AMD

Lehman Brothers
2003 Technology Conference

Advanced Micro Devices
Hector Ruiz,
President and Chief Executive Officer

November 18, 2003

Expanding *connections* with customers, partners and end-users

Evolving beyond technologies and products to *solutions*

Enabling meaningful customer *differentiation* at ever declining costs

We Have Taken Bold and Difficult Steps to Deliver Profitability

AMD

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                    │      Business       │
                    │   Restructuring     │
                    │    Initiatives      │
                    └─────────────────────┘
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│  Cost reduction  │ │   Restructuring  │ │                  │
│ & variabilization│ │     FASL for     │ │ CPG Profitability│
│                  │ │   profitability  │ │                  │
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Metric	Q3 2002 performance	Q3 2003 performance	Improvement
Sales	$508M	$954M	88%
Sales per employee - annualized	$152,000	$264,000	74%
Operating expenses	$833M	$984M	(18%)
Gross margin	11%	34%	23% pts
SG&A ($)	$151M	$159M	(5%)
SG&A (% of revenues)	31%	16%	15% pts
Operating income	($325M)	($30M)	91%
MPU inventory in channel	14.9 wks	3.3 wks	11.6 weeks

Our Execution Has Been Solid and Our Credibility Is Improving

AMD

2003 Public Commitments:

Opteron launch on 4/22

Q2 cost structure of $775-800M

Athlon64 launch on 9/23

FASL MOU in Q1

FASL Integration By Q3

512 Mb launch in 2H

✓**FASL MOU signed in Q1**

✓**FASL Integration Complete 7/1**

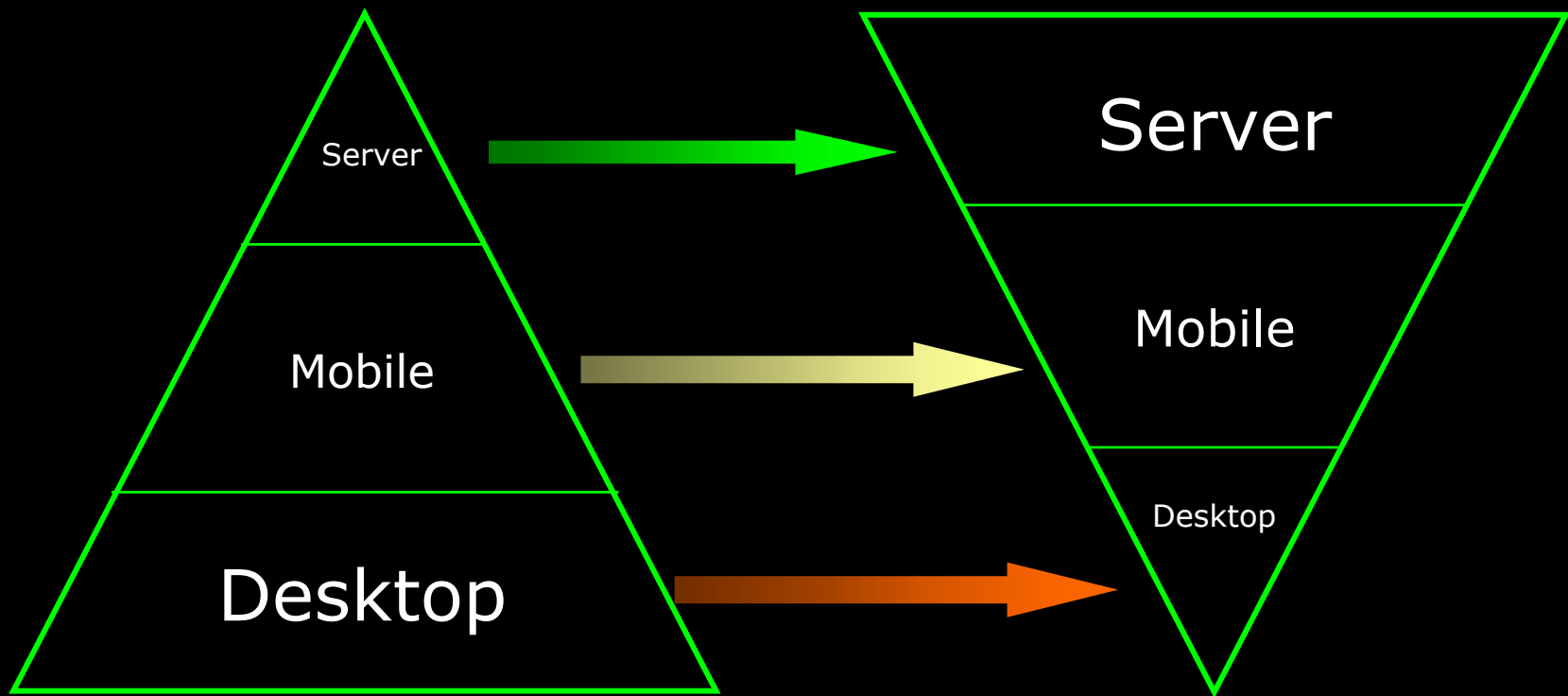✓**512 Mb launched**

✓**Opteron launched on 4/22**

✓**Q2 cost structure of $780M**

✓**Athlon64 launched on 9/23**

2003 Public Performance:

Our Opportunities

- Lead the industry to pervasive 64-bit computing

We've Refocused Our Processor Operation on Our Customers' Most Relevant Opportunities

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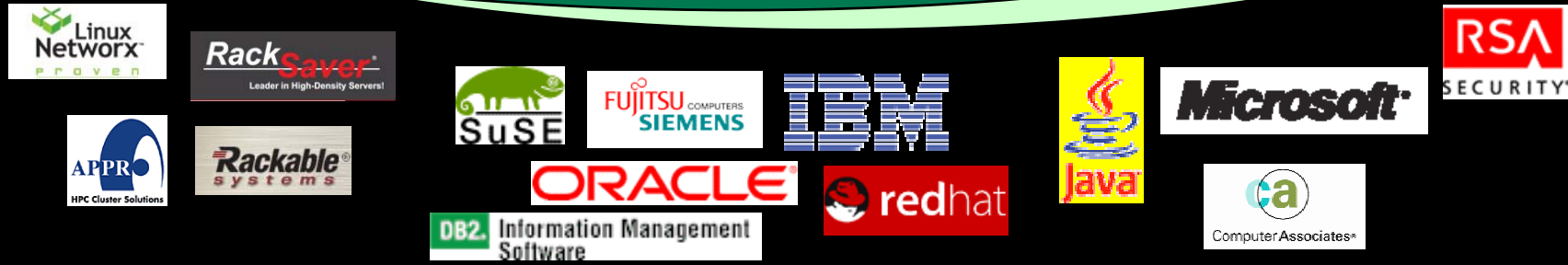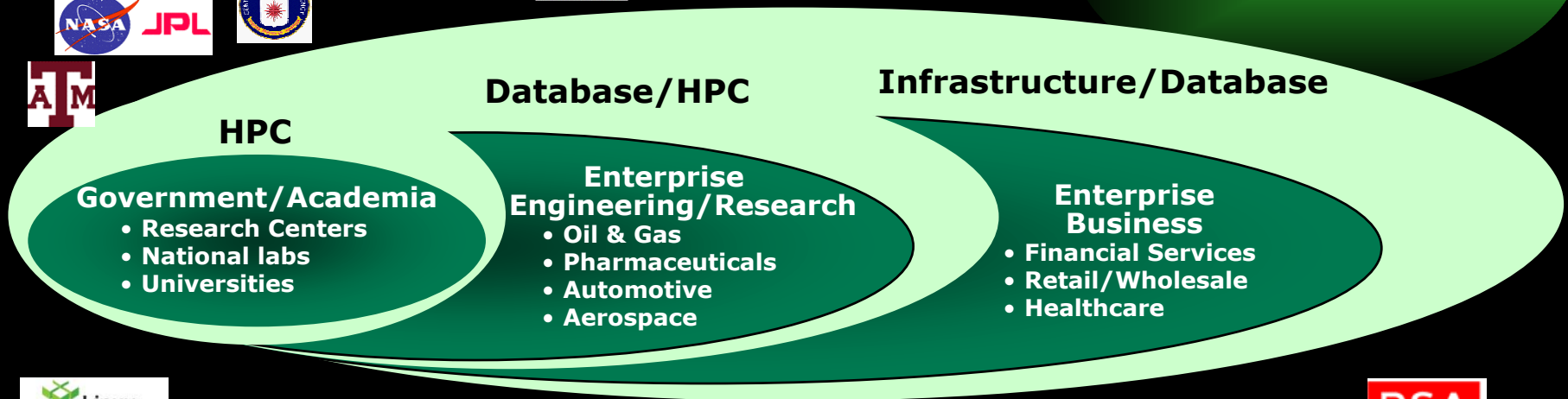
Server

Mobile

Desktop

Server

Mobile

Desktop

Area represents priorities and focus

AMD Server Penetration Strategy

Many more to come...

HPC

Database/HPC

Infrastructure/Database

Government/Academia
- Research Centers
- National labs
- Universities

Enterprise Engineering/Research
- Oil & Gas
- Pharmaceuticals
- Automotive
- Aerospace

Enterprise Business
- Financial Services
- Retail/Wholesale
- Healthcare

AMD and Sun = Enterprise Momentum
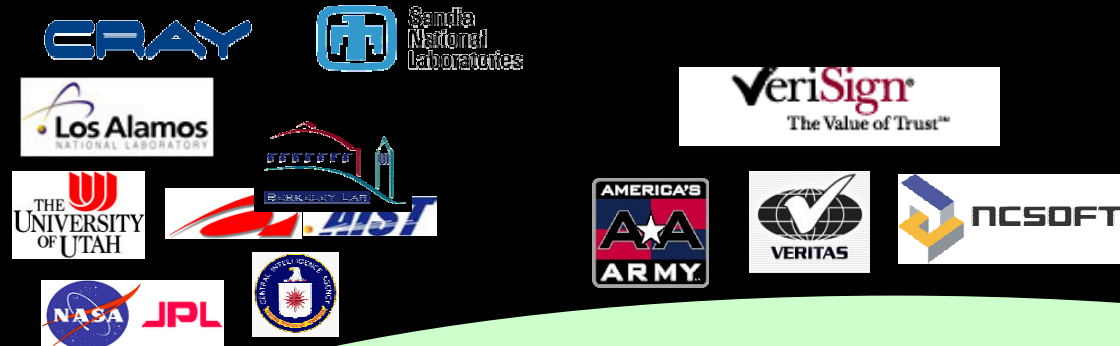
- **Long-term strategic alliance for hardware AND software**
  - Full range of AMD Opteron™ processor-based Sun Fire server systems
  - Solaris and Java System optimization for 32-bit and 64-bit processing
  - Collaboration on portfolio of future AMD Opteron processor designs
  - Joint ISV development program
  - Joint customer-centric marketing programs

- **Key ISV Endorsements**
  - BEA Systems
  - Cadence Design Systems
  - Computer Associates
  - Documentum
  - Oracle
  - SAP

Digital Content Creation

Professional/Prosumer
- 3D Design
- Digital Audio & Video
- Digital Cinema

PC Gaming

Gaming Enthusiast
- 3D Action
- Strategy & Simulation
- Massively Multi-Player

Home Entertainment

Media Consumer
- PVR/Media Center
- Distributed Video/Audio
- Distributed Productivity

Desktop Brand Strategy

AMD
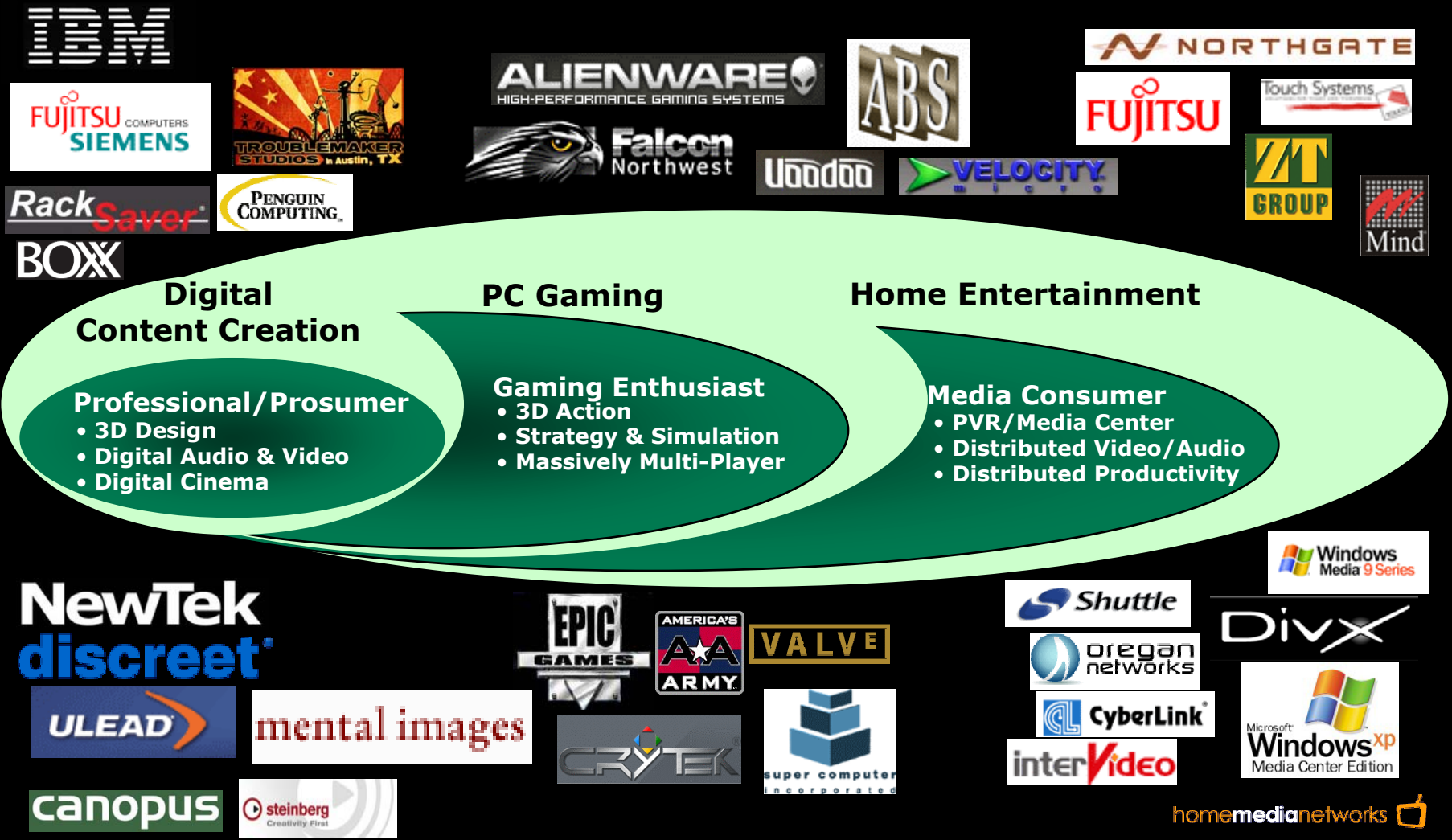
Three unique brands to address the needs of distinct segments:

AMD Athlon™ 64 FX
- Create a superior PC enthusiast and gaming sub-brand
- Use Athlon 64 FX product and marketing campaign to create "halo" effect for Athlon 64
- *Simply the best processor you can get*

AMD Athlon 64
- Target tech-savvy and mainstream consumers with P4 performance *and* 64-bit capability
- Use Athlon 64 to penetrate the commercial market through TCO and migration story
- *Industry-leading performance today, ready for tomorrow*

AMD Athlon XP
- Target consumers and small/medium business, with affordable, world-class performance
- Positioned against P4 and Celeron®
- *Outstanding performance and affordability*

AMD ◪

- Lead the industry to pervasive 64-bit computing

- Establish MirrorBit™ as the next industry standard in flash memory

We've Restructured Our Memory Operation For Clear Industry Leadership
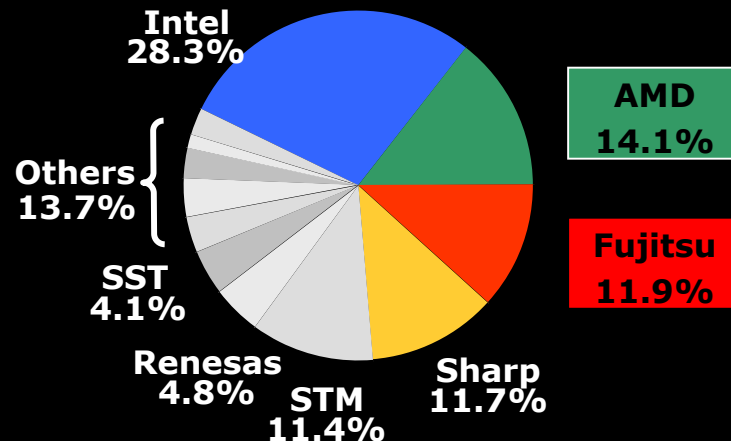
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Description

- Ownership: AMD 60%, Fujitsu 40%
- Headquarters: Sunnyvale
- Net book value of assets: approx. $3B
- Employees: 7,000

1H 2003 NOR market share

Spansion™ Flash memory 26.0%

Intel 28.3%

Others 13.7%

SST 4.1%

Renesas 4.8%

STM 11.4%

Sharp 11.7%

AMD 14.1%

Fujitsu 11.9%

Key Synergies

- Same R&D spend; double the revenues
- Improved capacity utilization
- Consolidation of manufacturing facilities
- Other:
  - Increased purchasing power
  - Standardization of manufacturing flow
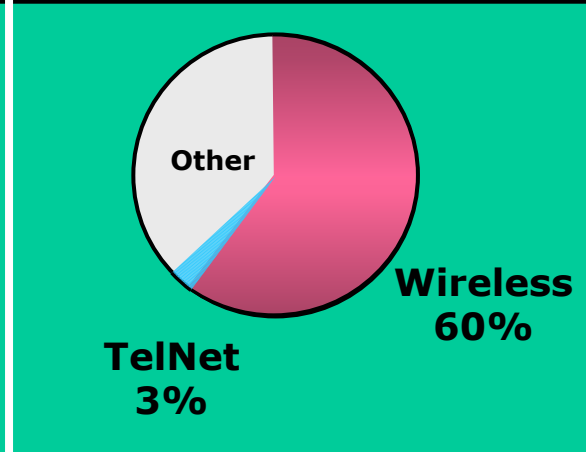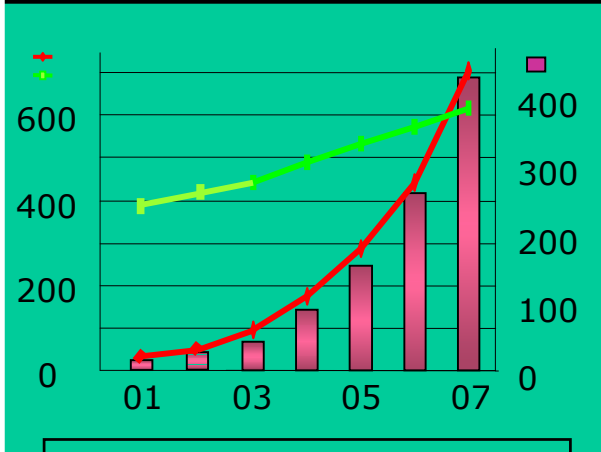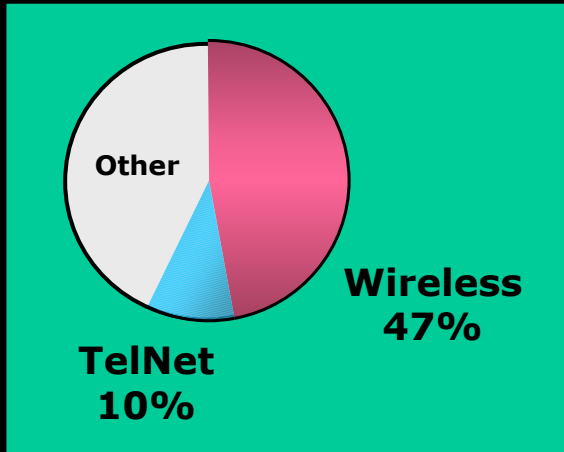 - Consistent product portfolio management

Source: iSuppli, 2003; FASL analysis

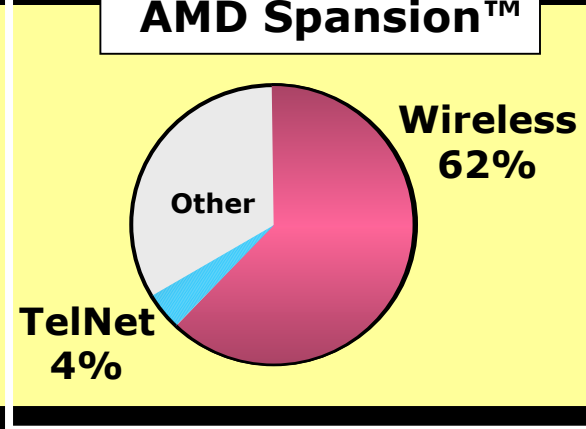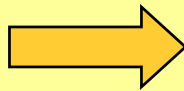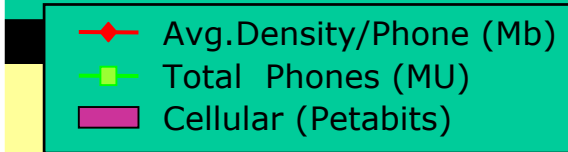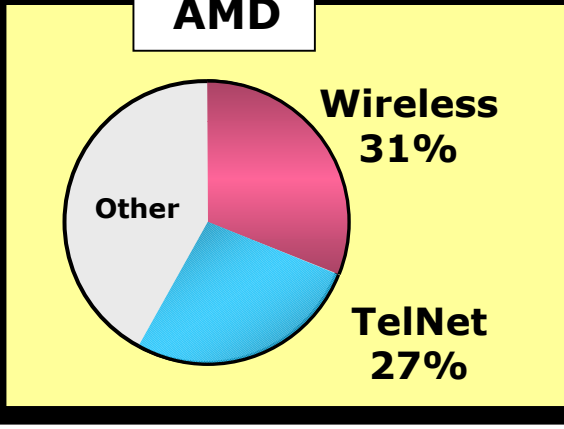# Capitalizing on Breakaway Opportunities: High-end Wireless Devices

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2001

Other

Wireless 47%

TelNet 10%

NOR Market

600

400

200

0

01   03   05   07

400

300

200

100

0

─◆─ Avg.Density/Phone (Mb)
─■─ Total Phones (MU)
▬ Cellular (Petabits)

AMD

Wireless 31%

Other

TelNet 27%

2003

Other

Wireless 60%

TelNet 3%

AMD Spansion™

Wireless 62%

Other

TelNet 4%

Source:- FASL 2003 estimates

MirrorBit™ : The Next Industry Standard
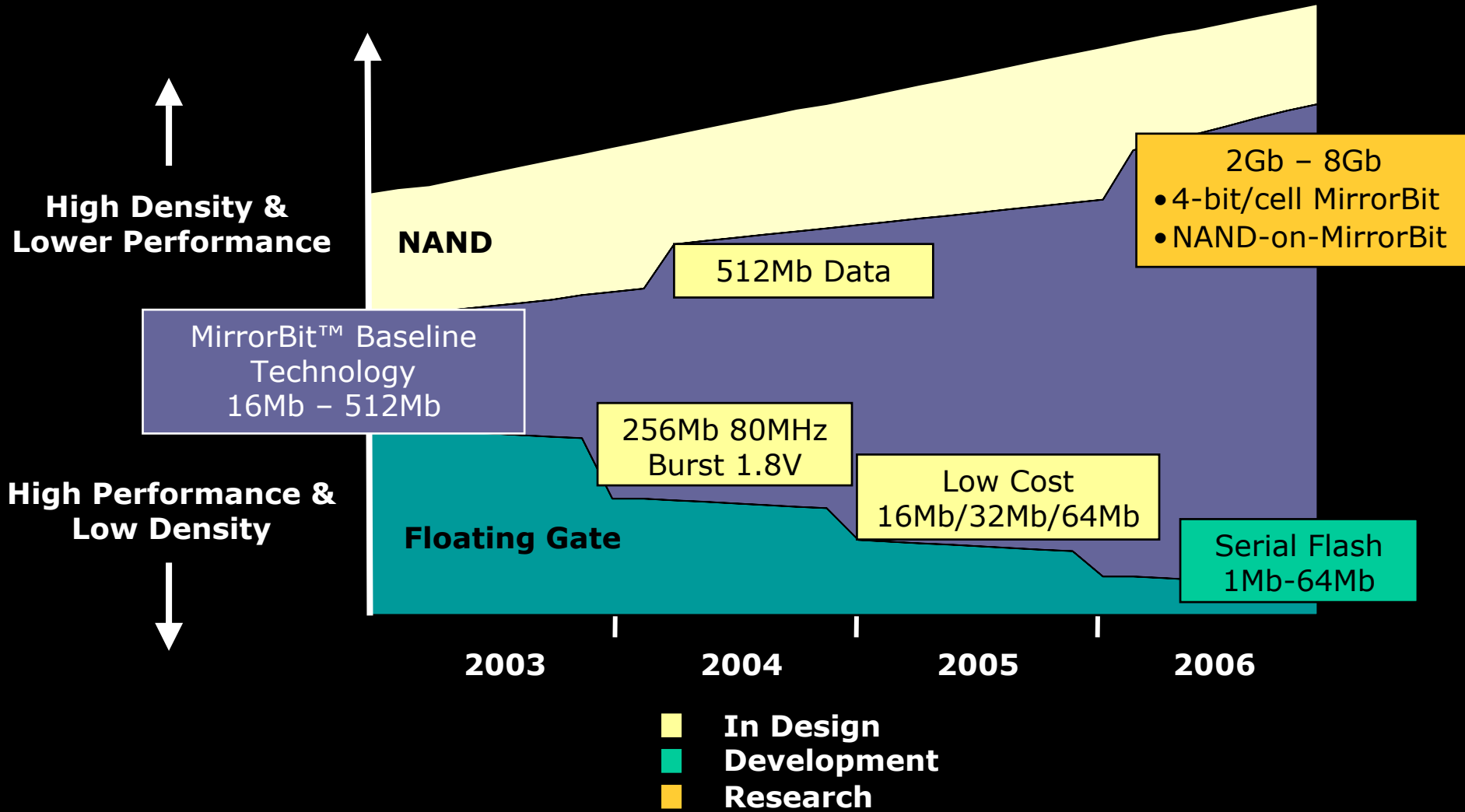
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**High Density &
Lower Performance**

NAND

512Mb Data

2Gb – 8Gb
• 4-bit/cell MirrorBit
• NAND-on-MirrorBit

MirrorBit™ Baseline
Technology
16Mb – 512Mb

**High Performance &
Low Density**

Floating Gate

256Mb 80MHz
Burst 1.8V

Low Cost
16Mb/32Mb/64Mb

Serial Flash
1Mb-64Mb

2003   **2004**   **2005**   **2006**

In Design
Development
Research

Source:- FASL 2003 estimates

Our Opportunities

- Lead the industry to pervasive 64-bit computing

- Establish MirrorBit™ as the next industry standard in flash memory

- Enable a new global population of tech-capable consumers
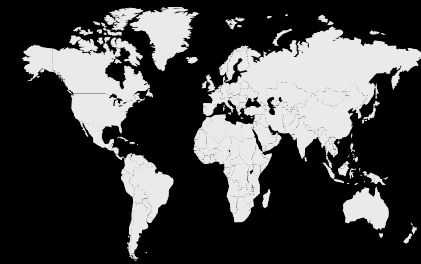
- Embracing competition

- Increased local presence

- CBE joint venture

- Dawning servers and supercomputers

- Flash in 7 of 10 top indigenous cell-phone makers

- Aggressive expansion in India

AMD

- **Business model optimized for "operational flexibility"**

- **Healthy and growing core markets**

- **World-class design and manufacturing**

- **Portfolio of strong brands; solid pricing discipline**

- **Growing portfolio of world-class complementors and customers**

- **Pipeline of significant new growth opportunities**

This is the "New AMD"

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