



Credit Suisse First Boston  
2003 Technology Conference

Advanced Micro Devices  
Bob Rivet,  
Senior Vice President and Chief Financial Officer

December 04, 2003

# We Have Taken Bold and Difficult Steps to Deliver Profitability



Metric	Q3 2002 performance	Q3 2003 performance	Improvement
Sales	\$508M	<b>\$954M</b>	88%
Sales per employee - annualized	\$152,000	<b>\$264,000</b>	74%
Operating expenses	\$833M	<b>\$984M</b>	(18%)
Gross margin	11%	<b>34%</b>	23% pts
SG&A (\$)	\$151M	<b>\$159M</b>	(5%)
SG&A (% of revenues)	31%	<b>16%</b>	15% pts
Operating income	(\$325M)	<b>(\$30M)</b>	91%
MPU inventory in channel	14.9 wks	<b>3.3 wks</b>	11.6 weeks

# Execution Has Been Solid and Our Credibility Is Improving



## 2003 Public Commitments:

FASL MOU in Q1

Opteron launch on 4/22

Q2 cost structure of \$775-800M

Athlon64 launch on 9/23

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

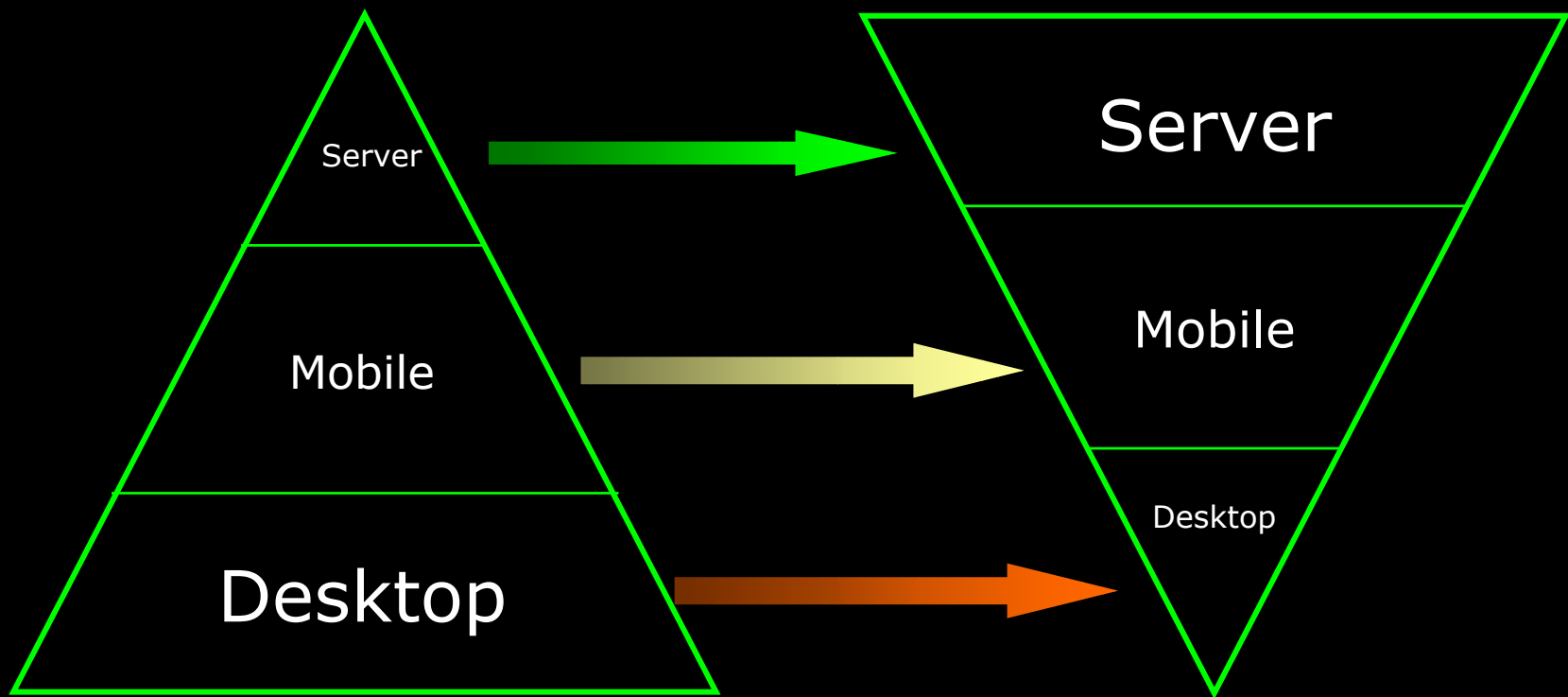
✓ Athlon64 launched on 9/23

## 2003 Public Performance:

- Lead the industry to pervasive 64-bit computing

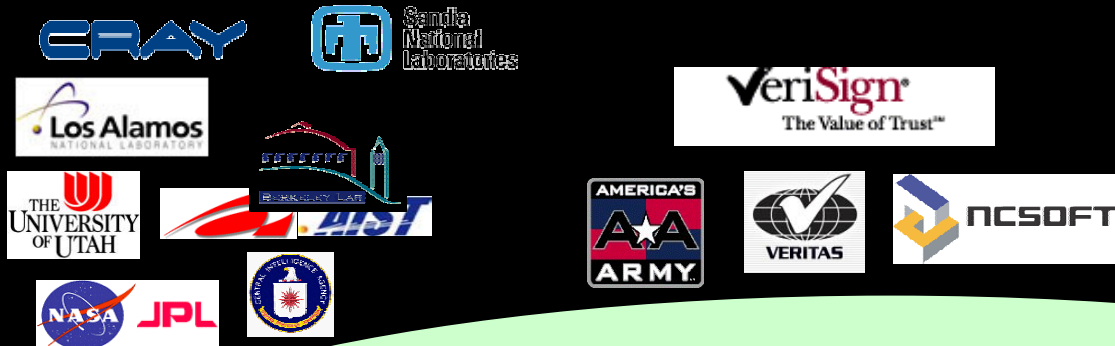


# We've Refocused Our Processor Operation on Our Customers' Most Relevant Opportunities

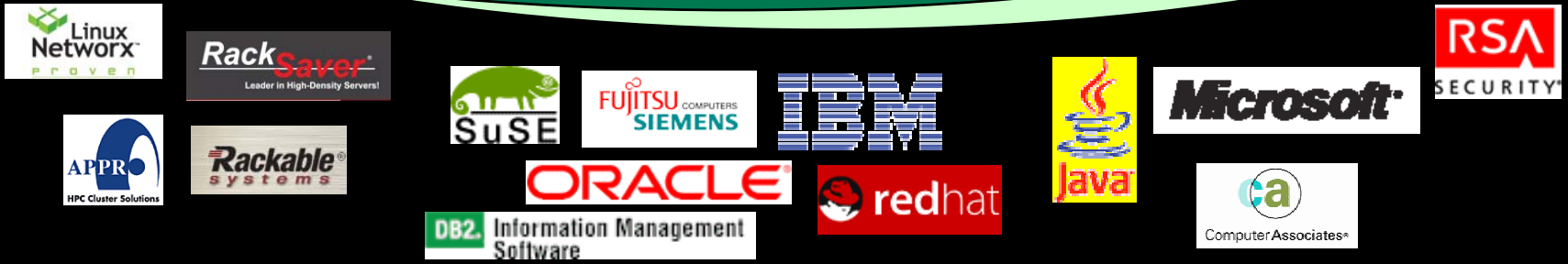
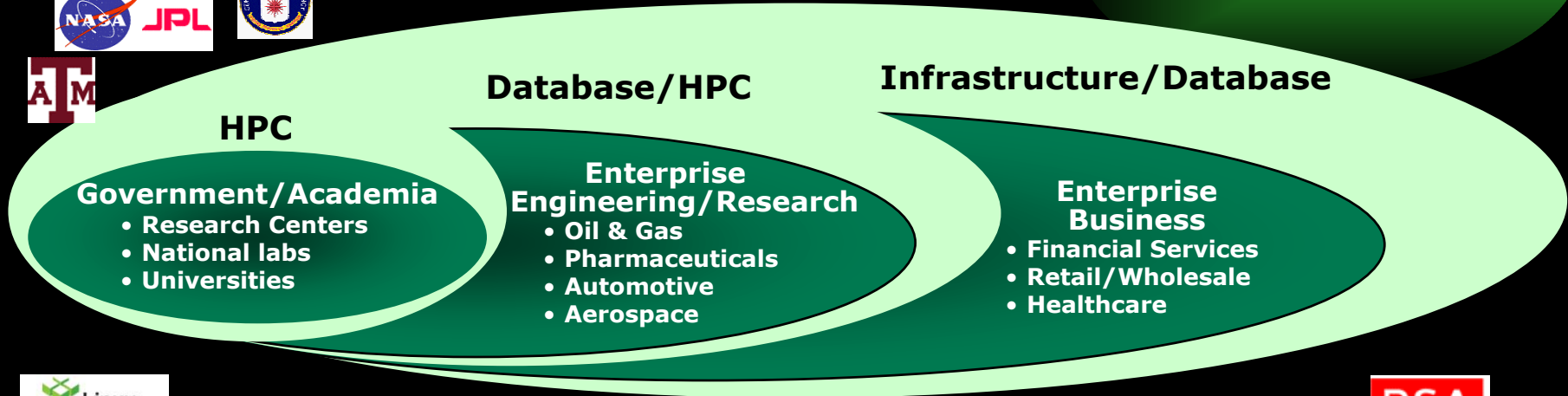


**Area represents priorities and focus**

# AMD Server Penetration Strategy



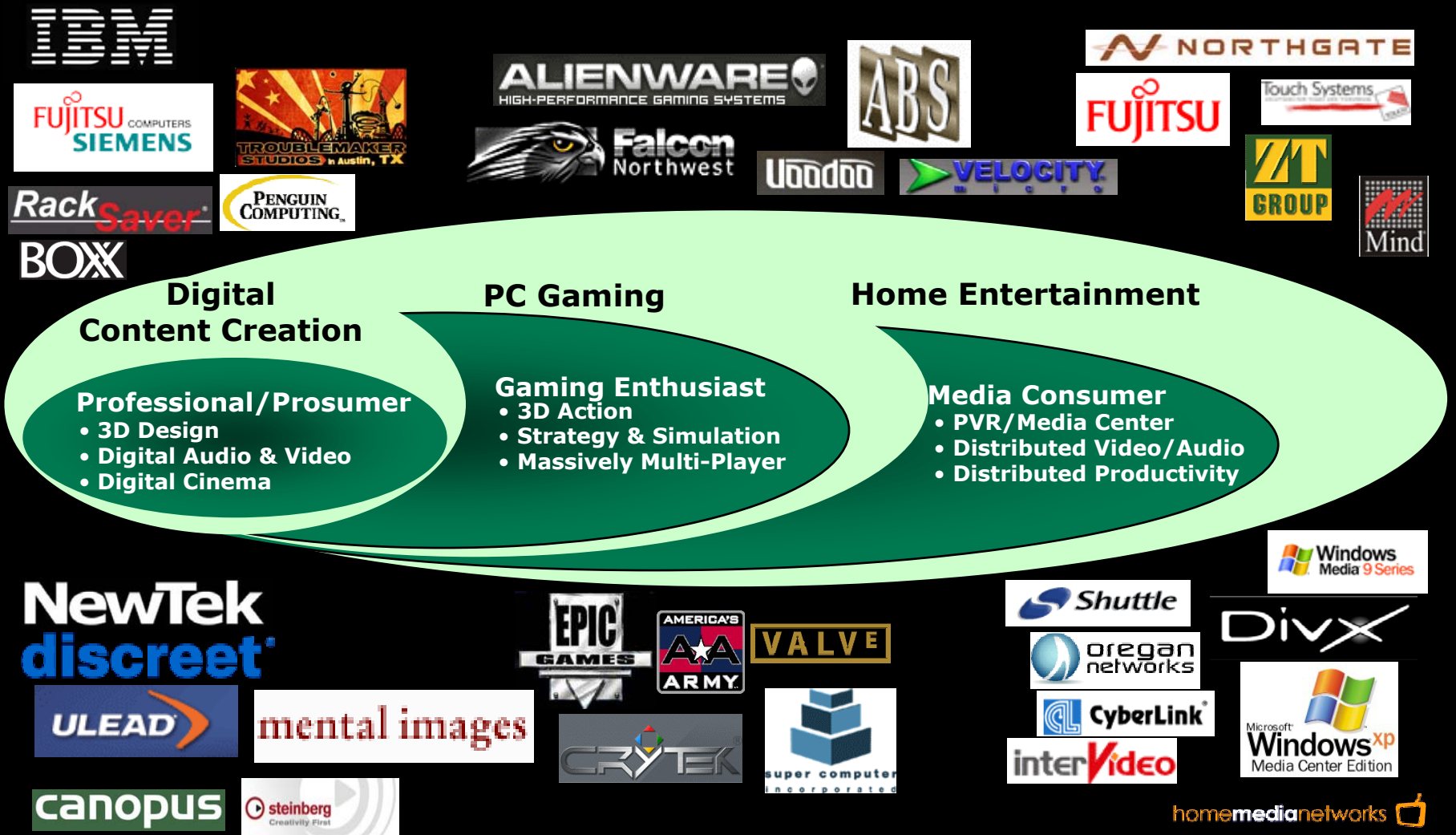
*Many more to come...*





- **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

# AMD 64-bit Client Penetration Strategy: Cinematic Computing





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

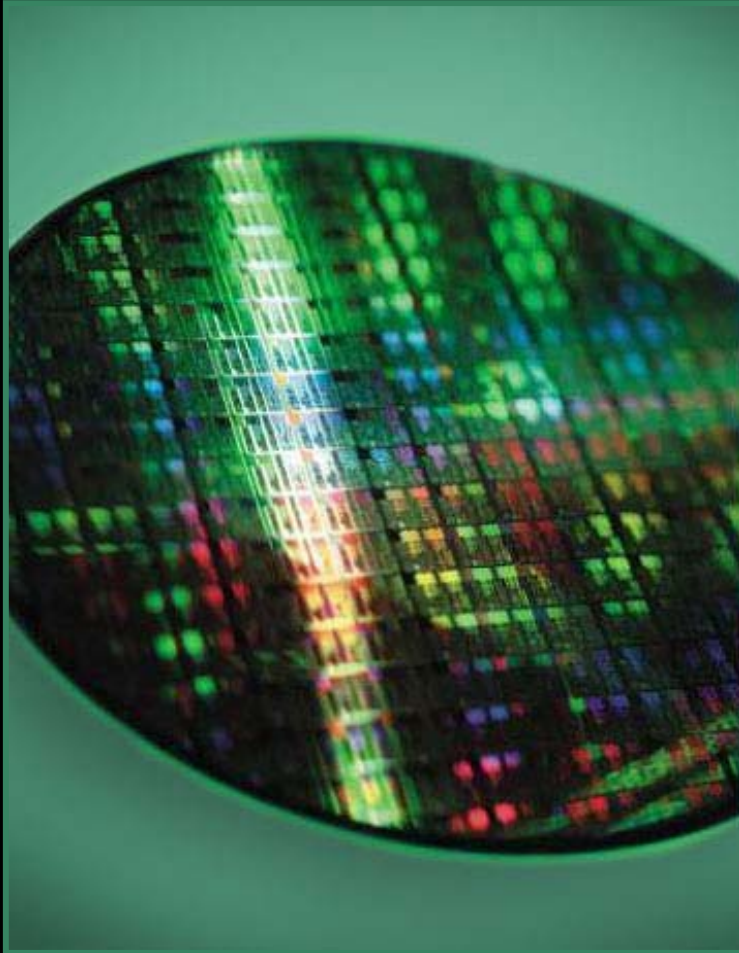
- Target tech-savvy and mainstream consumers with P4 performance and 64-bit capability
- Use Athlon 64 to penetrate the commercial market through TCO and migration story
- ***Industry-leading performance today, ready for tomorrow***



## AMD Athlon XP

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





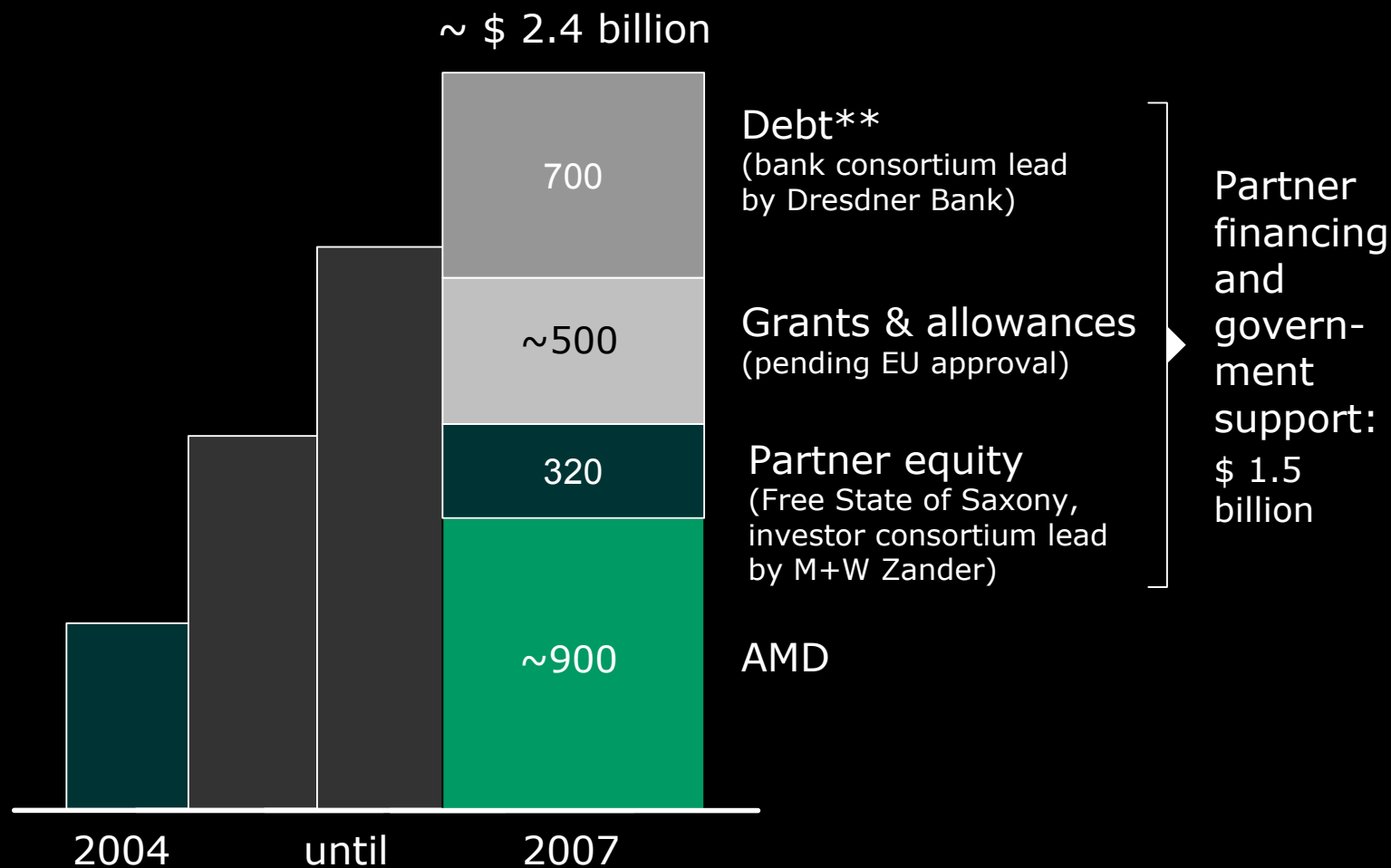
- High-end *300mm wafer Fab*
- Powered by *Automated Precision Manufacturing v3.0*
- Will produce *future generations* of AMD microprocessors
- Planned *production output of 13,000 wafers/month*
- Groundbreaking in November 2003, *start of production in 2006*
- *Situated in Dresden, Germany*
- *Total investments* until 2007: USD 2.4 billion\*
- *Direct employees* approx 1,000
- Substantial additional *indirect job creation* expected
- Based on the *superior manufacturing performance* of AMD in Dresden

\* Capex including contact technology (Bump) and testing, excluding working capital, assuming a long term exchange rate USD:EUR of 1:1

# Fab 36 Financing Plan



In USD million\*



\* Assuming a long term exchange rate USD:EUR of 1:1

\*\* 80% residual guarantee provided by Federal Rep. Ger. and State of Saxony

Source: AMD estimates

- Lead the industry to pervasive 64-bit computing
- Establish MirrorBit™ as the next industry standard in flash memory



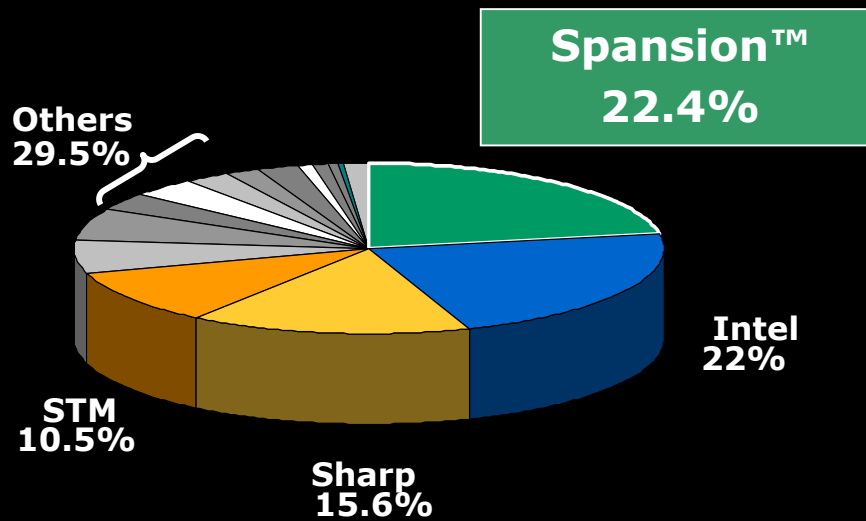
# We've Restructured Our Memory Operation For Clear Industry Leadership



## Description

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

## Q3 2003 NOR Market Share



## 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

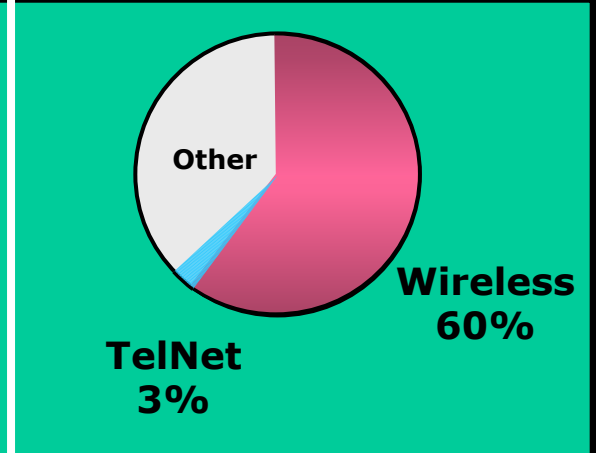
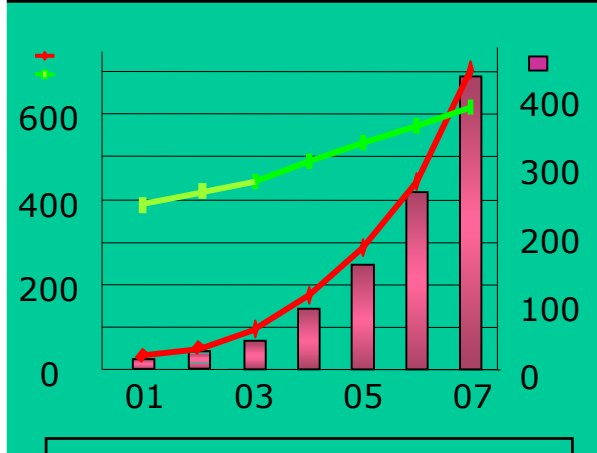
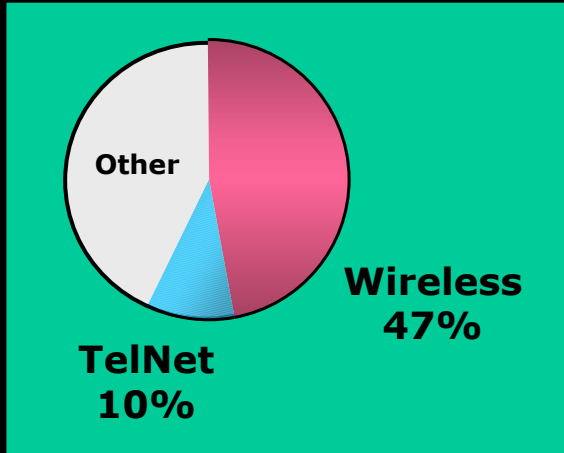
# Capitalizing on Breakaway Opportunities: High-end Wireless Devices



**2001**

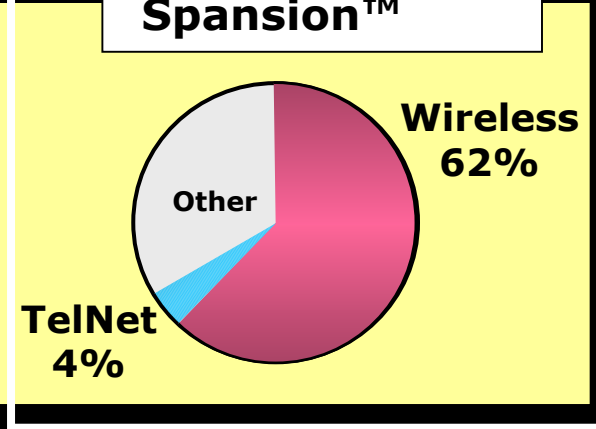
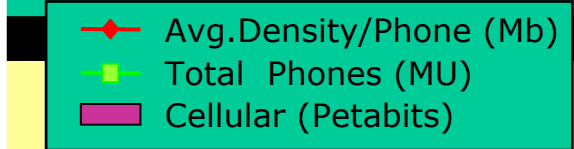
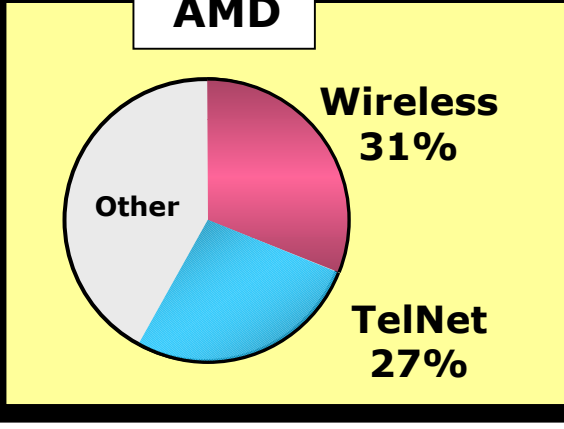
**NOR Market**

**2003**

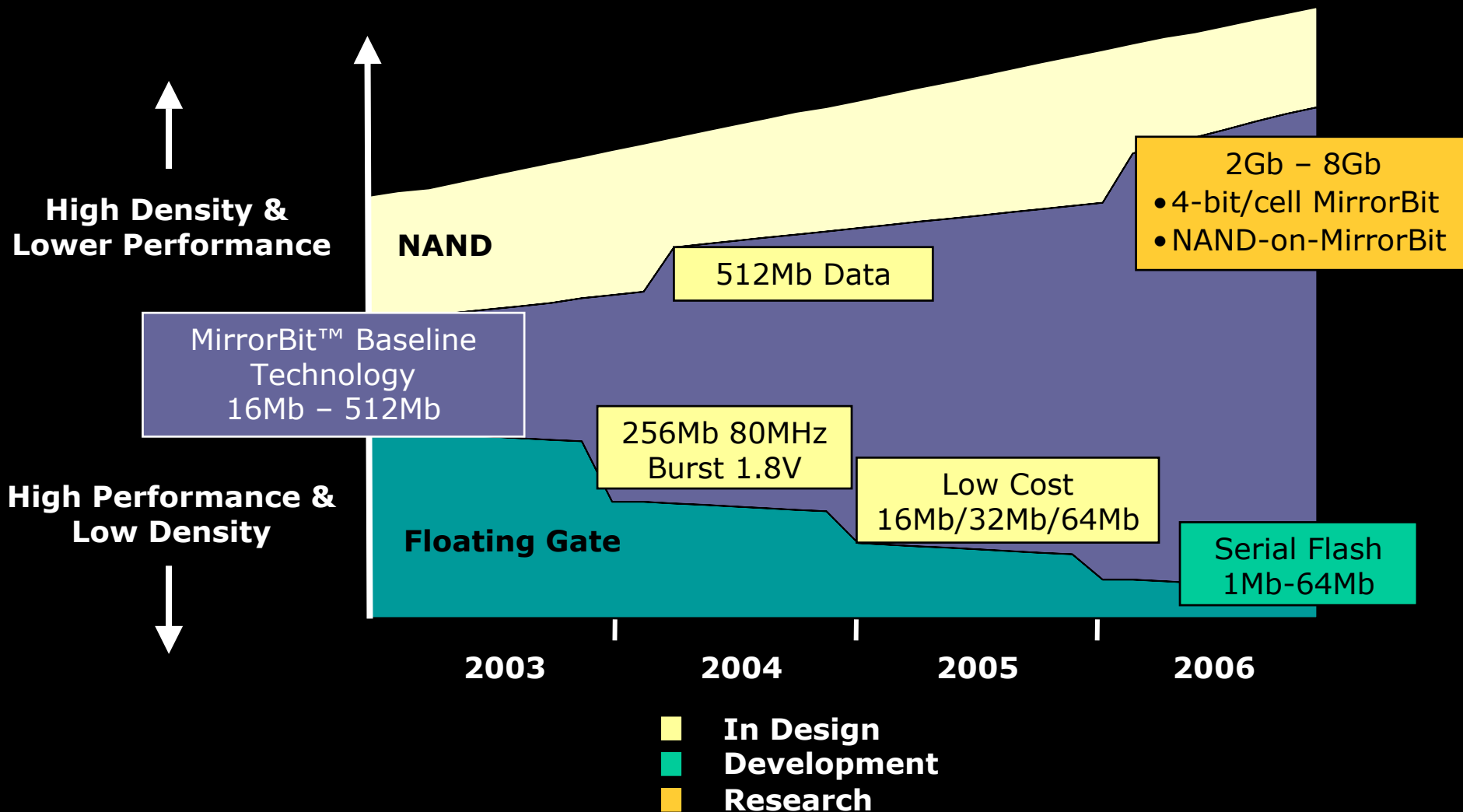


**AMD**

**SpanSION™**

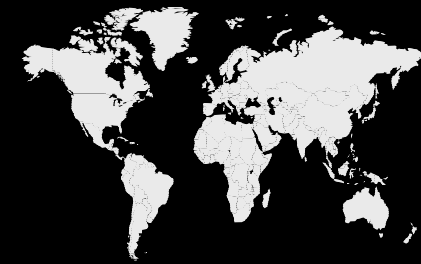


# MirrorBit™ : The Next Industry Standard



Source:- FASL 2003 estimates

- 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

- **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”***

**AMD** 



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