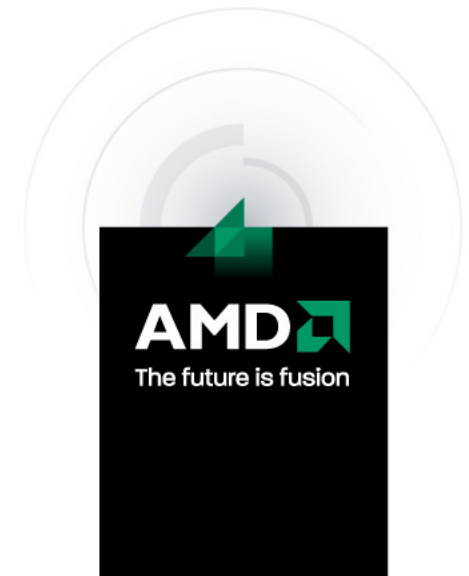


# **AMD Asset Smart Financial Overview**

March 05, 2009

Bob Rivet

Chief Operations and Administrative Officer,  
Chief Financial Officer



# Forward Looking Disclaimer

This document contains forward-looking statements, which are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology including “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “plans,” “pro forma,” “estimates,” or “anticipates” or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. These forward-looking statements relate to, among other things, our asset smart strategy, the impact and effects of our GLOBALFOUNDRIES joint venture, future demand for our products, for 2009: our planned break-even model, profitability, free cash flow and capital expenditures. The 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 targeting the company’s business may negatively impact sales plans; any inability to realize all of the anticipated benefits of our GLOBALFOUNDRIES joint venture; a further downturn in the semiconductor industry; unexpected variations in market growth and demand for our products and technologies in light of the product mix that we may have available at any particular time or even a decline in demand; our cost reduction efforts are not effective; any inability to improve the efficiency of our supply chain; any inability to develop, launch and ramp new products and technologies in the volumes and mix required by the market at mature yields and on a timely basis; any inability to obtain sufficient manufacturing capacity or components to meet demand for our products or the under-utilization of GLOBALFOUNDRIES manufacturing facilities; the effect of political or economic instability internationally on our sales or production; or that GLOBALFOUNDRIES is less successful than anticipated. We urge investors to review in detail the risks and uncertainties in our Securities and Exchange Commission filings, including but not limited to the Annual Report on Form 10-K for the year ended December 27, 2008.



# GLOBALFOUNDRIES is Launched



***Creates a global, leading-edge foundry with world-class, committed partners***

- Unlocks the value of AMD's<sup>(1)</sup> manufacturing talent and assets
- Strengthens AMD balance sheet
- Significantly reduces AMD capital investment requirements
- AMD has guaranteed access to the most advanced, leading-edge capacity
- Committed future funding of a minimum of \$3.6B and up to \$6.0B from ATIC to GLOBALFOUNDRIES<sup>(2)</sup>
- Expands and strengthens GLOBALFOUNDRIES's IBM partnership
- Positions AMD and GLOBALFOUNDRIES for growth and success
- Mubadala and ATIC are strategic financial partners for AMD and GLOBALFOUNDRIES, respectively

NOTE: Mubadala and ATIC (Advanced Technology Investment Company) are investment arms of the Abu Dhabi Government

(1) AMD references AMD unconsolidated, which represents AMD excluding GLOBALFOUNDRIES and eliminations

(2) GLOBALFOUNDRIES refers to The Foundry Company



# Asset Smart: A “Win-Win” for AMD Investors

## Leaner, More Focused and More Profitable AMD

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- AMD’s profitability and free cash flow<sup>(1)</sup> profile will improve
- Significantly less capital intensive business
- Inflow of cash and a reduction of debt repayment obligations
- Focus exclusively on design; no distraction from front end manufacturing

## Opportunity to Participate in Future Success of GLOBALFOUNDRIES

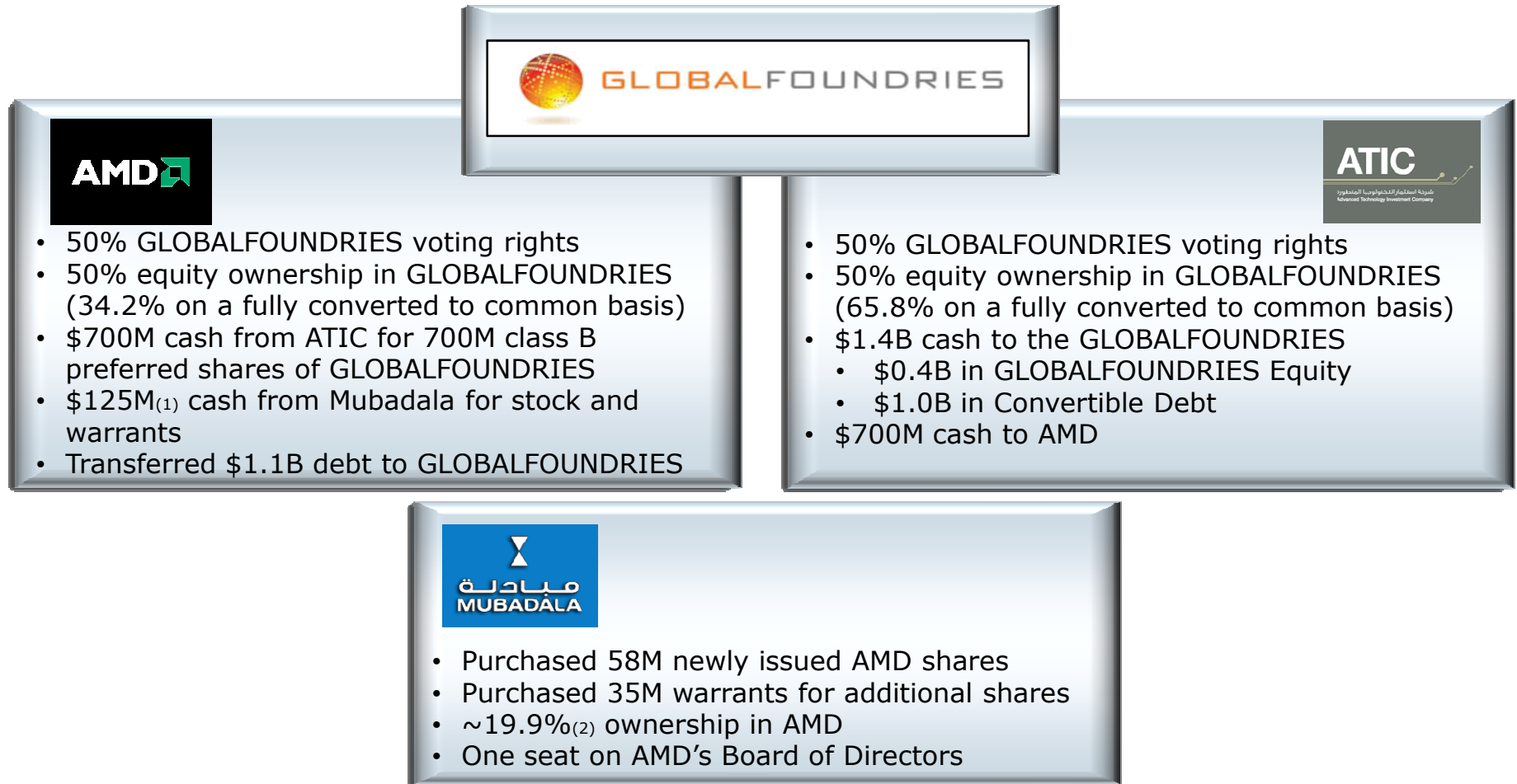
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- Access to leading edge manufacturing; ATIC will fund future upgrades and expansion
- No obligation for AMD to fund GLOBALFOUNDRIES
- AMD has an ownership stake in GLOBALFOUNDRIES which is uniquely positioned with “best-in-class” assets and “patient capital”

(1) Free Cash Flow: defined as cash flow from operations less capital expenditures



# Transaction Summary



(1) Reflects purchase price of \$2.15 per share, which is the average of the closing prices of AMD common stock on the NYSE for the 20 trading days immediately prior to and including December 12, 2008

(2) On a fully diluted basis, and assuming exercise of warrants



# AMD's Accounting for GLOBALFOUNDRIES

- AMD is required to consolidate GLOBALFOUNDRIES financials under U.S. GAAP accounting rules because:
  - GLOBALFOUNDRIES is a variable interest entity, and
  - AMD is deemed to be the primary beneficiary
- AMD's consolidated U.S. GAAP financials are impacted by three factors:
  - Inclusion of GLOBALFOUNDRIES U.S. GAAP financial results,
  - Minority interest allocation to ATIC based on Class A Preferred shares in GLOBALFOUNDRIES, and
  - Non-cash cumulative dividend from ATIC's Class B preferred shares in GLOBALFOUNDRIES to the extent of Class A shares owned by AMD



# Investors Should Focus/Evaluate AMD on an Unconsolidated Basis

- AMD has no future obligation to fund GLOBALFOUNDRIES
- From an operating perspective, AMD will have a commercial relationship with GLOBALFOUNDRIES, similar to other third-party commercial foundry relationships
- AMD and GLOBALFOUNDRIES will have distinct management teams and boards of directors



# AMD Consolidated Statements of Operations

Net revenue
Cost of sales
Gross margin
Research and development
Marketing, general and administrative
Amortization of acquired intangible assets and integration charges
Impairment of acquired intangible assets
Restructuring charges
<b>Operating income (loss)</b>
Interest income
Interest expense
Other income (expense), net*
Income (loss) from continuing operations before income taxes
Provision (benefit) for income taxes
Income (loss) from continuing operations
Income (loss) from discontinued operations, net of tax
<b>Net income (loss)</b>
<b>Net Income (loss) attributable to minority interest</b>
<b>Class B Preferred Accretion</b>
<b>Net Income (loss) attributable to AMD Common shareholders</b>
<b>Net income (loss) attributable to AMD Common shareholders per common share</b>
Basic and diluted
Continuing operations
Discontinued operations
Basic and diluted net income (loss) per common share
Shares used in per share calculation
Basic and diluted

\* The "Equity and net loss in Spansion Inc and other" line is included with "Other income (expense), net".

NOTE: Starting in the first quarter of 2009, due to the requirement to implement FSP APB No. 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) with respect to the accounting for convertible debt (which impacts AMD's 6.00% Convertible Senior Notes due 2015), there will be a cumulative effect of the accounting charge to be recorded in the first quarter of 2009, and AMD's previously reported interest expense for prior periods will be different because FSP APB No. 14-1 requires retroactive application.



# Ownership Summary, as of 3/2/09



	AMD				ATIC				
	Class A Ordinary Share	Class A Pfd	Class B Pfd	Total	Class A Ordinary Share	Class A Pfd	Class B Pfd	Convertible Notes	Total
(Notes in millions)									
# Shares:	1	1,090,950	-	1,090,951	1	218,190	872,760	-	1,090,951
Economic ownership, voting 50/50:	-	-	-	50.0%	-	-	-	-	50.0%
Convertible Notes (1):	-	-	-	-	-	-	-	1,009,050	1,009,050
<b>Ownership assuming conversion of Convertible Notes:</b>				<b>1,090,951</b>					<b>2,100,001</b>
				<b>34.2%</b>					<b>65.8%</b>

(1) Not currently convertible.



# Calculation of Class B Dividend (Accretion) Related Adjustments

- Class B cumulative dividend

- A non-cash charge
- Only payable upon a GLOBALFOUNDRIES liquidation event<sup>(1)</sup> resulting in a return below 12%
- If the annual return on GLOBALFOUNDRIES' Class B Preferred is below 12% at the time of a liquidity event, AMD's return will effectively be reduced until ATIC receives such a 12% return. AMD will not be required to contribute cash to bring ATIC's return to 12%.

## Illustrative Example

### **ATIC Class B Preferred Shares (M)**

ATIC Equity Inv.	\$1,091
% of Class B	80%
Class B Preferred	\$873

ATIC Equity Inv. x Class B Pref. Shares (80%) = ATIC Class B

### **Cumulative Dividend (M)**

ATIC Class B Pref.	\$873
Return	12%
Cumulative Dividend	\$105

ATIC Class B x Preferred Return (12%) = Cumulative Dividend

(1) A liquidation event is defined as a liquidation, dissolution, or winding up of the Company.



# AMD's EPS with GLOBALFOUNDRIES Transaction Close

## Quarterly Illustrative Example

	AMD Net Income (Loss)	\$100
<u>Plus:</u>	Net Income (Loss) from the Foundry Segment	(160)
<u>Adjust:</u>	Inter-segment Elimination between AMD and Foundry	(10)
	<hr/> Consolidated GAAP Net Income (Loss)	<hr/> (\$70)
<u>Less/More:</u>	17% of GLOBALFOUNDRIES Net Loss <sup>(1)</sup>	24
<u>Less:</u>	83% of 12% Class B Preferred Cumulative Dividend <sup>(2)</sup>	(22)
	<hr/> AMD Net Income Attributable to AMD Common Shareholders	<hr/> (\$68)
<u>Divided By:</u>	AMD Shares Outstanding	703
	<hr/> EPS Attributable to AMD Common Shareholders	<hr/> (\$0.10)

All dollars in millions, except per share data

(1) Subtraction of minority interest allocated to ATIC. ATIC owns 17% of Class A Preferred Shares

(2) Subtraction of cumulative dividend allocated to AMD's share of GLOBALFOUNDRIES Class A (83%)



# AMD Selected Corporate Data

Computing Solutions
Net revenue
Operating income (loss)
Graphics
Net revenue
Operating Income (loss)
<b>The Foundry segment (1)</b>
<b>Net revenue</b>
<b>Operating Income (loss)</b>
All Other
Net revenue
Operating Income (loss)
<b>Eliminations (2)</b>
<b>Net revenue</b>
<b>Operating Income (loss)</b>
Total from Continuing Operations
Net revenue
Operating Income (loss)
<b>Revenue Reconciliation</b>
Revenue from continuing operations
Revenue from discontinued operations
Total revenue
<b>Components of Discontinued Operations</b>
Operating loss
Impairment of goodwill and acquired intangible assets
Restructuring charges
Total loss from discontinued operations

(1) The Foundry segment includes the operating results of the stand-alone GLOBALFOUNDRIES manufacturing joint venture plus certain AMD activities which the AMD CODM considers relevant for this segment.

(2) Represents intersegment eliminations of revenues, cost of sales, and profits on inventory between AMD and GLOBALFOUNDRIES.

# AMD Selected Corporate Data

<u>Other Data</u>
<b>AMD (excluding GLOBALFOUNDRIES)</b>
<b>Depreciation and amortization (excluding amortization of acquired intangible assets)</b>
<b>Capital additions</b>
<b>Adjusted EBITDA</b>
<b>Cash, cash equivalents and marketable securities</b>
<b>Total assets</b>
<b>Long-term debt</b>
<b>Headcount</b>
<b>Consolidated AMD</b>
Depreciation and amortization (excluding amortization of acquired intangible assets)
Capital Additions
Adjusted EBITDA
<u>Headcount</u>



# AMD Non-GAAP and Reconciliations to Consolidated Statements of Operations\*

	AMD	The Foundry segment and Eliminations <sup>(1) (2)</sup>	AMD Consolidated
Net revenue			
Cost of sales			
Gross margin			
Gross margin %			
Research and development			
Marketing, general and administrative			
Amortization of acquired intangible assets and integration charges			
Restructuring charges			
<b>Operating income (loss)</b>			
Interest income			
Interest expense			
Other income (expense), net			
Income (loss) from continuing operations before income taxes			
Provision (benefit) for income taxes			
Income (loss) from continuing operations			
Income (loss) from discontinued operations, net of tax			
<b>Net income (loss)</b>			
<b>Net Income (loss) attributable to minority interest</b>			
<b>Class B Preferred Accretion</b>			
Net Income (loss) attributable to AMD Common shareholders			

\* "AMD management believes this non-GAAP presentation makes it easier for investors to compare AMD, The Foundry segment & Eliminations and AMD Consolidated."

(1) The Foundry segment includes the operating results of the stand-alone GLOBALFOUNDRIES manufacturing joint venture plus certain AMD activities which the AMD CODM considers relevant for this segment.

(2) Represents intersegment eliminations of revenues, cost of sales, and profits on inventory between AMD and GLOBALFOUNDRIES.



# AMD Consolidated Balance Sheet

Current Asset:
Cash, cash equivalents and marketable securities
Accounts receivable, net
Inventories
Prepaid expenses and other current assets
Deferred income taxes
Total current assets
Property, plant and equipment, net
Goodwill
Acquisition related intangible assets, net
Other assets
<b>Total Assets</b>
Current liabilities:
Accounts payable
Accrued compensation and benefits
Accrued liabilities
Deferred income on shipments to distributors
Current portion of long-term debt and capital lease obligations
Other short-term obligations
Other current liabilities
Total Current liabilities
Deferred income taxes
Long-term debt and capital lease obligations, less current portion
Other long-term liabilities
<b>Minority interest in consolidated entities</b>
Stockholders' equity (deficit):
Capital stock:
Common stock, par value
Capital in excess of par value
Retained earnings (deficit)
Accumulated other comprehensive income
Total stockholders' equity (deficit)
<b>Total Liabilities and Stockholders' Equity (Deficit)</b>



# AMD's Current Debt Obligations

*\$'s in millions*

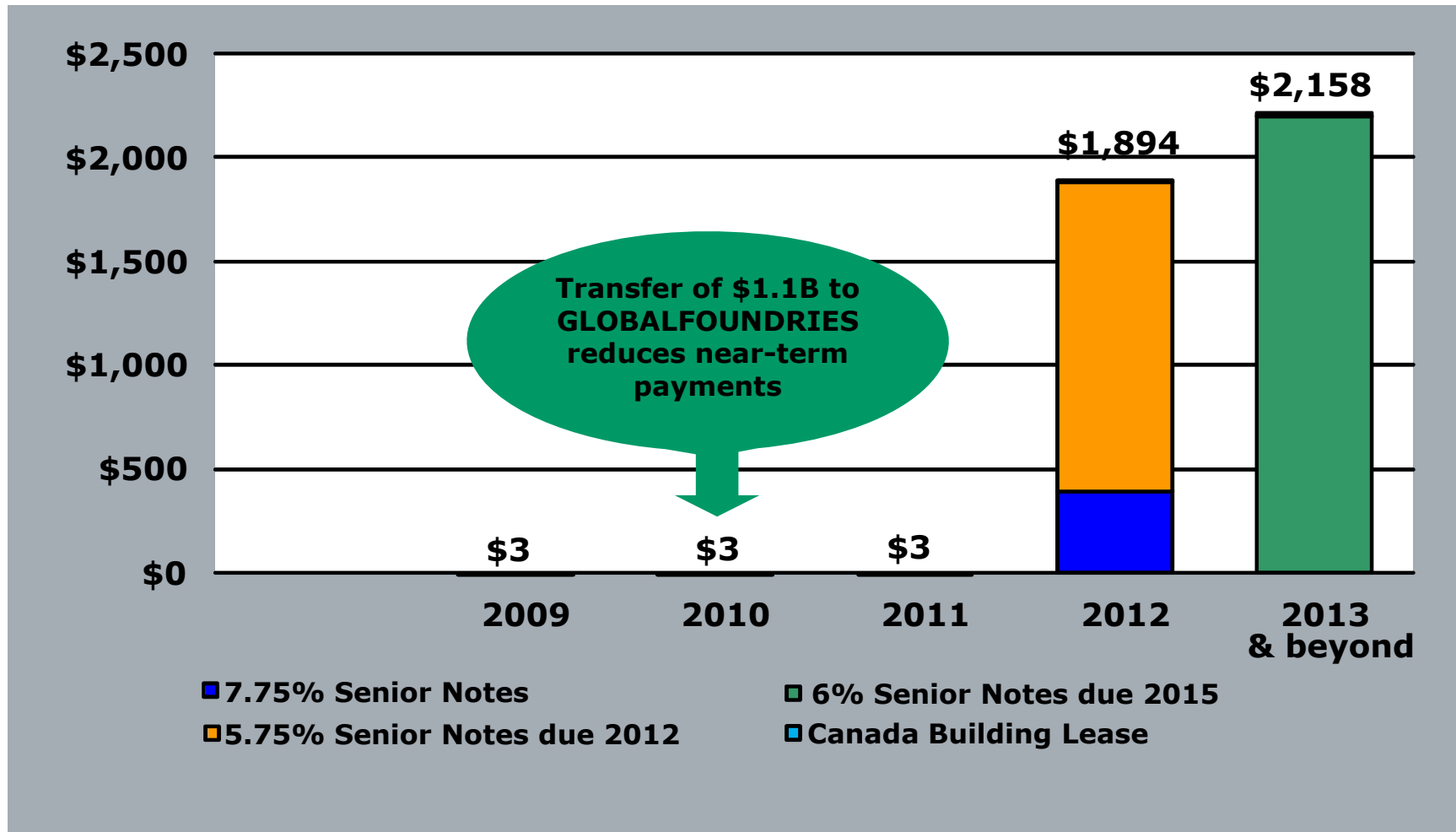


7.75% Senior Notes Due 2012	\$390
5.75% Senior Notes due 2012	\$1,500
6.00% Senior Notes due 2015 <sup>(1)</sup>	\$1,982
FAB 36 Term Loan	-
FAB 36 Silent Partner Contribution	-
Fab 36/38 Energy Leases	-
Canada Building Lease	\$30
Other	\$86
<b>Total</b>	<b>\$3,988</b>

(1) In addition to the debt repurchased in the fourth quarter of 2008, in February 2009, AMD repurchased approximately \$158 million in principal amount of the 6.00% Senior Notes due 2015 by paying approximately \$57 million in cash.



# AMD Debt Amortization Schedule Post Asset Smart (as of 12/27/08)



## AMD B/E Model, Pre and Post Asset Smart

	Pre Asset Smart GAAP		Post Asset Smart Non-GAAP	
	FY 2008	Q4-08	Quarterly B/E Model*	
<b>Revenue (M)</b>	<b>\$5,808</b>	<b>\$1,162</b>	<b>\$1,300</b>	<ul style="list-style-type: none"> <li>• Lower breakeven to align with macroeconomic outlook</li> </ul>
<b>Gross Margin</b>	<b>40%</b>	<b>23%</b>	<b>~40%</b>	
<b>R&amp;D (M)</b>	<b>\$1,848</b>	<b>\$465</b>	<b>~\$300</b>	<ul style="list-style-type: none"> <li>• Uncompromised Roadmaps</li> </ul>
	<b>32%</b>	<b>40%</b>	<b>~23%</b>	
<b>SG&amp;A (M)</b>	<b>\$1,304</b>	<b>\$317</b>	<b>~\$200</b>	<ul style="list-style-type: none"> <li>• Restructuring</li> </ul>
	<b>22%</b>	<b>27%</b>	<b>~13%</b>	
<b>Net Income (loss) (M)</b>	<b>\$(3,098)</b>	<b>\$(1,424)</b>	<b>B/E</b>	<ul style="list-style-type: none"> <li>• Focus on cost control and cash preservation</li> </ul>
<b>EBITDA (M)</b>	<b>\$313</b>	<b>\$(271)</b>	<b>~\$100</b>	

Source: AMD. Historical information includes assets contributed to GLOBALFOUNDRIES. \*Model excludes the Foundry segment which will be included for financial reporting purposes.



# Summary

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- Asset smart is a historic transaction reducing AMD's capital burden while providing guaranteed access to leading-edge capacity
- Model AMD consolidated and unconsolidated to provide a full picture. AMD unconsolidated will look like a fabless semiconductor company
- Bolstered AMD balance sheet with the asset smart cash infusion and debt reduction
- AMD is laser focused on design execution and sales & marketing
- AMD and GLOBALFOUNDRIES are positioned for future success



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