



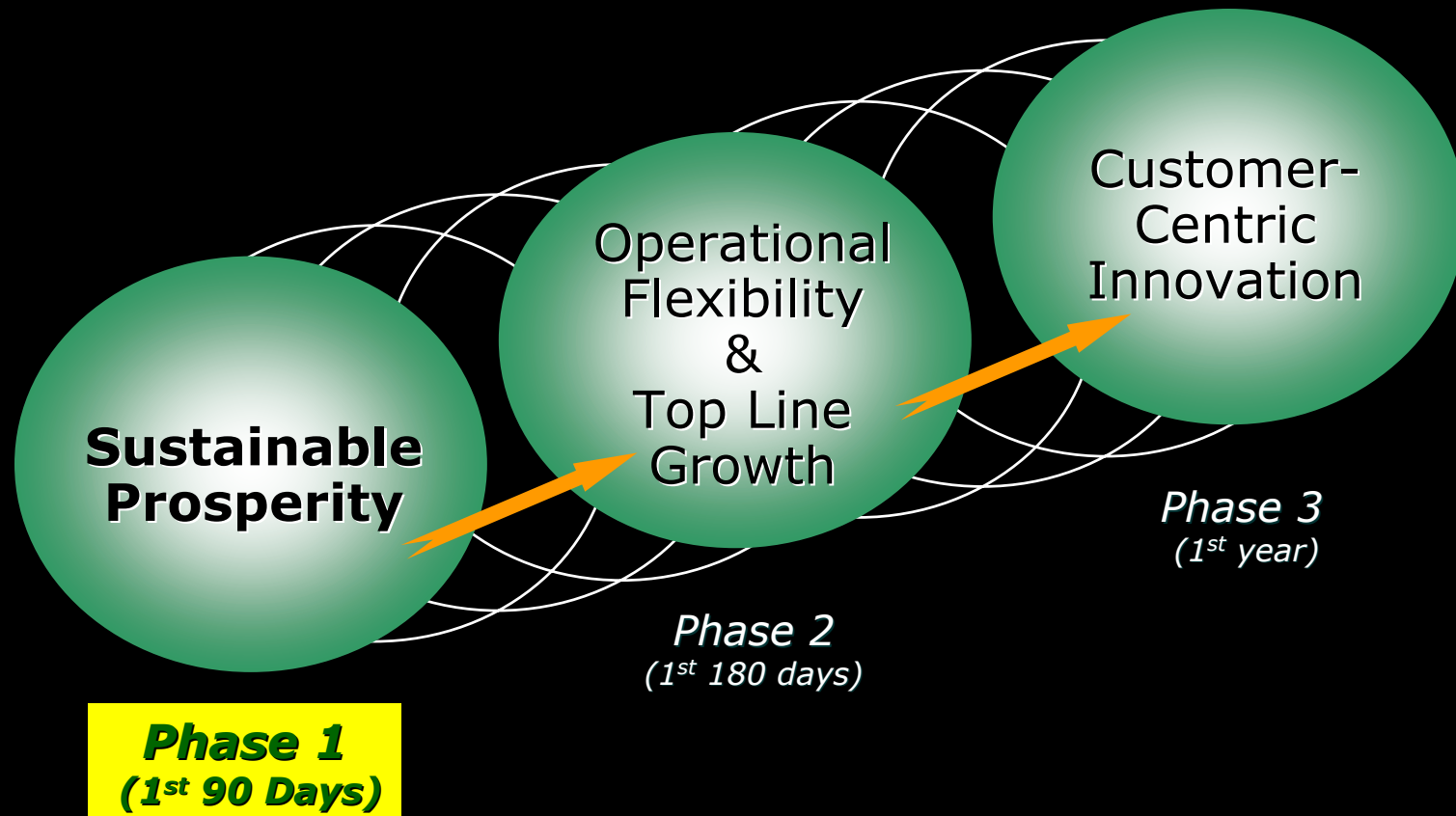
# Advanced Micro Devices

Tom Eby  
Group VP, Strategy & Business Development

June 05, 2003

- **Return to Profitability**
  - Operation Flexibility / Reducing the Breakeven Point
  - Top-line Opportunities
- **Opteron Launch**
- **FASL Update**

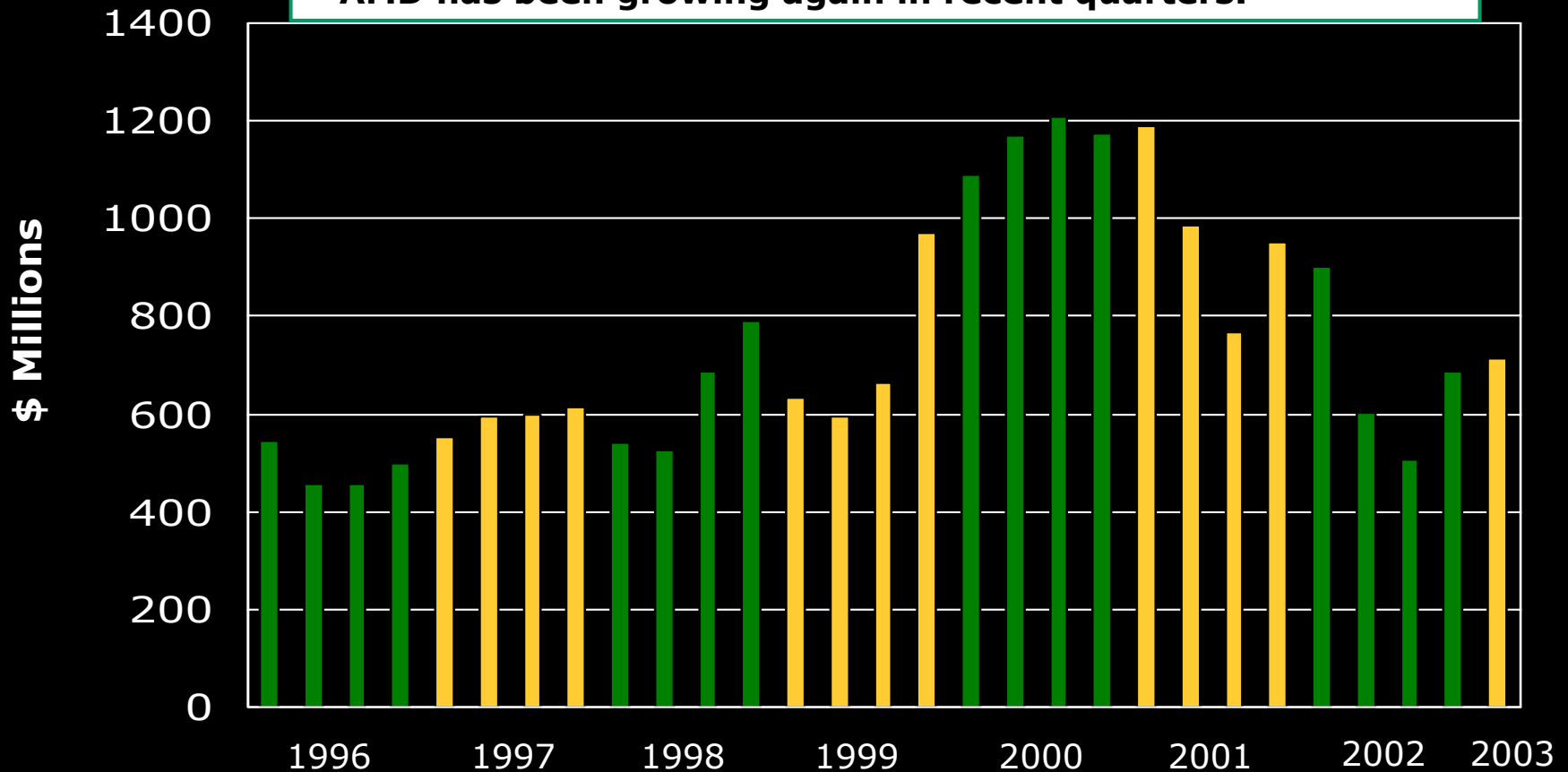
# Return to Economic Prosperity: AMD's Three Phase Plan



# Q1 Revenue Up 4% Sequentially



- The PC and Flash markets had a tough 2001 & 2002, which negatively affected the semiconductor industry and AMD.
- AMD has been growing again in recent quarters!



# Phase 1: Sustainable Prosperity



**PHASE 1 COMPLETED**

**Rebalance  
PC Supply Chain  
Inventory**

+

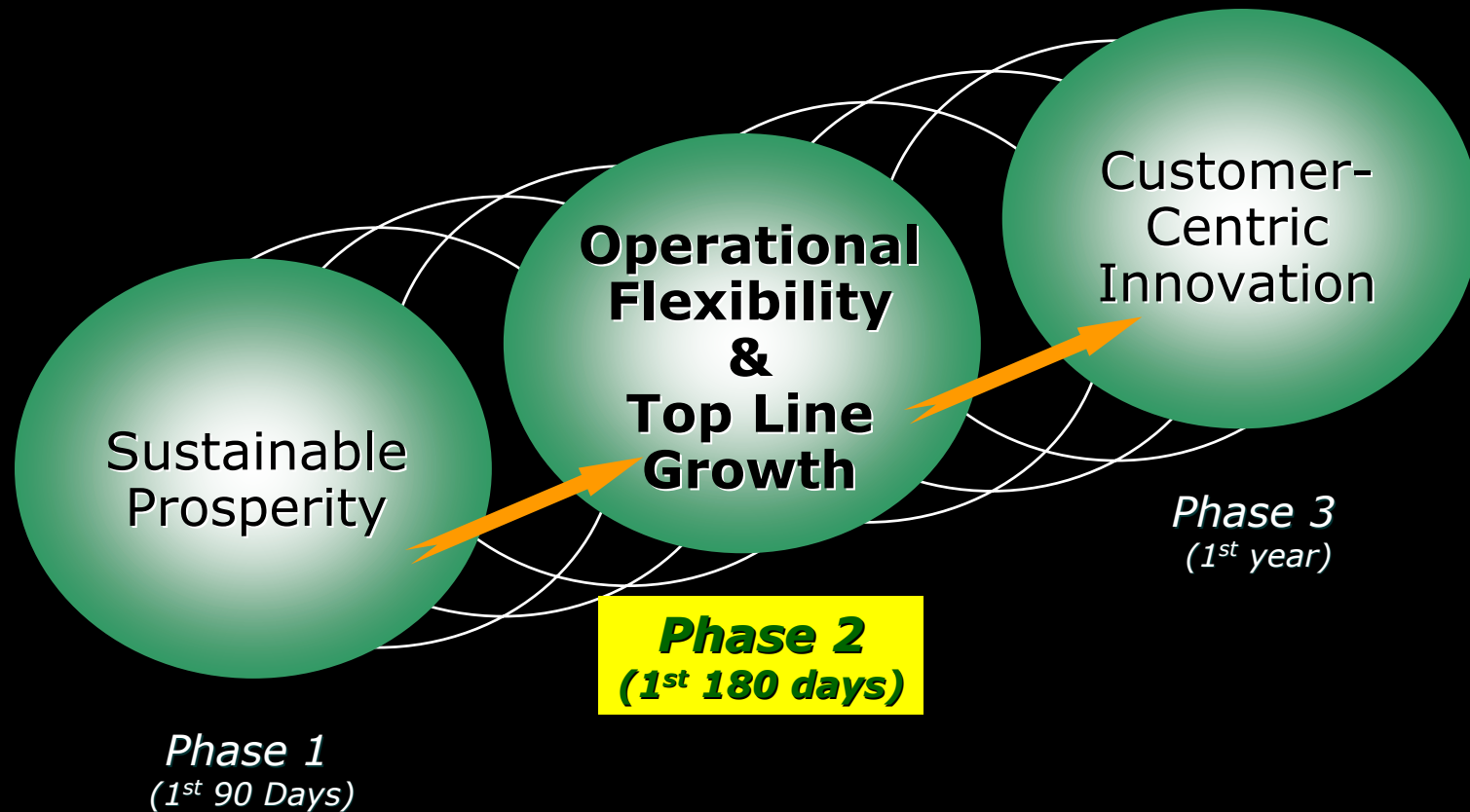
**Bolster  
Capital  
Structure**

+

**Reduce  
AMD's  
Breakeven  
Point**

- **Rebalance Distributor Inventory**
  - Distribution inventory is now kept lean and healthy
    - channel inventories reduced significantly
- **Bolster Capital Structure**
  - Capital expenditure reduced:
    - \$705M in 2002
    - \$650M estimated for 2003
  - \$100M generated from Fab 25 asset financing
  - \$402M of working capital generated
    - from successful convertible debt offering
  - Renegotiated AMD's Dresden Loan
    - reduced '03 payments by \$180M
- **\$100M+/qtr cost reduction plan**
  - Reducing work force by 15% and consolidating facilities
  - Established AMD/IBM Joint Agreement for Logic Process Development
    - allowing AMD draw on IBM's expertise and resources
    - enabling AMD to end its independent efforts, resulting in a savings of millions of dollars

# Return to Economic Prosperity: AMD's Three Phase Plan

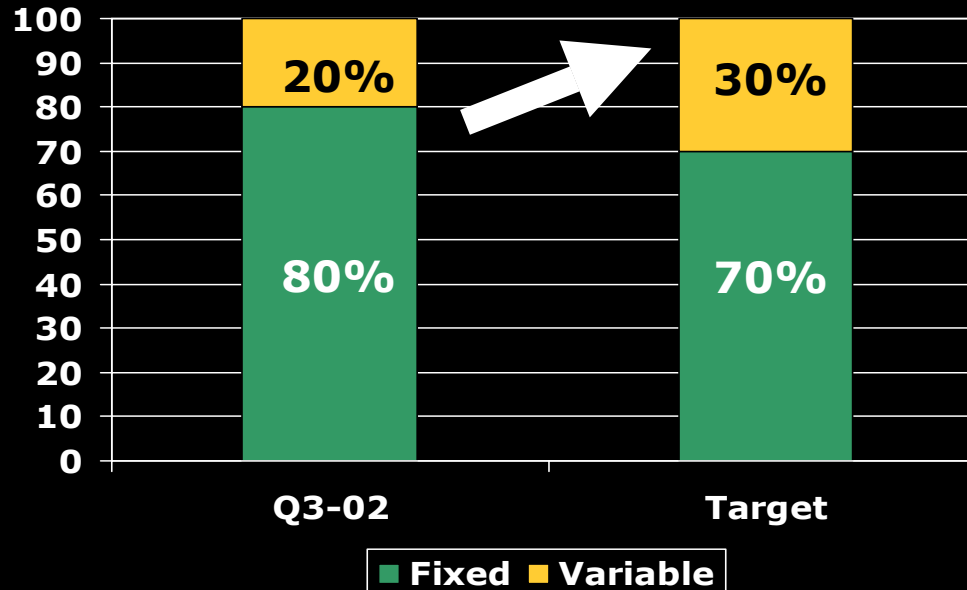


# Phase 2: Operational Flexibility



## Implementing Operational Flexibility:

- Structuring the company to adapt more quickly to market fluctuations
- Reducing risks of investments in high fixed cost assets
- In addition to reducing the overall cost structure by \$100M+/qtr., shifting a higher proportion of expenses from fixed to variable



# Phase 2: Top-Line Growth – Microprocessor



- **Q1-03 PC Processor sales grew 11% sequentially in a seasonally down quarter**
  - Q1-03 Growth in North America, Europe, and Asia
  - Significant penetration into emerging markets, led by China
- **Launched in May, AMD Athlon™ XP 3200+ is the highest performing processor in the world**
- **AMD Opteron™ was successfully launched in April**
  - Leading 32/64 BIT server and workstation processor
  - 100 and 800 series to be launched this month
- **New thin-and-light mobile offering, AMD Athlon™ XP-M**
  - Models 2000 and 2100 to be launched this month
- **Desktop / mobile processor market share increased from 18% in 2001 to 19% in 2002\***

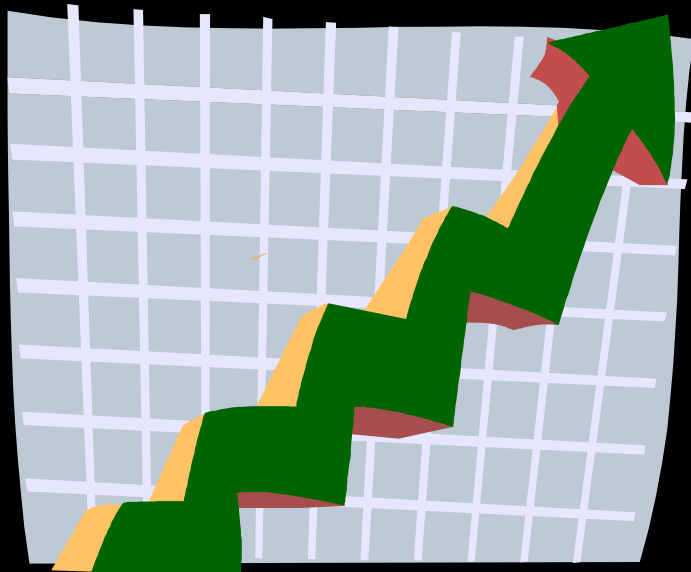


# AMD's Growing PC Market Share

Combined desktop / mobile share increased in 2002



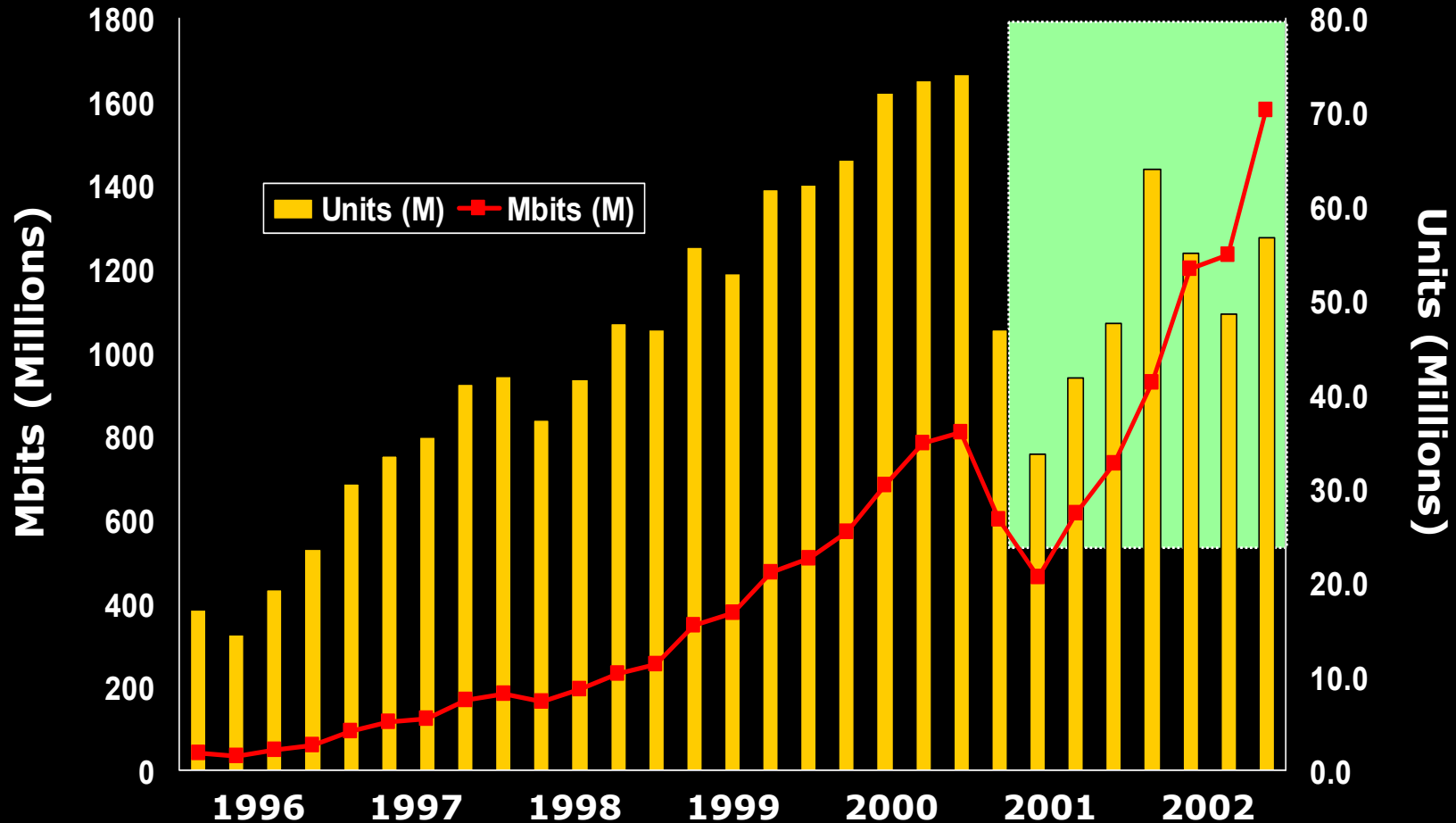
**AMD shows  
Positive Growth  
in the PC Market**



	<u>2001</u>	<u>2002</u>
<b>World Total</b>	<b>18%</b>	<b>19%</b>
North America	23%	<b>18%</b>
Western Europe	18%	<b>19%</b>
Eastern Europe	19%	<b>22%</b>
Japan	19%	<b>22%</b>
Asia / Pacific	11%	<b>15%</b>
Latin America	16%	<b>28%</b>

Source: Gartner Dataquest PC QStats 4Q02: x86-based desktop & mobile PC Systems.

# AMD Flash Trends Are Strong



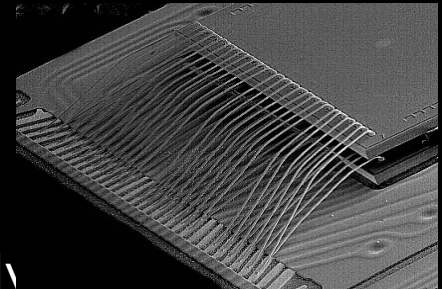
# AMD's Flash Memory Strategy



Focus on growth opportunities

## Wireless strategy

- Expand customer base at wireless accounts
- Accelerate technology shrinks
- Add high-end capacity



## MirrorBit™ technology

- Deploy and capitalize on MirrorBit™ product family,

## China

- Focus on Major OEMs
- Capitalize on our leading-edge facility at Suzhou



## Phase 2: Top-Line Growth – Flash Memory



- **Four consecutive quarters of Flash revenue growth**
- **Six consecutive quarters of BIT shipment growth**
  - **Four consecutive quarters of record BIT shipment growth**
- **AMD continues to take market share**
  - **Wireless share increased from 10% in 2001 to 20% in 2002\***
- **MirrorBIT™ family now shipping densities of 16, 32, 64, 128 and 256 Mb**
  - **512 Mb coming later this year**



**AMD Flash Memory Growth**  
**...revenue, bit shipments, and market share!!!**



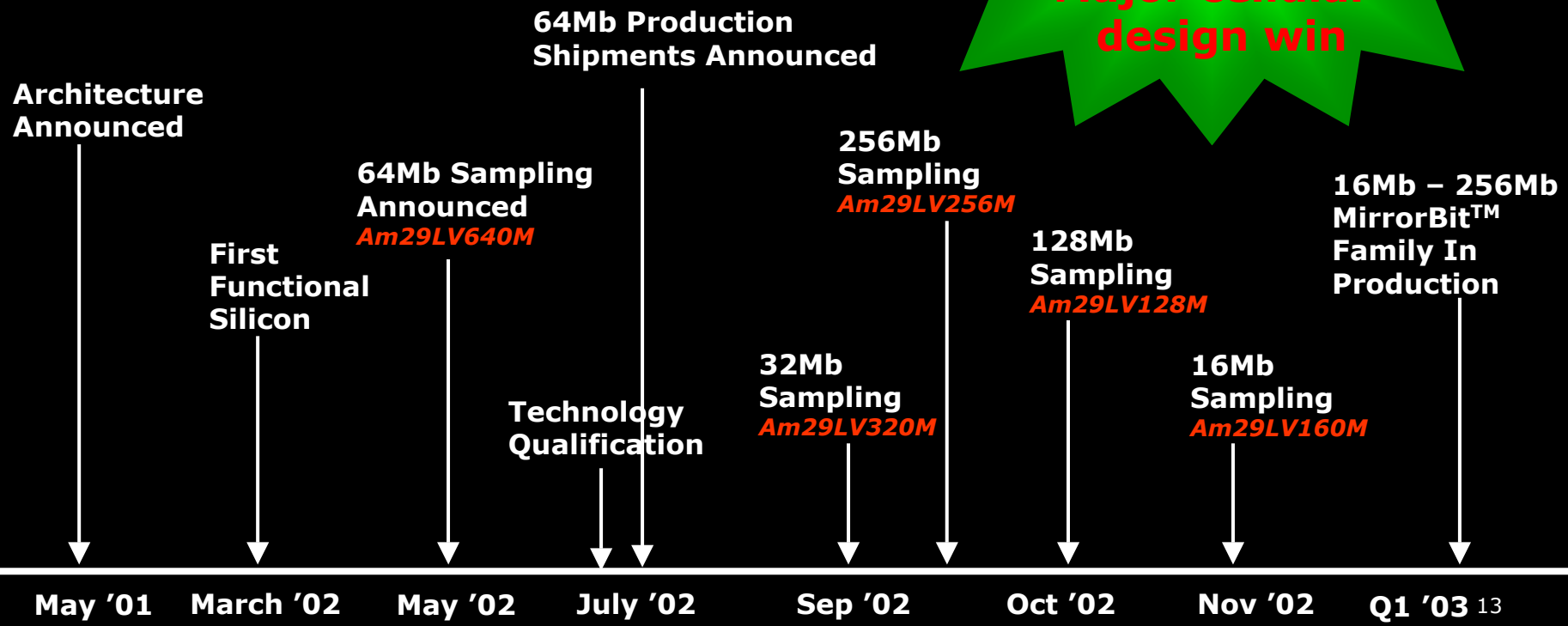
\* AMD estimate

# MirrorBit™ Development Timeline



*Flash Memory Without Compromise*

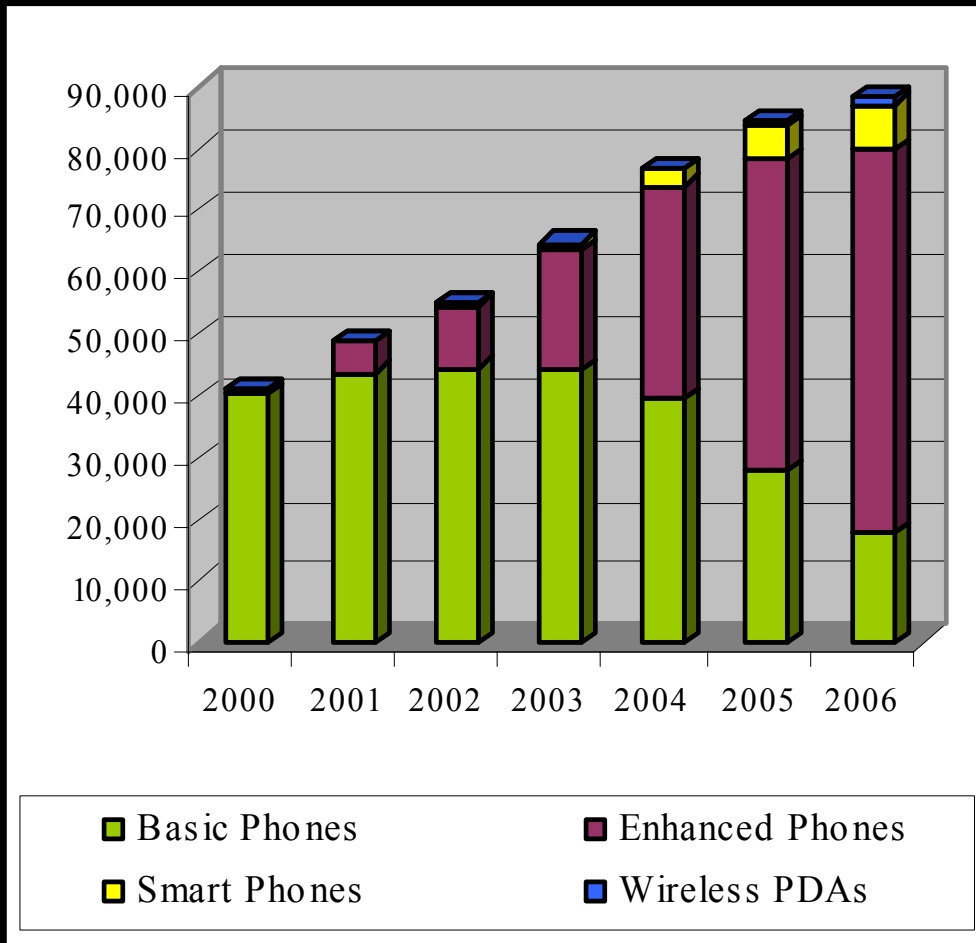
Over 500 design wins to date  
Design wins with OEM's across major segments  
**Major cellular design win**



# China: AMD's Top Focus



## Mobile Terminals: China, 2002-'06



### • AMD focus on China

- Corporate leadership
- Local sales, marketing and support organizations
- Local distribution relationships
- State-of-the-art packaging facility at Suzhou

### • China customer successes

- Engaged with all major handset vendors and reference design houses
- Designed into 7 of the top 10 wireless accounts in China

Source: Gartner Dataquest (July 2002)



# Opteron Launch

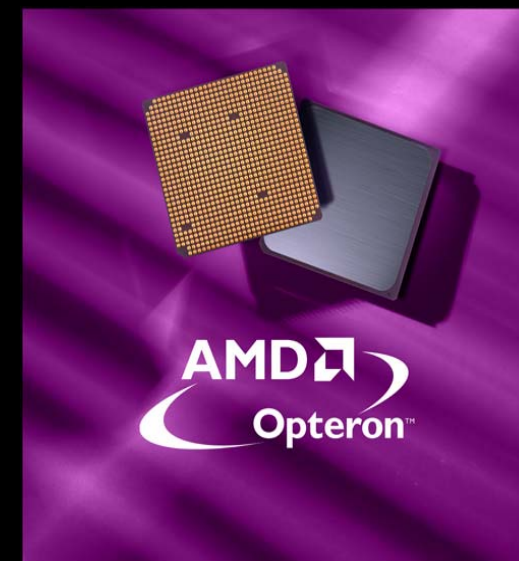
# Introducing the AMD Opteron™ processor

*The landmark processor for servers and workstations*



## **AMD will eliminate barriers to 64-bit computing with the AMD Opteron™ processor**

- Simultaneous 32- and 64-bit computing compatible with the x86 infrastructure.
- Drives volume economics into enterprise computing, leveraging industry-standard economies of scale.
- *Breakout performance:* The highest-performing 2P and 4P server and workstation processor in the world.
- Broad industry support for the AMD Opteron™ processor demonstrates the technology industry is ready for an alternative to current 64-bit solutions.





# True Customer-Centric Innovation

The AMD Opteron™ processor



- *Performance*

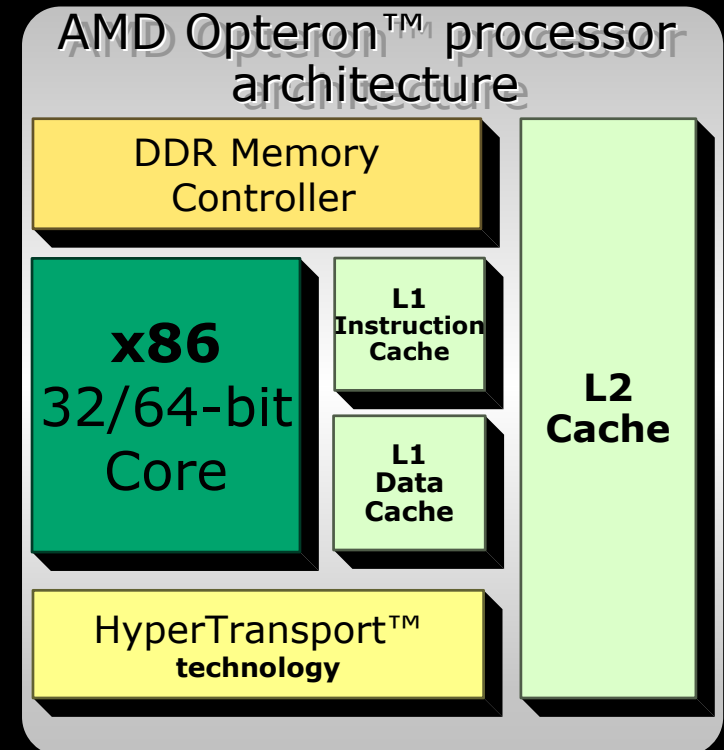
- Industry-leading 32-bit performance and 64-bit price/performance
- High-bandwidth integrated memory controller scales with processor frequency *and* number of processors
- Reliability and security

- *Compatibility*

- Simultaneous 32/64-bit computing with AMD's x86-based processor core
- Native, full-performance compatibility for all x86-based 16- and 32-bit applications
- Decrease costs of disruption to help lower TCO

- *Scalability*

- HyperTransport™ technology to reduce I/O bottlenecks
- Easy multiprocessor scaling from 1-8P



# AMD Opteron™ processor price positioning

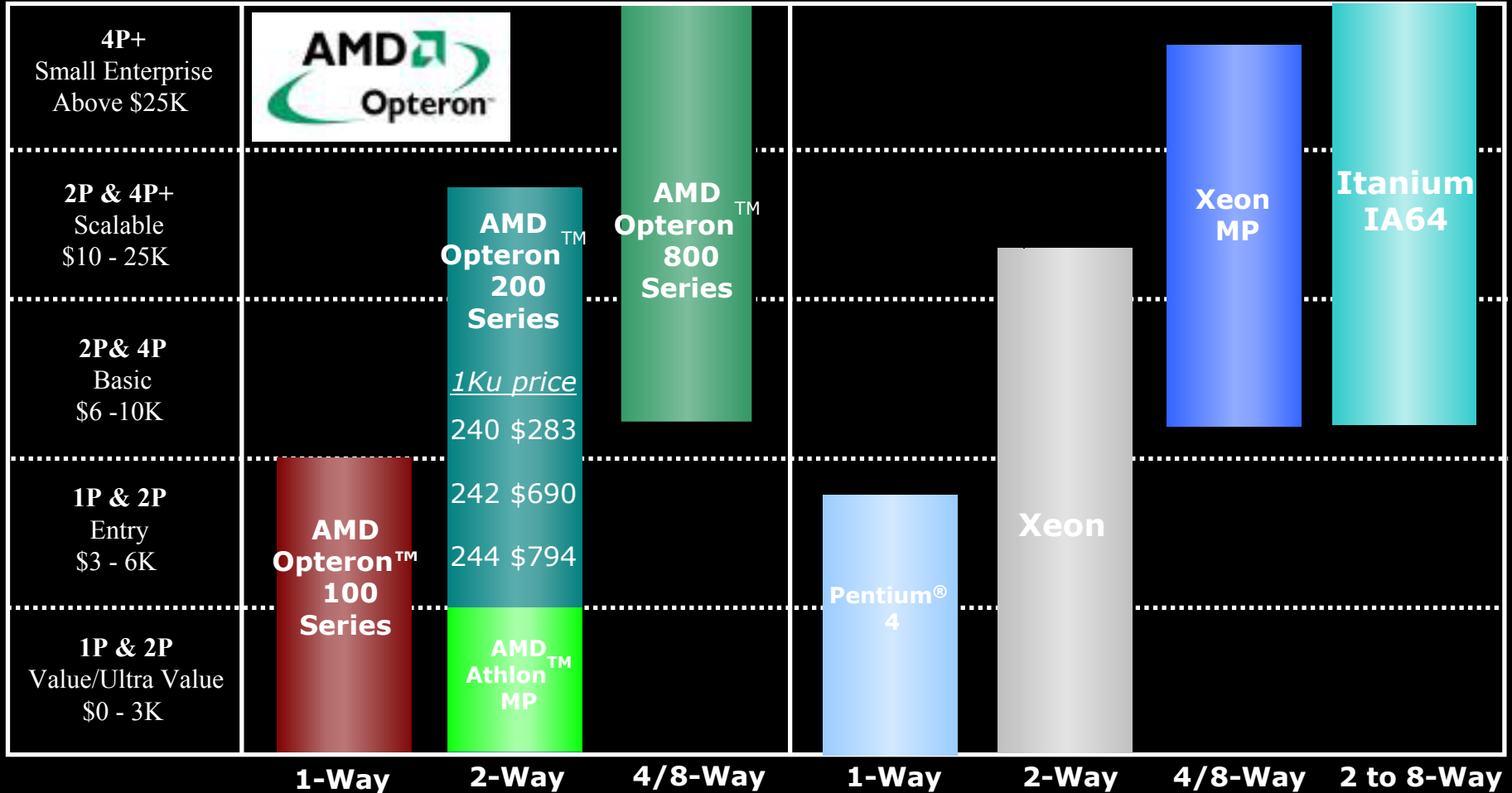
2003 Server Competitive Landscape



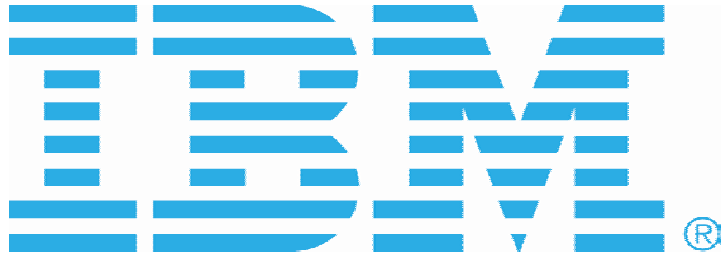
## System Price Bands

## AMD Positioning

## Intel Positioning



The AMD Opteron™ processor  
*Earning broad industry support*



Computer Associates®



# AMD64

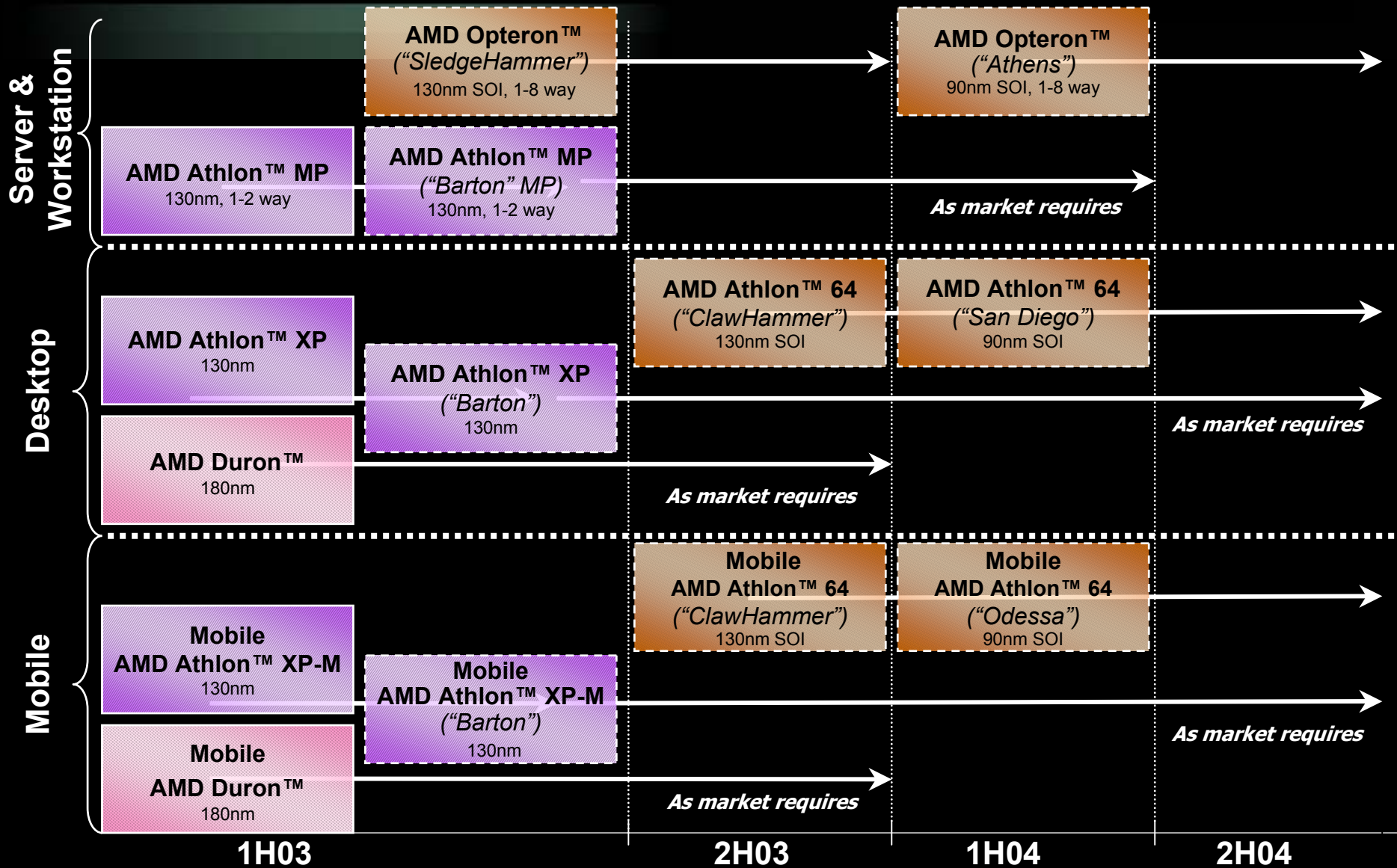
32/64-bit computing based on the pervasive x86 ISA



- *Servers and workstations.*
- **Simplifying business.**
- The AMD Opteron™ processor breaks down barriers to innovation, minimizes integration complexity, and provides investment protection with industry-leading performance on simultaneous 32- and 64-bit computing.
- Available April 2003

- *Desktop and mobile computing.*
- **Performance and technical superiority.**
- The upcoming AMD Athlon™ 64 processor is designed to deliver unparalleled technology and simultaneous 32-bit and 64-bit computing, so end users can be confident they have the best-performing PC processor.
- Available September 2003

# AMD Processor Roadmap





# FASL LLC Update

# A New Industry Leader in Flash Memory



## Objective

- **Become the pre-eminent global Flash memory provider**

## Action

- Establish a new Flash memory company integrating AMD and Fujitsu's respective Flash memory operations
- The company, FASL LLC, will have dedicated resources to develop, manufacture, and market all Flash memory products

## Result

- **A top-tier Flash memory company: overnight**
  - Contribution of gross assets with a net book value in excess of \$2.5B
- **Enhanced financial performance of Flash business units**
  - Expanded operational efficiencies beyond manufacturing
  - Improved capacity to respond to customer and market requirements

# Key Terms of the MOU



- Scope:**
  - Single, unified entity
    - Marketing, manufacturing, management and R&D
    - Process R&D, package R&D, certain administrative functions, subcontracting provided on an “arms-length” basis
  - AMD and Fujitsu will be the two sole distributors

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- Ownership:**
  - AMD: 60%
  - Fujitsu: 40%

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- Headquarters:**
  - Sunnyvale, CA

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- Management and Board:**
  - Chairman of Board – Fujitsu, Ltd.
  - CEO - AMD

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- Financial:**
  - Contribution of assets with a net book value in excess of \$2.5B

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- Employees:**
  - 7,000 (approximately)



# Building a Complete, Unified Company



**Wafer Fab  
Manufacturing**



- Assets
- FASL Japan (AMD/FJ)

**Final  
Manufacturing**



- Assets
- FASL Japan (AMD/FJ)
  - Fab 25 (AMD)

**R&D**



- Bangkok, Penang, Suzhou (AMD)
- Kuala Lumpur (Fujitsu)

**Administration**



- Submicron Development Center (AMD)
- Penang (AMD)
- FASL Japan (AMD/FJ)



- Dedicated global product marketing, management personnel (AMD/FJ)

## • **Path to Sustainable Prosperity**

- Cost structure reduced to ~\$800M by Q2
- EBITDA positive in Q1...will grow in Q2
- Bolstered capital structure

## • **Revenue Opportunities are Growing**

- Capitalizing growth in high-density Flash market
- Long-term growth opportunity in China; record Q1-03 shipments
- Competitive offerings from top to bottom in desktop PC market
- Expanded into high-growth thin and light mobile segment
- Opportunity to lead the industry in pervasive 64 bit computing with AMD Opteron™ and AMD Athlon™ 64 processors

**AMD** 