

Introducing The Foundry Company and The New 'Asset Smart' AMD

October 7, 2008



A New Era for The Semiconductor Industry



AMD and Advanced Technology Investment Company (ATIC) of Abu Dhabi to Create New Leading-Edge Semiconductor Manufacturing Company

Mubadala increases investment in financially-stronger AMD, which is simultaneously unlocking the value of its manufacturing assets

"The Foundry Company" to build new state-of-the-art manufacturing facility in Upstate New York, creating more than 1,400 jobs; expand existing manufacturing facility in Dresden

IBM welcomes The Foundry Company into the IBM Alliance

NEW YORK – Oct. 7, 2008 – AMD [NYSE: AMD] and the Advanced Technology Investment Company (ATIC) of Abu Dhabi today announced their intent to create a U.S.-headquartered, leading-edge semiconductor manufacturing company to address growing demand for independent, leading-edge foundry production capabilities. The new global company, to be temporarily called "The Foundry Company", will serve this need...



Featuring World-Class Partners



- Manufacturing excellence
- Innovator in x86 CPU and graphics design



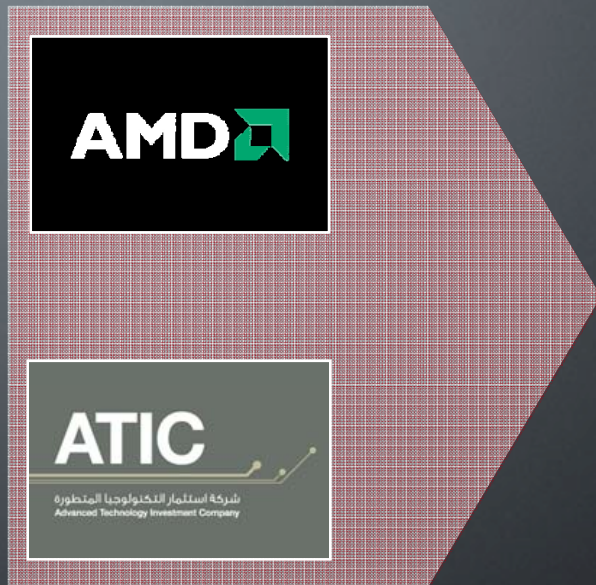
- ATIC is an investment company that leverages the unique advantages it enjoys as an investor from the Emirate of Abu Dhabi to make significant investments in the advanced technology sector that require reliable capital and a patient investment philosophy



- Large, global financial investor with portfolio of relationships with world-class companies like GE, Rolls-Royce and Carlyle Group
- Committed and patient (long-term) capital



AMD and ATIC to Create Leading-Edge Semiconductor Manufacturing Company



The Foundry Company


- Focused on leading-edge process and manufacturing technology leadership
- To build new state-of-the-art manufacturing facility in Upstate New York, to create more than 1,400 jobs; expand existing manufacturing facility in Dresden
- IBM welcomes The Foundry Company into the IBM Alliance



Business Case: A Large and Timely Growth Opportunity

Global demand is growing for contract semiconductor manufacturing - particularly leading-edge, independent foundry services

- **Global semiconductor revenues are growing, enhanced by shift to foundries⁽¹⁾**
- **Rapidly rising cost and complexity in semiconductor manufacturing**
- **Widespread transition to foundries by major IDMs⁽²⁾, including TI, Sony, STM, Freescale**
- **IBM Alliance is strong and formidable with shared objectives, investments, returns**
- **AMD history of manufacturing leadership is ahead of all major independent foundries**



The Foundry Company is uniquely positioned to win in this new era

(1) Source: Semiconductor Industry Association

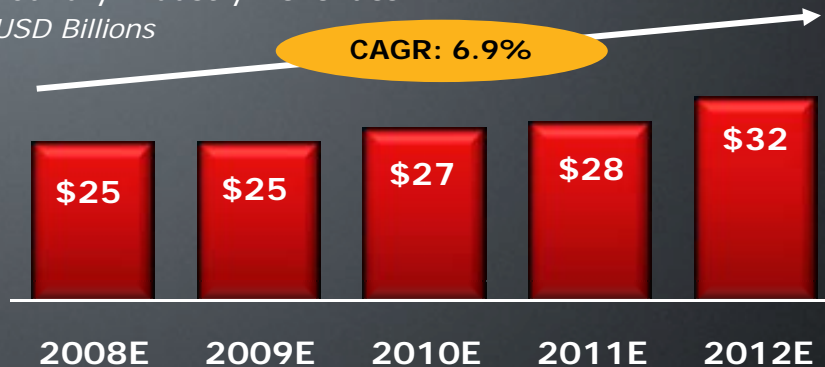
(2) Integrated Device Manufacturer



Business Case: Global Foundry Growth

Global semiconductor revenues are growing, enhanced by shift to foundries

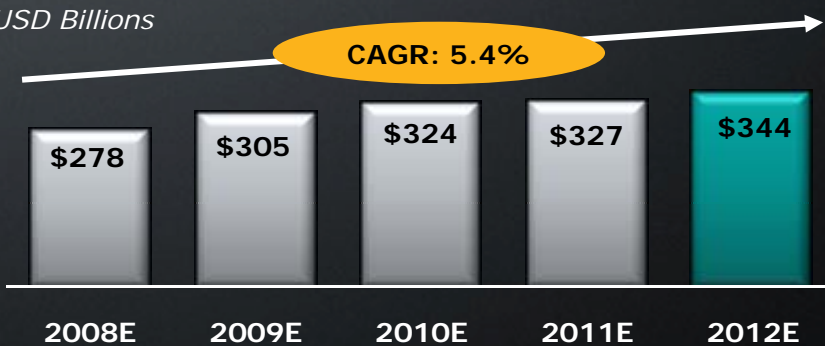
Foundry Industry Revenues ⁽¹⁾
USD Billions



Foundry growth premium driven by IDM shift to asset-lite business model

"foundries are experiencing ... a shifting customer base resulting from the adoption of "asset lite" manufacturing strategies by many leading IDMs" ⁽¹⁾

Semiconductor Industry Revenues ⁽¹⁾
USD Billions

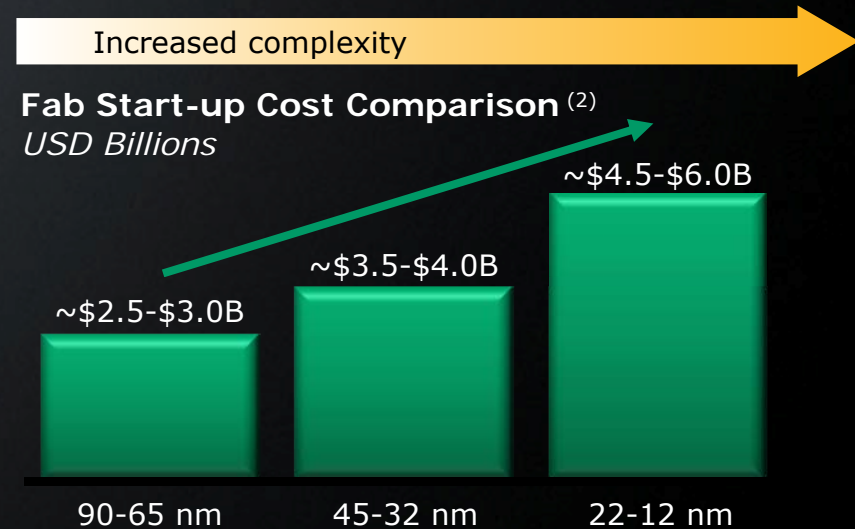
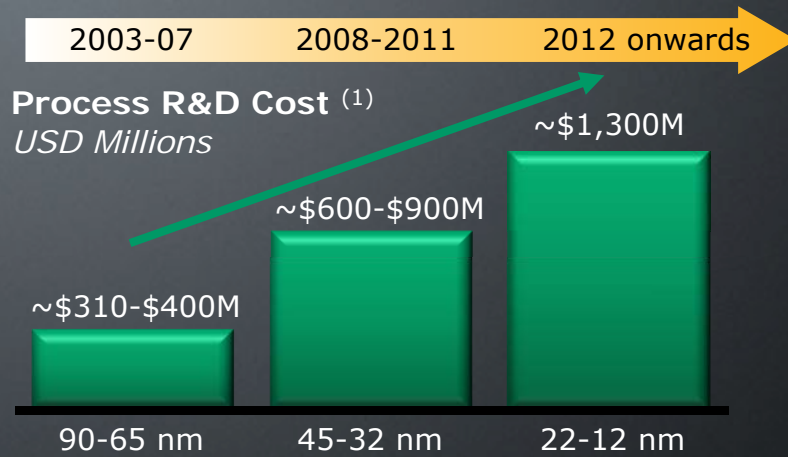


(1) Source: Gartner research



Because of Rapidly Rising Cost and Complexity

Transition to new semiconductor technologies are becoming technologically and financially challenging



(1) Industry average for Logic process R&D; McKinsey analysis.

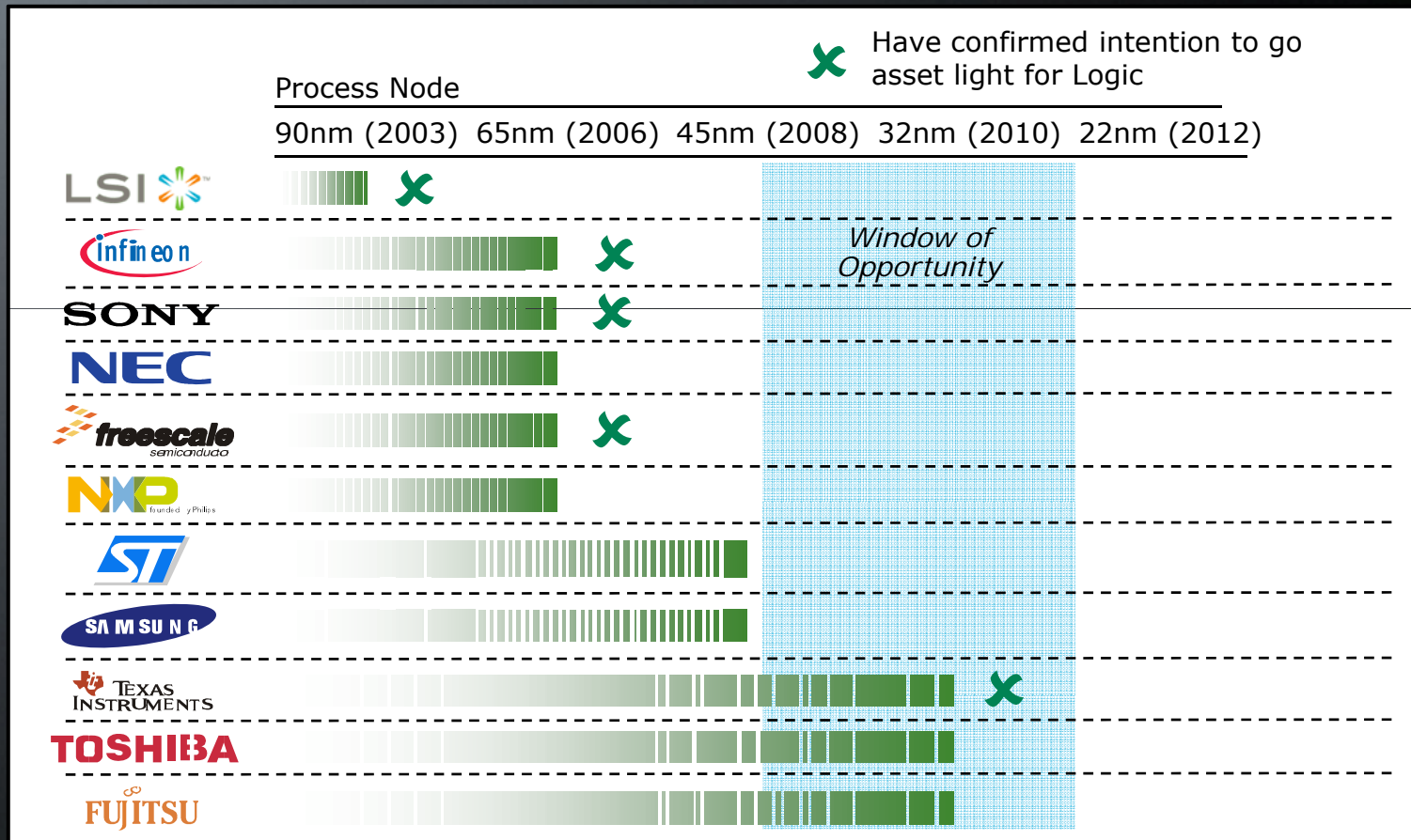
(2) Average capex of 300mm Logic fabs in World Fab Watch database.

Source: In-Stat 1/07, World Fab Watch; analyst reports; press clippings; McKinsey team analysis.



Business Case: Many IDMs⁽¹⁾ Exiting from Manufacturing

“With the move to 300-millimeter (mm)-diameter wafers, the price tag for an advanced production fab has become out of reach for all but the largest IDMs”⁽²⁾



(1) Integrated Device Manufacturer

(2) Source: Gartner research



Business Case: IBM Technology Alliance = R&D and Customers

"The Foundry Company's membership in the alliance brings new intellectual capital to our open, collaborative effort and continues to build on the momentum the alliance has established in semiconductor technologies over the last six years. "

- Dr. John E. Kelly III, Senior Vice President and Director of Research, IBM



Shared objective

- Production-ready high-performance semiconductor manufacturing technologies

Shared investment

- Early-stage research and development
- AMD on-site team has grown from 15 to 70 since 2002
- Cost effective R&D development
- New agreement extends through 2015, adds bulk silicon

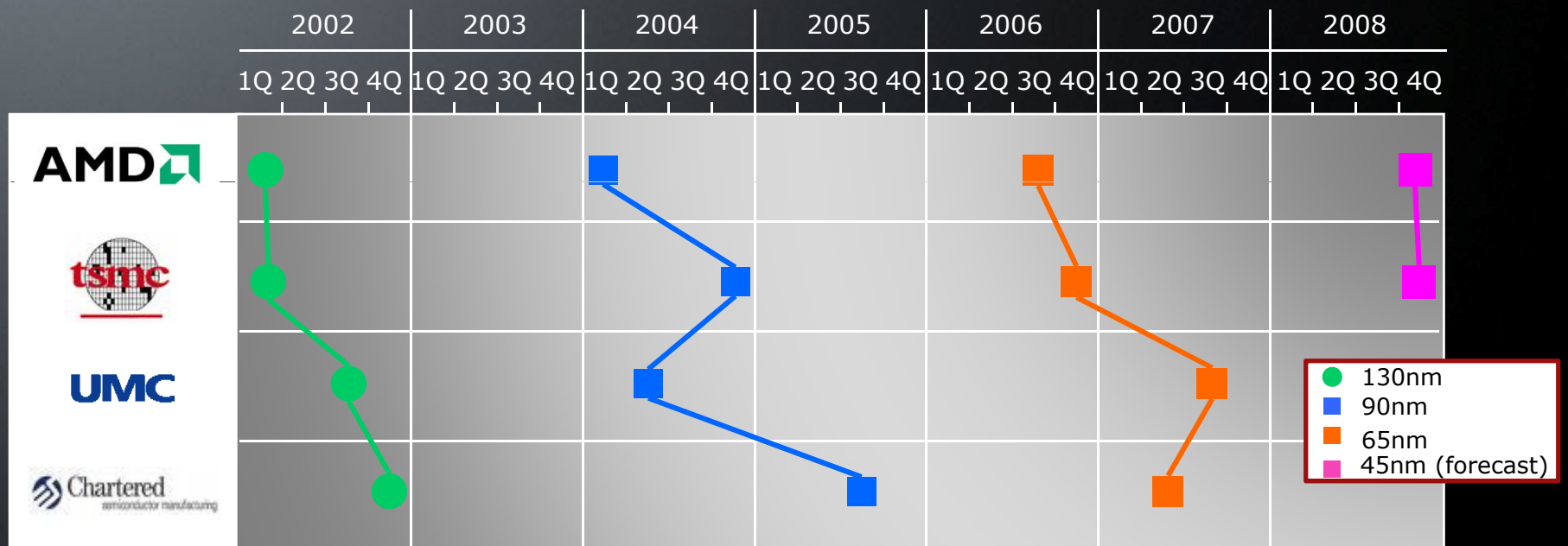
Shared return

- AMD helps drive IBM learning curve
- High-performance, power-efficient SOI technology
- Next generations: 32nm and 22nm bulk and SOI
- Continued performance-per-watt leadership
- Air-Gap, Ultra-low-k and "gate first" high-k/metal gate



Business Case: AMD has a Track Record of Manufacturing and Technology Excellence

Node development
(date of technology introduction⁽¹⁾)



(1) Source: AMD, Company data



Creating a Global Leader

The Foundry Company will be a new global enterprise combining manufacturing excellence, patient capital, business acumen and global talent to serve a growing global demand for leading-edge foundry services

Technology Leadership

- Deep technology partnership with IBM
- Aggressive 32/22/15nm roadmap
- SOI and Bulk technology capability

Manufacturing Excellence

- Build on AMD world class expertise, yields, and cycle times
- APM technology
- Best-in-class fabs built and operated on LEAN principles

Leading-edge Volumes

- Industry's most advanced products
- Rapid time-to-market
- Advantages of scale

Capital Funding

- Committed equity funding of up to \$7.4B in total capital
 - \$1.4B upfront, and;
 - Minimum of \$3.6B and up to \$6B over next five years

Capacity Roadmap

- Industry leading capacity roadmap
- Commitment to build advanced facility in Upstate New York
- Commitment to build out Fab 38 in Dresden, Germany

Global World-class Team

- Experienced executive team, led by Doug Grose and Hector Ruiz
- Highly educated workforce with more than 3,000 employees



Building a New Manufacturing Facility in New York

Fab 4X in Saratoga County will:

- Create over 1,400 permanent high-paid, high-tech direct manufacturing jobs in New York, projected to have an annual payroll of more than \$88 million in 2012.
- Ultimately create 2,865 sustained, long-term jobs, as well as 1,600 additional jobs during the construction of the plant, with corresponding payrolls of \$148 million and \$106 million annually.
- In addition to 70+ R&D engineers who already work alongside IBM in Fishkill on the creation of innovative process technologies



**New York State's "Tech Valley:"
A Leading Semiconductor and
Nanotech Cluster
Capitalizing on a Highly-Skilled Workforce
In Partnership with New York State's
Leading Educational Facilities**

Over \$13 billion (and growing) invested through a combination of corporations and local/regional educational and technical training institutions.



AMD: Financially Stronger and More Tightly Focused

Asset Smart Manufacturing Strategy

- Strategic commitment from Mubadala and ATIC
- The Foundry Company plans multi-billion dollar build-out of leading edge fabs in Dresden and Upstate New York
- Expanded IBM relationship delivering leading-edge SOI and bulk process technology

Stronger Financial Structure⁽¹⁾

- ~\$1.0B new cash investment
- ~\$1.2B debt assumed by The Foundry Company
- Future fab capital expenditures optional
- Reduction of process technology R&D costs in 2009
- Improved free cash flow⁽²⁾ by the significant reduction of fabrication capital expenditures offset somewhat by wafers purchased for cash (foundry model)
- Leaner and more variable business model, with a lower breakeven point of ~\$1.5B

Leadership Capabilities

- The only company with proven track record of innovation in both x86 CPU architecture and graphics technologies
- Focused on design, development and marketing competencies

(1) Excluding The Foundry Company, which will be consolidated for financial reporting purposes

(2) Defined as cash flow from operations less capital expenditures



Transaction Summary

- AMD will transfer people, manufacturing assets, Fab36 debt and some intellectual property
- ATIC to contribute \$2.1B in capital:
 - \$1.4B to The Foundry Company
 - \$0.7B to AMD
 - ATIC will hold convertible notes in The Foundry Company
- The joint venture will be owned 44.5% by AMD and 55.5% by ATIC on a fully-converted basis
 - 80% of ATIC's equity in the form of Class B Preferred with a guaranteed 12% return upon a liquidity event
 - ATIC's ownership could increase over time based on whether AMD elects not to invest at the same level as ATIC in future capital infusions
 - A Board of Directors whose membership is equally divided between representatives of AMD and ATIC
 - AMD and ATIC will both have *50% ownership on a voting and equity economic basis*
- ATIC committed future funding of at least \$3.6B and up to \$6B over next five years to The Foundry Company, primarily for New York and Dresden facilities
 - AMD has the option, but not the obligation, to provide additional capital to be invested in The Foundry Company
- AMD will have guaranteed access to advanced manufacturing services and capacity
- AMD will commit to using The Foundry Company as its exclusive foundry partner for CPUs, subject to certain limitations, and will become a strategic supplier for GPUs



The
Foundry
Company

- AMD will sell to Mubadala 58M new shares and 30M warrants⁽¹⁾ in exchange for over \$0.3B which will increase Mubadala's ownership in AMD to 19.3%
- Mubadala has a right to designate a member of the Board of Directors of AMD



AMD

(1) Warrants will have an exercise price of \$0.01



Summary of Benefits

AMD

- Strengthened balance sheet, world-class partner
- Guaranteed access to next-generation processing technology

The Foundry Company

- Access to patient capital
- Assets and freedom to serve growing IDM opportunity

New York

- More than 1,400 highly-skilled jobs and an additional 5,000 jobs and stronger local tax base
- Additional mass for regional high-tech center of excellence

Dresden

- Solidifies Dresden as cornerstone of high-end manufacturing
- Unlocks global potential of Dresden's manufacturing excellence

Semiconductor Industry

- Increased competition and choice in foundries
- Access to global, world-class manufacturing resources

Investors

- Financially stronger, more focused and stable AMD
- New foundry joint venture with significant upside potential

AMD Customers

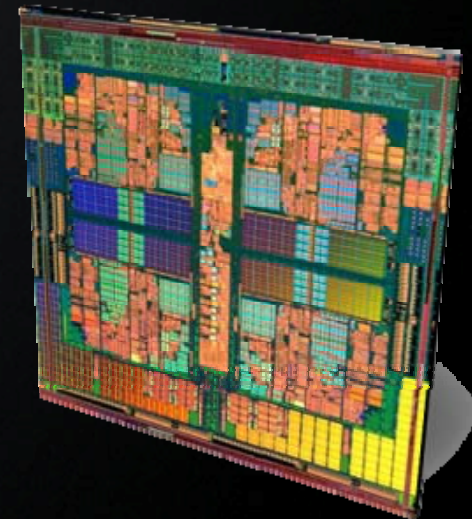
- Safe, stable and scalable long-term partner committed to enabling shared success
- Increased competition and choice in processing solutions



Transaction Close

Transaction close expected early in 2009 and is dependent on:

- Transfer of New York incentives and subsidies for the creation of a state-of-the-art manufacturing facility in Upstate New York
- Continuation of Dresden subsidies and transfer of Fab 36 debt
- Securing routine merger control clearances in appropriate geographies
- AMD stockholder approval for issuance of common stock and warrants to Mubadala
- Clearance by the Committee on Foreign Investment in the United States (CFIUS)
- Customary closing conditions



Summary

A New Era for the Semiconductor Industry

AMD and ATIC are creating The Foundry Company - a new global enterprise combining manufacturing excellence, patient capital, business acumen and global talent to serve growing global demand

- Will expand existing manufacturing facility in Dresden; build new state-of-the-art manufacturing facility in Upstate New York, creating more than 1,400 jobs
- IBM welcomes The Foundry Company into the IBM Alliance - partnership expanded and strengthened

Mubadala increases investment in financially-stronger AMD, which is simultaneously unlocking the value of its manufacturing assets

- Strengthened balance sheet; reduced capital investment requirements
- Tightly focused on the design and development of the next generation of innovation based on the fusion of computing and graphics processing
- Guaranteed access to the most advanced, leading-edge capacity

AMD and The Foundry Company are positioned and financed for growth and success



Backup



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AMD
The future is fusion

Overview of The Foundry Company

- Joint venture between AMD and ATIC
 - Leading-edge 300mm production
 - 45nm SOI technology today, 32nm bulk planned
- Includes virtually all of AMD's Wafer Manufacturing and Technology groups
 - U.S. Headquarters
 - More than 3,000 employees across Dresden, Austin, Sunnyvale and East Fishkill
- Expanded relationship with IBM through Common Platform Alliance
- Final company name to be announced around time of close



Dresden, Germany Fab



The Foundry Company Global Centers of Excellence

Saratoga County, NY
Future 300mm fab

East Fishkill, NY
Early-stage research & development

Dresden, Germany
Manufacturing operations and design

Sunnyvale, CA
Sales, marketing, design enablement and technology development

Austin, TX
Manufacturing systems & technology



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AMD
The future is fusion

Overview of ATIC

ATIC (Advanced Technology Investment Company) is focused on making significant investments in the advanced technology sector that require reliable capital and a patient investment philosophy. ATIC seeks to leverage the unique advantages it enjoys as an investor from the Emirate of Abu Dhabi to identify and realize long-term investment opportunities in the highly competitive and capital-intensive advanced technology sector.

- ATIC founded in 2008
- ATIC will hold and manage the stake in The Foundry Company
- Mubadala will enter into an initial management agreement with ATIC to help manage The Foundry Company stake while ATIC becomes operational
- ATIC will potentially attract and invest in advanced technology opportunities



Overview of Mubadala

Mubadala Development Company is a development and investment company headquartered in Abu Dhabi, with a global focus on commercial activities that achieve economic returns while advancing economic diversification



- Manages a multi-billion dollar global portfolio
- Brings a global vision and strategy with unique relationships and committed long-term capital to fund the creation of our new global joint venture
- Recent deals include:
 - \$8B joint venture with GE for a financial services business headquartered in Abu Dhabi
 - Multi faceted transaction including strategic initiatives focused on clean energy, research, training and aviation
 - 7.5% ownership stake in the Carlyle Group



Additional Information and Where to Find It

AMD will file a proxy statement pursuant to which AMD's board of directors will solicit proxies in connection with seeking AMD stockholder approval of the issuance of AMD shares and warrants pursuant to the Master Transaction Agreement with the Securities and Exchange Commission (the "SEC"). **Investors and security holders are urged to read the proxy statement when it becomes available and other relevant documents filed with the SEC because they will contain important information.** Security holders may obtain a free copy of the proxy statement, when AMD files it with the SEC in the coming weeks, and other documents filed by AMD with the SEC at the SEC's web site at <http://www.sec.gov>. The proxy statement and other documents may also be obtained free of charge by contacting AMD Investor Relations at investor.relations@amd.com or by telephone: (408) 749-4000.

AMD and its executive officers and directors may be deemed to be participants in the solicitation of proxies from AMD's stockholders with respect to the issuance of AMD shares and warrants pursuant to the Master Transaction Agreement. Information regarding such executive officers and directors is included in AMD's Proxy Statement for its 2008 Annual Meeting of Stockholders filed with the SEC on March 14, 2008, which is available free of charge at the SEC's web site at <http://www.sec.gov> and by contacting AMD Investor Relations at investor.relations@amd.com or by telephone: (408) 749-4000. Certain executive officers and directors of AMD have interests in the transaction that may differ from the interests of AMD stockholders generally. These interests will be described in the proxy statement when AMD files it with the SEC in the coming weeks.

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