



**Two Great Companies,  
One Exciting Future**

**Presentation to Investors**

July 24, 2006

# Safe Harbor Statement

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. Forward-looking statements are commonly identified by words such as “would,” “may,” “will,” “expects,” and other terms with similar meaning. Forward-looking statements are based on current beliefs, assumptions and expectations and speak only as of the date of this document and involve risks and uncertainties that could cause actual results to differ materially from current expectations. The material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: (1) the possibility that there are unexpected delays in obtaining regulatory approvals, (2) failure to obtain approval of ATI shareholders or the court of the Plan of Arrangement, (3) actions that may be taken by the competitors, customers and suppliers of AMD or ATI that may cause the transaction to be delayed or not completed, (4) the possibility that the revenues, cost savings, growth prospects and any or other synergies expected from the proposed transaction may not be fully realized or may take longer to realize than expected, (5) the possibility that the transaction may not be accretive as expected, (6) that the company may not achieve year-end or longer-term targeted gross margins, research and development expenses, selling, general or administrative expenses, operating margins, capital structure or debt-to-capitalization, (7) that Intel Corporation’s pricing, marketing programs, product bundling, new product introductions or other activities will negatively impact sales, (8) that the company may require additional capital and may not be able to raise sufficient capital, on favorable terms or at all, (9) delays associated with integrating the companies, including employees and operations, after the transaction is completed, (10) the possible impairment of goodwill and other long-lived assets resulting from the transaction and the resulting impact on the combined company’s assets and earnings, (11) unexpected variations in market growth and demand for the combined company’s products (in the mixes available) and technologies, (12) rapid and frequent technology changes in the computing and consumer electronics segments, (13) potential constraints on the ability to develop, launch and ramp new products on a timely basis, (14) R&D costs associated with the development of new products, and (15) other factors that may affect future results of the combined company described in the section entitled “Risk Factors” in the management information circular to be mailed to ATI’s shareholders and in AMD and ATI’s filings with the U.S. Securities and Exchange Commission (“SEC”) that are available on the SEC’s web site located at <http://www.sec.gov>, including the section entitled “Risk Factors” in AMD’s Form 10-Q for the fiscal quarter ended March 26, 2006 and the section entitled “Risks and Uncertainties” in Exhibit 1 to ATI’s Form 40-F for the fiscal year ended August 31, 2005. Please see Item 3.12 “Narrative Description of the Business – Risks and Uncertainties” in ATI’s 2005 Annual Information Form and the Risks and Uncertainties section of ATI’s annual MD&A on page 30 of ATI’s 2005 Annual report filed on the SEDAR website maintained by the Canadian Securities Administrators at <http://www.sedar.com>. Readers are strongly urged to read the full cautionary statements contained in those materials. We assume no obligation to update or revise any forward-looking statement, including any financial targets or projections, whether as a result of new information, future events or any other reason.

## ***Additional Information***

In connection with the proposed transaction, ATI intends to file a management proxy circular with the Canadian Securities regulatory authorities. Investors and security holders are urged to read the management proxy circular when it becomes available because it will contain important information about AMD, ATI and the transaction. Investors and security holders may obtain the management proxy circular free of charge at the website of the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) maintained by the Canadian Securities Administrators at <http://www.sedar.com>. Investors and security holders may obtain any documents relating to the transaction filed by AMD with the SEC free of charge at the SEC’s website located at <http://www.sec.gov>.

# Creating Shareholder Value: Strategic Opportunities

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Summary

A Processing Powerhouse



**Growth**

- Aim to reinvent our industry as the customer-centric technology leader and partner of choice
- Ready to win business in commercial and mobile computing and rapidly-growing consumer electronics segments



**Innovation**

- Deliver new customer-centric platforms within an open innovation ecosystem in 2007
- Transform processing technology in 2008 and beyond



**Choice**


- Empower our customers to create their own differentiated value propositions in an increasingly commoditized world
- Advance an open-innovation ecosystem in competitive markets



# Computing Platform Capability Accelerates Delivery to Market

- Computing platforms accelerate and expand our MPU growth strategy
- Particularly in the \$17 billion notebook and commercial client segments
- Building on AMD processor-based server gains and ATI mobile leadership

		Opportunity		
		Consumer/ SOHO	Commercial/ Gov, Edu.	Total
Desktop		\$10.4B	\$7.3B	\$17.7B
Mobile		\$5.4B	\$4.0B	\$9.4B
Server			\$4.5B	\$4.5B
GPU/ Chipsets		\$4.5B	\$4.3B	\$8.8B
Total		\$20.3B	\$20.1B	\$40.4B

 **AMD Comparative Strengths**  
\$14.9B TAM\*  
<25% Share

 **AMD Growth Opportunities**  
\$16.7B TAM\*  
<15% share

\* Source: AMD, 2005 full year TAM

Creating  
Shareholder  
Value

Strategic  
Opportunities

Stronger  
Company

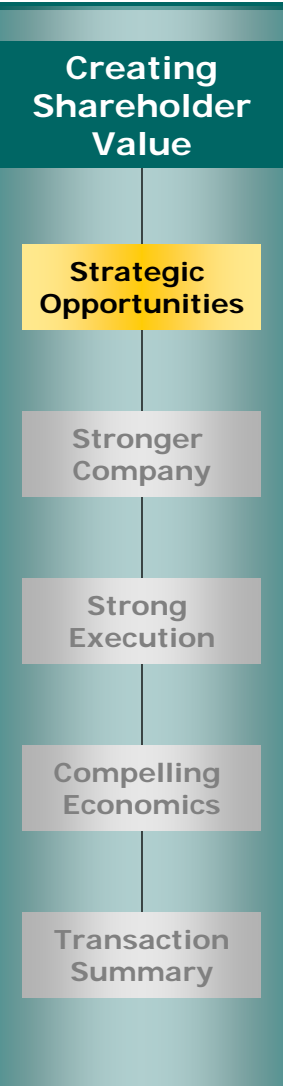
Strong  
Execution






















Compelling  
Economics

Transaction  
Summary



# High-Growth Digital Consumer Opportunity



<u>Segment</u>	<u>Position</u>	<u>Potential Market Unit Growth Rate*</u>	<u>Historical Gross Margin</u>
<b>Digital TV</b> 	<b>#1 front-end Hi-def DTV ICs</b>       	<b>59%</b>	<b>~50%</b>
<b>Multimedia Handsets</b> 	     	<b>26%</b>	<b>~40%</b>
<b>Game Consoles</b> 	     	<b>15%</b>	<b>Royalty</b>

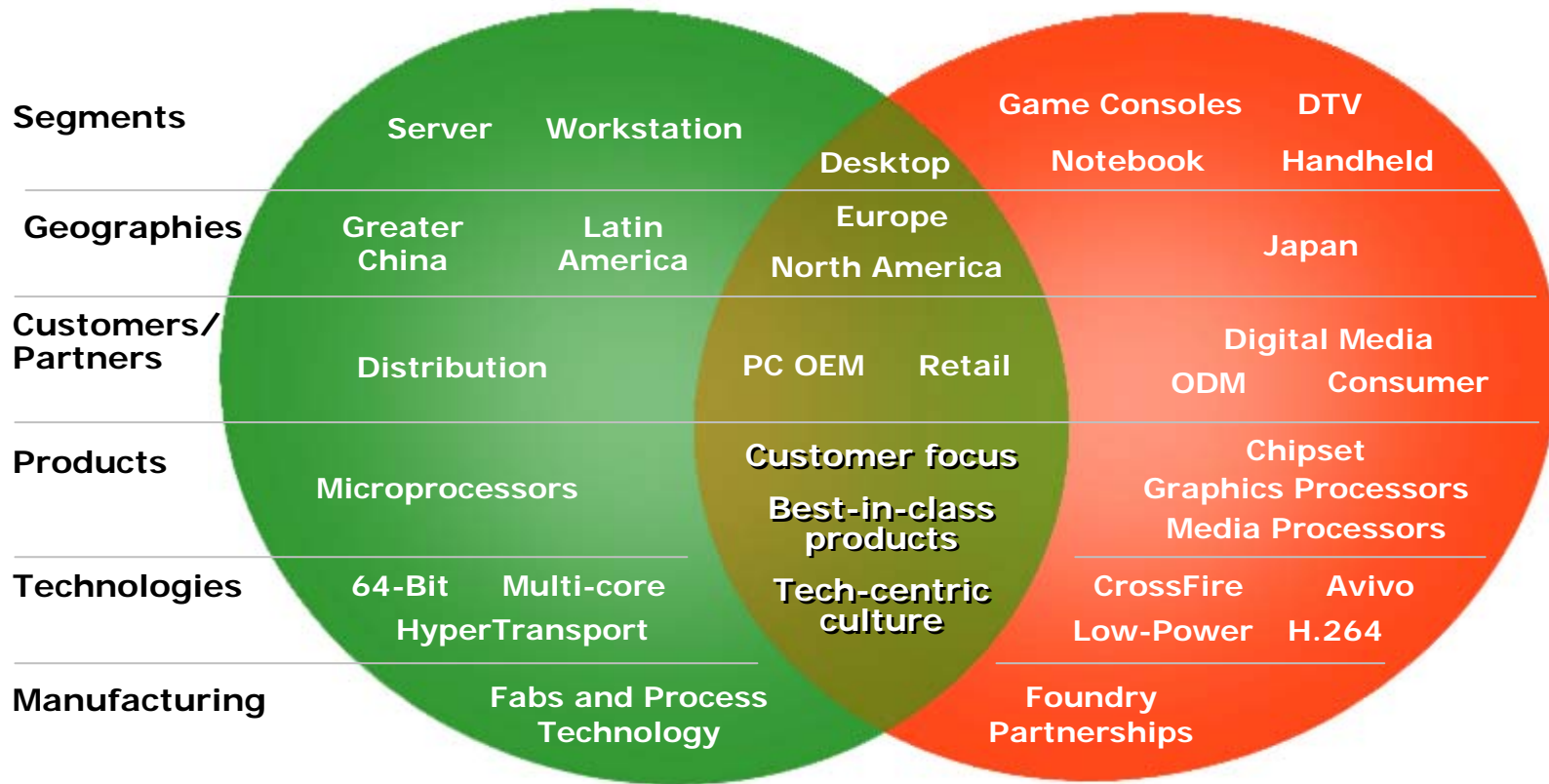
***Aim to create and deliver content on any device, anywhere, anytime***



\*Sources: Handheld: In-Stat: The Big Trends For Cell Phones, 2006-2011;  
 Game Console: In-Stat: Video Game Consoles 2006; LCD TV: DisplaySearch Q2'06

# Common and Complementary Strengths

- Creating Shareholder Value
- Strategic Opportunities
- Stronger Company
- Strong Execution
- Compelling Economics
- Transaction Summary



*Blending world-class knowledge, cultures and people*



# Partner of Choice

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Summary



*Strongly positioned as strategic supplier in computing and consumer electronics*

# Focused on Strong Execution

- Track record of hitting key AMD milestones ahead of schedule
- Combined management team focused on execution, with deep experience in organizational transformations
- Integration efforts in place with detailed planning ongoing
- Precise market execution strategy in computing and consumer electronics



Hector Ruiz



Dirk Meyer



Dave Orton



Bob Rivet



Henri Richard



Tom McCoy



Rick Hegberg



# Delivering Customer-Centric, Open PC Platform Strategy in 2007

## Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Summary

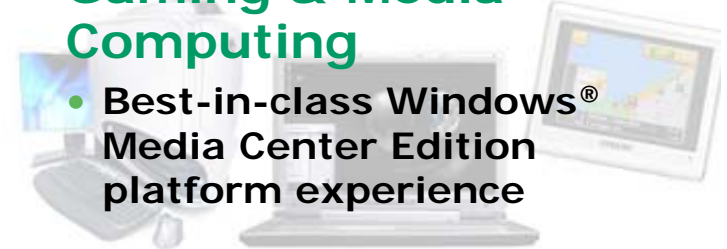
### Commercial Client

- Stable image for the enterprise
- Best platform support for Windows Vista™



### Gaming & Media Computing

- Best-in-class Windows® Media Center Edition platform experience



### Mobile Computing

- Longer battery life for AMD Turion 64 platform
- Optimized graphics and media processing solutions for better time-to-market for OEMs



### Emerging Markets

- Development of integrated CPU-GPU
- Accelerated new business and deployment models



*...along with best-of-breed discrete CPUs, GPUs and chipsets*

# Aim to Transforming Processing Technology in 2008 and Beyond

Creating Shareholder Value

Strategic Opportunities

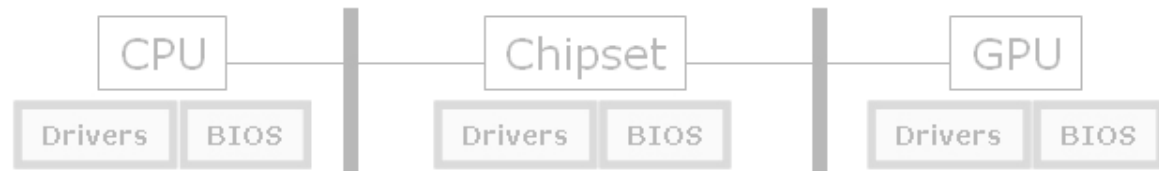
Stronger Company

Strong Execution

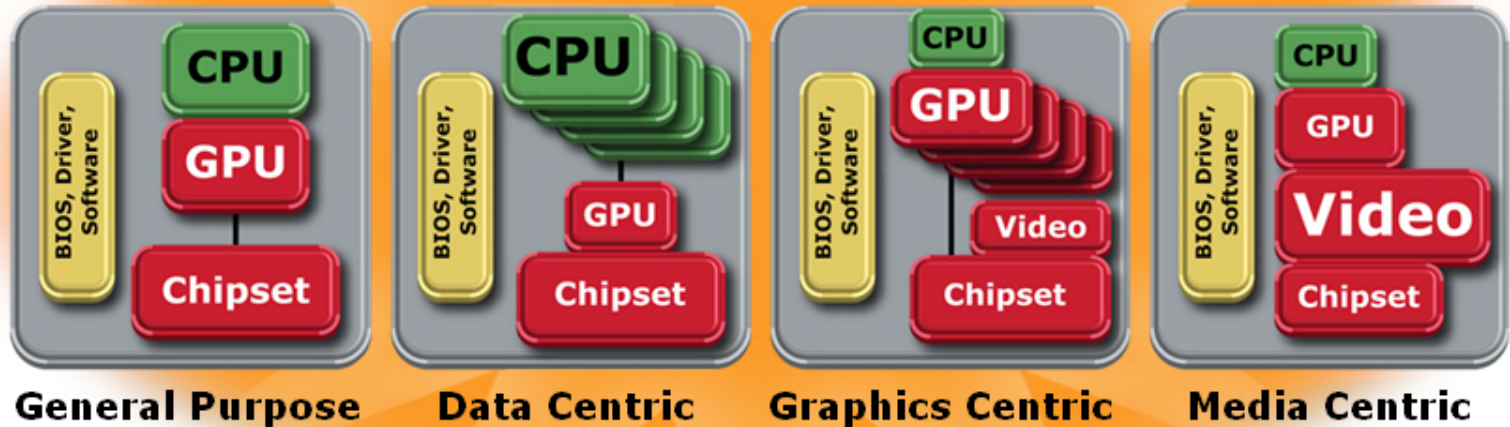
Compelling Economics

Transaction Summary

Combine our key building blocks with a unified development effort to create specialized solutions that our customers seek



## Platforms



# Optimizing Consumer Electronics Opportunities

Creating  
Shareholder  
Value

Strategic  
Opportunities

Stronger  
Company

Strong  
Execution

Compelling  
Economics

Transaction  
Summary

- Accelerate multimedia adoption on handhelds
  - Support TV, video, photography, music, 3D graphics and more
- Drive features and image quality for LCD and plasma TVs
  - Enhance digital TV at affordable price points for the best home theatre experience



# Shareholder-Centric Financial Strategy

## Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Summary

- Optimize transaction structure for shareholder value
  - Approx. 80% cash consideration to reduce equity dilution
  - \$2.5Bn flexible, fully-committed Term Loan B
- De-leverage balance sheet
  - 20-25% debt/capitalization target
  - Term Loan B pre-payable at par
  - Use free cash flow and asset monetization
- Maintain strong liquidity
  - Access to \$850MM Fab 36 capex facility

# Capital Structure

Creating Shareholder Value

Strategic Opportunities

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Transaction Summary

\$Bn	Combined*	Transaction Adjustments	2H06 Adjustments	Projected Year-End
Cash	\$3.0	(\$1.7)	\$0.8	\$2.1
Spansion Investment (as of 7/21/06)	\$0.7			\$0.7
Debt	\$0.7	\$2.5	\$0.8	\$4.0
Debt/Capitalization	11%			36%

**Strong balance sheet with strong liquidity**

\* Represents the combined balance sheets as reported for the quarter ending May 31, 2006 for ATI (Canadian GAAP) and for the quarter ending July 2, 2006 for AMD (U.S. GAAP).

# 1H06 Financial Summary Comparison

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Summary

\$MM	1st Half 2006*		
	AMD	ATI	Combined
Revenue	\$2,549	\$1,325	\$3,873
Gross Margin	57.6%	29.1%	47.9%
Operating Margin	14.2%	4.8%	10.9%
Net Income	\$273	\$66	\$339
Stock Based Comp.	\$33	\$24	\$57
R&D	\$543	\$173	\$716
Employees	10,967	4,000	14,967

\* 1H 2006 represents financials as reported for the two quarters ending May 31, 2006 for ATI (Canadian GAAP) and two quarters ending July 2, 2006 for AMD (US GAAP).



# Revenue and Cost Synergy Objectives

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Financials

	2007	2008	Longer-Term
<b>Solutions Drive Revenue</b>  <b>~\$40Bn Opportunity</b>	<b>Full Service Strategic Supplier</b> <b>More Platforms</b> <b>Intel Chipset Loss</b> <b>MPU Share Gain</b>  0.2-0.4% is \$80- 160MM	<b>New Platforms</b> <b>More Value-Add</b> <b>Time to Market</b> <b>Silicon Integration</b>  0.5-1.0% is \$200-400MM	<b>Silicon Integration</b>   1.5-3% is \$600-1,200MM
<b>Efficiencies Improve Margins</b>  <b>\$4Bn COGS</b> <b>\$3Bn Op Ex</b>	<b>Reduce Royalties</b> <b>Logistics &amp; Inventory</b> <b>Public Co. Costs</b> <b>Redundant Efforts</b>  \$50-100MM	<b>Manufacturing Efficiencies</b> <b>Libraries/Codex/Design Tools</b> <b>Other Common IP</b>  \$100-150MM	<b>Efficiencies</b>   \$125MM+
<b>Pre-Tax Synergy Objectives*:</b>	\$125MM+	\$350MM+	\$600MM+

**We expect the combination of AMD and ATI to be slightly accretive in 2007 and meaningfully accretive in 2008\***

*\* Excluding ATI acquisition-related charges for all periods.*



# Compelling Revenue Synergy Potential

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Financials

## Revenue Synergy Drivers

Products (Gross Margins)	2007	2008	2009 & Beyond
<b>Client MPUs (55-60% Target)</b>	More Client Platforms Full Service Strategic Supplier	New Plaforms More Value-Add Performance/Power	New Plaforms More Value-Add Performance/Power Silicon Integration
<b>Chipsets &amp; Graphics (25-37% Target)</b>	Improve Compatibility Longer Battery Life	Coordinated Dev't Time to Market New Products	Silicon Integration New Products
<b>Loss on Intel Chipsets (&lt;25% Historical)</b>	Assume 50% Revenue Loss	Assume 100% Revenue Loss	Assume 100% Revenue Loss

**Platforms accelerate unit share and enhance value of the total solution**





# Cost Synergies Readily Available

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Financials

Summary of Preliminary Cost Savings Goals\*

	1H06** Expenses Annualized	2007	2008	Longer-Term
Cost of Goods Sold	\$4.0B	\$25M	\$50M	\$50M+
R&D	\$1.4B	\$15M	\$25M	\$25M
SG&A	\$1.4B	\$35M	\$50M	\$50M
<b>Total</b>	<b>\$6.8B</b>	<b>\$75M</b>	<b>\$125M</b>	<b>\$125M+</b>
<i>% of Total</i>		<b>1%</b>	<b>2%</b>	<b>2%</b>

Sources of Cost Savings Analyzed

	2007	2008	2009 & Beyond
Cost of Goods Sold	Royalty reduction	Procurement, logistics & other operational synergies	Procurement, logistics & other operational synergies Potential Manufacturing
R&D	Redundant Efforts Intel Prototypes	Common Libraries Codecs/Design tools	Common Libraries Codecs/Design tools
SG&A	Operational efficiencies Corporate Mktg & Sales Public Company costs	Operational efficiencies Corporate Mktg & Sales Public Company costs	Operational efficiencies Corporate Mktg & Sales Public Company costs

\*Cost savings do not reflect any ATI acquisition-related charges for all periods.



\*1H 2006 represents financials as reported for the two quarters ending May 31, 2006 for ATI (Canadian GAAP) and two quarters ending July 2, 2006 for AMD (US GAAP).

# Gross Margin Model

Creating Shareholder Value

Strategic Opportunities

Stronger Company

Strong Execution

Compelling Economics

Transaction Financials

\$MM	1st Half 2006		
	Revenue	Gross Margin	Target Model
<b>AMD (MPU)</b>	<b>\$2,549</b>	<b>58%</b>	<b>55-60%</b>
<b>Discrete Graphics</b>	<b>\$700</b>	<b>24%</b>	<b>32-37%</b>
<b>Chipsets</b>	<b>\$338</b>	<b>22%</b>	<b>25-30%</b>
<b>Consumer</b> (handhelds, HDTV, royalties)	<b>\$285</b>	<b>50%</b>	<b>50-55%</b>
<b>Total</b>	<b>\$3,872</b>	<b>48%</b>	<b>51-56%</b>

## Synergy Opportunities

- Lower total cost of ownership
- Operational efficiencies
- Eliminate royalty payments
- Procurement, logistics and other operational synergies
- Increase platform value-add
- Focus investment and drive technology
- Hybrid manufacturing

\* 1H 2006 represents financials as reported for the two quarters ending May 31, 2006 for ATI (Canadian GAAP) and two quarters ending July 2, 2006 for AMD (US GAAP).



# New Target Financial Model

## Creating Shareholder Value

Strategic Opportunities

Stronger Company

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Compelling Economics

Transaction Financials

	Old AMD Model	1H06* Combined	New AMD Model
Revenue	100%	100%	100%
Gross Margin	55-60%	48%	51-56%
R&D	18-23%	18%	18-21%
SG&A	12-16%	18%	11-14%
Operating Margin	18-24%	11%	18-24%

\* 1H 2006 represents financials as reported for the two quarters ending May 31, 2006 for ATI (Canadian GAAP) and two quarters ending July 2, 2006 for AMD (US GAAP).

# Transaction Summary

Creating  
Shareholder  
Value

Strategic  
Opportunities

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Company

Strong  
Execution

Compelling  
Economics

Transaction  
Summary

- Acquisition of ATI for approximately US \$5.4Bn
- Consideration: \$4.2Bn cash, approx. 57MM AMD shares of common stock, and approx. 30 million AMD equity-based awards, which equates to approximately 11 million equity-based awards under the treasury-method \*
- Transaction expected to close in Q4 2006
  - Subject to ATI shareholder vote, court approval and regulatory approvals, including merger review in the U.S. and other jurisdictions, and customary closing conditions

*\* The Consideration is based on AMD's closing stock price and ATI's outstanding common stock on July 21, 2006. Under the Treasury Stock method, the proceeds from exercise are assumed to be used to purchase common stock at the average market price during the period. The 11 million incremental shares figure was derived using AMD's closing stock price on July 21, 2006, which was \$18.26, as the average market price. The actual number of incremental dilutive shares for these AMD replacement stock-based awards when granted will be different, because, among other things, the number will be based on the actual average market price of AMD's common stock for the period during which they are outstanding.*