



## GLOBALFOUNDRIES TO ACQUIRE IBM'S MICROELECTRONICS BUSINESS

October 20, 2014

*Acquisition Enables GLOBALFOUNDRIES to Become a World Leader in Semiconductor Foundry Technology;*

*IBM to Focus on Fundamental Semiconductor Research and Systems Innovation*

**ARMONK, N.Y., and SANTA CLARA, Calif., October 20, 2014:** IBM (NYSE: [IBM](#)) and GF today announced that they have signed a Definitive Agreement under which GF plans to acquire IBM's global commercial semiconductor technology business, including intellectual property, world-class technologists and technologies related to IBM Microelectronics, subject to completion of applicable regulatory reviews. GF will also become IBM's exclusive server processor semiconductor technology provider for 22 nanometer (nm), 14nm and 10nm semiconductors for the next 10 years.

The Agreement, once closed, enables IBM to further focus on fundamental semiconductor research and the development of future cloud, mobile, big data analytics, and secure transaction-optimized systems. IBM continues its previously announced \$3 billion investment over five years for semiconductor technology research to lead in the next generation of computing. GF will have primary access to the research that results from this investment through joint collaboration at the Colleges of Nanoscale Science and Engineering (CNSE), SUNY Polytechnic Institute, in Albany, N.Y.

As part of this Agreement, GF will gain substantial intellectual property including thousands of patents, making GF the holder of one of the largest semiconductor patent portfolios in the world. GF also will benefit from an influx of one of the best technical teams in the semiconductor industry, which will solidify its path to advanced process geometries at 10nm and below. Additionally, the acquisition opens up business opportunities in industry-leading radio frequency (RF) and specialty technologies and ASIC design capabilities.

"This acquisition solidifies GF' leadership position in semiconductor technology development and manufacturing," said Dr. Sanjay Jha, CEO, GF. "We can now offer our customers a broader range of differentiated leading-edge 3D transistor and RF technologies, and we will also improve our design ecosystem to accelerate time-to-revenue for our customers. This acquisition further strengthens advanced manufacturing in the United States, and builds on established relationships in New York and Vermont."

"The Agreement expands our longstanding collaboration, which began when GF was created in 2009, and reflects our confidence in GF' capability," said IBM Senior Vice President & Director of Research Dr. John E. Kelly III. "This acquisition enables IBM to focus on fundamental semiconductor and material science research, development capabilities and expertise in high-value systems, with GF' leadership in advanced technology manufacturing at scale and commitment to delivering future semiconductor technologies. We are grateful for the leadership and investments by the states of New York and Vermont in supporting the semiconductor industry."

This acquisition bolsters semiconductor manufacturing and technology development in the United States. GF has robust capital expenditure plans of approximately \$10 billion in 2014-2015, with the majority being invested in New York. GF has created nearly 3,000 direct jobs in New York and thousands more indirect jobs in the United States since 2009.

GF will acquire and operate existing IBM semiconductor manufacturing operations and facilities in East Fishkill, New York and Essex Junction, Vermont, adding capacity to serve its customers and thousands of jobs to GF' workforce. GF plans to provide employment opportunities for substantially all IBM employees at the two facilities who are part of the transferred businesses, except for a team of semiconductor server group employees who will remain with IBM. After the close of this transaction, GF will be the largest semiconductor technology manufacturing employer in the Northeast.

GF will also acquire IBM's commercial microelectronics business, which includes ASIC and specialty foundry, manufacturing and related operations and sales. GF plans to invest to grow these businesses.

IBM will reflect a pre-tax charge of \$4.7 billion in its financial results for the third quarter of 2014, which includes an asset impairment, estimated costs to sell the IBM microelectronics business, and cash consideration to GF. Cash consideration of \$1.5 billion is expected to be paid to GF by IBM over the next three years. The cash consideration will be adjusted by the amount of working capital which is estimated to be \$200 million.

The transaction is subject to the satisfaction of regulatory requirements and customary closing conditions.

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### About GF

GF is the world's first full-service semiconductor foundry with a truly global footprint. Launched in March 2009, the company has

quickly achieved scale as the second largest foundry in the world, providing a unique combination of advanced technology and manufacturing to more than 160 customers. With operations in Singapore, Germany and the United States, GF is the only foundry that offers the flexibility and security of manufacturing centers spanning three continents. The company's three 300mm fabs and five 200mm fabs provide the full range of process technologies from mainstream to the leading edge. This global manufacturing footprint is supported by major facilities for research, development and design enablement located near hubs of semiconductor activity in the United States, Europe and Asia. GF is owned by the Mubadala Development Company. For more information, visit <http://www.globalfoundries.com>.

#### **About IBM**

For more information on IBM, visit <http://www.ibm.com>

**Editors' Note** : Photos are available via the Associated Press Photo Network and on the Internet at Feature Photo Service's link through <http://www.newscom.com>

#### **IBM press contacts:**

Jeff Cross  
+1 (914) 766-4166  
415-674-3816  
[jrcross@us.ibm.com](mailto:jrcross@us.ibm.com)

Chris Andrews  
+1 (914) 499-4045  
[candrews@us.ibm.com](mailto:candrews@us.ibm.com)

#### **GF press contacts:**

Jason Gorss  
+1 (518) 698-7765  
[Jason.gorss@globalfoundries.com](mailto:Jason.gorss@globalfoundries.com)

Travis Bullard  
+1 (518) 491-7658  
[travis.bullard@globalfoundries.com](mailto:travis.bullard@globalfoundries.com)