

ADVANCED MICRO DEVICES INC

Form S-4

August 01, 2014

Table of Contents

As filed with the Securities and Exchange Commission on August 1, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ADVANCED MICRO DEVICES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of

3674
(Primary Standard Industrial

94-1692300
(I.R.S. Employer

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Incorporation or Organization)

**Classification Code Number)
One AMD Place**

Identification Number)

Sunnyvale, California 94088-3453

(408) 749-4000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrants Principal Executive Offices)

Harry Wolin, Esq.

Senior Vice President, General Counsel and Secretary

Advanced Micro Devices, Inc.

One AMD Place

Sunnyvale, California 94088-3453

(408) 749-4000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Latham & Watkins LLP

140 Scott Drive

Menlo Park, California 94025

(650) 328-4600

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration number for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier, effective registration statement for the same offering.

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed		
		Maximum Offering Price	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
6.75% Senior Notes due 2019	\$600,000,000	100%	\$600,000,000	\$77,280
7.00% Senior Notes due 2024	\$500,000,000	100%	\$500,000,000	\$64,400

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended (the Securities Act), exclusive of any accrued interest.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 1, 2014

PRELIMINARY PROSPECTUS

Advanced Micro Devices, Inc.

OFFER TO EXCHANGE

\$600,000,000 principal amount of its

6.75% Senior Notes due 2019,

which have been registered under the Securities Act,

for any and all of its outstanding 6.75% Senior Notes due 2019

\$500,000,000 principal amount of its

7.00% Senior Notes due 2024,

which have been registered under the Securities Act,

for any and all of its outstanding 7.00% Senior Notes due 2024

We are offering to exchange, on the terms and subject to the conditions described in this prospectus (the exchange offer), our 6.75% Senior Notes due 2019 (the exchange 6.75% Notes) and our 7.00% Senior Notes due 2024 (the exchange 7.00% Notes, and together with the exchange 6.75% Notes, the exchange notes or notes), the issuances of which have been registered under the Securities Act of 1933, as amended (the Securities Act), for any and all of our outstanding 6.75% Senior Notes due 2019 (the private 6.75% Notes or the 6.75% Notes) and our 7.00% Senior Notes due 2024 (the private 7.00% Notes or the 7.00% Notes, and together with the private 6.75% Notes, the private notes), issued on February 20, 2014 and June 16, 2014, respectively.

The exchange offer expires at 5:00 p.m., New York City time, on _____, 2014, unless extended.

We will exchange all outstanding private notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are registered under the Securities Act.

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The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the SEC.

You may withdraw tenders of outstanding private notes at any time before the exchange offer expires.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the exchange notes are substantially identical to the terms of the outstanding private notes, except for transfer restrictions and registration rights relating to the outstanding private notes.

You may tender outstanding private notes only in denominations of \$2,000 and integral multiples of \$1,000.

Our affiliates may not participate in the exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding private notes where such outstanding private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

The exchange offer will be conducted in compliance with the Depository Trust Company's Automated Tender Offer Program, or ATOP, procedures; the exchange offer will be conducted without the use of a letter of transmittal or notice of guaranteed delivery.

Please refer to Risk factors beginning on page 9 of this prospectus for a description of the risks you should consider when evaluating this exchange offer.

We are not making this exchange offer in any jurisdiction where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2014.

Table of Contents**Table of contents**

	Page
<u>Prospectus summary</u>	1
<u>Risk factors</u>	9
<u>The exchange offer</u>	29
<u>Use of proceeds</u>	39
<u>Selected historical consolidated financial data</u>	40
<u>Description of certain indebtedness</u>	42
<u>Description of the notes</u>	48
<u>Book-entry: delivery and form</u>	88
	Page
<u>Certain U.S. federal income tax considerations</u>	91
<u>Plan of distribution</u>	92
<u>Legal matters</u>	93
<u>Experts</u>	93
<u>Available information</u>	93
<u>Incorporation by reference</u>	94

We have not authorized any dealer, salesperson or other people to give any information or to make any representations to you other than the information contained in this prospectus. You must not rely on any information or representations not contained in this prospectus as if we had authorized it. This prospectus does not offer to sell or solicit an offer to buy any securities other than the registered notes to which it relates, nor does it offer to buy any of these notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information contained in this prospectus is current only as of the date on the cover page of this prospectus and may change after that date.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of any of this information, please submit your request to Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088, Attention: Legal Department, or call (408) 749-4000 and ask to speak to someone in our Legal Department. In addition, to obtain timely delivery of any information you request, you must submit your request no later than _____, 2014, which is five business days before the date the exchange offer expires.

Table of Contents

Market and industry data

Market and industry data throughout this prospectus were obtained from a combination of third-party industry data and good faith estimates of management based on these data. While we believe these industry data and estimates of management are reliable, neither we nor the initial purchasers have independently verified these data. Accordingly, neither we nor the initial purchasers make any representations as to the accuracy or completeness of these data. We are not aware of any misstatements regarding market or industry data contained in this prospectus; however, such data involve risks and uncertainties and are subject to change based on various factors, including those factors discussed in the Risk factors section of this prospectus.

Trademarks

AMD, the AMD Arrow logo, ATI, the ATI logo and combinations thereof are trademarks of Advanced Micro Devices, Inc. Microsoft and Xbox One are registered trademarks of Microsoft Corporation in the United States and/or other jurisdictions. PlayStation is a registered trademark of Sony Computer Entertainment, Inc. Other names are for informational purposes only and are used to identify companies and products and may be trademarks of their respective owners.

Forward-looking statements

Discussions contained in this prospectus and the documents incorporated by reference in this prospectus include forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including believes, expects, may, will, should, seeks, intends, forma, estimates, anticipates or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: demand for our products; the growth, change and competitive landscape of the markets in which we participate; the nature and extent of our future payments to GLOBALFOUNDRIES Inc. (GF) and the materiality of these payments; the materiality of our future purchases from GF; sales patterns of our semi-custom System-on-Chip products for game consoles; consumer PC market conditions; the success of our transformation strategy; our ability to transform our business to attain revenue from high-growth adjacent markets; the level of international sales as compared to total sales; our ability to reduce our unrecognized tax benefits over the next 12 months; that our cash, cash equivalents and marketable securities balances and our senior secured asset based line of credit will be sufficient to fund our operations including capital expenditures over the next 12 months; our ability to obtain sufficient external financing on favorable terms, or at all; our dependence on a small number of customers; our hedging strategy; and our expenditures related to environmental compliance and conflict minerals disclosure requirements. Material factors and assumptions that were applied in making these forward-looking statements include, without limitation, the following: the expected rate of market growth and demand for our products and technologies (and the mix thereof); GF s manufacturing yields and wafer volumes; our expected market share; our expected product costs and average selling price; our overall competitive position and the competitiveness of our current and future products; our ability to introduce new products, consistent with our current roadmap; our ability to make additional investment in research and development and that such opportunities will be available; the expected demand for computers; and the state of credit markets and macroeconomic conditions. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: that Intel Corporation s pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities may negatively impact our plans; that we will require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; that customers stop buying our products or materially reduce their operations or demand for our products; that we may be unable to develop, launch and

Table of Contents

ramp new products and technologies in the volumes that are required by the market at mature yields on a timely basis; that our third-party foundry suppliers will be unable to transition our products to advanced manufacturing process technologies in a timely and effective way or to manufacture our products on a timely basis in sufficient quantities and using competitive process technologies; that we will be unable to obtain sufficient manufacturing capacity or components to meet demand for our products or will not fully utilize our projected manufacturing capacity needs at GF's microprocessor manufacturing facilities; that our requirements for wafers will be less than the fixed number of wafers that we agreed to purchase from GF or GF encounters problems that significantly reduce the number of functional die we receive from each wafer; that we are unable to successfully implement our long-term business strategy; that we inaccurately estimate the quantity or type of products that our customers will want in the future or will ultimately end up purchasing, resulting in excess or obsolete inventory; that we are unable to manage the risks related to the use of our third-party distributors and add-in-board (AIB) partners or offer the appropriate incentives to focus them on the sale of our products; that we may be unable to maintain the level of investment in research and development that is required to remain competitive; that there may be unexpected variations in market growth and demand for our products and technologies in light of the product mix that we may have available at any particular time; that global business and economic conditions will not improve or will worsen; that PC market conditions will not improve or will worsen; that demand for computers will be lower than currently expected; and the effect of political or economic instability, domestically or internationally, on our sales or supply chain.

See Risk factors in this prospectus, as well as such other risks and uncertainties as are detailed in our other documents incorporated by reference in this prospectus, for a discussion of the factors that could cause actual results to differ materially from the forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which reflect management's analysis only. We assume no obligation to update forward-looking statements.

Table of Contents

Prospectus summary

This summary highlights selected information contained or incorporated by reference in this prospectus. This summary is not complete and does not contain all the information that you should consider before exchanging your private notes. You should read this entire prospectus, including the risk factors included elsewhere in this prospectus, as well as the information incorporated by reference, including the financial statements and the related notes, before exchanging your private notes. References in this prospectus to us, we, our, the Company or AMD shall mean Advanced Micro Devices, Inc. and our consolidated subsidiaries unless otherwise indicated or the context otherwise requires. References in this prospectus to GF or GLOBALFOUNDRIES shall mean GLOBALFOUNDRIES Inc.

Our business

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

x86 microprocessors, as standalone devices or as incorporated as an accelerated processing unit (APU), chipsets, embedded processors and dense servers; and

graphics processing units (GPUs), including professional graphics, semi-custom System-on-Chip (SoC) products and technology for game consoles.

In connection with our continued strategic transformation, effective as of July 1, 2014, we realigned our organizational structure. As a result of this organizational change, we have the following two reportable segments as of July 1, 2014:

the Computing and Graphics segment, which will primarily include desktop and notebook processors and, chipsets, discrete GPUs and professional graphics; and

the Enterprise, Embedded and Semi-Custom segment, which will primarily include server and embedded processors, dense servers, semi-custom SoC products, development services and technology for game consoles.

We will present the effects of these new reportable segments in our segment financial data as of July 1, 2014, including any applicable restatements of prior period results to reflect these new reportable segments. The reportable segments used and disclosed in this prospectus are based on our organizational structure in effect as of June 28, 2014.

For the fiscal year ended December 28, 2013, we had consolidated net revenue of approximately \$5.3 billion, consolidated net loss of approximately \$83 million. For the six months ended June 28, 2014, we had consolidated net revenue of approximately \$2.8 billion and consolidated net loss of approximately \$56 million. Our cash, cash equivalents and marketable securities as of June 28, 2014 were approximately \$948 million.

Our common stock is listed on the New York Stock Exchange under the trading symbol AMD.

Table of Contents

The exchange offer

The exchange offer

We are offering to exchange the exchange notes for the outstanding private notes that are properly tendered and accepted. You may tender outstanding private notes only in denominations of \$2,000 and integral multiples of \$1,000. We will issue the exchange notes on or promptly after the exchange offer expires. As of the date of this prospectus, \$600,000,000 principal amount of private 6.75% Notes and \$500,000,000 principal amount of private 7.00% Notes are outstanding.

Expiration date

The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2014 (the 21st business day following commencement of the exchange offer), unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.

Conditions to the exchange offer

The exchange offer is not subject to any condition other than that it does not violate applicable law or any applicable interpretation of the staff of the U.S. Securities and Exchange Commission, or the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange.

Procedures for tendering private notes

The exchange offer will be conducted without the use of a letter of transmittal or notice of guaranteed delivery. If you wish to tender your private notes for exchange notes pursuant to the exchange offer you must:

if you hold the private notes through The Depository Trust Company, or DTC, comply with the ATOP procedures of DTC, and the Exchange Agent (as defined below) must receive a timely confirmation of a book-entry transfer of the private notes into its account at DTC pursuant to the procedures for book-entry transfer described herein, along with a properly transmitted agent's message, before the expiration date; or

if you hold private notes through Euroclear Bank S.A./N.V., or Euroclear, or Clearstream Banking, S.A., or Clearstream, comply with the procedures of Euroclear or Clearstream, as applicable, before the expiration date.

By tendering the private notes pursuant to the exchange offer, you will make the representations to us described under "The exchange offer Procedures for tendering."

Acceptance of the private notes and delivery of the exchange notes

Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.

Table of Contents

Withdrawal rights

You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading "The exchange offer - Withdrawal of tenders."

Certain U.S. federal tax considerations

The exchange of private notes for exchange notes will not be a taxable event for U.S. federal income tax purposes. For a discussion of certain material U.S. federal income tax considerations relating to the exchange of private notes for exchange notes, ownership and disposition of notes, see "Certain U.S. federal income tax considerations."

Exchange agent

Wells Fargo Bank, National Association, the trustee under the indenture governing the notes, is serving as the exchange agent for the notes, or the Exchange Agent.

Consequences of failure to exchange

If you do not exchange your private notes for exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indentures governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the private notes under the Securities Act.

Registration rights agreements

You are entitled to exchange your private notes for exchange notes with substantially identical terms. This exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes.

We explain the exchange offer in greater detail beginning on page 29.

Table of Contents

The exchange notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of the notes section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes, and both the private notes and the exchange notes are governed by the same indenture.

Issuer	Advanced Micro Devices, Inc.
Notes offered	<p>\$600,000,000 aggregate principal amount of 6.75% Senior Notes due 2019</p> <p>\$500,000,000 aggregate principal amount of 7.00% Senior Notes due 2024</p>
Interest payment dates	<p>Exchange 6.75% Notes: March 1 and September 1 of each year, beginning on September 1, 2014</p> <p>Exchange 7.00% Notes: January 1 and July 1 of each year, beginning on January 1, 2015</p>
Maturity	<p>Exchange 6.75% Notes: March 1, 2019</p> <p>Exchange 7.00% Notes: July 1, 2024</p>
Ranking	<p>The notes are our general unsecured senior obligations. The notes:</p> <ul style="list-style-type: none"> rank equal in right of payment with all of our current and future unsecured senior debt; are effectively subordinated in right of payment to all of our existing and future secured debt, to the extent of the value of the assets securing such debt; are structurally subordinated to all existing and future debt and other liabilities, including trade payables, of our subsidiaries; and are senior in right of payment to all of our subordinated obligations, if any.

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As of June 28, 2014:

we had consolidated Debt (see the definition in the Description of the notes Certain definitions) of \$2.2 billion (\$2.2 billion principal amount);

\$69 million of our consolidated Debt is secured, which includes \$14 million of our subsidiaries capital lease obligations and \$55 million of our borrowings under our senior secured asset based line of credit (the Secured Revolving Line of Credit), and we had up to \$445 million of unused commitments under our Secured Revolving Line of Credit; and

Table of Contents

in addition to the Debt described above, we had other liabilities as would be shown on our consolidated balance sheet of approximately \$1.5 billion.

We and our subsidiaries may incur additional debt (including secured and guaranteed debt) and other liabilities in the future.

Optional redemption

We have the option to redeem some or all of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest to, but excluding, the redemption date and a make-whole premium. See Description of the notes Optional redemption.

For the exchange 6.75% Notes, on or prior to March 1, 2017, we may redeem up to 35% of the exchange 6.75% Notes with the proceeds of certain sales of our equity securities at 106.750% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of redemption.

For the exchange 7.00% Notes, on or prior to July 1, 2017, we may redeem up to 35% of the exchange 7.00% Notes with the proceeds of certain sales of our equity securities at 107.000% of the principal amount thereof, plus accrued and unpaid interest to, but excluding, the date of redemption.

See Description of the notes Optional redemption .

Change of control

Upon the occurrence of a change of control, you will have the right as a holder of notes to require us to repurchase all of your notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. We may not have enough funds or the terms of our other debt may prevent us from purchasing the notes. See Description of the notes Repurchase at the option of holders upon a change of control.

Certain covenants

The indentures governing the exchange notes contains certain covenants that will limit, among other things, our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness;

pay dividends and make other restricted payments;

make certain investments, including investments in our unrestricted subsidiaries;

create or permit certain liens;

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create or permit restrictions on the ability of the 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.

Table of Contents

These covenants are subject to a number of important exceptions and limitations, which are described under the heading "Description of the notes - Certain covenants."

Absence of an established market for the exchange notes There is currently no established trading market for the exchange notes. We do not intend to apply for a listing of the exchange notes on any securities exchange or any automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes.

Use of proceeds We will not receive any cash proceeds from the exchange offer.

Risk factors Investing in the notes involves substantial risks. You should consider carefully all of the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth under "Risk factors," beginning on page 9 of this prospectus, before making a decision to exchange your private notes for the exchange notes.

Table of Contents**Summary historical consolidated financial data**

The following table sets forth summary historical consolidated financial information of our company and its subsidiaries for the years ended December 28, 2013, December 29, 2012 and December 31, 2011 and the six months ended June 28, 2014 and June 29, 2013.

The summary statement of operations, comprehensive income (loss) and cash flow data for the years ended December 28, 2013, December 29, 2012 and December 31, 2011, and the summary balance sheet data as of December 28, 2013 and December 29, 2012 have been derived from, and should be read together with, our audited consolidated financial statements incorporated by reference in this prospectus. The summary statements of operations, comprehensive income (loss), cash flow and balance sheet data as of and for the six months ended June 28, 2014, and the summary statements of operations, comprehensive income (loss) and cash flow data for the six months ended June 29, 2013, have been derived from, and should be read together with, our unaudited interim condensed consolidated financial statements incorporated by reference in this prospectus. Other financial data are derived from our audited consolidated financial statements, our unaudited interim condensed consolidated financial statements and our accounting records. The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management include all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation. In addition, operating results for the six months ended June 28, 2014 are not necessarily indicative of the results that may be expected for the full year ending December 27, 2014. The following summary historical consolidated financial data should also be read in conjunction with our consolidated financial statements and our interim condensed consolidated financial statements, including the related notes thereto, and the section entitled "Management's discussion and analysis of financial condition and results of operations" included in our Annual Report on Form 10-K for the fiscal year ended December 28, 2013 and the Quarterly Reports on Form 10-Q for the quarterly periods ended March 29, 2014 and June 28, 2014 incorporated by reference in this prospectus.

(in millions)	Fiscal Year Ended			Six Months Ended	
	Dec. 28, 2013	Dec. 29, 2012	Dec. 31, 2011	Jun. 28, 2014	Jun. 29, 2013
Statements of operations data:					
Net revenue	\$ 5,299	\$ 5,422	\$ 6,568	\$ 2,838	\$ 2,249
Cost of sales	3,321	4,187	3,628	1,853	1,345
Gross margin	1,978	1,235	2,940	985	904
Research and development	1,201	1,354	1,453	556	620
Marketing, general and administrative	674	823	992	310	350
Amortization of acquired intangible assets	18	14	29	7	9
Restructuring and other special charges, net	30	100	98		52
Legal Settlements, net	(48)				
Operating income (loss)	103	(1,056)	368	112	(127)
Interest income	5	8	10	1	3
Interest expense	(177)	(175)	(180)	(93)	(86)
Other income (expense), net	(5)	6	(199)	(70)	(5)
Loss before dilution gain in investees and income taxes	(74)	(1,217)	(1)	(50)	(215)
Provision (benefit) for income taxes	9	(34)	(4)	6	5
Dilution gain in investee			492		
Income (loss) from continuing operations	(83)	(1,183)	495	(56)	(220)
Loss from discontinued operations, net of tax			(4)		
Net income (loss)	\$ (83)	\$ (1,183)	\$ 491	\$ (56)	\$ (220)

Table of Contents

(in millions)	Fiscal Year Ended			Six Months Ended	
	Dec. 28, 2013	Dec. 29, 2012	Dec. 31, 2011	Jun. 28, 2014	Jun. 29, 2013
Net income (loss) per share:					
Basic:					
Continuing operations	\$ (0.11)	\$ (1.60)	\$ 0.68	\$ (0.07)	\$ (0.29)
Discontinued operations			(0.01)		
Basic net income (loss) per share	\$ (0.11)	\$ (1.60)	\$ 0.68	\$ (0.07)	\$ (0.29)
Diluted:					
Continuing operations	\$ (0.11)	\$ (1.60)	\$ 0.67	\$ (0.07)	\$ (0.29)
Discontinued operations			(0.01)		
Diluted net income (loss) per share	\$ (0.11)	\$ (1.60)	\$ 0.66	\$ (0.07)	\$ (0.29)
Shares used in per share calculation:					
Basic	754	741	727	762	751
Diluted	754	741	742	762	751
Statements of comprehensive income (loss) data:					
Net income (loss)	\$ (83)	\$ (1,183)	\$ 491	\$ (56)	\$ (220)
Total change in unrealized gain (losses) on available-for-sale securities, net of tax	1	1	1		
Total change in unrealized gain (losses) on cash flow hedges, net of tax		1	(8)	3	(3)
Change in cumulative translation adjustments related to GLOBALFOUNDRIES			1		
Total comprehensive income (loss)	\$ (82)	\$ (1,181)	\$ 485	\$ (53)	\$ (223)
Cash flow data:					
Net cash provided by (used in) operating activities	\$ (148)	\$ (338)	\$ 382	\$ (232)	\$ (190)
Net cash provided by (used in) investing activities	455	(19)	(113)	(174)	(27)
Net cash provided by (used in) financing activities	13	37	(6)	40	2
Other financial data:					
Depreciation and amortization (excluding amortization of acquired intangible assets)	\$ 218	\$ 246	\$ 288	\$ 99	\$ 116
Capital expenditures	84	133	250	44	48

(in millions)	As of			
	Dec. 28, 2013	Dec. 29, 2012	Jun. 28, 2014	Jun. 29, 2013
Balance sheet data (at end of period):				
Cash, cash equivalents and marketable securities	\$ 1,187	\$ 1,183	\$ 948	\$ 1,117
Working capital	1,266	868	1,427	1,007
Total assets	4,337	4,000	4,246	3,897
Total debt	2,058	2,042	2,210	2,047
Stockholders' equity	544	538	501	359

Table of Contents

Risk factors

An investment in our notes involves a high degree of risk. In deciding whether to exchange your private notes for exchange notes in the exchange offer, you should carefully following factors, in addition to the other information and data contained in or incorporated by reference into this prospectus. The risk factors set forth below are generally applicable to the private notes as well as the exchange notes. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such case, our ability to make payments on the notes could be impaired, the trading price of the notes could decline, and you could lose all or part of your investment.

Risks related to our business

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

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

Intel exerts substantial influence over computer manufacturers and their channels of distribution through various brand and other marketing programs. As a result of Intel's dominant position in the microprocessor market, Intel has been able to control x86 microprocessor and computer system standards and benchmarks and to dictate the type of products the microprocessor market requires of us. Intel also dominates the computer system platform, which includes core logic chipsets, graphics chips, motherboards and other components necessary to assemble a computer system. OEMs that purchase microprocessors for computer systems are highly dependent on Intel, less innovative on their own and, to a large extent, are distributors of Intel technology. Additionally, Intel is able to drive de facto standards for x86 microprocessors that could cause us and other companies to have delayed access to such standards.

Intel 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 maintain its dominant position and to continue to invest heavily in marketing, research and development, new manufacturing facilities and other technology companies. To the extent Intel manufactures a significantly larger portion of its microprocessor products using more advanced process technologies, or introduces competitive new products into the market before we do, we may be more vulnerable to Intel's aggressive marketing and pricing strategies for microprocessor products. For example, Intel recently introduced microprocessors for low-cost notebooks, similar to products that we offer for low-cost notebooks.

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

As long as Intel remains in this dominant position, we may be materially adversely affected by Intel's:

business practices, including rebating and allocation strategies and pricing actions, designed to limit our market share and margins;

product mix and introduction schedules;

product bundling, marketing and merchandising strategies;

exclusivity payments to its current and potential customers and channel partners;

Table of Contents

control over industry standards, PC manufacturers and other PC industry participants, including motherboard, memory, chipset and BIOS suppliers and software companies as well as the graphics interface for Intel platforms; and

marketing and advertising expenditures in support of positioning the Intel brand over the brand of its OEM customers. Intel's dominant 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 a lower average selling price for our products, which could have a material adverse effect on us.

The success of our business is dependent upon our ability to introduce products on a timely basis with 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. For example, form factors have increasingly shifted from desktop PCs and notebooks to tablets, and tablets have been one of the fastest growing form factors. Historically, a significant portion of our Computing Solutions revenue has been related to desktop PCs. Currently, a significant portion of our business is focused on the consumer PC portions of the market, and we believe that consumer PC market conditions will continue to remain challenging. As consumers adopt new form factors, have new product feature preferences or have different requirements than those consumers in the PC market, PC sales could be negatively impacted, which could negatively impact our business. 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, 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.

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.

Moreover, market demand requires that products incorporate new features and performance standards on an industry-wide basis. Over the life of a specific product, the 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.

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

Table of Contents

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. In addition, 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.

We rely on GF to manufacture most of our microprocessor and APU products and certain of our GPU and semi-custom products. If GF is not able to satisfy our manufacturing requirements, our business could be adversely impacted.

The Wafer Supply Agreement (WSA) governs the terms by which we purchase products manufactured by GF. Pursuant to the WSA, we are required to purchase all of our microprocessor and APU product requirements from GF with limited exceptions. If GF is unable to achieve anticipated manufacturing yields, remain competitive using or implementing advanced leading-edge process technologies needed to manufacture future generations of our products, manufacture our products on a timely basis at competitive prices or meet our capacity requirements, then we may experience delays in product launches, supply shortages for certain products or increased costs and our business could be materially adversely affected.

On March 30, 2014, we entered into a fourth amendment to the WSA with GF. The primary effect of the fourth amendment was to establish volume purchase commitments and fixed pricing for the 2014 calendar year as well as to modify certain other terms of the WSA applicable to wafers for some of our microprocessor, graphics processor and semi-custom game console products to be delivered by GF to us during the 2014 calendar year. If our requirements are less than the number of wafers that we committed to purchase, we could have excess inventory or higher inventory unit costs, both of which will adversely impact our gross margin and our results of operations.

In addition, GF has relied on Mubadala Technology Investments LLC (Mubadala Tech), formerly known as Advanced Technology Investment Company, for its funding needs. If Mubadala Tech fails to adequately fund GF on a timely basis, or at all, GF's ability to manufacture products for us could be materially adversely affected.

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 certain of our products. It is important to have reliable relationships with all of these third-party manufacturing suppliers to ensure adequate product supply to respond to customer demand.

We cannot assure you 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,

Table of Contents

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 assemble, test and package products for other companies, including certain of our competitors. They could choose to prioritize capacity for other users, increase the prices that they charge us on short notice or reduce or eliminate deliveries to us, which could have a material adverse effect on our business.

Other risks associated with our dependence on third-party manufacturers include limited control over delivery schedules and quality assurance, lack of capacity in periods of excess demand, misappropriation of our intellectual property, dependence on several small undercapitalized subcontractors and limited ability to manage inventory and parts. 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 or suffer any other disruption or reduction in efficiency, 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.

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

Table of Contents

We may not be able to successfully implement our long-term business strategy.

We are implementing a long-term business strategy to refocus our business to address markets beyond our core PC market to the faster growing ultra low-power client, embedded, professional graphics, semi-custom and dense server markets. Currently, a significant portion of our business is focused on the consumer PC portions of the market, and we believe that the consumer PC market will continue to remain challenging. The goal of our long-term strategy is to derive approximately 50% of our revenue from high growth adjacent markets by the end of 2015. As part of our long-term business strategy, effective as of July 1, 2014, we realigned our organizational structure to create a Computing and Graphics Business Group and an Enterprise, Embedded and Semi-Custom Business Group. However, if demand for products from high growth adjacent markets is below our expectations or if we are not able to improve cost or operational efficiencies of this business model, we may not realize benefits from our long-term business strategy. Despite our efforts, we may not be able to effectively implement our strategy in a timely manner to exploit potential market opportunities, achieve the goals of our long-term business strategy or meet competitive challenges.

Moreover, our business strategy is dependent on creating products that anticipate customer requirements and emerging industry trends. For example, in our first quarter of 2014, we began sampling Seattle, our first 64-bit ARM server processor, and in May 2014, we announced 64-bit ARM architectural license for the development of custom high-performance cores for high-growth adjacent markets. We cannot assure you that our new strategic direction, including our efforts to address markets beyond our core PC market and our efforts to create ARM-based products will result in innovative products and technologies that provide value to our customers. In addition, we may be entering markets where current and new competitors 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. We may face delays or disruptions in research and development efforts, or we may be required to significantly invest greater resources in research and development than anticipated.

Global economic 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. 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.

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 conditions and financial, business and other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow or that we will be able to borrow funds, including under our Secured Revolving Line of Credit, 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

Table of Contents

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 Secured Revolving Line of Credit or borrow more funds on terms acceptable to us, if at all.

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 (including enabling state of the art visual experience), power consumption (including battery life), reliability, selling price, processor clock speed, size (or form factor), cost, adherence to industry standards (and the creation of open industry standards), level of integration, software and hardware compatibility and stability and brand awareness.

We expect that competition will continue to be intense due to rapid technological changes, frequent product introductions by our competitors or new competitors of products that may provide better performance/experience or may include additional features that render our products uncompetitive. We may also face aggressive pricing by competitors, especially during challenging economic times. Some competitors may have greater access or rights to companion technologies, including interface, processor and memory technical information. With the introduction of our APU products and other competing solutions, we believe that demand for additional discrete graphic cards may decrease in the future due to both the improvement of the quality of our competitor's integrated graphics and the graphics performance of our APUs. 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.

We are implementing a long-term business strategy to refocus our business to address markets beyond our core PC market to the high-growth adjacent ultra low-power client, embedded, professional graphics, semi-custom and dense server markets. However, we are entering markets with new and different 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.

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

Collectively, our top five customers accounted for approximately 60% of our net revenue in the second quarter of 2014. On a segment basis, during the second quarter of 2014, five customers accounted for approximately 56% of the net revenue of our Computing Solutions segment and five customers accounted for approximately 81% of the net revenue of our Graphics and Visual Solutions segment. We expect that a small number of customers will continue to account for a substantial part of revenues of our businesses 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 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

Table of Contents

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 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.

A significant portion of our business is currently dependent upon the market for desktop PCs and notebooks. Form factors have increasingly shifted from desktop PCs and notebooks to tablets, with tablets being one of the fastest growing form factors. Historically, a significant portion of our Computing Solutions revenue has been related to desktop PCs. Currently, a significant portion of our business is focused on the consumer PC portions of the market, and we believe that consumer PC market conditions will continue to remain challenging. Industry-wide fluctuations in the computer marketplace have materially adversely affected us in the past and may materially adversely affect us in the future. 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 and Microsoft Xbox One game console systems.

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

In the design and development of new products and product enhancements, we rely on third-party intellectual property such as software development tools and hardware testing tools. Furthermore, certain product features may rely on intellectual property acquired from third parties. The design requirements necessary to meet consumer demand for more features and greater functionality from semiconductor products may exceed the capabilities of the third-party intellectual property or development tools available to us. If the third-party intellectual property that we use becomes unavailable, is not available in the time frame 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, BIOS software and other computer platform components to support our microprocessor and graphics businesses.

We depend on third-party companies for the design, manufacture and supply of motherboards, BIOS software and other components that our customers utilize to support our microprocessor, GPU and APU offerings. We also rely on our AIBs to support our GPU and APU businesses. 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 and other components decrease their support for our product offerings, our business could be materially adversely affected.

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

Our ability to innovate beyond the x86 instruction set controlled by Intel depends partially on Microsoft designing and developing its operating systems to run on or support our 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 sold

Table of Contents

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.

We may incur future impairments of goodwill.

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.

Our inability to continue to attract and retain qualified personnel may hinder our product development programs.

Much of our future success depends upon the continued service of numerous qualified engineering, marketing, sales and executive personnel. If we are not able to continue to attract, train and retain qualified personnel 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 qualified personnel, 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 personnel could be weakened, which could harm our results of operations. In addition, our recent and any future restructuring plans may adversely impact our ability to attract and retain key employees.

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/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. Currently, a significant portion of our business is focused on the consumer PC portions of the market, and we believe that consumer PC market conditions will continue to remain challenging.

Global economic uncertainty and weakness have also impacted the semiconductor market as consumers and businesses have deferred purchases, which negatively impacted demand for our products. Our financial performance has been, and may in the future be, negatively affected by these downturns.

The 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.

Table of Contents

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

A substantial portion of our quarterly sales have historically been made in the last month of the quarter. This uneven sales pattern makes prediction of revenues for each financial period difficult and increases the risk of unanticipated variations in quarterly results and financial condition. In addition, our operating results tend to vary seasonally. For example, historically, first quarter PC product sales are generally lower than fourth quarter sales. In addition, with respect to our semi-custom SoC products for game consoles, we expect sales patterns to follow the seasonal trends of a consumer business with sales in the first half of the year being lower than sales in the second half of the year. Many of the factors that create and affect quarterly and seasonal trends are beyond our control.

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

We purchase equipment and materials for our internal back-end manufacturing operations from a number of suppliers and our operations depend upon obtaining deliveries of adequate supplies of equipment and materials on a timely basis. Our third-party suppliers also depend on the same timely delivery of adequate quantities of equipment and materials in the manufacture of our products. Certain equipment and materials that are used in the manufacture of our products are available only from a limited number of suppliers, 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), 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.

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, delay in recognition or loss of revenues, writing down the inventory of defective products, the diversion of the attention of our engineering personnel from product development efforts, defending against litigation related to defective products or related property damage or personal injury and damage to our reputation in the industry and could adversely affect our relationships with our customers. In addition, we may

Table of Contents

have difficulty identifying the end customers of the defective products in the field. As a result, we could incur substantial costs to implement modifications to correct defects. Any of these problems could materially adversely affect our business. We could be subject to potential product liability claims if one of our products causes, or merely appears to have caused, an injury. Claims may be made by consumers or others selling our products, and we may be subject to claims against us even if an alleged injury is due to the actions of others. A product liability claim, recall or other claim with respect to uninsured liabilities or for amounts in excess of insured liabilities could have a material adverse effect on our business.

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 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. We are currently pursuing initiatives to transform and optimize our business operations through the reengineering of certain processes, investment in automation and engagement of strategic partners or resources to assist with certain business functions. 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 are currently implementing an initiative to transition certain key information technology applications and business systems from various development locations to centralized consolidated data centers. There can be no assurance that our business and operations

Table of Contents

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, and computer system or network failures. There can be no assurance that our business systems or those of our third-party business partners would not be subject to similar incidents, including cyber-security incidents, exposing us to significant cost, reputational harm and disruption or damage to our business.

Data breaches and cyber-attacks could compromise our intellectual property or other sensitive information and cause significant damage to our business and reputation.

In the ordinary course of our business, we maintain sensitive data on our networks, including our intellectual property and proprietary or confidential business information relating to our business and that of our customers and business partners. The secure maintenance of this information is critical to our business and reputation. We believe that companies in the technology industry have been increasingly subject to a wide variety of security incidents, cyber-attacks and other attempts to gain unauthorized access. Our network and storage applications may be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. In some cases, it is difficult to anticipate or immediately detect such incidents and the damage caused thereby. These data breaches and any unauthorized access or disclosure of our information or intellectual property could compromise our intellectual property and expose sensitive business information. Cyber-attacks could also cause us to incur significant remediation costs, 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.

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 we sell indirectly through distributors, as our forecasts for demand are then based on estimates provided by multiple parties.

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

Factors that may result in excess or obsolete inventory, which could result in write-downs of the value of our inventory, a reduction in the average selling price 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 taking aggressive pricing actions.

Table of Contents

Because market conditions are uncertain and because we believe that consumer PC market conditions will continue to remain challenging, these and other factors could materially adversely affect our business.

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 AIBs to offer our competitors' products. We are dependent on our distributors and AIBs to supplement our direct marketing and sales efforts. If any significant distributor or AIB or a substantial number of our distributors or AIBs terminated their relationship with us, 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. If we are unable to manage the risks related to the use of our third-party distributors and AIB partners or offer the appropriate incentives to focus them on the sale of our products, our business could be materially adversely affected.

Additionally, distributors and AIBs typically maintain an inventory of our products. In most instances, our agreements with distributors protect their inventory of our products against price reductions, as well as provide return rights for any product that we have removed from our price book and that is not more than 12 months older than the manufacturing code date. Some agreements with our distributors also contain standard stock rotation provisions permitting limited levels of product returns. Our agreements with AIBs protect their inventory of our products against price reductions. We defer the gross margins on our sales to distributors and AIBs, resulting from both our deferral of revenue and related product costs, until the applicable products are re-sold by the distributors or the AIBs. However, in the event of a significant decline in the price of our products, the price protection rights we offer would materially adversely affect us because our revenue and corresponding gross margin would decline.

Acquisitions could disrupt our business, harm our financial condition and operating results 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 rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. Moreover, if such acquisitions 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, 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 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 the acquisitions which could harm our operating results. In addition, to complete an acquisition, we may issue equity securities, which would dilute our stockholders' ownership and could adversely affect the price of our common stock, as well as incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could adversely affect our results of operations. Acquisitions may also reduce our cash available for operations and other uses, which could harm our business.

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 and Asia. We rely on third-party wafer foundries in Europe and Asia. Nearly all product assembly and final testing of our products is performed at manufacturing facilities, operated by us as well as third-party manufacturing facilities, in China,

Table of Contents

Malaysia and Taiwan. We also have international sales operations. International sales, as a percent of net revenue, were 82% in the second quarter of 2014. 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 and volcanic eruptions that disrupt manufacturing or other operations. For example, our Sunnyvale operations are located near major earthquake fault lines in California. Any conflict or uncertainty in the countries in which we operate, including public health issues (for example, an outbreak of a contagious disease such as Avian Influenza), safety issues, natural disasters, fire, disruptions of service from utilities, nuclear power plant accidents or general economic or political factors, could have a material adverse effect on our business. Any of the above risks, should they occur, could result in an increase in the cost of components, production delays, general business interruptions, delays from difficulties in obtaining export licenses for certain technology, tariffs and other barriers and restrictions, 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.

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, primarily the Canadian dollar and Chinese renminbi. 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.

Table of Contents

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 impact our margins. In addition, our inability to control gray market activities could result in customer satisfaction issues because any time products are purchased outside our authorized distribution 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. 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, on January 15, 2014 and March 20, 2014, complaints were filed against us seeking damages for alleged securities law violations, which are described in Note 10 of our unaudited condensed consolidated financial statements in our Quarterly Report on Form 10-Q for the quarterly period ended June 28, 2014. We also sell products to consumers, which could increase our exposure to consumer actions such as product liability claims. On occasion, we receive claims that individuals were allegedly exposed to substances used in our former semiconductor wafer manufacturing facilities and that this alleged exposure caused harm. Litigation can involve complex factual and legal questions, and its outcome is uncertain. Any claim that is successfully asserted against us, including claims in the January 15, 2014 and March 20, 2014 complaints filed against us, may result in the payment of damages that could be material to our business.

Table of Contents

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 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. In the event that we do not obtain a license, 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 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.

A variety of environmental laws that we are subject to could result in additional costs and liabilities.

Our operations and properties have in the past and continue to be subject to various United States and foreign environmental laws and regulations, including those relating to materials used in our products and manufacturing processes, discharge of pollutants into the environment, the treatment, transport, storage and disposal of solid and hazardous wastes and remediation of contamination. These laws and regulations require us to obtain permits for our operations, including the discharge of air pollutants and wastewater. Although our management systems are designed to maintain compliance, we cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with any of them, a range of consequences could result, including fines, suspension of production, alteration of manufacturing processes, import/export restrictions, sales limitations, criminal and civil liabilities or other sanctions. We could also be held liable for any and all consequences arising out of exposure to hazardous materials used, stored, released, disposed of by us or located at, under or emanating from our facilities or other environmental or natural resource damage.

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

Environmental laws are complex, change frequently and have tended to become more stringent over time. For example, the 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

Table of Contents

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 produce sudden changes in demand, which may result in excess inventory.

Recent U.S. legislation includes disclosure and reporting requirements for companies who use conflict minerals that originate from the Democratic Republic of Congo or adjoining countries. We will likely incur additional costs associated with complying with these requirements, such as costs related to determining the source of any conflict minerals used in our products, auditing the process and reporting to our customers and the U.S. government. 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 are certified as conflict free, and if we cannot satisfy these customers, they may choose a competitor's products. In May 2014, Intel reported that all of its client microprocessor and chipset products are conflict free.

A number of jurisdictions including the EU, Australia 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.

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

Our business is subject to potential tax liabilities.

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

Risks related to the notes

If you do not exchange your private notes pursuant to this exchange offer, you may never be able to sell your notes.

It may be difficult for you to sell notes that are not exchanged in the exchange offer. Those notes may not be offered or sold unless they are registered or there are exemptions from the registration requirements under the Securities Act and applicable state securities laws.

If you do not tender your private notes or if we do not accept some of your private notes, those notes will continue to be subject to the transfer and exchange restrictions in:

the Indentures;

the legend on the private notes; and

the offering memorandums relating to the private notes.

Table of Contents

The restrictions on transfer of your private notes arise because we issued the private notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the private notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the private notes under the Securities Act. To the extent private notes are tendered and accepted in the exchange offer, the trading market, if any, for the private notes would be adversely affected.

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

We currently have, and following this exchange offer will continue to have, a substantial amount of indebtedness. Our debt and capital lease obligations as of June 28, 2014 were approximately \$2.2 billion, which reflects the debt discount adjustment on our 6.00% Convertible Senior Notes due 2015 (the 6.00% Notes). As of June 28, 2014, we had consolidated debt of approximately \$2.2 billion (\$2.2 billion principal amount), and up to \$445 million of unused commitments under our Secured Revolving Line of Credit.

Our substantial indebtedness may:

make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments;

limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate and other purposes;

limit our ability to use our cash flow or obtain additional financing for future working capital, capital expenditures, acquisitions or other general corporate purposes;

require us to use a substantial portion of our cash flow from operations to make debt service payments;

place us at a competitive disadvantage compared to our less leveraged competitors; and

increase our vulnerability to the impact of adverse economic and industry conditions.

The notes are unsecured and effectively subordinated to our existing and future secured indebtedness.

The notes are unsecured obligations, ranking effectively junior in right of payment to all of our existing and future secured debt, including amounts outstanding or available to borrow under our Secured Revolving Line of Credit. The Indentures permit the incurrence of additional debt, some of which may be secured. In the event that we are declared bankrupt, become insolvent or are liquidated or reorganized, any secured indebtedness will be entitled to be paid in full to the extent of the assets securing such debt before any payment is made with respect to the notes. As a result, holders of the notes may receive less from our assets, ratably, than holders of our secured indebtedness. As of June 28, 2014, after giving effect to this exchange, we would have had \$69 million total secured debt, which includes \$14 million of our subsidiaries' capital lease obligations and \$55 million of borrowings under our Secured Revolving Line of Credit. In addition, as of June 28, 2014, we had up to \$445 million of unused commitments under our Secured Revolving Line of Credit.

The notes are structurally subordinated to all indebtedness and other liabilities, including trade payables, of our subsidiaries.

We conduct a substantial portion of our operations, including our international operations, through our subsidiaries. In the event of our bankruptcy or the bankruptcy of any of our subsidiaries, the holders of their liabilities, indebtedness and trade payables will generally be entitled to payment of their claim from the assets of the affected subsidiaries before those assets are made available for distribution to us. As a result, the claims of holders of the notes will rank effectively junior to the claims of all of the creditors of our subsidiaries, including

Table of Contents

trade creditors and holders of debt guaranteed by such subsidiaries. As of June 28, 2014, our subsidiaries had \$14 million of indebtedness outstanding, which consisted of our subsidiaries' capital lease obligations. If any indebtedness of our subsidiaries were to be accelerated, we cannot assure you that the assets of such subsidiaries remaining after payment of such indebtedness and other liabilities would be sufficient to repay our indebtedness in full, including the notes. In addition, the indentures governing the exchange notes permit, subject to certain limitations, our subsidiaries to incur additional indebtedness and does not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

We and our subsidiaries may be able to incur substantially more debt, including secured debt, in the future.

We and our subsidiaries may incur significant additional debt, including secured debt, in the future. Although the indentures governing the exchange notes contains restrictions on the incurrence of additional debt, these restrictions are subject to a number of important exceptions, and debt incurred in compliance with these restrictions could be substantial. The additional debt that we and our subsidiaries expect to obtain in the future could intensify the risk that we may not be able to fulfill our obligations under the notes.

We may not be able to generate sufficient cash to service our debt obligations, including our obligations under the notes.

Our ability to make payments on and to refinance our debt will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter, and is subject to prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We cannot assure you that we will be able to generate cash flow or that we will be able to borrow funds, including under our Secured Revolving Line of Credit, 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 Secured Revolving Line of Credit or borrow more funds on terms acceptable to us, if at all.

Changes in the financial and credit markets or in our credit ratings could adversely affect the market prices of the notes.

The future market prices of the notes will depend on a number of factors, including:

the prevailing interest rates being paid by companies similar to us;

our ratings with major credit rating agencies; and

the overall condition of the financial and credit markets.

The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Fluctuations in these factors could have an adverse effect on the market prices of the notes. In addition, credit rating agencies continually revise their ratings for companies that they follow, including us. Credit ratings are not recommendations to purchase, hold or sell the notes. We cannot assure you that any credit rating agencies that rate the notes will maintain their ratings on the notes. A negative change in our rating could have an adverse effect on the market price of the notes.

Table of Contents

The agreements governing our notes and our Secured Revolving Line of Credit impose restrictions on us that may adversely affect our ability to operate our business.

The indentures governing our 7.75% Senior Notes due 2020 (the 7.75% Notes), 7.50% Senior Notes due 2022 (the 7.50% Notes), 7.00% Notes and 6.75% Notes contain 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.

Our Secured Revolving Line of Credit also contains various covenants which limit our ability to, among other things, make certain investments, merge or consolidate with other entities and permit certain subsidiaries from incurring indebtedness. In addition, during a domestic cash trigger period (a Domestic Cash Trigger Period), which occurs (i) upon an event of default or (ii) when the amount of domestic cash or cash equivalents held in certain accounts is at any time less than \$500 million, and ends when both (a) no event of default has existed for 45 days and (b) the amount of domestic cash or cash equivalents held in such accounts has been equal to or greater than \$500 million for 45 days, we will become subject to various additional covenants which limit our ability to, among other things:

allow certain subsidiaries that manufacture or process inventory for us or our subsidiary AMD International Sale & Service, Ltd. (together, the Borrowers) to borrow secured debt or unsecured debt beyond a certain amount;

create any liens upon any of the Borrowers' property (other than customary permitted liens and liens on up to \$1.5 billion of secured credit facilities debt (which amount includes our Secured Revolving Line of Credit));

declare or make any distributions;

create any encumbrance on the ability of a subsidiary to make any upstream payments;

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make asset dispositions other than certain ordinary course dispositions;

make certain loans, make payments with respect to subordinated debt or certain borrowed money prior to its due date;

become a party to certain agreements restricting the Borrowers' ability to incur or repay debt, grant liens, make distributions; and

modify loan agreements or enter into any non-arm's-length transaction with an affiliate.

During a Domestic Cash Trigger Period, we also would be required to maintain a fixed charge coverage ratio each four-fiscal quarter period ending on and after June 28, 2014.

The agreements governing our notes and our Secured Revolving Line of Credit contain cross-default provisions whereby a default under one agreement would likely result in cross defaults under agreements covering other borrowings. For example, the occurrence of a default with respect to any indebtedness or any failure to repay debt when due in an amount in excess of \$50 million would cause a cross default under the indentures governing

Table of Contents

our 7.75% Notes, 7.50% Notes, 7.00% Notes, 6.75% Notes and 6.00% Notes, as well as under our Secured Revolving Line of Credit. The occurrence of a default under any of these borrowing arrangements would permit the applicable note holders or the lenders under our Secured Revolving Line of Credit to declare all amounts outstanding under those borrowing arrangements to be immediately due and payable. If the note holders or the trustee under the indentures governing our 7.75% Notes, 7.50% Notes, 7.00% Notes, 6.75% Notes or 6.00% Notes or the lenders under our Secured Revolving Line of Credit accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings.

In the event of a change of control, we may not be able to repurchase the notes as required by the indentures governing the notes, which would result in a default under such indentures.

Upon a change of control under the Indentures, we will be required to offer to repurchase all of our 7.75% Notes, 7.50% Notes, 7.00% Notes and 6.75% Notes then outstanding at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding, the repurchase date, and to offer to repurchase all of our 6.00% Notes then outstanding at 100% of the principal amount thereof, plus accrued and unpaid interest, if any, up to, but excluding the repurchase date. Certain change of control events will also be a default under the Secured Revolving Line of Credit, which will permit the lenders thereunder to accelerate the maturity of all borrowings thereunder and terminate commitments to lend thereunder, as well as trigger cross-default provisions under the Indentures. Moreover, the Indentures require us to offer to repurchase these securities upon certain change of control events. As of June 28, 2014, \$55 million was outstanding under our Secured Revolving Line of Credit and the aggregate principal amount of our outstanding notes was approximately \$2.1 billion. Future debt agreements may contain similar provisions. We may not have the financial resources to repurchase your notes, particularly if that change of control event triggers a similar repurchase requirement for, or results in the acceleration of, our outstanding notes or other indebtedness.

You cannot be sure that an active trading market will develop for the notes.

There is no public market for the notes. The initial purchasers have informed us that they intend to make a market in the notes, but they may cease their market-making activities at any time.

In addition, the liquidity and the market price of the notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects, or in the prospects of the companies in our industry. The market price of the notes may also be significantly affected by wide fluctuations in response to a variety of factors, including those described in this Risk factors section.

Certain covenants contained in the indentures are not applicable during any period in which the notes are rated investment grade.

The indentures governing the notes provides that certain covenants will not apply to us during any period in which the notes are rated investment grade by both Standard & Poor's and Moody's and no default has otherwise occurred and is continuing under the indenture. The covenants that would be suspended include, among others, limitations on and our restricted subsidiaries' ability to pay dividends, incur indebtedness, sell certain assets and enter into certain other transactions. Any actions that we take while these covenants are not in force will be permitted even if the notes are subsequently downgraded below investment grade and such covenants are subsequently reinstated. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, the notes will maintain such ratings. See Description of the notes Certain covenants Covenant suspension.

Table of Contents

The exchange offer

Purpose of the exchange offer

We issued \$600 million aggregate principal amount of the private 6.75% Notes on February 26, 2014 to Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc., the initial purchasers, pursuant to a purchase agreement. The initial purchasers subsequently sold the private 6.75% Notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, and outside the United States under Regulation S of the Securities Act. As a condition to the sale of the private 6.75% Notes, we entered into a registration rights agreement with the initial purchasers on February 26, 2014 (the 6.75% Registration Rights Agreement).

We issued \$500 million aggregate principal amount of the private 7.00% Notes on June 16, 2014 to J.P. Morgan Securities Inc., representing the initial purchasers, pursuant to a purchase agreement. The initial purchasers subsequently sold the private 7.00% Notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, and outside the United States under Regulation S of the Securities Act. As a condition to the sale of the private 7.00% Notes, we entered into a registration rights agreement with the initial purchasers on June 16, 2014 (the 7.00% Registration Rights Agreement) and together with the 6.75% Registration Rights Agreement, the Registration Rights Agreements).

Pursuant to the Registration Rights Agreements, we agreed that we would:

- (1) file an exchange offer registration statement with the SEC;
- (2) use our commercially reasonable efforts to have the exchange offer registration statement declared effective by the SEC;
- (3) commence the exchange offer promptly after the exchange offer registration statement is declared effective by the SEC; and
- (4) use our commercially reasonable efforts to consummate the exchange offer (i) for the 6.75% Notes, on or before February 26, 2015 and (ii) for the 7.00% Notes, on or before June 16, 2015.

Upon the effectiveness of the exchange offer registration statement, we will offer the exchange notes in exchange for the private notes. A copy of each of the Registration Rights Agreements is filed as an exhibit to the registration statement of which this prospectus forms a part.

Resale of the exchange notes

Based upon an interpretation by the staff of the SEC contained in no-action letters issued to third parties, we believe that you may exchange private notes for exchange notes in the ordinary course of business. For further information on the SEC's position, see *Exxon Capital Holdings Corporation*, available May 13, 1988, *Morgan Stanley & Co. Incorporated*, available June 5, 1991, *Shearman & Sterling*, available July 2, 1993, and other interpretive letters to similar effect. You will be allowed to resell exchange notes to the public without further registration under the Securities Act and without delivering to purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act so long as you do not participate, do not intend to participate, and have no arrangement with any person to participate, in a distribution of the exchange notes. However, the foregoing does not apply to you if you are a broker-dealer who purchased the exchange notes directly from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act or you are an affiliate of ours within the meaning of Rule 405 under the Securities Act.

By participating in the exchange offer, you must represent, warrant and confirm digitally in connection with DTC's ATOP procedures that you:

- (i) are acquiring the exchange notes in your ordinary course of business;

Table of Contents

(ii) are not engaged in, and do not intend to engage in, a distribution of the exchange notes; and

(iii) have no arrangement or understanding with us, our affiliates or any other person to participate in a distribution of the exchange notes. If you are a broker-dealer who holds the private notes acquired for your own account as a result of market-making activities or other trading activities and you receive exchange notes in exchange for such private notes pursuant to the exchange offer, you must acknowledge, and confirm digitally in connection with DTC's ATOP procedures, that:

(i) you must deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of exchange notes received in respect of such outstanding private notes pursuant to the exchange offer, and

(ii) by delivering such a prospectus, you, who may be a statutory underwriter, will not be deemed to admit that you are an underwriter within the meaning of the Securities Act.

In addition, if you are a broker-dealer, or you acquire exchange notes in the exchange offer for the purpose of distributing or participating in the distribution of the exchange notes, you cannot rely on the position of the staff of the SEC contained in the no-action letters mentioned above and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

The letter of transmittal for use in connection with any such resale will state that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of exchange notes received in exchange for private notes which the broker-dealer acquired as a result of market-making or other trading activities.

Terms of the exchange offer

Upon the terms and subject to the conditions described in this prospectus, we will accept any and all private notes validly tendered and not withdrawn before the expiration date. We will issue \$1,000 principal amount of exchange notes in exchange for each \$1,000 principal amount of outstanding private notes surrendered pursuant to the exchange offer. You may tender private notes only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that:

we will register the exchange notes under the Securities Act and, therefore, the exchange notes will not bear legends restricting their transfer; and

holders of the exchange notes will not be entitled to any of the rights of holders of private notes under the Registration Rights Agreements, which rights will terminate upon the completion of the exchange offer.

The exchange 6.75% Notes will evidence the same debt as the private 6.75% Notes and will be issued under the same indenture dated February 26, 2014 between us and Wells Fargo Bank, National Association, as trustee (the 6.75% Indenture), so the exchange 6.75% Notes and the private 6.75% Notes will be treated as a single class of debt securities under the 6.75% Indenture.

The exchange 7.00% Notes will evidence the same debt as the private 7.00% Notes and will be issued under the same indenture dated June 16, 2014 between us and Wells Fargo Bank, National Association, as trustee (the 7.00% Indenture and together with the 6.75% Indenture, the Indentures), so the exchange 7.00% Notes and the private 7.00% Notes will be treated as a single class of debt securities under the 7.00% Indenture.

Table of Contents

As of the date of this prospectus, \$600,000,000 in aggregate principal amount of the private 6.75% Notes and \$500,000,000 in aggregate principal amount of the private 7.00% Notes are outstanding and registered in the name of Cede & Co., as nominee for DTC. Only registered holders of the private notes, or their legal representative or attorney-in-fact, as reflected on the records of the trustee under the applicable Indenture, may participate in the exchange offer. We will not set a fixed record date for determining registered holders of the private notes entitled to participate in the exchange offer.

You do not have any appraisal or dissenters' rights under the Indentures in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the provisions of the Registration Rights Agreements and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended (the Exchange Act) and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered private notes when, as and if we had given oral or written notice of acceptance to the Exchange Agent. The Exchange Agent will act as your agent for the purposes of receiving the exchange notes from us.

If you tender private notes in the exchange offer you will not be required to pay brokerage commissions or fees or transfer taxes with respect to the exchange of private notes pursuant to the exchange offer. We will pay all charges and expenses, other than the applicable taxes described below under Fees and expenses, in connection with the exchange offer.

Expiration date; extensions; amendments

The term expiration date will mean 5:00 p.m., New York City time on _____, 2014, unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date will mean the latest date and time to which we extend the exchange offer.

To extend the exchange offer, we will notify the Exchange Agent and each registered holder of any extension in writing by a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. The notice of extension will disclose the aggregate principal amount of the private notes that have been tendered as of the date of such notice.

We reserve the right, in our reasonable discretion:

to delay accepting any private notes due to an extension of the exchange offer; or

if any conditions listed below under Conditions are not satisfied, to terminate the exchange offer in each case by giving written notice of the delay, extension or termination to the Exchange Agent and by press release or public announcement.

We will follow any delay in acceptance, extension or termination as promptly as practicable by written notice to the registered holders by a press release or other public announcement. If we amend the exchange offer in a manner we determine constitutes a material change, we will promptly disclose the amendment in a prospectus supplement that we will distribute to the registered holders. We will also extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

Interest on the exchange notes

The exchange notes will bear interest at the same rate and on the same terms as the private notes. Consequently, the exchange 6.75% Notes and the exchange 7.00% Notes will bear interest at a rate equal to 6.75% per annum and 7.00% per annum, respectively (each calculated using a 360-day year). Interest will be payable (i) on the exchange 6.75% Notes, semi-annually on each March 1 and September 1 and (ii) on the exchange 7.00% Notes, semi-annually on each January 1 and July 1.

Table of Contents

Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the private notes. We will deem the right to receive any interest accrued but unpaid on the private notes waived by you if we accept your private notes for exchange.

Procedures for tendering

If you are a DTC, Euroclear or Clearstream participant that has private notes which are credited to your DTC, Euroclear or Clearstream account by book-entry and which are held of record by DTC, Euroclear or Clearstream's nominee, as applicable, you may tender your private notes by book-entry transfer as if you were the record holder. Because of this, references herein to registered or record holders include DTC, Euroclear and Clearstream participants with private notes credited to their accounts. If you are not a DTC, Euroclear or Clearstream participant, you may tender your private notes by book-entry transfer by contacting your broker, dealer or other nominee or by opening an account with a DTC, Euroclear or Clearstream participant, as the case may be.

To tender private notes in the exchange offer, you must:

comply with DTC's ATOP procedures described below; and

the Exchange Agent must receive a timely confirmation of a book-entry transfer of the private notes into its account at DTC through ATOP pursuant to the procedure for book-entry transfer described below, along with a properly transmitted agent's message, before the expiration date.

Participants in DTC's ATOP program must electronically transmit their acceptance of the exchange by causing DTC to transfer the private notes to the Exchange Agent in accordance with DTC's ATOP procedures for transfer. DTC will then send an agent's message to the Exchange Agent. With respect to the exchange of the private notes, the term "agent's message" means a message transmitted by DTC, received by the Exchange Agent and forming part of the book-entry confirmation, which states that:

DTC has received an express acknowledgment from a participant in its ATOP that is tendering private notes that are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms and subject to the conditions set forth in this prospectus; and

we may enforce the agreement against such participant.

Participants in Euroclear's or Clearstream's book-entry transfer facility system must electronically transmit their acceptance of the exchange to Euroclear or Clearstream. The receipt of such electronic acceptance instruction by Euroclear or Clearstream will be acknowledged in accordance with the standard practices of such book-entry transfer facility and will result in the blocking of such private notes in that book-entry transfer facility. By blocking such private notes in the relevant book-entry transfer facility, each holder of private notes will be deemed to consent to have the relevant book-entry transfer facility provide details concerning such holder's identity to the Exchange Agent. The receipt of an electronic instruction by Euroclear or Clearstream shall mean:

Euroclear or Clearstream, as applicable, has received an express acknowledgment from a participant in Euroclear or Clearstream, as the case may be, that such participant is tendering private notes that are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms and subject to the conditions set forth in this prospectus; and

we may enforce the agreement against such participant.

Your tender, if not withdrawn before the expiration date, will constitute an agreement between you and us in accordance with the terms and subject to the conditions described in this prospectus.

Table of Contents

DTC, Euroclear and Clearstream are collectively referred to herein as the book-entry transfer facilities and individually as a book-entry transfer facility.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered private notes, which determination will be final and binding. We reserve the absolute right to reject any and all private notes not properly tendered or any private notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular private notes. Our interpretation of the terms and conditions of the exchange offer will be final and binding on all parties. Unless waived, you must cure any defects or irregularities in connection with tenders of private notes within the time we determine. Although we intend to notify you of defects or irregularities with respect to tenders of private notes, none of us, the Exchange Agent or any other person will incur any liability for failure to give you that notification. Unless waived, we will not deem tenders of private notes to have been made until you cure the defects or irregularities.

While we have no present plan to acquire any private notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any private notes that are not tendered in the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any private notes that remain outstanding after the expiration date. We also reserve the right to terminate the exchange offer, as described below under Conditions, and, to the extent permitted by applicable law, purchase private notes in the open market, in privately negotiated transactions or otherwise. The terms of any of those purchases or offers could differ from the terms of the exchange offer.

If you wish to tender private notes in exchange for exchange notes in the exchange offer, we will require you to represent that:

the private notes are, at the time of acceptance, and will continue to be, until exchanged in this offer, held by you;

you acknowledge that all authority conferred or agreed to be conferred pursuant to these representations, warranties and undertakings and every obligation of yours shall be binding upon your successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives and shall not be affected by, and shall survive, your death or incapacity (if an individual) or dissolution (if an entity);

you will, upon request, execute and deliver any documents deemed by us or the Exchange Agent to be necessary or desirable to complete the exchange of the private notes that are the subject of an electronic acceptance instruction;

you have full power and authority to tender, exchange, assign and transfer the private notes that are the subject of an electronic acceptance instruction and that when such notes are accepted for exchange by us, the notes will be transferred by you with full title guarantee free from all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right, together with all rights attached thereto;

you are not an affiliate of ours;

you will acquire any exchange notes in the ordinary course of your business;

you do not have an arrangement or understanding with any person to participate in the distribution of the exchange notes; and

at the time of completion of the exchange offer, you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.

You will be deemed to make such representations by tendering private notes in the exchange offer. In addition, in connection with the resale of exchange notes, any participating broker-dealer who acquired the private notes for its own account as a result of market-making or other trading

activities acknowledges that it must deliver a

Table of Contents

prospectus meeting the requirements of the Securities Act. The SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes, other than a resale of an unsold allotment from the original sale of the notes, with this prospectus.

Book-entry transfer

The Exchange Agent will make a request to establish an account with respect to the private notes at DTC, as a book-entry transfer facility, for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in the book entry transfer facility's system may make book-entry delivery of private notes by causing the depository to transfer the private notes into the Exchange Agent's account at the facility in accordance with the facility's procedures for such transfer.

In all cases, we will issue exchange notes for private notes that we have accepted for exchange under the exchange offer only after the Exchange Agent timely receives:

confirmation of book-entry transfer of your private notes into the Exchange Agent's account at DTC; and

a properly transmitted agent's message.

If we do not accept any tendered private notes for any reason set forth in the terms of the exchange offer, we will credit the non-exchanged private notes to your account maintained at the applicable book-entry transfer facility.

Withdrawal of tenders

You may withdraw your tender of private notes at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the holder must cause to be transmitted to the Exchange Agent an agent's message, which agent's message must be received by the Exchange Agent prior to 5:00 p.m., New York City time, on the expiration date. In addition, the Exchange Agent must receive a timely confirmation of book-entry transfer of the private notes out of the Exchange Agent's account at DTC, under the applicable procedure for book-entry transfers described herein, along with a properly transmitted agent's message, on or before the expiration date.

We will determine in our sole discretion all questions as to the validity, form and eligibility of the notices, and our determination will be final and binding on all parties. We will not deem any properly withdrawn private notes to have been validly tendered for purposes of the exchange offer, and we will not issue exchange notes with respect to those private notes, unless you validly re-tender the withdrawn private notes. You may re-tender properly withdrawn private notes by following the procedures described above under "Procedures for tendering" at any time before the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange the exchange notes for, any private notes, and may terminate the exchange offer as provided in this prospectus before the acceptance of the private notes, if, in our reasonable judgment, the exchange offer violates applicable law, rules or regulations or an applicable interpretation of the staff of the SEC.

If we determine in our reasonable discretion that any of these conditions are not satisfied, we may:

refuse to accept any private notes and return all tendered private notes to you;

extend the exchange offer and retain all private notes tendered before the exchange offer expires, subject, however, to your rights to withdraw the private notes; or

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waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered private notes that have not been withdrawn.

Table of Contents

If the waiver constitutes a material change to the