



AMD FAB 4X

About AMD

Advanced Micro Devices (NYSE: AMD), founded in 1969 with headquarters in Sunnyvale, Calif., is a leading global provider of innovative processing solutions in the computing, graphics and consumer electronics markets. A Fortune 500 company and No. 2 on *The Corporate Responsibility Officer (CRO)* magazine's list of 100 Best Corporate Citizens in America, AMD employs more than 16,000 people at nearly two dozen corporate offices and manufacturing facilities around the world.

Background

In June 2006, AMD signed a letter of intent with the State of New York for an option to build a 300mm wafer fabrication facility at the Luther Forest Technology Campus, located in Malta and Stillwater, New York. AMD selected the LFTC after conducting a worldwide site selection process and evaluating a number of sites in the State of New York. The LFTC was selected because of its great mix of location, size, quality of life, workforce talent and proximity to strategic partners, as well as the financial benefits negotiated with the State of New York.

In December 2006, AMD signed an agreement with the State of New York, establishing a two-year window from July 2007 to July 2009 in which AMD can decide to build the new fab, known as "Fab 4x." The two-year window was instituted to lend flexibility to the project in an industry known for its volatility and unpredictability.

Since February 2007, AMD has worked with a team of consultants, including M+W Zander, to draft an initial design review of the potential fab. The design review process is expected to be completed by the end of May 2007.

In the second half of 2007, AMD will combine the results of the design review with long-range market forecasts into a recommendation to senior management who may choose a date to initiate the project or defer the decision to a later time. Per AMD's financial agreement with the State of New York, AMD has until July 2009 in which to initiate the project.

Frequently Asked Questions

Why did AMD choose the Luther Forest Technology Campus as the potential site of its next fabrication facility?

After evaluating a number of sites in the State of New York, the Luther Forest site was selected due to a great mix of location, size, quality of life, workforce talent and proximity to strategic partners, as well as the financial benefits negotiated with the State of New York.

What is the current status of the Fab 4x project?

The design review process is nearly complete. For the past several months, AMD has worked with a team of consultants, including M+W Zander, to draft an initial design review of the potential fab. We expect the initial design review to be completed in May 2007.

How likely is it that AMD will build a fab in Luther Forest Technology Campus?

With AMD's growing customer base, leading technology and the hope for a truly fair and open competitive playing field, we're optimistic that we will need additional 300mm wafer fabrication capacity in the future. We believe Luther Forest is an ideal site for a new fab. By starting the design phase of this project, engaging with the LFTC utility providers, and with ongoing communications with local and state leaders, AMD is investing in this project.

When will AMD make the decision to build a New York fab?

The next step is for AMD to combine the design review with long range market forecasts into a recommendation to senior management. Senior management will then review the project in relation to AMD's global manufacturing strategy and determine if it is appropriate to move forward. We expect a decision on the schedule for this project to be made in the second half of this year. Per AMD's financial agreement with the State of New York, AMD has a two-year window between July 2007 and July 2009 in which to initiate the project.

If AMD decides to move forward, when would it break ground on the new fab?

For the health of the company and its stakeholders, including the Capital Region, AMD's decision to build a new fab will not be made prematurely. The first step is for AMD senior management to review the project in relation to AMD's global manufacturing strategy and determine the right timeframe to move forward.

AMD anticipates a decision on the timeline to be made in the second half of this year. Per AMD's financial agreement with the State of New York, AMD has a two-year window between July 2007 and July 2009 in which to initiate the project. The two-year window was instituted to lend flexibility to the project in an industry known for its volatility and unpredictability.

How many workers would be employed at Fab 4x?

If AMD exercises the option to move forward with this fab, this project has the potential to directly create approximately 1,200 new jobs. It also has the potential to create thousands of indirect jobs through supporting construction and infrastructure projects.

Where will the workforce come from? Are you planning to hire local employees or relocate people from outside the area?

Assuming we move forward, we anticipate that similar to our experience in Dresden, we would have a core team of existing employees with specific expertise in Fab design, engineering and manufacturing to be brought in from other parts of the world. We expect that the majority of the fab's workforce would be drawn from local communities.

The highly skilled and educated local workforce is a major factor in why AMD has selected Luther Forest as an ideal site for our next fab, so it's a safe bet that the majority of the eventual workforce would be drawn from the region. The overall team will consist of a mix of local hires, national hires and current AMD employees.

AMD has recently used the term "asset light." What does this term mean?

AMD stated on its Q107 earnings call that it will continue to be focused on increasing liquidity for the business and expanding its financial flexibility.

The term "asset light" was used to describe AMD's intention to reduce the amount of assets on the balance sheet. This strategy is a work in progress. AMD already has relationships with foundries as part of its global manufacturing strategy; however, the term "asset light" does not mean that AMD will go fab-less.