including in particular [\*\*\*\*]; (ii) AMD is [\*\*\*\*]; (iii) AMD has continued to cooperate with the 7nm Operational Plan; (iv) AMD has continued to cooperate with the [\*\*\*\*] Plan; and (v) AMD has complied with the exclusivity requirements to date during the 5-year Period; the Parties will engage in good faith discussions during the [\*\*\*\*] period prior to end of [\*\*\*\*] to mutually agree on an appropriate reduction to the

[\*\*\*\*] for the applicable year, taking into account FoundryCo's capacity and any constraints to such capacity or supply.

- e. FoundryCo agrees that receipt of the Mitigation Payments shall be the sole and exclusive remedy for AMD's failure to meet the applicable Annual Effective Revenue Floor. For avoidance of doubt, and without prejudice to Section 2(e)(i) of this Sixth Amendment, the foregoing sentence shall not limit FoundryCo's remedies with respect to any other failure or breach of the Agreement by AMD, including without limitation any failure by AMD to comply with its exclusivity obligations, [\*\*\*\*] and its obligations to remit payments for Products, services and waivers in a timely manner.
- f. The provisions of this Section 4 shall survive the expiration of the 5-year Period but only as applicable to any Mitigation Payments owed with respect to the 5-year Period.

## 5. SORTING AND MASK SERVICES

- a. The Parties agree that Section 4.2(a) of the Original WSA will no longer apply, and that the Parties shall negotiate in good faith and mutually agree upon terms and conditions to govern AMD's future purchases of Sort Services from FoundryCo. Notwithstanding the foregoing, AMD shall [\*\*\*\*]. The Parties' good faith discussions shall take into account FoundryCo's utilization of its existing equipment and tooling, and its performance of Sort Services on all new Products (including [\*\*\*\*]), and that consignment by AMD of equipment and tooling necessary for FoundryCo to perform Sort Services, [\*\*\*\*], will be only as mutually agreed.
- b. AMD agrees that it shall procure mask services for Production Wafers provided by FoundryCo [\*\*\*\*] from FoundryCo during the 5-Year Period.

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

- a. Notwithstanding Section [\*\*\*\*] of the Original WSA, the provisions of Exhibit B as relate to [\*\*\*\*] and the related provisions regarding [\*\*\*\*] shall govern. Except for the [\*\*\*\*] and [\*\*\*\*] provided in Exhibit B, which shall only apply to [\*\*\*\*] Products and [\*\*\*\*] Products, there are no [\*\*\*\*] or [\*\*\*\*] requirements or other committed [\*\*\*\*] with respect to any Products to be delivered by FoundryCo to AMD during the 5-Year Period. Except as otherwise stated above, FoundryCo's obligations with respect to [\*\*\*\*] and [\*\*\*\*] shall remain as set forth in the Original WSA.

## 7. REPORTS AND AUDIT

- a. **Reports Related to Waived Products.** In order to assist FoundryCo in confirming AMD's compliance with the exclusivity obligations set forth in



the Agreement and the applicable waiver payments, AMD agrees to provide the following written reports, which AMD represents to be true and accurate upon issuance of each report and which, in all cases, shall be subject to the audit provisions set forth in Section 8 of the Agreement.

- i. No later than [\*\*\*\*] following the conclusion of each [\*\*\*\*], AMD shall provide FoundryCo with a written report stating:
    1. the name and technology node of each [\*\*\*\*] Waiver Product, [\*\*\*\*] Waiver Product, [\*\*\*\*] Waiver Product and [\*\*\*\*] Limited Waiver Product.
    2. the total Wafer volumes for the [\*\*\*\*] Waiver Products, [\*\*\*\*] Waiver Products, [\*\*\*\*] Waiver Products and [\*\*\*\*] Waiver Product (each such category collectively) purchased during the prior [\*\*\*\*] that were manufactured at FoundryCo; and
    3. the total wafer volumes purchased of the [\*\*\*\*] Waiver Products, [\*\*\*\*] Waiver Products, [\*\*\*\*] Waiver Products and [\*\*\*\*] Waiver Product that were manufactured at [\*\*\*\*] during the prior [\*\*\*\*].
  - ii. Upon the execution of this Sixth Amendment, AMD shall provide the same information above corresponding to the [\*\*\*\*] of 2016 with respect to all waiver products, as well as a good faith forecast of the same for the [\*\*\*\*] of 2016.
- b. **Reports Related to Annual Volumes and Mitigation Payments.** In order to assist FoundryCo in confirming AMD's compliance with its Annual Revenue Floor as set forth in the Agreement and any applicable Mitigation Payments, AMD agrees to provide the following written reports, which AMD represents to be true and accurate upon issuance of each report and which, in all cases, shall be subject to the audit provisions set forth in Section 8 of the Agreement.
- i. No later than [\*\*\*\*] following each [\*\*\*\*], AMD shall provide FoundryCo with a written report stating the [\*\*\*\*] for such [\*\*\*\*].
  - ii. No later than [\*\*\*\*] after the execution of this Sixth Amendment, AMD shall provide the same information above corresponding to the [\*\*\*\*] of 2016.
  - iii. No later than [\*\*\*\*] following each [\*\*\*\*], AMD shall disclose to FoundryCo the Total Annual AMD Foundry Wafer Spend.
- c. **Audit Rights.** Section 8.1(b) of the Original WSA is hereby amended and restated in its entirety as follows:

“AMD. AMD shall keep records in sufficient detail to enable FoundryCo to determine that AMD has complied with its exclusivity obligations and commitments pursuant to the Agreement. AMD shall permit said records to be inspected, at FoundryCo’s expense, upon reasonable advance notice, during regular business hours by an independent auditor selected by FoundryCo and approved by AMD, which approval shall not be unreasonably withheld. The audit shall be for the purposes of (i) verifying that AMD has complied with its exclusivity obligations and commitments pursuant to the Agreement and (ii) confirming the accuracy of any additional amounts payable by AMD to FoundryCo as described in Section 2, Section 3 and Section 4 of the Sixth Amendment. Inspections conducted under this Section 8.1(b) shall be at FoundryCo’s expense, unless AMD has failed to comply with its exclusivity obligations, payment obligations and commitments pursuant to the Agreement, or has a non-compliance variance adverse to FoundryCo with respect to additional amounts payable pursuant to Section 2, Section 3 and/or Section 4 of the Sixth Amendment of [\*\*\*\*] percent ([\*\*\*\*]%) or more, in which case AMD shall bear the reasonable expenses of such audit.”

- d. The provisions of this Section 7 shall survive the expiration of the 5-year Period but only as applicable to activities that occurred during the 5-year Period, and payments owed in connection with such activities.

## 8. 7NM OPERATIONAL PLAN

- a. The Parties shall work in a spirit of partnership and good faith to focus resources to assist FoundryCo to develop its 7nm process technology in accordance with its time schedule. AMD shall provide such cooperation as reasonably required to enable FoundryCo to manufacture 7nm products for AMD consistent with AMD’s time schedule for 7nm Products. The details of such cooperation will be mutually agreed and set forth in an operational plan, which plan shall be based on the elements further described in Exhibit A (the “**7nm Operational Plan**”). The Parties acknowledge that certain elements of the 7nm Operational Plan will be updated from time to time per the Parties’ mutual agreement in order to fulfill the objectives set forth in this Section 8 until the 7nm Operational Plan is complete.

## 9. PRIOR AMENDMENTS

- a. Section 1.48 of the Agreement is hereby amended and restated in its entirety to read as follows:

“1.48 *FoundryCo Sales Entities* shall mean USOpCo, GLOBALFOUNDRIES Singapore Pte. Ltd. (a private limited Singapore company and a wholly-owned subsidiary of FoundryCo) and any other direct or indirect wholly-owned subsidiaries of FoundryCo to which FoundryCo

has delegated the responsibility to process purchase orders from AMD and to offer to sell and sell Products to AMD in accordance with this Agreement.”

b. Section 15.11(c) of the Agreement shall be amended and restated in its entirety as follows:

“(c) Any Dispute not resolved within thirty (30) days of the Dispute Notice being received shall be referred to, and shall be finally and exclusively resolved by, arbitration under the LCIA Rules then in effect, as amended by this Section 15.11, which LCIA Rules are deemed to be incorporated by reference into this Section 15.11. The seat, or legal place, of the arbitration shall be London, England. The language of the arbitration shall be English. The number of arbitrators shall be three. Each party shall nominate one arbitrator and the two arbitrators nominated by the Parties shall, within thirty (30) days of the appointment of the second arbitrator, agree upon and nominate a third arbitrator who shall act as Chairman of the Tribunal. If no agreement is reached within thirty (30) days, the LCIA Court shall appoint a third arbitrator to act as Chairman of the Tribunal. It is hereby expressly agreed that if there is more than one claimant party or more than one respondent party, the claimant parties shall together nominate one arbitrator and the respondent parties shall together nominate one arbitrator. In the event that a sole claimant or the claimant parties, on the one side, or a sole respondent or the respondent parties, on the other side, fails to nominate its/their arbitrator, such arbitrator shall be appointed by the LCIA Court. Any award issued by the arbitrators shall be final and binding upon the Parties, and, subject to this Section 15.11, may be entered and enforced in any court of competent jurisdiction by any of the Parties. In the event any party subject to such final and binding award desires to have it confirmed by a final order of a court, the only court which may do so shall be a court of competent jurisdiction located in London, England; provided however, that nothing in this sentence shall prejudice or prevent a party from enforcing the arbitrators’ final and binding award in any court of competent jurisdiction. The Parties hereto acknowledge and agree that any breach of the terms of this Agreement could give rise to irreparable harm for which money damages would not be an adequate remedy. Accordingly, the Parties agree that, prior to the formation of the Tribunal, the Parties have the right to apply exclusively to any court of competent jurisdiction or other judicial authority located in London, England for interim or conservatory measures, including, without limitation, to compel arbitration (an “Interim Relief Proceeding”). Furthermore, the Parties agree that, after the formation of the Tribunal, the arbitrators shall have the sole and exclusive power to grant temporary, preliminary and permanent relief, including injunctive relief and specific performance, and any then pending Interim Relief Proceeding shall be discontinued without prejudice to the rights of any of the parties thereto. Unless otherwise ordered by the arbitrators pursuant to the terms hereof, the

arbitrators' expenses shall be shared equally by the Parties. In furtherance of the foregoing, each of the Parties hereto irrevocably submits to: (i) the exclusive jurisdiction of the courts of England located in London, England in relation to any Interim Relief Proceeding and; (ii) the non-exclusive jurisdiction of the courts of England located in London, England with respect to the enforcement of any arbitral award rendered in accordance with this Section 15.11; and, with respect to any such suit, action or proceeding, waives any objection that it may have to the courts of England located in London, England on the grounds of inconvenient forum. For the avoidance of doubt, where an arbitral tribunal is appointed under this Agreement, the whole of its award shall be deemed for the purposes of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 1958 to be contemplated by this Agreement, as the case may be (and judgment on any such award may be entered in accordance with the provisions set forth in this Section 15.11).”

- c. The provisions of this Section 9 shall survive the expiration of the 5-year Period.

## 10. ADDITIONAL AGREEMENTS

- a. As partial consideration for the mutual agreements and covenants set forth in this Sixth Amendment, including but not limited to the [\*\*\*\*] Waivers, [\*\*\*\*] Waivers, the [\*\*\*\*] Waivers, and the [\*\*\*\*] Limited Waiver, AMD and USOpCo agree that AMD and West Coast Hitech L.P. will enter into a separate agreement (the “Warrant Agreement”) whereby AMD will grant to West Coast Hitech L.P. the right to purchase from AMD seventy-five million (75,000,000) shares of AMD Common Stock, pursuant to the terms, conditions and restrictions set forth in the Warrant Agreement.
- b. Section 15.4 of the Original WSA is hereby amended and restated in its entirety as follows:

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

- (a) If to FoundryCo or USOpCo:

GLOBALFOUNDRIES  
2600 Great America Way  
Legal Department

Santa Clara, California 95054  
Attention: General Counsel

(b) If to AMD:

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

c. The provisions of this Section 10 shall survive the expiration of the 5-year Period.

## 11. MISCELLANEOUS

- a. The Partnership Committee will consist of the people listed in Schedule 11.a or their equivalent replacements. The Partnership Committee may invite any other executives or subject matter experts to attend a Partnership Committee meeting to the extent required to resolve a dispute. For the avoidance of doubt, the Partnership Committee responsibilities, in addition to the responsibilities set forth in Section 3.2(a) of the Agreement, include the following specific items:
1. Any disputes arising out of the 7nm Operational Plan;
  2. Any disputes arising out of the calculations or payments to be made as a result of [\*\*\*\*], [\*\*\*\*], [\*\*\*\*] Waiver Payments or other payments to be made under this Sixth Amendment; and
  3. Any disputes arising out of the calculations or payments to be made pursuant to Section 4 of this Sixth Amendment.
- b. Each of FoundryCo and AMD represents and warrants that this Sixth Amendment has been duly authorized, executed and delivered by it, that this Sixth Amendment is duly enforceable pursuant to its terms and that the execution, delivery and performance of this Sixth Amendment does not conflict with applicable law or any of its organizational documents or result in a breach or violation of, or constitute a default under, any agreement to which it is a respective party.

Each of FoundryCo and AMD acknowledges the importance of prompt collaboration and communication with respect to all communications and announcements, whether by press release or otherwise, in respect of their commercial relationship and, as such, agrees to work together and coordinate

such communications and announcements, and will make such communications and announcements available to the other party in advance to the extent reasonably possible. This Section 11(c) shall not affect, waive or otherwise amend the existing provisions of the Agreement with respect to communications and announcements.

- c. In order to avoid miscommunications or misunderstandings concerning whether a Party has agreed to amend or waive any provision of the Agreement, no amendments or waivers shall be effective or agreed by any Party unless such amendment or waiver is expressed in a writing specifically identified as such and signed by the Chief Executive Officer or Chief Financial Officer of FoundryCo and by the Chief Executive Officer or Chief Financial Officer of AMD, and no emails or other written communications, oral communications or actions or inactions by employees of any Party that may be inconsistent with the expressed written provisions of the Agreement shall serve as a basis for any Party to argue or establish that an amendment, waiver, or estoppel has been effected with respect to any written provision of this Agreement.
- d. All references to “fiscal quarter” or “fiscal year” herein shall mean FoundryCo’s fiscal quarter or fiscal year, unless explicitly noted otherwise.
- e. Other than as expressly provided in this Sixth Amendment, no other amendments are being made to the Agreement, and all other provisions of the Agreement shall remain in full force and effect in accordance with the terms of the Agreement.

*[Signature page follows]*

IN WITNESS WHEREOF, the Parties have caused this Sixth Amendment 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: Devinder Kumar  
Title: Senior Vice President & CFO

GLOBALFOUNDRIES INC.

By: /s/ John P. Goldsberry  
Name: John P. Goldsberry  
Title: Senior Vice President & CFO

GLOBALFOUNDRIES U.S. INC.

By: /s/ John P. Goldsberry  
Name: John P. Goldsberry  
Title: Senior Vice President & CFO

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

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

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**Schedule 2(d)(ii) – Illustrative Examples of [\*\*\*\*] Quarterly Waiver Payment Calculation**

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

[\*\*\*\*\*] = Two pages of confidential information, marked by brackets, have been omitted because they are both (i) not material and (ii) would be competitively harmful if publicly disclosed.

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**Schedule 3(b) – 2016 Pricing**

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**Schedule 4(a)(ii)(3) – [\*\*\*\*]**

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**Schedule 4(a)(ii)(5) – [\*\*\*\*]**

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

### Example 1:

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### Example 2

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**Schedule 11(a) – Initial Partnership Committee Membership**

For AMD: [\*\*\*\*]

For FoundryCo: [\*\*\*\*]

**EXHIBIT A**

**7nm Operational Plan Elements**

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## Exhibit B

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The Parties shall mutually agree upon [\*\*\*\*], as well as [\*\*\*\*], for the Products. With respect to [\*\*\*\*] and [\*\*\*\*], the Parties agree that [\*\*\*\*]. Notwithstanding any other provision of this Agreement, the Parties agree that [\*\*\*\*], as further described in this Exhibit B, shall only apply to [\*\*\*\*] and [\*\*\*\*]. Any disputes regarding [\*\*\*\*] that cannot be resolved by the working-level teams, including [\*\*\*\*], shall be promptly escalated to the Partnership Committee for resolution.

### 1. DEFINITIONS:

- a. “[\*\*\*\*]” with respect to a particular Product shall mean [\*\*\*\*]. The Parties agree that [\*\*\*\*].
- b. “[\*\*\*\*]” shall mean [\*\*\*\*].
- c. “[\*\*\*\*]” shall mean [\*\*\*\*].
- d. “[\*\*\*\*]” means [\*\*\*\*].
- e. “[\*\*\*\*]” shall mean [\*\*\*\*].
- f. “[\*\*\*\*]” for a particular time period and Product shall mean [\*\*\*\*]. [\*\*\*\*].
- g. “[\*\*\*\*]” for [\*\*\*\*] shall mean [\*\*\*\*] (as calculated below) [\*\*\*\*] setting forth such [\*\*\*\*] for such [\*\*\*\*], equal to the [\*\*\*\*] AMD [\*\*\*\*] in order to [\*\*\*\*] FoundryCo for the [\*\*\*\*] to AMD as relates to any [\*\*\*\*] as a result of FoundryCo [\*\*\*\*] the [\*\*\*\*] for such time period for such Product after taking into account the provisions of Section 5 below.

### 2. [\*\*\*\*]

The Parties will meet at least quarterly to [\*\*\*\*] and to discuss and agree in writing on any [\*\*\*\*] or [\*\*\*\*], as applicable, taking into account the [\*\*\*\*], and AMD will provide FoundryCo a copy of any applicable [\*\*\*\*] relied upon by AMD as part of this determination. For the purposes of this Section 2:

- a. [\*\*\*\*] for a particular Product shall [\*\*\*\*] for such Product and [\*\*\*\*]. The Parties may otherwise mutually agree on limited shipments of scrap wafers.
- b. In the event [\*\*\*\*]. If [\*\*\*\*], the Parties shall [\*\*\*\*]. If the Parties are unable to agree upon a resolution, the issue may be escalated by either Party to the Partnership Committee.
- c. [\*\*\*\*].



- d. For the purposes of [\*\*\*\*]. For the purposes of [\*\*\*\*]. [\*\*\*\*].
- e. In the event any process changes are proposed and demonstrated to improve or modify Yield performance, capacity or reliability of Production Wafers, AMD will provide prompt change support. If such change support is not provided promptly by AMD, [\*\*\*\*]. The Parties further agree that prior to FoundryCo instituting any such changes, the Parties will align in good faith to: (i) understand the approval and/or data requirements necessary for such changes; and (ii) to seek prompt approval from AMD's customers as necessary to implement the changes.
- f. [\*\*\*\*].

3. [\*\*\*\*]

- a. In the event that, due to a [\*\*\*\*], FoundryCo fails to [\*\*\*\*] during a [\*\*\*\*], then FoundryCo agrees, subject to any modifications resulting from Section 5 below, to provide [\*\*\*\*]. In the event FoundryCo exceeds [\*\*\*\*] during a [\*\*\*\*], then FoundryCo will receive, subject to any modifications resulting from Section 5 below, [\*\*\*\*].

4. [\*\*\*\*]

For the purposes of [\*\*\*\*] and Section 5 below:

- a. In the event that Foundry Co has elected to provide [\*\*\*\*] in the form of [\*\*\*\*], [\*\*\*\*] shall be delivered to AMD [\*\*\*\*] but in no case will the delivery date exceed [\*\*\*\*] from the date of the determination of any [\*\*\*\*] related thereto. [\*\*\*\*] are expected to be [\*\*\*\*] to the [\*\*\*\*] for the applicable Product during the [\*\*\*\*] in which they are delivered to AMD; if any [\*\*\*\*] fail to meet such [\*\*\*\*], then the Parties will meet to discuss the issue in good faith.
- b. In the event FoundryCo has elected to provide [\*\*\*\*] in the form of [\*\*\*\*], FoundryCo will discuss the [\*\*\*\*] to be provided with AMD in good faith in advance of Wafer starts and, at AMD's option, [\*\*\*\*] may take the form of [\*\*\*\*] of [\*\*\*\*], provided those [\*\*\*\*] are of the same technology, and FoundryCo and AMD will agree on which and on how much [\*\*\*\*] will be provided (taking into consideration [\*\*\*\*]). Notwithstanding the forgoing, to the extent [\*\*\*\*].
- c. If [\*\*\*\*] is requested by AMD, FoundryCo will [\*\*\*\*] pursuant to terms and conditions of [\*\*\*\*] to be mutually agreed by the Parties.
- d. In the event Foundry has elected to provide [\*\*\*\*] in the form of [\*\*\*\*], a [\*\*\*\*] in the amount of such [\*\*\*\*] will be issued to AMD for use in the subsequent [\*\*\*\*].

5. [\*\*\*\*]

- a. If, on a quarterly basis, the [\*\*\*\*] in the actual [\*\*\*\*] versus the [\*\*\*\*] for a particular Product is [\*\*\*\*] such [\*\*\*\*] by an amount less than [\*\*\*\*] (on a [\*\*\*\*] basis compared to such [\*\*\*\*]), then the Parties agree that any such resulting [\*\*\*\*] or [\*\*\*\*] from the [\*\*\*\*] produced shall be applied to the Parties [\*\*\*\*] or [\*\*\*\*] accordingly.
- b. If, on a quarterly basis, the actual [\*\*\*\*] for a Product is [\*\*\*\*] the applicable [\*\*\*\*] by an amount greater than [\*\*\*\*] (on a [\*\*\*\*] basis compared to such [\*\*\*\*]), then the Parties agree that the first [\*\*\*\*] of any such [\*\*\*\*] shall be [\*\*\*\*] by the Parties pursuant to Section 5(a) above, but amounts in excess of [\*\*\*\*] will be, in the event of a [\*\*\*\*], solely to the benefit of [\*\*\*\*] (i.e. [\*\*\*\*] the [\*\*\*\*] as relates to that Product), and in the event of a [\*\*\*\*], solely at the cost of [\*\*\*\*] (i.e. [\*\*\*\*] the [\*\*\*\*] as relates to that Product).
- c. Notwithstanding anything herein to the contrary, the Parties agree that this Section 5(c) and the related [\*\*\*\*] shall not apply to (X) Wafers that are [\*\*\*\*] by FoundryCo [\*\*\*\*] as a result of a [\*\*\*\*] or (Y) the [\*\*\*\*] for the [\*\*\*\*]. As relates to the [\*\*\*\*], the following provisions set forth in this Section 5(c) shall apply:
  - i. If, on a quarterly basis, [\*\*\*\*] is less than the [\*\*\*\*] for the production of [\*\*\*\*], AMD shall be entitled to [\*\*\*\*];
  - ii. If, on a quarterly basis, [\*\*\*\*] is greater than the [\*\*\*\*] for the production of [\*\*\*\*], then [\*\*\*\*] shall be payable to FoundryCo for any amounts by which [\*\*\*\*].

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

I, Lisa T. Su, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc. (the “Company”);
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
  4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
    - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting;
  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: October 28, 2020

*/s/Lisa T. Su*

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

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

I, Devinder Kumar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Advanced Micro Devices, Inc. (the "Company");
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
  4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
    - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting;
  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: October 28, 2020

*/s/Devinder Kumar*

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

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

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

- (i.) the Quarterly Report on Form 10-Q of the Company for the period ended September 26, 2020 (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: October 28, 2020

*/s/Lisa T. Su*

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

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

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

- (i.) the Quarterly Report on Form 10-Q of the Company for the period ended September 26, 2020 (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: October 28, 2020

*/s/Devinder Kumar*

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