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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**SCHEDULE TO  
(RULE 13e-4)**

**TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

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**ADVANCED MICRO DEVICES, INC.**

(NAME OF SUBJECT COMPANY (ISSUER))

**ADVANCED MICRO DEVICES, INC.**

(NAME OF FILING PERSON (OFFEROR))

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**OPTIONS TO PURCHASE COMMON STOCK, PAR VALUE \$0.01 PER SHARE**  
(TITLE OF CLASS OF SECURITIES)

**007903107**

(CUSIP NUMBER OF CLASS OF SECURITIES)

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**HARRY A. WOLIN**

**SENIOR VICE PRESIDENT, GENERAL COUNSEL AND ASSISTANT SECRETARY  
ADVANCED MICRO DEVICES, INC.**

**ONE AMD PLACE**

**SUNNYVALE, CALIFORNIA 94088**

**(408) 749-4000**

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO RECEIVE  
NOTICES AND COMMUNICATIONS ON BEHALF OF THE FILING PERSON)

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**COPY TO:**

**TAD J. FREESE, ESQ.**

**LATHAM & WATKINS LLP**

**140 SCOTT DRIVE**

**MENLO PARK, CALIFORNIA 94025**

**(650) 328-4600**

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**CALCULATION OF FILING FEE**

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**TRANSACTION VALUATION\***

\$12,347,089

**AMOUNT OF FILING FEE**

\$688.97

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\* Calculated solely for purposes of determining the filing fee. This amount assumes that options to purchase 21,936,012 shares of common stock of Advanced Micro Devices, Inc. having an aggregate value of \$12,347,089 as of June 23, 2009 will be exchanged pursuant to this offer. The aggregate value of such options was calculated based on the Binomial option pricing model. The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$55.80 per million dollars of the value of the transaction.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable. Filing party: Not applicable.

Form or Registration No.: Not applicable. Date Filed: Not applicable.

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third-party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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**Item 1. Summary Term Sheet.**

The information set forth under “Summary Term Sheet” in the Offer to Exchange Certain Outstanding Options to Purchase Common Stock for a Number of Replacement Options, dated June 29, 2009 (the “*Offer to Exchange*”), attached hereto as Exhibit (a)(1)(i), is incorporated herein by reference.

**Item 2. Subject Company Information.**

**(a) Name and Address.** The issuer is Advanced Micro Devices, Inc., a Delaware corporation (the “*Company*”). The Company’s principal executive offices are located at One AMD Place, Sunnyvale, California 94088 and the telephone number of its principal executive offices is (408) 749-4000. The information set forth in the Offer to Exchange under “This Offer – Section 9 (Information Concerning AMD)” is incorporated herein by reference.

**(b) Securities.** This Tender Offer Statement on Schedule TO relates to an offer by the Company to exchange options to purchase shares of the Company’s common stock, par value \$0.01 per share, with an exercise price greater than \$6.34 per share, which is the 52-week high trading price of the Company’s common stock as quoted on the New York Stock Exchange at the commencement of the Option Exchange (as defined below), a grant date on or before June 28, 2008 and an expiration date after July 27, 2010, outstanding under the Company’s eligible option plans and held by eligible employees, for replacement options to purchase shares of common stock to be granted under the Company’s 2004 Equity Incentive Plan, as amended, upon the terms and subject to the conditions set forth in the Offer to Exchange, and the related Election Concerning Exchange of Stock Options form (the “*Election Form*” and, together with the Offer to Exchange, as they may be amended from time to time, the “*Option Exchange*”), attached hereto as Exhibit (a)(1)(v) and Exhibit (a)(1)(i), respectively. Each option holder that elects to exchange options pursuant to the Option Exchange must submit an Election Form and will be granted replacement options to purchase a lesser number of shares of common stock. As of June 15, 2009, there were outstanding eligible options to purchase an aggregate of approximately 21,936,012 shares of the Company’s common stock.

The information set forth in the Offer to Exchange under “Summary Term Sheet,” “This Offer – Section 1 (Eligibility; Number of Options; Expiration Time),” “This Offer – Section 5 (Acceptance of Options for Exchange and Issuance of Replacement Options),” and “This Offer – Section 8 (Source and Amount of Consideration; Terms of Replacement Options)” is incorporated herein by reference.

**(c) Trading Market and Price.** The information set forth in the Offer to Exchange under “This Offer – Section 7 (Price Range of Common Stock Underlying the Options)” is incorporated herein by reference.

**Item 3. Identity and Background of Filing Person.**

**(a) Name and Address.** The Company is both the subject company and the filing person. The information set forth under Item 2(a) above and in the Offer to Exchange under “This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)” is incorporated herein by reference.

**Item 4. Terms of the Transaction.**

**(a) Material Terms.** The information set forth in the Offer to Exchange under “Summary Term Sheet” and the sections under “This Offer” titled “Section 1 (Eligibility; Number of Options; Expiration Time),” “Section 3 (Procedures for Electing to Exchange Options),” “Section 4 (Withdrawal Rights),” “Section 5 (Acceptance of Options for Exchange and Issuance of Replacement Options),” “Section 6 (Conditions of this Offer),” “Section 7 (Price Range of Common Stock Underlying the Options),” “Section 8 (Source and Amount of Consideration; Terms of Replacement Options),” “Section 9 (Information Concerning AMD),” “Section 11 (Status of Options Acquired by Us in this Offer; Accounting Consequences of this Offer),” “Section 12 (Agreements; Legal Matters; Regulatory Approvals),” “Section 13 (Material U.S. Federal Income Tax Consequences),” and “Section 14 (Extension of Offer; Termination; Amendment)” is incorporated herein by reference.

**(b) Purchases.** The information set forth in the Offer to Exchange under “This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)” is incorporated herein by reference.

**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

**(e) Agreements Involving the Subject Company's Securities.** The information set forth in the Offer to Exchange under "This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)" is incorporated herein by reference. See also the equity incentive plans, awards and related agreements attached hereto or incorporated by reference as exhibits (d)(1) through (d)(8)

**Item 6. Purposes of the Transaction and Plans or Proposals.**

**(a) Purposes.** The information set forth in the Offer to Exchange under "Summary Term Sheet" and "This Offer – Section 2 (Purpose of this Offer)" is incorporated herein by reference.

**(b) Use of Securities Acquired.** The information set forth in the Offer to Exchange under "This Offer – Section 5 (Acceptance of Options for Exchange and Issuance of Replacement Options)," and "This Offer – Section 11 (Status of Options Acquired by Us in this Offer; Accounting Consequences of this Offer)" is incorporated herein by reference.

**(c) Plans.** The information set forth in the Offer to Exchange under "Summary Term Sheet" and "This Offer – Section 2 (Purpose of this Offer)" is incorporated herein by reference.

**Item 7. Source and Amount of Funds or Other Consideration.**

**(a) Source of Funds.** The information set forth in the Offer to Exchange under "This Offer – Section 8 (Source and Amount of Consideration; Terms of Replacement Options)" and "This Offer – Section 15 (Fees and Expenses)" is incorporated herein by reference.

**(b) Conditions.** The information set forth in the Offer to Exchange under "This Offer – Section 6 (Conditions of this Offer)" is incorporated herein by reference. There are no alternative financing arrangements or financing plans for this Offer.

**(d) Borrowed Funds.** Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

**(a) Securities Ownership.** The information set forth in the Offer to Exchange under "This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)" is incorporated herein by reference.

**(b) Securities Transactions.** The information set forth in the Offer to Exchange under "This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)" is incorporated herein by reference.

**Item 9. Persons/Assets, Retained, Employed, Compensated or Used.**

**(a) Solicitations or Recommendations.** Not applicable.

**Item 10. Financial Statements.**

**(a) Financial Information.** The information set forth in the Offer to Exchange under "This Offer – Section 9 (Information Concerning AMD)" and "This Offer – Section 16 (Additional Information)" is incorporated herein by reference. Our Annual Report on Form 10-K for the fiscal year ended December 27, 2008, filed with the Securities and Exchange Commission (the "SEC") on February 24, 2009, including the financial information set forth in *Item 8 – Financial Statements and Supplementary Data* of our Annual Report on Form 10-K, and our Quarterly Report on Form 10-Q for the fiscal quarter ended March 28, 2009, filed with the SEC on May 6, 2009, including the financial information set forth in *Item 1 – Financial Statements* of our Quarterly Report on Form 10-Q are incorporated herein by reference. Our Annual Report on Form 10-K and Quarterly Report on Form 10-Q are available electronically on the SEC's website at <http://www.sec.gov>.

**(b) Pro Forma Financial Information.** Not applicable.

**Item 11. Additional Information.**

**(a) Agreements, Regulatory Requirements and Legal Proceedings.** The information set forth in the Offer to Exchange under "Risk Factors," "This Offer – Section 10 (Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options)," and "This Offer – Section 12 (Agreements; Legal Matters; Regulatory Approvals)" is incorporated herein by reference.

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**(b) Other Material Information.** Not applicable.

**Item 12. Exhibits.** The Exhibit Index attached to this Schedule TO is incorporated herein by reference.

**Item 13. Information Required by Schedule 13E-3.** Not applicable.

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**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: June 29, 2009

ADVANCED MICRO DEVICES, INC.

By: /s/ Robert J. Rivet  
Robert J. Rivet  
Executive Vice President, Chief Administrative and Operating Officer and Chief  
Financial Officer

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)(i)	Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options, dated June 29, 2009.
(a)(1)(ii)	Internal Post and E-mail Communication Announcing Exchange Program
(a)(1)(iii)	E-mail Communication to Eligible AMD Employees regarding Exchange Program
(a)(1)(iv)	Summary of Stock Option Exchange Program
(a)(1)(v)	Election Concerning Exchange of Stock Options
(a)(1)(vi)	Screen Shots of Offer Website
(a)(1)(vii)	Confirmation E-mail/Letter to Employees who Elect to Participate in the Exchange Program
(a)(1)(viii)	Confirmation E-mail/Letter to Employees who Decline Participation in the Exchange Program
(a)(1)(ix)	Form of Reminder E-mail Communication to Eligible AMD Employees regarding Exchange Program
(a)(1)(x)	Form of Stock Option Agreement – U.S.
(a)(1)(xi)	Form of Stock Option Agreement – Non-U.S.
(a)(1)(xii)	Summary of Stock Option Exchange Program for Belgium Eligible Employees – in Dutch
(a)(1)(xiii)	Stock Option Exchange Questions and Answers
(a)(1)(xiv)	Transcript of Podcast to Employees
(a)(1)(xv)	Employee Presentation Materials
(a)(1)(xvi)	Form of Confirmation E-mail
(a)(2)	Not applicable.
(a)(3)	Not applicable.
(a)(4)	Not applicable.
(a)(5)(i)	AMD's Definitive Proxy Statement on Schedule 14A for AMD's 2009 Annual Meeting of Stockholders. Filed with the SEC on March 18, 2009 and incorporated herein by reference.
(b)	Not applicable.
(d)(1)	AMD 1992 Stock Incentive Plan, as amended. Filed as Exhibit 10.3 to AMD's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, and incorporated herein by reference.
(d)(2)	AMD 1996 Stock Incentive Plan, as amended. Filed as Exhibit 10.58 to AMD's Quarterly Report on Form 10-Q for the period ended June 29, 2003, and incorporated herein by reference.
(d)(3)	AMD 1998 Stock Incentive Plan, as amended. Filed as Exhibit 10.32 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, and incorporated herein by reference.
(d)(4)	AMD 2000 Stock Incentive Plan, as amended. Filed as Exhibit 10.12 to AMD's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2003, and incorporated herein by reference.
(d)(5)	AMD 2004 Equity Incentive Plan, as amended and restated. Filed as Exhibit A to AMD's Definitive Proxy Statement on Schedule 14A for AMD's 2009 Annual Meeting of Stockholders filed on March 18, 2009, and incorporated herein by reference.
(d)(6)	ATI Technologies Inc. Share Option Plan, as amended effective as of January 25, 2005. Filed as Exhibit 99.3 to AMD's Registration Statement on Form S-8 (333-138291) filed on October 30, 2006, and incorporated herein by reference.
(d)(7)	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to AMD's Registration Statement on Form S-8 (No. 33-46577), are hereby incorporated by reference
(d)(8)	Forms of Stock Option Agreements, filed as Exhibit 10.8 to AMD's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
(g)	Not applicable.
(h)	Not applicable.

ADVANCED MICRO DEVICES, INC.  
 OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS  
 TO PURCHASE COMMON STOCK  
 FOR A NUMBER OF REPLACEMENT OPTIONS  
 THIS OFFER AND WITHDRAWAL RIGHTS EXPIRE  
 AT 11:00 P.M. CENTRAL TIME ON JULY 27, 2009  
 UNLESS THIS OFFER IS EXTENDED

Advanced Micro Devices, Inc., which is sometimes referred to herein as “the Company,” “AMD,” “our,” “us” or “we,” is offering eligible employees the opportunity to exchange certain outstanding options to purchase shares of our common stock for a lesser number of shares of our common stock subject to replacement options calculated in accordance with exchange ratios. We expect to grant the replacement options on the date we cancel the options accepted for exchange, which will be the expiration date of this offer. We are making this offer (“**Offer**”) upon the terms and subject to the conditions set forth in this Offer to Exchange Certain Outstanding Options to Purchase Common Stock for a Number of Replacement Options (this “**Offer to Exchange**”) and in the related Election Concerning Exchange of Stock Options form (the “**Election Form**”) and, together with this Offer to Exchange, as they may be amended from time to time, the “**Option Exchange**”).

Options eligible for exchange (“**eligible options**”) are those that:

- have an exercise price greater than \$6.34 per share, which is the 52-week high trading price of our common stock as quoted on the New York Stock Exchange at the commencement of this Offer, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010; and
- were granted under our 1992 Stock Incentive Plan, as amended (the “**1992 Stock Incentive Plan**”), 1996 Stock Incentive Plan, as amended (the “**1996 Stock Incentive Plan**”), 1998 Stock Incentive Plan, as amended (the “**1998 Stock Incentive Plan**”), 2000 Stock Incentive Plan, as amended (the “**2000 Stock Incentive Plan**”), 2004 Equity Incentive Plan, as amended (the “**2004 Plan**”) and ATI Technologies Inc. Share Option Plan, as amended (the “**ATI Share Option Plan**”). Collectively, we refer to the foregoing as the “**Plans**.”

You are eligible to participate in the Option Exchange only if you:

- are an employee of AMD or any of our majority-owned subsidiaries on June 29, 2009 and remain an employee through the grant date of the replacement options;
- reside in a country other than Russia and otherwise where this Offer is not prohibited under local regulations, and continue to reside in such jurisdiction through the grant date of the replacement options;
- are not an independent member of our Board of Directors or one of our executive officers; and
- hold at least one eligible option on June 29, 2009.

The outstanding options that you hold under our Plans give you the right to purchase shares of our common stock once you exercise those options by paying the applicable exercise price of those options. Thus, when we use the term “option” in this Option Exchange, we refer to the actual options you hold to purchase shares of our common stock and not the shares of our common stock underlying those options.

**Exchange Ratios.** The following exchange ratios for the Option Exchange (that is, how many shares subject to existing options an employee must surrender in order to receive one share subject to the replacement option) were determined using the Binomial option pricing model and are based on, among other things, the sales price per share of our common stock of \$4.00 (due to the fluctuation and expected fluctuation over the current month and subsequent month, respectively), and the exercise prices of the options eligible for exchange. We chose to use this model to derive exchange ratios that were intended to be cost neutral to AMD. Replacement options calculated according to the exchange ratios will be rounded down to the nearest whole share on a grant-by-grant basis. Replacement options to purchase fractional shares will not be granted. The table below sets forth the exchange ratios to be used based on the exercise price of your eligible options.

<u>Exercise Price Range</u>	<u>Shares Subject to Option Surrendered</u>	<u>Shares Subject to Replacement Option To Be Granted</u>
\$6.35 to \$9.99	1.5	1
\$10.00 to \$15.99	5	1
\$16.00 and above	11	1

If you are eligible to participate, you must exchange all or none of the outstanding options that were granted to you on a single grant date with the same grant number and at the same exercise price. If you have previously exercised a portion of your options granted on a single grant date with the same grant number and at the same exercise price, only the portion of options which have not yet been exercised will be eligible to be exchanged.

All eligible options that we accept pursuant to the Option Exchange will be cancelled on the expiration date of this Offer, currently scheduled for 11:00 p.m. Central Time on July 27, 2009, and options elected for exchange will no longer be exercisable after that time. Based on this current schedule, the exercise price of the replacement option will be the closing price of our common stock on the New York Stock Exchange on July 27, 2009 (the “*replacement grant date*”). In addition, any stock appreciation rights (“*SARs*”) related to eligible options that we accept pursuant to the Option Exchange will be cancelled on the expiration date of this Offer, and such SARs will no longer be exercisable after that time.

We will grant the replacement options under the 2004 Plan on the replacement grant date, which will be the date that we cancel the options accepted for exchange; provided, you remain an eligible employee of AMD or one of our majority-owned subsidiaries through the replacement grant date.

The replacement options will:

- have an exercise price equal to the per share closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States);
- vest and become exercisable beginning one year from the replacement grant date, depending upon continued employment with AMD or any of our majority-owned subsidiaries, unless otherwise prohibited under local law. This means that all replacement options will be completely unvested on the replacement grant date, regardless of whether the surrendered options were partially or wholly vested. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates;
- retain the same expiration date as the surrendered options, subject to earlier expiration of the option following termination of the employment of the optionee, unless otherwise prohibited under local law; and
- be treated as nonstatutory stock options for U.S. federal income tax purposes.

The replacement options will have the terms and be subject to the conditions as provided for in the 2004 Plan. With respect to cancelled options granted under the 2004 Plan, the terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will be granted on the date that the tendered options are cancelled; (ii) the replacement options will vest and become exercisable beginning one year from the replacement grant date, dependent upon continued employment with AMD or any of our majority-subsiidiaries, unless otherwise prohibited under local law, with the following vesting schedule: (a) replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date and (b) replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any



of our majority-owned subsidiaries through the applicable vest dates; (iii) the exercise price of the replacement option will be the closing sales price of our common stock on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States); and (iv) the number of shares underlying the replacement options will be determined pursuant to the exchange ratios as described above. With respect to cancelled options granted under the ATI Share Option Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option; (ii) the forms of consideration for such replacement options may consist of cash, other shares of our common stock, broker-assisted cashless exercise, or any other consideration and method of payment to the extent permitted by applicable laws and the administrator; (iii) the option exercise period after termination of employment other than for cause, death or disability, shall be three months following the date of termination or such other period of time as determined by the administrator; (iv) the option exercise period after termination of employment due to death or disability, to the extent such option is vested and exercisable, shall be 12 months following the date of such termination or such other period of time as determined by the administrator and (v) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company. With respect to cancelled options granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan and the 2000 Stock Incentive Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option and (ii) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company.

**Although our Board of Directors has approved this Offer, neither we nor our Board of Directors make any recommendation as to whether you should elect to exchange or refrain from electing to exchange your options. You must make your own decision regarding whether to elect to exchange your options.**

This Offer is not conditioned upon a minimum aggregate number of options being elected for exchange. This Offer is subject to certain conditions which we describe in Section 6 of this Option Exchange and the terms described in this Offer.

**If the market price of our common stock exceeds \$6.34 per share on the replacement grant date, the replacement options that you receive in exchange for your existing options may have a higher exercise price than some or all of your existing options.**

Shares of our common stock are quoted on the New York Stock Exchange under the symbol "AMD." On June 26, 2009, the closing sales price of our common stock as quoted on the New York Stock Exchange was \$3.62 per share. **We recommend that you obtain current market quotations for our common stock before deciding whether to elect to exchange your options.**

As of June 15, 2009, eligible options outstanding under the Plans were exercisable for approximately 21,936,012 shares of our common stock, or approximately 3% of the total shares of our common stock outstanding as of June 15, 2009.

IMPORTANT

If you wish to elect to exchange your options, you must complete and submit the Election Form in accordance with its instructions, which is at <https://amd.equitybenefits.com>. To participate, you must complete and submit the electronic Election Form no later than 11:00 p.m. Central Time on July 27, 2009, unless this Offer is extended. You will receive a confirmation by e-mail within 48 hours of your election to participate. If your options are properly elected for exchange and accepted by us for exchange, you will receive a final confirmation notice promptly following the expiration of this Offer. The final confirmation notice will confirm that your options have been accepted for exchange and cancelled. If you have technical difficulties with this site, please contact AMD's Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or the Option Exchange Helpline at 512-602-1174 to arrange an alternate mode of election.

We are not making this Offer to, nor will we accept any election to exchange options from or on behalf of, option holders in any jurisdiction in which this Offer or the acceptance of any election to exchange options would not be in compliance with the laws of that jurisdiction. However, we may, at our discretion, take any actions necessary or desirable for us to make this Offer to option holders in any such jurisdiction.

THIS OPTION EXCHANGE OFFER DOCUMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, OR SEC, OR ANY STATE OR FOREIGN SECURITIES COMMISSION NOR HAS THE SEC OR ANY STATE OR FOREIGN SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THIS EXCHANGE OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AMD HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD ELECT TO EXCHANGE OR REFRAIN FROM ELECTING TO EXCHANGE YOUR OPTIONS PURSUANT TO THIS OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR OTHER INFORMATION TO WHICH WE HAVE REFERRED YOU. AMD HAS NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION FORM. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY AMD.

NOTHING IN THIS DOCUMENT SHALL BE CONSTRUED TO GIVE ANY PERSON THE RIGHT TO REMAIN IN THE EMPLOY OF AMD OR TO AFFECT OUR RIGHT TO TERMINATE THE EMPLOYMENT OF ANY PERSON AT ANY TIME WITH OR WITHOUT CAUSE TO THE EXTENT PERMITTED UNDER LAW. NOTHING IN THIS DOCUMENT SHOULD BE CONSIDERED A CONTRACT OR GUARANTEE OF WAGES OR COMPENSATION.

AMD RESERVES THE RIGHT TO AMEND OR TERMINATE THE PLANS AT ANY TIME, AND THE GRANT OF AN OPTION UNDER THE 2004 PLAN OR THIS OFFER DOES NOT IN ANY WAY OBLIGATE AMD TO GRANT ADDITIONAL OPTIONS OR OFFER FURTHER OPPORTUNITIES TO PARTICIPATE IN ANY OPTION EXCHANGE OPTIONS IN ANY FUTURE YEAR. THE GRANT OF AN OPTION AND ANY FUTURE OPTIONS GRANTED UNDER THE 2004 PLAN OR IN RELATION TO THIS OFFER IS WHOLLY DISCRETIONARY IN NATURE AND IS NOT TO BE CONSIDERED PART OF ANY NORMAL OR EXPECTED COMPENSATION THAT IS OR WOULD BE SUBJECT TO SEVERANCE, RESIGNATION, REDUNDANCY, TERMINATION OR SIMILAR PAY, OTHER THAN TO THE EXTENT REQUIRED BY LOCAL LAW.

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## OPTION EXCHANGE PROGRAM

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## SUMMARY TERM SHEET

The following are answers to some of the questions that you may have about this Offer. We urge you to read carefully the following questions and answers, as well as the remainder of this Offer to Exchange and the Election Form. Where applicable, we have included section references to the remainder of this Option Exchange where you can find a more complete description of the topics in this question and answer summary. Because each of you is in a different financial situation, we suggest that you consult with your personal financial and tax advisors before deciding to participate in this Offer. Please review this summary term sheet, the remainder of this Offer to Exchange and the Election Form to ensure that you are making an informed decision regarding your participation in this Offer.

For your ease of use, the questions have been separated into three sections:

1. Exchange Design.
2. Administrative/Program Timing.
3. Other Important Questions.

### **Exchange Design**

#### **1. What is the Option Exchange program?**

The Option Exchange program, or this Offer, is a one-time offer by AMD to allow eligible employees of AMD to exchange their outstanding options that have an exercise price greater than \$6.34 per share, which is the 52-week high trading price of our common stock as quoted on the New York Stock Exchange at the commencement of this Offer, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010, for new stock options, which we refer to as replacement options. The number of replacement options that will be granted in exchange for eligible existing options will be determined by the exchange ratios described below under question 3. The replacement options will be granted on the date we cancel the options accepted for exchange, which will be the expiration date of this Offer. The replacement options will have the terms and be subject to the conditions as provided for in the 2004 Plan. With respect to cancelled options granted under the 2004 Plan, the terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will be granted on the date that the tendered options are cancelled; (ii) the replacement options will vest and become exercisable beginning one year from the replacement grant date, dependent upon continued employment with AMD or any of our majority-subsiaries, unless otherwise prohibited under local law, with the following vesting schedule: (a) replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date and (b) replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates; (iii) the exercise price of the replacement option will be the closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States); and (iv) the number of shares underlying the replacement options will be determined pursuant to the exchange ratios as described below. With respect to cancelled options granted under the ATI Share Option Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option; (ii) the forms of consideration for such replacement options may consist of cash, other shares of our common stock, broker-assisted cashless exercise, or any other consideration and method of payment to the extent permitted by applicable laws and the administrator; (iii) the option exercise period after termination of employment other than for cause, death or disability, shall be three months following the date of termination or such other period of time as determined by the administrator; (iv) the option exercise period after termination of employment due to death or disability, to the extent such option is vested and exercisable, shall be 12 months following the date of such termination or such other period of time as determined by the administrator and (v) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation

refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company. With respect to cancelled options granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan and the 2000 Stock Incentive Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option and (ii) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company.

In conjunction with this Offer, all employees holding SARs must surrender the SARs related to the outstanding options they elect to exchange. (See Section 1 below for additional information.)

## **2. Why are we making this Offer?**

We are making this Offer because a considerable number of our eligible employees have stock options with exercise prices significantly above the recent trading prices of our common stock. These options were originally granted to give employees a stake in the growth and success of our Company and to provide them with an additional financial incentive to stay with AMD. This Option Exchange program is VOLUNTARY and will allow eligible employees to choose whether to keep their existing stock options at existing exercise prices and vesting schedules or to exchange those options for replacement options to be granted upon the cancellation of existing options. We intend that this Option Exchange program will enable our employees to improve their overall position in their stock option holdings, but this cannot be guaranteed considering the ever-present risks associated with a volatile and unpredictable stock market. By making this Offer, we intend to provide our eligible employees with the compensatory benefit of owning options that over time may have a greater potential to increase in value. In addition, we intend to create better performance incentives for our eligible employees and thereby maximize stockholder value. (See Section 2 below for additional information.)

## **3. How does the Option Exchange program work?**

We are offering to exchange eligible outstanding options that have an exercise price greater than \$6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010, for a predetermined number of replacement options, rounded down to the nearest whole share, based on the exchange ratios described below. The outstanding options that you hold give you the right to purchase shares of our common stock once you exercise those options by paying the applicable exercise price of those options. Thus, when we use the term “option” in this Option Exchange, we refer to the actual options you hold to purchase shares of our common stock and not the shares of our common stock underlying those options.

Replacement options will be granted at an exercise price equal to the closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States). Participating in the Option Exchange program requires an eligible employee to make a voluntary election to tender eligible stock options before 11:00 pm. Central Time on July 27, 2009, unless this Offer is extended, after which time such election will be irrevocable.

The following exchange ratios for the Option Exchange (that is, how many shares subject to existing options an employee must surrender in order to receive one share subject to the replacement option) were determined using the Binomial option pricing model and are based on, among other things, the sales price per share of our common stock of \$4.00 (due to the fluctuation and expected fluctuation over the current month and subsequent month, respectively), and the exercise prices of the options eligible for exchange. We chose to use this model to derive exchange ratios that were intended to be cost neutral to AMD. Replacement options calculated according to the exchange ratios will be rounded down to the nearest whole share on a grant-by-grant basis. Replacement options to purchase fractional shares will not be granted.

<u>Exercise Price Range</u>	<u>Shares Subject to Option Surrendered</u>	<u>Shares Subject to Replacement Option To Be Granted</u>
\$6.35 to \$9.99	1.5	1
\$10.00 to \$15.99	5	1
\$16.00 and above	11	1

Unless prevented by law or applicable regulations, options accepted for exchange will be cancelled and replacement options granted under our 2004 Plan. SARs related to eligible options that are surrendered as part of this Offer will not count toward the above exchange ratios. We will not issue any replacement SARs. (See Sections 1, 7 and 10 below for more information.)

#### Example

To illustrate how the exchange ratios work, assume that:

- (a) You have three existing options each for 300 shares with corresponding exercise prices of: \$1.00, \$5.00 and \$15.00.
- (b) You have two existing options with SARs related to such existing options, each for 300 shares with corresponding exercise prices of: \$20.00 and \$25.00.
- (c) The option with an exercise price of \$20.00 was granted on January 1, 2009 (i.e., after June 28, 2008) and all other options were granted before June 28, 2008.
- (d) All options have an expiration date after July 27, 2010.

If you elect to participate in the Offer:

- (a) You will only be able to elect to exchange the two existing options with exercise prices of \$15.00 and \$25.00.
- (b) You will not be able to exchange your existing options with exercise prices of \$1.00 and \$5.00 because the exercise prices are below \$6.34.
- (c) You will not be able to exchange your existing option with an exercise price of \$20.00 because it was granted after June 28, 2008.

Under these facts, the table below shows the number of options subject to each replacement option you would receive were you to participate in the Offer:

<u>Exercise Price of Existing Option</u>	<u>Cancelled Shares Subject to Existing Option</u>	<u>Exchange Ratio</u>	<u>Shares Subject to Replacement Option</u>
\$15.00	300	5 for 1	60
\$25.00*	300	11 for 1	27
<b>Total</b>	<b>600</b>		<b>87</b>

\* The SARs related to the eligible options that were cancelled pursuant to the Option Exchange would be cancelled and no longer exercisable. No replacement SARs will be issued.

Vesting and exercisability of replacement options for eligible employees will begin one year from the replacement grant date, depending upon continued employment with AMD or any of our majority-owned subsidiaries, unless otherwise prohibited under local law. This means that all replacement options will be completely unvested on the replacement grant date, regardless of whether the surrendered options were partially or wholly vested. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates.

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**4. What options are eligible for this Offer?**

Options eligible for exchange are those that:

- have an exercise price greater than \$6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010; and
- were granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan, the 2000 Stock Incentive Plan, the 2004 Plan or the ATI Share Option Plan.

(See Section 1 below for more information.)

**5. Who is eligible to participate in this Offer?**

You are eligible to participate in this Offer only if you:

- are an employee of AMD or any of our majority-owned subsidiaries on June 29, 2009 and remain an employee through the grant date of the replacement options;
- reside in a country other than Russia and otherwise where this offer is not prohibited under local regulations, and continue to reside in such jurisdiction through the grant date of the replacement options;
- are not an independent member of our Board of Directors or one of our executive officers; and
- hold at least one eligible option on June 29, 2009.

**6. What if I leave AMD or change my place of residence before the replacement grant date?**

If you are no longer employed with AMD or any of our majority-owned subsidiaries, whether voluntarily, involuntarily, or for any other reason before your replacement options are granted, you will not be able to participate in this Offer. Also, if you change your place of residence to Russia or otherwise to a country where this Offer is prohibited under local regulations, you will not be able to participate in this Offer.

ACCORDINGLY, IF YOU ARE NOT AN ELIGIBLE EMPLOYEE OF AMD OR ANY OF OUR MAJORITY-OWNED SUBSIDIARIES AS DESCRIBED ABOVE ON THE REPLACEMENT OPTION GRANT DATE, EVEN IF YOU HAD ELECTED TO PARTICIPATE IN THIS OFFER AND HAD TENDERED YOUR OPTIONS FOR EXCHANGE, YOUR TENDER WILL AUTOMATICALLY BE DEEMED WITHDRAWN AND YOU WILL NOT PARTICIPATE IN THIS OFFER. YOU WILL RETAIN YOUR OUTSTANDING OPTIONS IN ACCORDANCE WITH THEIR CURRENT TERMS AND CONDITIONS. IN THE CASE OF TERMINATION OF YOUR EMPLOYMENT, YOU MAY EXERCISE YOUR OUTSTANDING OPTIONS DURING A LIMITED PERIOD OF TIME FOLLOWING THE TERMINATION OF EMPLOYMENT IN ACCORDANCE WITH THEIR TERMS TO THE EXTENT THAT THEY ARE VESTED. (See Sections 1 and 5 below for additional information.)

**7. Why can't AMD just reprice my existing options?**

In 1998, the Financial Accounting Standards Board adopted policies that create unfavorable accounting charge consequences for companies that reprice options. If we were simply to reprice options, our potential for profitability would be diminished, as we would be required to take a charge against earnings on any future appreciation of the repriced options. (See Section 11 below for additional information.)

**8. Why can't I just be granted additional options?**

Because of the large number of options with exercise prices greater than \$6.34, which is the 52-week high trading price of our common stock as quoted on the New York Stock Exchange, an additional grant of new options to all of these option holders would have a severe negative effect on our stock dilution and would significantly increase the number of our outstanding shares.

**9. Why aren't the exchange ratios set at one-for-one?**

The exchange ratios were determined using the Binomial option pricing model and are based on, among other things, the sales price per share of our common stock of \$4.00 (due to the fluctuation and expected fluctuation over the current month and subsequent month, respectively). We chose to use this model to derive exchange ratios that

were intended to be cost neutral to AMD. As an eligible employee, you have the opportunity (and potential benefit) to replace your current “underwater” options with new options with an exercise price equal to the per share closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside of the United States).

**10. If I participate, what will happen to my exchanged options and SARs related to my exchanged options?**

Options that you elect to exchange will be cancelled on July 27, 2009, unless this Offer is extended, in which case such options will be cancelled on the expiration date of this Offer, as extended. Shares subject to cancelled options granted under the Plans will not be available for new grants under the Plans. If you elect to exchange eligible options with related SARs, you must surrender the SARs related to those eligible options, which will be cancelled on the expiration date of this Offer. (See Section 11 below for additional information.)

**11. What happens to eligible options that I choose not to exchange or that you do not accept for exchange?**

Eligible options that you choose not to exchange or that we do not accept for exchange remain outstanding and retain their existing terms, exercise prices and vesting schedules. Any SARs that you may hold related to your eligible options that you choose not to exchange or that we do not accept for exchange will remain outstanding with their original terms and conditions.

**12. Am I eligible to receive future grants if I participate in this Offer?**

We intend to continue to review our equity-based incentive programs from time to time. As a result of this review, we may decide to grant you additional equity incentives. Participation or non-participation in this Offer is not expected to affect your eligibility for future equity or other incentives.

**13. What are the conditions to this Offer?**

This Offer is subject to a number of conditions including the conditions described in Section 6. This Offer is not conditioned upon a minimum aggregate number of options being elected for exchange. (See Section 6 below for additional information.)

**Administrative/Timing of Program**

**14. How do I participate in this Offer?**

If you currently hold outstanding options that are eligible for the Option Exchange, you will receive an e-mail with instructions on how to log into the Option Exchange website. The URL for this site is <https://amd.equitybenefits.com>.

This site contains information about your eligible options and provides instructions on how to submit your outstanding options for exchange. To participate, you must complete and submit the electronic Election Form no later than 11:00 p.m. Central Time on July 27, 2009, unless this Offer is extended. You will receive confirmation by e-mail within 48 hours of your election to participate. If you have technical difficulties with this site, please contact AMD’s Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or the Option Exchange Helpline at 512-602-1174 to arrange an alternate mode of election.

**15. How do I find out the details about my existing stock options?**

Information on your eligible options will be provided to you with this Offer on the Option Exchange website located at <https://amd.equitybenefits.com>. In addition, you can check your E\*TRADE OptionsLink account for the current status of your options.

**16. What is the deadline to elect to exchange and how do I elect to exchange?**

The deadline to participate in this program is 11:00 p.m. Central Time on July 27, 2009, unless this Offer is extended. This means that your completed Election Form must be submitted before that time. Within 48 hours after receipt of your completed electronic Election Form, you will receive a confirmation by e-mail. If you have elected an alternate method of submission by contacting AMD’s Stock Administration, you will receive confirmation by e-mail or mail, at our discretion, promptly after receipt of your completed Election Form. We may, in our discretion, extend this Offer at any time, but we cannot assure you that this Offer will be extended or, if extended, for how long. If this Offer is extended, we will make a public announcement of the extension no later than 8:00 a.m. Central Time on the next U.S. business day following the previously scheduled expiration of this Offer. If this Offer is extended, you must deliver your Election Form before the extended expiration of this Offer.



We reserve the right to reject any or all options elected for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. Otherwise, we will accept options properly and timely elected for exchange that are not validly withdrawn. Subject to our rights to extend, terminate and amend this Offer, we currently expect that we will accept all options properly elected for exchange on the expiration date of this Offer. (See Section 3 below for additional information.)

**17. What will happen if I do not turn in my Election Form by the deadline?**

If you do not turn in your Election Form by the deadline, then you will not participate in this Offer, and all stock options currently held by you will remain intact at their original price and original terms. Any SARs that you may hold related to your eligible options that are not exchanged will remain outstanding with their original terms and conditions. (See Section 1 below for additional information.)

**IF YOU FAIL TO TURN IN YOUR ELECTION FORM BY THE DEADLINE, YOU WILL NOT BE PERMITTED TO PARTICIPATE IN THIS OFFER.**

**18. During what period of time can I withdraw previously elected options?**

You can withdraw or change your previously submitted election to exchange options at any time before 11:00 p.m. Central Time on July 27, 2009. If this Offer is extended beyond that time, you can withdraw or change your election at any time until the extended expiration of this Offer. To change your previously submitted election, you must submit a new Election Form in the same manner described above, and we must receive the change of election notice before the election deadline. To withdraw your previously submitted election, submit a new Election Form that does not select any options. You will receive an e-mail confirming your new election. It is your responsibility to confirm that we have received your correct Election Form before the deadline. In all cases, the last Election Form submitted and received prior to the deadline date will prevail. (See Section 4 below for additional information.)

**AFTER THE DEADLINE TO WITHDRAW OR CHANGE YOUR EXECUTED ELECTION FORM HAS PASSED, YOU WILL NOT BE PERMITTED TO WITHDRAW OR CHANGE YOUR ELECTION.**

**19. Can I exchange the remaining portion of an option that I have already partially exercised?**

Yes, any remaining outstanding, unexercised eligible options can be exchanged. If you have previously exercised a portion of your eligible options granted on a single grant date with the same grant number and at the same exercise price, only the portion of those options which have not yet been exercised will be eligible to be exchanged. The replacement option will only replace options that are cancelled upon the expiration of this Offer.

**20. Can I select which portion of an option to exchange?**

No. You cannot partially cancel an outstanding option. If you choose to exchange an option, all outstanding, unexercised options within that grant (that is, all outstanding options granted to you under the same grant number on the same grant date and at the same exercise price) will be exchanged and cancelled and all outstanding SARs related to those outstanding options, if applicable, will be cancelled.

**21. Can I exchange both vested and unvested options?**

Yes. You can exchange eligible options, whether or not they are vested.

**22. What will be my new option exercise price?**

The exercise price for the replacement options will be the closing sales price per share of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States). **IF THE MARKET PRICE OF OUR COMMON STOCK INCREASES BEFORE THE REPLACEMENT GRANT DATE, THE REPLACEMENT OPTIONS THAT YOU RECEIVE IN EXCHANGE FOR YOUR EXISTING OPTIONS MAY HAVE A HIGHER EXERCISE PRICE THAN SOME OR ALL OF YOUR EXISTING OPTIONS.** (See Sections 1 and 2 below for additional information.)

**23. When will I receive my replacement option?**

We will grant the replacement options on the date we cancel options elected for exchange. If we cancel options elected for exchange on July 27, 2009, which is the expected expiration date of this Offer, the replacement grant

date of the replacement options will also be July 27, 2009. If this Offer is extended beyond July 27, 2009, then the replacement options will be granted on the expiration date of the extended Offer. (See Section 8 below for more information.)

**24. When will the replacement options appear in my E\*TRADE OptionsLink account?**

The replacement options should be reflected in OptionsLink within 30 to 45 days after the replacement grant date.

**25. When will the replacement options vest?**

Replacement options will vest, or become exercisable, beginning one year from the replacement grant date. The only exception to this may be in countries where local law requires otherwise. This means that all replacement options will be completely unvested on the replacement grant date, regardless of whether the surrendered options were partially or wholly vested. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date.

Vesting and exercise of replacement options are dependent upon continued employment with AMD or any of our majority-owned subsidiaries. Replacement options are subject to the terms and conditions as provided for in the 2004 Plan and will be forfeited if not vested at time of termination of employment. (See Section 8 below for additional information.)

**26. What will be the terms and conditions of my replacement options?**

The replacement options granted under the Option Exchange will have the terms and be subject to the conditions as provided for in the 2004 Plan. With respect to cancelled options granted under the 2004 Plan, the terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will be granted on the date that the tendered options are cancelled; (ii) the replacement options will vest and become exercisable beginning one year from the replacement grant date, dependent upon continued employment with AMD or any of our majority-owned subsidiaries, unless otherwise prohibited under local law, with the following vesting schedule: (a) replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date and (b) replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates; (iii) the exercise price of the replacement option will be the closing sales price of our common stock on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States); and (iv) the number of shares underlying the replacement options will be determined pursuant to the exchange ratios as described above. With respect to cancelled options granted under the ATI Share Option Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option; (ii) the forms of consideration for such replacement options may consist of cash, other shares of our common stock, broker-assisted cashless exercise, or any other consideration and method of payment to the extent permitted by applicable laws and the administrator; (iii) the option exercise period after termination of employment other than for cause, death or disability, shall be three months following the date of termination or such other period of time as determined by the administrator; (iv) the option exercise period after termination of employment due to death or disability, to the extent such option is vested and exercisable, shall be 12 months following the date of such termination or such other period of time as determined by the administrator and (v) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company. With respect to cancelled options granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan and the 2000 Stock Incentive Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser

number of shares of common stock subject to such replacement option and (ii) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company.

You are encouraged to consult the 2004 Plan for complete information about the terms of the replacement options, which is available on the Stock Administration website at <http://amdcentral/AMDTeams/Corporate/HR/Worldshare/Pages/WorldshareHome.aspx>. Each replacement option will retain the same expiration date as the surrendered option it replaces, subject to earlier expiration of the option following termination of your employment with AMD or any of our majority-owned subsidiaries. (See Section 8 below for additional information.)

**27. What if my employment with AMD is terminated after the replacement options are granted?**

If your employment with AMD is terminated for any reason after the replacement option has been granted, you will forfeit your replacement options that are unvested at the date of your termination. You will generally have the earlier of the expiration of the replacement option or three months from the date of your termination to exercise the vested portion of your replacement option. (See Section 8 below for additional information.)

**28. What happens if AMD is subject to a change in control AFTER the replacement options are granted?**

Although we are not currently contemplating a merger or similar transaction that could result in a change in control of our Company, we are reserving the right to take any actions that we deem necessary or appropriate to complete a transaction that our Board of Directors believes is in the best interest of our Company and our stockholders. It is possible that, after or prior to the grant of replacement options, we might effect or enter into an agreement, such as a merger or other similar transaction, in which the current stock ownership of our Company will change such that a new group of stockholders has the number of votes necessary to control stockholder voting decisions. We refer to this type of transaction as a change in control transaction.

The replacement options will have the vesting acceleration provisions under the 2004 Plan. To obtain detailed change of control provisions governing your current options, you can refer to the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan, the 2000 Stock Incentive Plan, the 2004 Plan and the ATI Share Option Plan, as applicable, and the prospectus for each such Plan, all of which are available on the Stock Administration website at <http://amdcentral/AMDTeams/Corporate/HR/Worldshare/Pages/WorldshareHome.aspx>.

**29. What happens if AMD is subject to a change in control BEFORE the replacement options are granted?**

Although we are not currently contemplating a merger or similar transaction that could result in a change in control of our Company, we are reserving the right to take any actions that we deem necessary or appropriate to complete a transaction that our Board of Directors believes is in the best interest of our Company and our stockholders. This could include terminating your right to receive replacement options under this Offer.

Any change in control transaction, or announcement of such transaction, could have a substantial effect on our stock price, including potentially substantial appreciation in the price of our common stock. Depending on the structure of such a transaction, price appreciation in the common stock associated with the replacement options could be drastically altered. For example, if our stock were to be acquired in a cash merger, the fair market value of our stock, and hence the price at which we grant the replacement options, would likely be a price at or near the cash price being paid for the common stock in the transaction. As a result of such a transaction, it is possible that the exercise price of the replacement options may be more than you might otherwise anticipate. In addition, in the event of an acquisition of our Company for stock, tendering option holders might receive options to purchase shares of a different issuer. (See Section 2 below for additional information.)

**30. Are there other circumstances where I would not be granted replacement options?**

Yes. Even if we accept your tendered options, we will not grant replacement options to you if we are prohibited by applicable law or regulations from doing so, or until all necessary government approvals have been obtained. We will use reasonable efforts to avoid a prohibition, but if prohibited by applicable law or regulation on the expiration date of this Offer, you will not be granted replacement options, if at all, until all necessary government approvals have been obtained. (See Section 12 below for additional information.)

**31. After the replacement grant date, what happens if my options end up underwater again?**

We are conducting this Offer at this time considering the stock market conditions that have affected many companies throughout the United States. This is a one-time offer that we do not expect to offer again in the future. The price of our common stock may appreciate over the long term, even if your options become underwater after the replacement grant date. HOWEVER, WE CAN PROVIDE NO ASSURANCE AS TO THE PRICE OF OUR COMMON STOCK AT ANY TIME IN THE FUTURE. (See Section 2 below for additional information.)

**Other Important Questions**

**32. What are the tax consequences of my participation in this Offer?**

If you accept this Offer and reside and work in the United States, under current U.S. law, you will not recognize income for federal income tax purposes either at the time your exchanged options are cancelled or when the replacement options are granted. If you are subject to the tax laws of a country other than the United States, even if you are a resident of the United States, you should be aware that there may be other tax consequences that may apply to you. Tax consequences may vary depending on each individual employee's circumstances. Included as part of this Option Exchange are disclosures regarding the material federal tax consequences of this Offer in the United States and in countries other than the United States. You should review these disclosures carefully before deciding whether or not to participate in this Offer. (See Schedule A below for additional information.)

**33. How should I decide whether or not to participate?**

The decision to participate must be each individual employee's personal decision, and it will depend largely on each employee's assumptions about the future overall economic environment, the performance of publicly traded stocks generally and our own stock price, and our business.

We understand that this will be a challenging decision for all eligible employees. THE OPTION EXCHANGE DOES CARRY CONSIDERABLE RISK, AND THERE ARE NO GUARANTEES OF OUR FUTURE STOCK PERFORMANCE OR THE PRICE OF OUR COMMON STOCK ON THE REPLACEMENT GRANT DATE. (See Section 17 below for additional information.)

**34. What do the executive officers and the members of our Board of Directors think of this Offer? Who can I contact to help me decide whether or not I should exchange my eligible options?**

Although our Board of Directors has approved this Offer, neither our executive officers nor the members of our Board of Directors make any recommendation as to whether you should elect to exchange or refrain from exchanging your options. Please contact your personal financial and tax advisors to assist you in determining if you should exchange your eligible options.

**35. What are some of the potential risks if I choose to exchange my outstanding eligible options?**

Because we cannot guarantee what the stock market will do or how our stock will perform before the date that the replacement options will be granted, the price of AMD stock may increase significantly. This could result in the new grants having a higher exercise price than those you exchanged and could make the replacement options less valuable than those you exchanged. (See "Risk Factors" below for additional information.)

**36. Who can I talk to if I have questions regarding this Offer?**

The following websites are available to assist you with information and instructions:

Stock Option Exchange Website: <https://amd.equitybenefits.com>

Stock Administration Website:

<http://amdcentral/AMDTteams/Corporate/HR/Worldshare/Pages/WorldshareHome.aspx>

or

Address Questions to [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com)

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## RISK FACTORS

Participation in this Offer involves a number of potential risks and uncertainties, including those described below. This list and the risk factors set forth under the heading entitled “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 28, 2009, and our Annual Report on Form 10-K for the year ended December 27, 2008, filed with the SEC, highlight the material risks related to AMD which may impact your decision of participating in this Offer. You should carefully consider these risks and we encourage you to speak with your financial, legal and/or tax advisors before deciding whether to participate in this Offer. In addition, we strongly urge you to read the sections in this Option Exchange discussing the tax consequences of participating in this Offer, as well as the rest of this Option Exchange for a more in-depth discussion of the risks that may apply to you.

In addition, this Option Exchange and our SEC reports referred to above include “forward-looking statements.” When used in this Option Exchange, the words “anticipate,” “believe,” “estimate,” “expect,” “intend” and “plan” as they relate to us are intended to identify these forward-looking statements. All statements by us regarding our expected future financial position and operating results, our business strategy, our financing plans and expected capital requirements, forecasted trends relating to our products or the markets in which we operate and similar matters are forward-looking statements, and are dependent upon certain risks and uncertainties, including those set forth in this section and other factors elsewhere in this Option Exchange. You should carefully consider these risks, in addition to the other information in this Option Exchange and in our other filings with the SEC. The documents we file with the SEC, including the reports referred to above, discuss some of the risks that could cause our actual results to differ from those contained or implied in the forward-looking statements.

The following discussion should be read in conjunction with the financial statements and notes to the financial statements included in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. We caution you not to place undue reliance on the forward-looking statements contained in this Option Exchange, which speak only as of the date hereof.

### Risks Related to This Offer

***If the price of our common stock increases after the date on which your eligible options are cancelled, your cancelled options might have been worth more than the replacement options that you will receive in exchange for them.***

Because you will receive replacement options covering fewer shares than the eligible options surrendered, it is possible that, at some point in the future, your exchanged eligible options would have been economically more valuable than the replacement options granted pursuant to this Offer.

***Any replacement options you receive in this Offer may have less favorable vesting terms than those of the related eligible options you are surrendering. This means that if your employment with us terminates during the new vesting period, or if the replacement options otherwise terminate prior to your being fully vested in them, you might have been better off if you had continued holding the eligible option rather than exchanging them for replacement options.***

If you elect to participate in this Offer, the vesting of each replacement option granted to you will be subject to either a one-year or two-year vesting schedule. This means that you will be required to continue working for the Company for one or two years after the date on which your replacement option is granted in order to be fully vested in the replacement option. If your employment terminates for any reason prior to vesting of your replacement option, you will forfeit the then-unvested portion of your replacement option. The unvested portion of your replacement option may terminate under certain other circumstances prior to its being fully vested, including if the Company were to be acquired.

You should carefully consider the relative benefit to you if the vesting of your eligible options has already accrued, compared to the benefit of a lower-priced option with a longer vesting period. If our stock price increases in the future to a value above the exercise price of an eligible option that you surrendered in this Offer, you could conclude that it would have been preferable to have retained the eligible option with its higher price and greater amount of accrued vesting rather than have surrendered it for the lower-priced replacement option with re-started vesting.

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Nothing in this Offer should be construed to confer upon you the right to remain an employee of the Company. The terms of your employment with us remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our employ until the grant date for the replacement options or thereafter.

*If you are subject to foreign tax laws, even if you are a resident of the United States, there may be tax and social insurance consequences for participating in this Offer.*

If you are subject to the tax laws of another country, even if you are a resident of the United States, you should be aware that there may be other tax and social insurance consequences that may apply to you. You should read Schedule A attached to this Option Exchange. Schedule A discusses the tax consequences of participating in this Offer for your country of residence. You should also be certain to consult your own tax advisors to discuss these consequences.

#### **Risks Related to Our Business and Common Stock**

You should carefully review the risk factors contained in our Quarterly Report on Form 10-Q for the quarter ended March 28, 2009 and our Annual Report on Form 10-K for the year ended December 27, 2008 and also the other information provided in this Option Exchange and the other materials that we have filed with the Securities and Exchange Commission, or SEC, before making a decision on whether or not to tender your eligible options. You may access these filings electronically at the SEC's Internet site at <http://www.sec.gov>. In addition, we will provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See "This Offer - Additional Information" for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

## THIS OFFER

### 1. Eligibility; Number of Options; Expiration Time.

Upon the terms and subject to the conditions of this Option Exchange, we will exchange eligible options for replacement options to purchase common stock granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan, the 2000 Stock Incentive Plan, the 2004 Plan and the ATI Share Option Plan (the "Plans"), and that are properly elected for exchange and not validly withdrawn in accordance with Section 4 of this Offer before the "expiration time," as defined below.

You are eligible to participate in this Offer (an "eligible employee") only if you:

- are an employee of AMD or any of our majority-owned subsidiaries on June 29, 2009 and remain an employee through the grant date of the replacement options;
- reside in a country other than Russia and otherwise where this Offer is not prohibited under local regulations, and continue to reside in such jurisdiction through the grant date of the replacement options;
- are not an independent member of our Board of Directors or one of our executive officers; and
- hold at least one eligible option on June 29, 2009.

The outstanding options that you hold under the Plans give you the right to purchase shares of our common stock once you exercise those options by paying the applicable exercise price of those options. Thus, when we use the term "option" in this Offer, we refer to the actual options you hold to purchase shares of our common stock and not the shares underlying those options.

If you elect to exchange options, you will not be eligible to receive replacement options unless you continue to be employed by AMD or any of our majority-owned subsidiaries and continue to reside in a country other than Russia and otherwise where this Offer is not prohibited under local regulations through the grant date of the replacement options.

ACCORDINGLY, IF YOU ARE NOT AN ELIGIBLE EMPLOYEE OF AMD OR ANY OF OUR MAJORITY-OWNED SUBSIDIARIES AS DESCRIBED ABOVE ON THE REPLACEMENT OPTION GRANT DATE, EVEN IF YOU HAD ELECTED TO PARTICIPATE IN THIS OFFER AND HAD TENDERED YOUR OPTIONS FOR EXCHANGE, YOUR TENDER WILL AUTOMATICALLY BE DEEMED WITHDRAWN AND YOU WILL NOT PARTICIPATE IN THIS OFFER. YOU WILL RETAIN YOUR OUTSTANDING OPTIONS IN ACCORDANCE WITH THEIR CURRENT TERMS AND CONDITIONS. IN THE CASE OF TERMINATION OF YOUR EMPLOYMENT, YOU MAY EXERCISE YOUR OUTSTANDING OPTIONS DURING A LIMITED PERIOD OF TIME FOLLOWING THE TERMINATION OF EMPLOYMENT IN ACCORDANCE WITH THEIR TERMS TO THE EXTENT THAT THEY ARE VESTED.

If you are eligible and choose to participate, you may only elect to exchange options (the terms "option" or "options" refer to an entire option) under the Plans that have an exercise price greater than \$6.34 per share, which is the 52-week high trading price of our common stock as quoted on the New York Stock Exchange at the commencement of this Offer, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010. If you have previously exercised a portion of your options granted on a single grant date with the same grant number and at the same exercise price, only the portion of options that have not yet been exercised will be eligible to be exchanged in this program.

If you properly tender your eligible options and such tendered options are accepted for exchange, the tendered options will be cancelled and, subject to the terms of this Offer, you will be entitled to receive that number of replacement options determined using the exchange ratios set forth in the table below, subject to adjustments for any future stock splits, stock dividends and similar events, in accordance with the terms of the 2004 Plan. If you properly tender your eligible options and such options are accepted for exchange, any SARs related to the grant of the eligible options will also be tendered and cancelled.

The table below shows the number of shares of our common stock subject to your existing outstanding options that you must exchange for each share of common stock subject to the replacement option (the “exchange ratios”), based on the grant price of the existing outstanding option:

<u>Exercise Price Range</u>	<u>Exchange Ratio (Shares Subject to Canceled Option to New Option)</u>
\$6.35 to \$9.99	1.5 – 1
\$10.00 to \$15.99	5 – 1
\$16.00 and above	11 – 1

We will not grant any replacement options to purchase fractional shares. Instead, if the exchange ratios yield a fractional amount of shares, we will round down to the nearest whole number of shares with respect to each option on a grant-by-grant basis. SARs related to eligible options that are surrendered as part of this Offer will not count toward the above exchange ratios.

Unless prevented by law or applicable regulations, eligible options granted under the Plans and exchanged for replacement options will be replaced with options granted under the 2004 Plan. The replacement options will have the terms and be subject to the conditions as provided for in the 2004 Plan. The replacement options will have a new grant date, a new exercise price and a new vesting schedule, will be classified as a nonstatutory stock option and will cover a fewer number of shares of our common stock.

The per share exercise price of the replacement options will be equal to the closing sales price per share of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States).

The term “expiration time” means 11:00 p.m. Central Time on July 27, 2009, unless and until we, in our discretion, extend the period of time during which this Offer will remain open, in which event the term “expiration time” refers to the latest time and date at which this Offer, as so extended, expires. See Section 14 of this Option Exchange for a description of our rights to extend, delay, terminate and amend this Offer.

If we decide to take any of the following actions, we will publish a notice or otherwise notify you of such action in writing after the date of such notice:

- (a) we increase or decrease the amount of consideration offered for the options;
- (b) we decrease the number of options eligible to be elected for exchange in this Offer; or
- (c) we increase the number of options eligible to be elected for exchange in this Offer by an amount that exceeds 2% of the shares of common stock issuable upon exercise of the options that are subject to this offer immediately prior to the increase.

If this Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth U.S. business day from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 14 of this Option Exchange, we will extend this Offer so that this Offer is open at least ten U.S. business days following the publication, sending or giving of notice.

For purposes of this Offer, a “business day” means any day other than Saturday, Sunday or a U.S. federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, Eastern Time.

## **2. Purpose of this Offer.**

We granted the options outstanding under the Plans to promote our long-term growth and success and the creation of stockholder value by giving employees a stake in the growth and success of our Company and to provide them with additional financial incentive to stay with AMD.

Many of our outstanding options, whether or not they are currently exercisable, have exercise prices that are significantly higher than the current and recent trading prices of our common stock. We believe these options are unlikely to be exercised in the foreseeable future and therefore do not serve their original purpose. By making this Offer to exchange outstanding options for replacement options that will have an exercise price equal to the per share closing sales price of our common stock on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States), we intend to provide our eligible employees with the compensatory benefit of holding options that over time may have a greater potential to increase in value. In addition, we intend to create better performance incentives for employees and thereby maximize stockholder value.



THERE IS NO GUARANTEE THAT THE INTENDED BENEFITS OF THE OPTION EXCHANGE PROGRAM WILL BE REALIZED CONSIDERING THE EVER-PRESENT RISKS ASSOCIATED WITH A VOLATILE AND UNPREDICTABLE STOCK MARKET.

We may engage in transactions in the future that could significantly change our structure, ownership, organization or management or the make-up of our Board of Directors and that could significantly affect the price of our stock. In connection with the promotion of Robert J. Rivet to Chief Administrative and Operating Officer during October 2008, we are in the process of conducting a search for a new Chief Financial Officer. If we engage in such a transaction or transactions prior to the date we grant the replacement options, our stock price could increase (or decrease) and the exercise price of the replacement options could be higher (or lower) than the exercise price of eligible options you elect to have cancelled as part of this Offer. The exercise price of any replacement options granted to you in return for options you elect to exchange will be the fair market value of our common stock on the replacement grant date. You will be at risk of any increase in our stock price during the period prior to the replacement grant date for these and other reasons.

Although we are not currently contemplating a merger or similar transaction that could result in a change in control of our Company, we are reserving the right, in the event of a merger or similar transaction, to take any actions we deem necessary or appropriate to complete a transaction that our Board of Directors believes is in the best interest of our Company and our stockholders. This could include terminating your right to receive replacement options under this Offer. If we were to terminate your right to receive replacement options under this Offer in connection with such a transaction, your original options will remain outstanding pursuant to their original terms.

Subject to the foregoing, and except as otherwise disclosed in this Option Exchange or in our filings with the SEC that are incorporated by reference, as of the date hereof, we have no plans, proposals or negotiations (although we often consider such matters in the ordinary course of our business and intend to continue to do so in the future) that relate to or would result in:

- (a) any extraordinary transaction, such as a merger, reorganization or liquidation, involving us or our subsidiaries;
- (b) any purchase, sale or transfer of a material amount of our assets or the assets of our subsidiaries;
- (c) any material change in our present dividend rate or policy, or our indebtedness or capitalization;
- (d) any change in our present Board of Directors or management, including, but not limited to, any plans or proposals to change the number or the terms of directors or to fill any existing Board vacancies or to change any material term of the employment contract of any executive officer;
- (e) any other material change in our corporate structure or business;
- (f) our common stock being delisted from any national securities exchange or ceasing to be authorized for quotation in an automated quotation system operated by a national securities association;
- (g) our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act;
- (h) the suspension of our obligation to file reports pursuant to Section 15(d) of the Securities Exchange Act;
- (i) the acquisition by any person of an additional amount of our securities or the disposition of an amount of any of our securities; or
- (j) any change in our certificate of incorporation or bylaws, or any actions which could impede the acquisition of control of us by any person.

NEITHER WE NOR OUR BOARD OF DIRECTORS MAKES ANY RECOMMENDATION AS TO WHETHER YOU SHOULD ELECT TO EXCHANGE YOUR OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU ARE URGED TO EVALUATE CAREFULLY ALL OF THE INFORMATION PROVIDED IN CONNECTION WITH THIS OFFER. YOU MUST MAKE YOUR OWN DECISION WHETHER TO ELECT TO EXCHANGE YOUR OPTIONS.

### **3. Procedures for Electing to Exchange Options.**

*Proper Exchange of Options.* If you currently hold outstanding options that are eligible for this Offer, you will receive an e-mail with instructions on how to log into the stock option exchange website. The URL for this site is <https://amd.equitybenefits.com>.

This site will contain information about your eligible options and provide instructions on how to submit your outstanding options for exchange. To validly elect to exchange your options pursuant to this Offer, you must, in accordance with the terms of the electronic Election Form, complete and submit the electronic Election Form no later than 11:00 p.m. Central Time on July 27, 2009, unless this Offer is extended. You will receive a confirmation by e-mail within 48 hours of your election to participate. If you have technical difficulties with this site, please contact AMD's Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or the Option Exchange Helpline at 512-602-1174 to arrange an alternate mode of election.

If you do not turn in your Election Form by the expiration time, then you will not participate in this Offer, and all stock options and SARs related to such stock options, if any, currently held by you will remain intact at their original price and with their original terms.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING ELECTION CONCERNING EXCHANGE OF STOCK OPTIONS FORMS AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE ELECTING OPTION HOLDER. IT IS YOUR RESPONSIBILITY TO ALLOW SUFFICIENT TIME TO ENSURE TIMELY DELIVERY TO AND RECEIPT BY US.

*Determination of Validity; Rejection of Options; Waiver of Defects; No Obligation to Give Notice of Defects.* We will determine, in our discretion, all questions as to the validity, form, eligibility, including time of receipt, and acceptance of any documentation relating to the tender of options for exchange. Our determination of these matters will be final and binding on all parties. We reserve the right to reject any or all elections to exchange options that we determine are not in appropriate form or that we determine are unlawful to accept or not timely made. We also reserve the right, in our reasonable discretion, to waive any of the conditions of this Offer or any defect or irregularity in any election. If we waive any of the conditions of this Offer we will do so for all option holders. No election to exchange options will be deemed to have been properly made until all defects or irregularities have been cured by the electing option holder or waived by us. Neither we nor any other person is obligated to give notice of any defects or irregularities in elections, nor will anyone incur any liability for failure to give any such notice.

*Our Acceptance Constitutes an Agreement.* Your election to exchange options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of this Offer. OUR ACCEPTANCE OF THE OPTIONS THAT YOU ELECT TO EXCHANGE PURSUANT TO THIS OFFER WILL CONSTITUTE A BINDING AGREEMENT BETWEEN US AND YOU UPON THE TERMS AND SUBJECT TO THE CONDITIONS OF THIS OFFER.

Subject to our rights to extend, terminate and amend this Offer, we currently expect that we will accept promptly after the expiration of this Offer all properly elected options that have not been validly withdrawn.

#### **4. Withdrawal Rights.**

You can only withdraw your elected options in accordance with the provisions of this Section 4.

You can withdraw your elected options at any time before 11:00 p.m. Central Time on July 27, 2009 (the "expiration time"). If the expiration time is extended by us, you can withdraw your elected options at any time until the extended expiration of this Offer.

In addition, although we intend to accept all validly tendered options immediately after the expiration of this Offer, if we have not accepted your options within 40 business days of the commencement of this Offer, you may withdraw your tendered options at any time thereafter.

To validly withdraw elected options, you must submit a new Election Form in the same manner as your original Election Form was submitted that does not select any options. We must RECEIVE the new Election Form before the expiration time.

Providing us with a properly completed new Election Form that does not select any options and submitted in the same manner as your original Election Form will constitute a proper notice of withdrawal. It is your responsibility to confirm that we received your new Election Form indicating the withdrawal of your elected options before the expiration time. If you elect to withdraw options, you must withdraw all or none of the outstanding options granted to you on the same grant date with the same grant number and at the same exercise price.

You cannot rescind any withdrawal, and any options you withdraw will thereafter be deemed not properly elected for exchange for purposes of this Offer unless you properly re-elect to exchange those options before the expiration time by following the procedures described in Section 3.

Neither AMD nor any other person is obligated to give notice of any defects or irregularities in any election withdrawal, nor will anyone incur any liability for failure to give any such notice. We will determine, in our discretion, all questions as to the form and validity, including time of receipt, of notices or elections of withdrawal. Our determination of these matters will be final and binding.

**5. Acceptance of Options for Exchange and Grant of Replacement Options.**

Upon the terms and subject to the conditions of this Offer, including those conditions listed in Section 6 below, and promptly following the expiration of this Offer, we will accept for exchange and cancel options properly elected for exchange (including any related SARs, if applicable) and not validly withdrawn before the expiration time. Once your options have been accepted for exchange, you will receive a confirmation notice promptly following the expiration of this Offer confirming that your options (including any related SARs, if applicable) have been accepted for exchange and cancelled.

If your options are properly elected for exchange and accepted by us, we will cancel your options and related SARs, if applicable, on the expiration date of this Offer, and you will be granted replacement options on the replacement grant date. The replacement grant date will be on the date we cancel the options accepted for exchange.

If you are no longer an employee with AMD or any of our majority-owned subsidiaries, whether voluntarily, involuntarily, or for any other reason before your replacement options are granted, you will not be able to participate in this Offer. Also, if you change your place of residence to Russia or otherwise to a country where this Offer is prohibited under local regulations, you will not be able to participate in this Offer.

ACCORDINGLY, IF YOU ARE NOT AN ELIGIBLE EMPLOYEE OF AMD OR ANY OF OUR MAJORITY-OWNED SUBSIDIARIES AS DESCRIBED ABOVE ON THE REPLACEMENT GRANT DATE, EVEN IF YOU HAD ELECTED TO PARTICIPATE IN THIS OFFER AND HAD TENDERED YOUR OPTIONS FOR EXCHANGE, YOUR TENDER WILL AUTOMATICALLY BE DEEMED WITHDRAWN AND YOU WILL NOT PARTICIPATE IN THIS OFFER. YOU WILL RETAIN YOUR OUTSTANDING OPTIONS IN ACCORDANCE WITH THEIR CURRENT TERMS AND CONDITIONS. IN THE CASE OF TERMINATION OF YOUR EMPLOYMENT, YOU MAY EXERCISE YOUR OUTSTANDING OPTIONS DURING A LIMITED PERIOD OF TIME FOLLOWING THE TERMINATION OF EMPLOYMENT IN ACCORDANCE WITH THEIR TERMS TO THE EXTENT THAT THEY ARE VESTED.

For purposes of this Offer, we will be deemed to have accepted for exchange options that are validly elected for exchange and not properly withdrawn, when we give written notice to the option holders of our acceptance for exchange of such options; such notice may be given by press release, e-mail or letter. Subject to our rights to extend, terminate and amend this Offer, we expect that you will receive your replacement option agreement as promptly as practicable after the replacement grant date.

**6. Conditions of this Offer.**

Notwithstanding any other provision of this Offer, we will not be required to accept any options elected for exchange, and we may terminate or amend this Offer, or postpone our acceptance and cancellation of any options elected for exchange, in each case subject to certain limitations, if at any time on or after June 29, 2009 and prior to the expiration time any of the following events has occurred, or in our reasonable judgment, has been determined by us to have occurred, regardless of the circumstances giving rise thereto, other than acts or omissions to act by us:

(a) there shall have been threatened or instituted or be pending any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of this Offer, the acquisition of some or all of the options elected for exchange pursuant to this Offer or the issuance of replacement options;

(b) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to this Offer or us, by any court or any authority, agency or tribunal that would or might directly or indirectly:

(i) make the acceptance for exchange of, or issuance of replacement options for, some or all of the options elected for exchange illegal or otherwise restrict or prohibit consummation of this Offer;

- (ii) delay or restrict our ability, or render us unable, to accept for exchange or grant replacement options for some or all of the options elected for exchange; or
- (iii) materially and adversely affect the business, condition (financial or other), income, operations or prospects of AMD;

(c) there shall have occurred:

- (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market;
- (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory;
- (iii) the commencement or escalation of a war, armed hostilities or other international or national crisis directly or indirectly involving the United States;
- (iv) any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that might affect, the extension of credit by banks or other lending institutions in the United States;
- (v) any decrease of greater than 50% of the market price of the shares of our common stock or any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on the business, condition (financial or other), operations or prospects of AMD or on the trading in our common stock;
- (vi) in the case of any of the foregoing existing at the time of the commencement of this Offer, a material acceleration or worsening thereof; or
- (vii) any decline in either the Dow Jones Industrial Average or the Standard and Poor's Index of 500 Companies by an amount in excess of 10% measured during any time period after the close of business on June 29, 2009;

(d) a tender or exchange offer with respect to some or all of our common stock, or a merger or acquisition proposal for us, shall have been proposed, announced or made by another person or entity or shall have been publicly disclosed, or we shall have learned that:

- (i) any person, entity or group within the meaning of Section 13(d)(3) of the Securities Exchange Act, shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding shares of our common stock, or any new group shall have been formed that beneficially owns more than 5% of the outstanding shares of our common stock, other than any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before June 29, 2009;
- (ii) any such person, entity or group that has filed a Schedule 13D or Schedule 13G with the SEC on or before June 29, 2009 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding shares of our common stock; or
- (iii) any person, entity or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or made a public announcement reflecting an intent to acquire us or any of the assets or securities of us; or

(e) any of the situations described above existed at the time of commencement of this Offer and that situation, in our reasonable judgment, deteriorates materially after commencement of this Offer; or

(f) any change or changes shall have occurred in the business, condition (financial or other), assets, income, operations, prospects or stock ownership of AMD that, in our reasonable judgment, is or may have a material adverse effect on AMD.

The conditions to this Offer are for our benefit. We may assert them in our discretion regardless of the circumstances giving rise to them before the expiration time. We may waive them, in whole or in part, at any time and from time to time prior to the expiration time, in our reasonable discretion, whether or not we waive any other condition to this Offer. Our failure at any time to exercise any of these rights will not be deemed a waiver of any such rights. The waiver of any of these rights with respect to particular facts and circumstances will not be deemed a waiver with respect to any other facts and circumstances. Any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

## 7. Price Range of Common Stock Underlying the Options.

Our common stock is quoted on the New York Stock Exchange under the symbol “AMD.” The following table shows, for the periods indicated, the high and low sales prices per share of our common stock as quoted on the New York Stock Exchange.

	<u>HIGH</u>	<u>LOW</u>
<b><u>Fiscal Year Ended December 29, 2007</u></b>		
First Quarter	\$20.63	\$12.96
Second Quarter	15.95	12.60
Third Quarter	16.19	11.27
Fourth Quarter	14.73	7.30
<b><u>Fiscal Year Ended December 27, 2008</u></b>		
First Quarter	\$ 8.08	\$ 5.31
Second Quarter	7.98	5.61
Third Quarter	6.47	4.05
Fourth Quarter	6.00	1.62
<b><u>Fiscal Year Ending December 26, 2009</u></b>		
First Quarter	\$ 3.78	\$ 1.86
Second Quarter	\$ 4.82	\$ 3.02

As of June 26, 2009, the last reported sale price of our common stock, as reported by the New York Stock Exchange, was \$3.62 per share.

WE RECOMMEND THAT YOU OBTAIN CURRENT MARKET QUOTATIONS FOR OUR COMMON STOCK BEFORE DECIDING WHETHER TO ELECT TO EXCHANGE YOUR OPTIONS.

## 8. Source and Amount of Consideration; Terms of Replacement Options.

*Consideration.* We will grant replacement options, subject to applicable laws and regulations, to purchase common stock under the 2004 Plan, in exchange for outstanding eligible options (and SARs related to the outstanding eligible options) properly elected for exchange and accepted by us. The number of shares of common stock subject to the replacement options to be granted to each option holder will be determined as follows, subject to adjustments for any stock splits, stock dividends and similar events affecting the common stock, in accordance with the terms of the 2004 Plan.

The table below shows the number of shares of our common stock subject to the existing outstanding option that you must exchange for each share of common stock subject to the replacement option, based on the grant price of the existing outstanding option:

<u>Exercise Price</u>	<u>Exchange Ratio</u> <u>(Shares Subject to Eligible Option to Replacement Option)</u>
\$6.35 to \$9.99	1.5 – 1
\$10.00 to \$15.99	5 – 1
\$16.00 and above	11 – 1

We will not grant any replacement options to purchase fractional shares. Instead, if the exchange ratios yield a fractional amount of shares, we will round down to the nearest whole number of shares with respect to each option on a grant-by-grant basis. SARs related to eligible options that are surrendered as part of this Offer will not count toward the above exchange ratios. We will not grant any replacement SARs.

As of June 15, 2009, there were outstanding eligible options to purchase an aggregate of 21,936,012 shares of the Company’s common stock. If 100% of eligible options were to be exchanged and replacement options granted in accordance with the exchange ratios set out above, the number of shares underlying such replacement options would be approximately 7,235,706.

*Terms of Replacement Options.* The replacement options will have the terms and be subject to the conditions as provided for in the 2004 Plan. With respect to cancelled options granted under the 2004 Plan, the terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will be granted on the date that the tendered options are cancelled; (ii) the replacement options will vest and become exercisable beginning one year from the replacement grant date, dependent upon continued employment with AMD or any of our majority-subsiidiaries, unless otherwise prohibited under local law, with the following vesting schedule: (a) replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date and (b) replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates; (iii) the exercise price of the replacement option will be the closing sales price of our common stock on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States); and (iv) the number of shares underlying the replacement options will be determined pursuant to the exchange ratios as described above. With respect to cancelled options granted under the ATI Share Option Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option; (ii) the forms of consideration for such replacement options may consist of cash, other shares of our common stock, broker-assisted cashless exercise, or any other consideration and method of payment to the extent permitted by applicable laws and the administrator; (iii) the option exercise period after termination of employment other than for cause, death or disability, shall be three months following the date of termination or such other period of time as determined by the administrator; (iv) the option exercise period after termination of employment due to death or disability, to the extent such option is vested and exercisable, shall be 12 months following the date of such termination or such other period of time as determined by the administrator and (v) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company. With respect to cancelled options granted under the 1992 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1998 Stock Incentive Plan and the 2000 Stock Incentive Plan, the material terms and conditions of the replacement options will be similar to the cancelled options, except that: (i) the replacement options will have a new date of grant, a new option exercise price, a new vesting schedule and a lesser number of shares of common stock subject to such replacement option and (ii) in the event of a qualified merger or sale of substantially all of the assets of the Company, each outstanding option shall be assumed or substituted by the successor corporation or related corporation, and in the event that the successor corporation refuses to assume or substitute such options, such options shall be fully vested and exercisable upon completion of the qualified merger transaction or sale of substantially all of the assets of the Company.

The terms and conditions of your existing options are set forth in the applicable Plan under which they were granted. The description of the replacement options set forth herein is only a summary of some of the material provisions of the 2004 Plan, but is not complete. These descriptions are subject to, and qualified in their entirety by reference to, the actual provisions of the 2004 Plan. Information regarding the Plans may be found in the S-8 Registration Statements and related prospectuses prepared by us in connection with each of the Plans. Copies of the Plans and prospectuses are available on the Stock Administration site at <http://amdcentral/AMDTeams/Corporate/HR/Worldshare/Pages/WorldshareHome.aspx> or upon request by contacting Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com). Copies will be provided promptly at our expense.

NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED TO CONFER UPON YOU THE RIGHT TO REMAIN AN EMPLOYEE OF THE COMPANY OR ANY OF ITS SUBSIDIARIES. THE TERMS OF YOUR EMPLOYMENT OR SERVICE WITH US REMAIN UNCHANGED. WE CANNOT GUARANTEE OR PROVIDE YOU WITH ANY ASSURANCE THAT YOU WILL NOT BE SUBJECT TO INVOLUNTARY TERMINATION OR THAT YOU WILL OTHERWISE REMAIN IN OUR EMPLOY OR SERVICE UNTIL THE REPLACEMENT OPTION GRANT DATE OR AFTER THAT DATE.

IF YOU EXCHANGE ELIGIBLE OPTIONS FOR REPLACEMENT OPTIONS AND YOU CEASE TO BE AN EMPLOYEE OF THE COMPANY OR ANY OF ITS MAJORITY-OWNED SUBSIDIARIES BEFORE THE REPLACEMENT OPTIONS ARE FULLY VESTED, YOU WILL FORFEIT ANY UNVESTED PORTION OF YOUR REPLACEMENT OPTION.

*Exercise.* Generally, you may exercise the vested portion of your replacement option at any time. If, however, your employment with AMD or any of our majority-owned subsidiaries terminates prior to any portion of your replacement option becoming vested, you will not be able to exercise any unvested portion of your replacement option.

*U.S. Federal Income Tax Consequences of Options.* You should refer to Section 13 for a discussion of material U.S. federal income tax consequences of the replacement options, as well as the consequences of accepting or rejecting the new nonstatutory stock options under this Offer. You should refer to the relevant tax disclosure discussion under Schedule A for a discussion of the tax consequences of participating in this Offer in your country of residence if your country of residence is not the United States.

*Registration of Option Shares.* All shares of common stock issuable upon exercise of options under the Plans, including the shares that will be issuable upon exercise of all replacement options, have been registered under the Securities Act of 1933 on one or more registration statements on Form S-8 filed with the Securities and Exchange Commission. Unless you are considered an “affiliate” of AMD, you will be able to sell your option shares free of any transfer restrictions under SEC Rule 144 promulgated under the Securities Act of 1933.

#### *2004 Equity Incentive Plan*

The 2004 Plan permits the grant of the following types of Awards: (1) nonstatutory stock options, incentive stock options and stock appreciation rights granted at the fair market value of our common stock on the date of grant (Fair Market Value Awards), and (2) restricted stock awards and restricted stock units (Full Value Awards). The 2004 Plan is intended to attract, motivate, and retain employees, consultants, and non-employee directors who provide significant services to us. The 2004 Plan also is intended to further our growth and profitability.

#### *Administration of the Plan*

Our Board of Directors or a delegate or committee appointed by our Board of Directors (the Committee) administers the 2004 Plan. Awards will also be made pursuant to the Non Employee Director Equity Compensation Policy.

Subject to the terms of the 2004 Plan, the Committee has the sole discretion to select the employees and consultants who will receive Awards, determine the terms and conditions of Awards (for example, the exercise price and vesting schedule), and interpret the provisions of the 2004 Plan and outstanding Awards. The Committee may delegate any part of its authority and powers under the 2004 Plan to one or more directors and/or officers of AMD, but only the Committee itself can grant stock options or make Awards to participants who are officers of AMD.

If an Award or an award currently outstanding under any of our equity compensation plans, except for those equity compensation plans that we assumed when we acquired ATI, expires or is cancelled without having been fully exercised or vested, the unvested or cancelled shares generally will be returned to the available pool of shares reserved for issuance under the 2004 Plan. Also, if we experience a stock dividend, reorganization or other change in our capital structure, the Committee has the discretion to adjust the number of shares available for issuance under the 2004 Plan, the outstanding Awards, and the per-person limits on Awards, as appropriate to reflect the stock dividend or other change.

#### *Eligibility to Receive Awards; Performance Criteria*

The Committee selects the employees and consultants who will be granted Awards under the 2004 Plan. Incentive stock options can only be granted to employees. No individual may receive more than 3,000,000 shares as an Award under the 2004 Plan in any calendar year, except that an individual may receive an Award up to 6,000,000 shares during the first 12 months of employment.

In determining whether an Award should be made, and/or the vesting schedule for any such Award, the Committee may impose whatever conditions to vesting that it determines to be appropriate. For purposes of qualifying awards as performance-based compensation under Section 162(m), the Committee may (but is not required to) specify performance goals for the entire company and/or a business unit. Performance goals may be based on business criteria including: cash position, earnings per share, operating cash flow, market share, new product releases, net income, operating income, return on assets, return on equity, return on investment, other financial measures or any other performance related goal that the Committee deems appropriate.

After the end of each performance period, a determination will be made as to the extent to which the performance goals applicable to each participant were achieved or exceeded. The actual award (if any) for each participant will be determined by the level of actual performance.

#### Fair Market Value Awards

**Stock Options.** A stock option is the right to purchase shares of AMD's common stock at a fixed exercise price for a fixed period of time. Under the 2004 Plan, the Committee may grant nonstatutory and incentive stock options. The Committee will determine the number of shares covered by each option.

The exercise price of the shares subject to each nonstatutory stock option and incentive stock option cannot be less than 100 percent of the fair market value of our common stock on the date of the grant.

Any option granted under the 2004 Plan cannot be exercised until it becomes vested. The Committee establishes the vesting schedule of each option at the time of the grant. Options become exercisable at the times and on the terms established by the Committee. Options granted under the 2004 Plan expire at the times established by the Committee, but not later than 10 years after the grant date.

The exercise price of each option granted under the 2004 Plan must be paid in full at the time of the exercise. The Committee may also permit payment through the tender of shares that are already owned by the participant, or by any other means that the Committee determines to be consistent with the purpose of the 2004 Plan. The participant must pay any taxes AMD is required to withhold at the time of the exercise.

**Stock Appreciation Rights.** Awards of stock appreciation rights may be granted pursuant to the 2004 Plan. Stock appreciation rights may be granted to employees and consultants. The Committee determines the terms and conditions of stock appreciation rights. However, no stock appreciation right may be granted at less than fair market value of our common stock on the date of grant or have a term of over ten (10) years from the date of grant. Upon exercising a stock appreciation right, the holder of such right shall be entitled to receive payment from AMD in an amount determined by multiplying (i) the difference between the closing price of a share of our common stock on the date of exercise and the exercise price by (ii) the number of shares with respect to which the stock appreciation right is exercised. AMD's obligation arising upon the exercise of a stock appreciation right may be paid in shares or in cash, or any combination thereof, as the Committee may determine. The Committee may choose to grant stock appreciation rights in tandem with the grant of stock options, such that the exercise of either the stock option or the stock appreciation right would cancel the other.

#### Full Value Awards

Under the amended and restated 2004 Plan, the Committee can make the following Full Value Awards:

**Restricted Stock.** Awards of restricted stock are shares that vest in accordance with the terms and conditions established by the Committee. The purchase price for an award of restricted stock will be \$0.00 per share. The Committee will determine the number of shares of restricted stock granted to any employee or consultant.

**Restricted Stock Units.** Restricted stock units are awards that obligate AMD to grant a specific number of shares of AMD common stock in the future if the vesting terms and conditions scheduled by the Committee are satisfied and may be payable in cash or in shares of our common stock. The purchase price for the shares will be \$0.00 per share. The Committee will determine the number of shares that are subject to such restricted stock units.

#### Change of Control

**Awards.** In the event of a merger or sale of substantially all of our assets, the successor corporation will either assume or provide a substitute award for each outstanding Award. In the event the successor corporation refuses to assume or provide a substitute award, the Committee will provide at least 15 days notice that the Award will immediately vest and become exercisable as applicable as to all of the shares subject to such Award and that such Award will terminate upon the expiration of such notice period.

**Acceleration in Connection with a Termination of Employment.** If a participant's employment is terminated for any reason other than for cause (or, with respect to certain participants who are executive officers, there is a constructive termination of their employment) within one year after a change of control, all options held by that participant become fully vested. A constructive termination occurs if the executive officer resigns because of a diminution or adverse change in his or her conditions of employment. In general, a "Change of Control" will be



deemed to have occurred upon the acquisition of more than 20 percent of either the then-outstanding shares of AMD common stock or the combined voting power of our then outstanding securities, a change in two-thirds of the Board of Directors over a two-year period, certain mergers or corporate transactions in which we are not the surviving entity, or our liquidation or a sale of substantially all of our assets.

#### Non-Transferability of Awards

Unless a participant's employment or award agreement provides otherwise, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the participant, only by the participant.

#### Amendment and Termination of the 2004 Plan and Prohibition on Repricing or Exchange of Awards Without Stockholder Approval

The Board generally may amend or terminate the 2004 Plan at any time and for any reason; provided, however, that the Board cannot reprice or otherwise exchange awards under the 2004 Plan, amend the 2004 Plan to increase the number of shares available under the 2004 Plan, or change the class of employees eligible to participate in the 2004 Plan without stockholder consent.

IMPORTANT NOTE. THE STATEMENTS IN THIS OFFER CONCERNING THE PLANS AND THE REPLACEMENT OPTIONS ARE MERELY SUMMARIES AND DO NOT PURPORT TO BE COMPLETE. THE STATEMENTS ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, ALL PROVISIONS OF THE PLANS. PLEASE CONTACT US AT ADVANCED MICRO DEVICES, INC., 7171 SOUTHWEST PARKWAY, AUSTIN, TEXAS 78735 ATTN: STOCK ADMINISTRATION; [HRSC.STOCKADMINISTRATION@AMD.COM](mailto:HRSC.STOCKADMINISTRATION@AMD.COM), LONESTAR CAMPUS, AUSTIN, TX M/S B300.1A.364 OR VISIT OUR STOCK ADMINISTRATION WEBSITE AT [HTTP://AMDCENTRAL/AMDTEAMS/CORPORATE/HR/WORLDSHARE/PAGES/WORLDSHAREHOME.ASPX](http://AMDCENTRAL/AMDTEAMS/CORPORATE/HR/WORLDSHARE/PAGES/WORLDSHAREHOME.ASPX) TO RECEIVE A COPY OF ANY PLAN OR PROSPECTUS.

### 9. Information Concerning AMD.

We are a global semiconductor company with facilities around the world. Within the global semiconductor industry, we offer primarily:

- x86 microprocessors, for the commercial and consumer markets, embedded microprocessors for commercial, commercial client and consumer markets and chipsets for desktop and notebook PCs, professional workstations and servers; and
- graphics, video and multimedia products for desktop and notebook computers, including home media PCs and professional workstations, servers and technology for game consoles.

AMD was incorporated under the laws of the state of Delaware on May 1, 1969. Our mailing address and executive offices are located at One AMD Place, Sunnyvale, California 94088. Our phone number is (408) 749-4000. Unless otherwise indicated, references in this report to "AMD," "our," "us," "we" and "the Company" include our majority-owned subsidiaries. We make our filings with the SEC available on the Investor Relations page of our website, "www.amd.com," free of charge.

**Additional Financial Information.** We have provided the book value per share below for your reference.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>March 2009</u>	<u>March 2008</u>
				(Unaudited)	
Book Value Per Share	\$(0.13)	\$4.93	\$10.58	\$ (0.24)	\$ 4.35

See "Additional Information" under Section 16 for instructions on how you can obtain copies of our SEC reports that contain our audited financial statements and unaudited financial data.

### 10. Interests of Directors, Officers and Affiliates; Transactions and Arrangements Concerning the Options.

A list of our directors and executive officers is attached to this Option Exchange as Schedule B.

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As of June 15, 2009, our executive officers and non-employee directors (12 persons) as a group beneficially owned options outstanding under the Plans to purchase a total of approximately 2,987,760 shares of our common stock. This number represented approximately 5.6% of the shares subject to all options outstanding under the Plans as of that date. As of June 15, 2009, of these outstanding options, none are eligible for exchange in this Offer because executive officers and non-employee directors are not eligible to participate in this Offer.

Except for outstanding options to purchase common stock and restricted stock awards granted from time to time to certain of our employees (including executive officers) and non-employee directors pursuant to our equity compensation plans, and except as set forth in this Option Exchange, neither we nor any person controlling us nor, to our knowledge, any of our directors or executive officers, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the offer with respect to any of our securities (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations).

The following table sets forth the beneficial ownership of the Company's executive officers and non-employee directors of options outstanding as of June 15, 2009. The percentages in the table below are based on the total number of outstanding options (i.e., whether or not eligible for exchange) to purchase our common stock, which was 53,012,249 as of June 15, 2009.

<u>Name of Beneficial Owner</u>	<u>Number of Options Beneficially Owned</u>	<u>Percentage of Total Outstanding Options</u>
<i>Non-employee Directors</i>		
Dr. W. Michael Barnes	103,710	.1956%
John E. Caldwell	45,832	.0865%
Bruce L. Claflin	117,500	.2216%
Frank M. Clegg	0	.0000%
H. Paulett Eberhart	72,224	.1362%
Waleed Al Mokarrab Al Muhairi	0	.0000%
Robert B. Palmer	107,890	.2035%
Morton L. Topfer	75,000	.1415%
<i>Executive Officers (including the Employee Directors)</i>		
Thomas M. McCoy	613,461	1.1572%
Derrick R. Meyer	802,153	1.5131%
Robert J. Rivet	1,049,990	1.9807%
Emilio Ghilardi	0	.0000%
All directors and executive officers as a group (12 persons)	2,987,760	5.6360%

The following table sets forth the stock and stock option transactions involving our executive officers and directors during the sixty (60) days prior to and including June 29, 2009:

<u>Transaction Date</u>	<u>Name</u>	<u>Type</u>	<u>Shares</u>	<u>Price</u>
5/15/2009	Emilio Ghilardi	Stock Option Grant	56,250	\$ 4.01
5/15/2009	Thomas M. McCoy	Stock Option Grant	37,500	\$ 4.01
5/15/2009	Derrick R. Meyer	Stock Option Grant	225,000	\$ 4.01
5/15/2009	Derrick R. Meyer	Stock Option Grant	79,000	\$ 4.01
5/15/2009	Robert J. Rivet	Stock Option Grant	81,250	\$ 4.01

During the 60 days prior to and including June 29, 2009, we granted options exercisable for an aggregate of 1,576,179 shares to employees.

Except as otherwise described above, there have been no transactions in options to purchase our common stock or in our common stock which were effected during the past 60 days by AMD, or to our knowledge, by any executive officer, director or affiliate of AMD. For more detailed information on the beneficial ownership of our common stock, you can consult the section entitled "Security Ownership of Directors and Executive Officers" in our definitive proxy statement for our 2009 annual meeting of stockholders.

No securities are to be purchased from any executive officer, director or affiliate of AMD pursuant to this Offer.

#### **11. Status of Options Acquired by Us in this Offer; Accounting Consequences of this Offer.**

Options we acquire pursuant to this Offer will be cancelled on the expiration date of this Offer, and the shares subject to cancelled options granted under the Plans will not be available for new grants under the Plans.

We have adopted the provisions of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R). Under SFAS 123R, we expect to recognize the incremental compensation cost, if any, of the new stock option awards granted in this Offer. The incremental

compensation cost will be measured as the excess, if any, of the fair value of each new stock option award granted to employees in exchange for surrendered stock options, measured as of the date such awards are granted, over the fair value of the original stock option surrendered in exchange for such awards, measured immediately before the exchange. The incremental and remaining compensation expense associated with this Offer will be recognized over the service period of such awards. If any portion of the new stock option awards granted is forfeited prior to the completion of the service condition due to termination of employment, the compensation cost for the forfeited portion of the award will not be recognized.

## **12. Agreements; Legal Matters; Regulatory Approvals.**

We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of options and issuance of replacement options as contemplated by this Offer. If any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign is required for the acquisition or ownership of our options and a procedure for obtaining such approval is practically available, as contemplated herein, we presently contemplate that we will undertake commercially reasonable steps to obtain such approval or take such other action. We are unable to predict whether we may in the future determine that we are required to delay the acceptance of options or not accept options for exchange pending the outcome of any such matter. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under this Offer to accept options tendered for exchange and to grant replacement options for options tendered for exchange is subject to conditions, including the conditions described in Section 6.

We may be prohibited by applicable laws or regulations from granting replacement options on the date that we cancel the eligible options accepted for exchange. We are unaware of any such prohibition at this time, and we will use reasonable efforts to effect the grant, but if the grant is prohibited throughout the period then we will grant the replacement options some time in the future if at all and you will not receive any other consideration for the options that you tendered for exchange. You should note that if the common stock price has increased, the new exercise price of the replacement options may be higher than the options elected for exchange.

## **13. Material U.S. Federal Income Tax Consequences.**

**CIRCULAR 230 DISCLAIMER: THE FOLLOWING DISCLAIMER IS PROVIDED IN ACCORDANCE WITH THE INTERNAL REVENUE SERVICE'S CIRCULAR 230 (21 C.F.R. PART 10). THIS ADVICE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY YOU, FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON YOU. YOU SHOULD SEEK ADVICE BASED ON YOUR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

The following is a discussion of the material United States federal income tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in the United States. This discussion is based on the U.S. Internal Revenue Code (referred to in this document as the "Code"), its legislative history, U.S. Treasury Department regulations, and administrative and judicial interpretations in effect of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of, or are otherwise subject to the tax laws of, another country, or change your residence or citizenship during the term of this Offer, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in the United States apply to your specific situation. Please refer to Schedule A of this document if you reside outside the U.S.

If you are an option holder who chooses to exchange outstanding nonstatutory stock options for replacement options, you should not be required to recognize income for U.S. federal income tax purposes at the time of the

exchange. Your replacement options will be nonstatutory stock options for purposes of U.S. tax law. Under current law, an option holder generally will not realize taxable income upon the grant of a nonstatutory stock option. However, when an option holder exercises the option, the difference between the exercise price of the option and the fair market value of the shares subject to the option on the date of exercise will be compensation income taxable to the option holder.

We generally will be entitled to a deduction equal to the amount of compensation income taxable to the option holder if we comply with eligible reporting requirements.

Upon disposition of the shares acquired upon exercise of a nonstatutory option, any gain or loss is treated as capital gain or loss. If you were an employee at the time of the grant of the option, any income recognized upon exercise of a nonstatutory stock option generally will constitute wages for which withholding will be required.

**IF YOU RESIDE OUTSIDE THE UNITED STATES THE INFORMATION CONTAINED IN THIS SECTION MAY NOT BE APPLICABLE TO YOU. YOU ARE ADVISED TO REVIEW THE COUNTRY SPECIFIC DISCLOSURES IN SCHEDULE A ATTACHED HERETO AND TO CONSULT WITH AN APPROPRIATE PROFESSIONAL ADVISOR AS TO HOW LOCAL TAX OR OTHER LAWS OF YOUR COUNTRY OF RESIDENCE APPLY TO YOUR SPECIFIC SITUATION.**

**PLEASE NOTE THAT TAX LAWS CHANGE FREQUENTLY AND VARY WITH INDIVIDUAL CIRCUMSTANCES AND INDIVIDUAL FOREIGN JURISDICTIONS. PLEASE CONSULT A TAX ADVISOR TO DETERMINE THE TAX CONSIDERATIONS RELEVANT TO YOUR PARTICIPATION IN THIS OFFER.**

**14. Extension of Offer; Termination; Amendment.**

We expressly reserve the right, in our discretion, at any time and from time to time, and regardless of whether or not any event set forth in Section 6 has occurred or is deemed by us to have occurred, to extend the period of time during which this offer is open, and thereby delay the acceptance for exchange of any options, by giving oral or written notice of such extension to the option holders eligible to participate in the exchange or making a public announcement thereof.

We also expressly reserve the right, in our reasonable judgment, before the expiration time, to terminate or amend this Offer and to postpone our acceptance and cancellation of any options elected for exchange upon the occurrence of any of the conditions specified in Section 6 by giving oral or written notice of such termination, amendment or postponement to the option holders eligible to participate in the exchange and making a public announcement thereof. We will return the options elected for exchange promptly after termination or withdrawal of an offer to exchange.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 has occurred or is deemed by us to have occurred, to amend this Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in this Offer to option holders or by decreasing or increasing the number of options being sought in this Offer.

Amendments to this Offer may be made at any time and from time to time by public announcement of the amendment. In the case of an extension, the amendment must be issued no later than 8:00 a.m. Central Time on the next U.S. business day after the last previously scheduled or announced expiration time. Any public announcement made pursuant to this Offer will be disseminated promptly to option holders in a manner reasonably designed to inform option holders of such change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a press release to the Dow Jones News Service.

If we materially change the terms of this Offer or the information concerning this Offer, or if we waive a material condition of this Offer, we will extend this Offer. Except for a change in price or a change in percentage of securities sought, the amount of time by which we will extend this Offer following a material change in the terms of this Offer or information concerning this Offer will depend on the facts and circumstances, including the relative materiality of such terms or information. If we decide to take any of the following actions, we will publish notice or otherwise notify you of such action in writing after the date of such notice:

- (a) we increase or decrease the amount of consideration offered for the options;
- (b) we decrease the number of options eligible to be elected for exchange in this Offer; or

(c) we increase the number of options eligible to be elected for exchange in this Offer by an amount that exceeds 2% of the shares of common stock issuable upon exercise of the options that are subject to this Offer immediately prior to the increase;

and if this Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth U.S. business day from, and including, the date that notice of such increase or decrease is first published, sent or given in the manner specified in this Section 14 of this Offer, we will extend this Offer so that this Offer is open at least ten U.S. business days following the publication, sending or giving of notice.

**15. Fees and Expenses.**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting elections to exchange options pursuant to this Offer.

**16. Additional Information.**

We recommend that, in addition to this Offer to Exchange and the Election Form, you review the following materials that we have filed with the SEC before making a decision on whether to elect to exchange your options:

- (a) AMD's Annual Report on Form 10-K for the period ended December 27, 2008, filed with the SEC on February 24, 2009.
- (b) AMD's Definitive Proxy Statement for the 2009 Annual Meeting of Stockholders, filed with the SEC on March 18, 2009.
- (c) AMD's Quarterly Report on Form 10-Q for the period ended March 28, 2009, filed with the SEC on May 6, 2009.
- (d) AMD's Form S-8 (File No. 033-55107) (registering shares to be issued under the AMD 1992 Stock Incentive Plan), filed with the SEC on August 17, 1994.
- (e) AMD's Form S-8 (File No. 333-04797) (registering shares to be issued under the AMD 1996 Stock Incentive Plan), filed with the SEC on May 30, 1996.
- (f) AMD's Form S-8 (File No. 333-57525) (registering additional shares to be issued under the AMD 1996 Stock Incentive Plan), filed with the SEC on June 23, 1998.
- (g) AMD's Form S-8 (File No. 333-68005) (registering shares to be issued under the AMD 1998 Stock Incentive Plan), filed with the SEC on November 25, 1998.
- (h) AMD's Form S-8 (File No. 333-40030) (registering additional shares to be issued under the AMD 1996 Stock Incentive Plan), filed with the SEC on June 23, 2000.
- (i) AMD's Form S-8 (File No. 333-55052) (registering shares to be issued under the AMD 2000 Stock Incentive Plan), filed with the SEC on February 6, 2001.
- (j) AMD's Form S-8 (File No. 333-60550) (registering additional shares to be issued under the AMD 1996 Stock Incentive Plan), filed with the SEC on May 9, 2001.
- (k) AMD's Form S-8 (File No. 333-74896) (registering additional shares to be issued under the AMD 2000 Stock Incentive Plan), filed with the SEC on December 11, 2001.
- (l) AMD's Form S-8 (File No. 333-115474) (registering shares to be issued under the AMD 2004 Equity Incentive Plan), filed with the SEC on May 13, 2004.
- (m) AMD's Form S-8 (File No. 333-134853) (registering additional shares to be issued under the AMD 2004 Equity Incentive Plan), filed with the SEC on June 8, 2006.
- (n) AMD's Form S-8 (File No. 333-159367) (registering additional shares to be issued under the AMD 2004 Equity Incentive Plan), filed with the SEC on May 20, 2009.
- (o) the description of AMD's common stock included in AMD's Registration Statement on Form 8-A, filed with the SEC on September 14, 1979, including any amendments or reports we file or have filed for the purpose of updating that description.

These filings, our other annual, quarterly and current reports, our proxy statements and our other SEC filings may be examined at, and copies may be obtained from, the SEC public reference rooms located at:

100 F Street, N.E.  
Washington, D.C. 20549

You may obtain information on the operation of the public reference room by calling the SEC at (202) 551-8090.

Our SEC filings are also available to the public on the SEC's internet site at <http://www.sec.gov>.

Our common stock is quoted on the New York Stock Exchange under the symbol "AMD" and our SEC filings can be read at the following New York Stock Exchange address:

New York Stock Exchange  
20 Broad Street  
New York, New York 10005

We will also provide, without charge, to each person to whom a copy of this Option Exchange is delivered, upon the written or oral request of any such person, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to:

Advanced Micro Devices, Inc.  
Attention: Assistant Secretary  
One AMD Place M/S 68  
Sunnyvale, California 94088

or by telephoning us at (408) 749-4000.

As you read the foregoing documents, you may find some inconsistencies in information from one document to another. If you find inconsistencies between the documents, or between a document and this Option Exchange, you should rely on the statements made in the most recent document.

The information contained in this Option Exchange about AMD should be read together with the information contained in the documents to which we have referred you.

#### **17. Miscellaneous.**

This Option Exchange and our SEC reports referred to above include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue" or the negative of such terms or other comparable terminology. These statements involve known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. These factors include, among other things, those listed in our most recently filed report on Form 10-K or Form 10-Q.

The safe harbor provided in the Private Securities Litigation Reform Act of 1995, by its terms, does not apply to statements made in connection with this Offer.

We are not aware of any jurisdiction where the making of this Offer is not in compliance with applicable law. If we become aware of any jurisdiction where the making of this Offer is not in compliance with any valid applicable law, we will make a good faith effort to comply with such law. If, after such good faith effort, we cannot comply with such law, this Offer will not be made to, nor will elections to exchange options be accepted from or on behalf of, the option holders residing in such jurisdiction.

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WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER YOU SHOULD ELECT TO EXCHANGE OR REFRAIN FROM EXCHANGING YOUR OPTIONS PURSUANT TO THIS OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR OTHER INFORMATION TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION CONCERNING EXCHANGE OF STOCK OPTIONS FORM. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU MUST NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

Advanced Micro Devices, Inc.  
June 29, 2009



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## SCHEDULE A

### A GUIDE TO TAX & LEGAL ISSUES FOR NON-U.S. EMPLOYEES

#### Argentina

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Argentina. This discussion is based on the law in effect in Argentina as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Argentina apply to your specific situation.

#### **Tax Information**

##### **Option Exchange**

It is unlikely that you will be subject to any tax as a result of the exchange of eligible options for the replacement options.

##### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

##### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to income tax and social insurance contributions (to the extent you have not exceeded the applicable contribution ceiling) on the excess of the fair market value of the shares on the date of exercise over the exercise price.

##### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will not be subject to capital gains tax, provided that you (i) do not conduct other business activities as a sole proprietorship, and (ii) are not habitually involved in the trading of securities.

##### **Bank Tax**

In principle, a tax of 0.6% is imposed on all amounts debited or credited to bank accounts, including checks or wire transfers from your checking account. However, an exemption may apply on the amounts arising from the sale of shares that is debited or credited to bank accounts provided that it is evidenced that such amounts constitute income deriving from a labor relationship. Please check with your advisor to determine whether this exemption will apply to you.

##### **Personal Assets Tax**

If you exercise your replacement options and acquire shares, any shares held will be considered a computable asset for personal assets tax purposes. If you have been living in Argentina for more than five years and your computable assets are in excess of ARS 305,000, you will be subject to a Personal Assets Tax at a rate ranging from 0.5% to 1.25% depending on the value of your computable assets.

##### **Stamp Tax**

A stamp tax may apply upon your execution of any documents related to the 2004 Plan (for example, the stock option agreements). The tax is paid upon execution of the documents and both the rate and the term for payment

will depend on the particular jurisdiction. In the City of Buenos Aires the applicable stamp tax rate for such a kind of documents is 0.8%. (Please note that as a consequence of the amendments recently incorporated to the Fiscal Code of the City of Buenos Aires such kind of documents executed –as of January 13, 2009- within the jurisdiction of the City of Buenos Aires are subject to Stamp Tax in the City of Buenos Aires).

#### **Withholding and Reporting**

Your employer is required to withhold and report income tax and social insurance contributions (to the extent you have not exceeded the applicable wage ceiling) when you exercise your replacement options. Your employer is also required to pay employer social insurance contributions, regardless of the applicable wage ceiling. If for any reason the amount withheld by your employer is less than your actual tax liability, your employer must report this to the tax authorities and it is your responsibility to pay any additional taxes due.

### **Belgium**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Belgium. This discussion is based on the law in effect in Belgium as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Belgium apply to your specific situation.

#### **Tax Information**

##### **Option Exchange**

It is likely that the exchange of options will be a taxable event. We recommend that you seek professional tax advice in this matter.

##### **Grant of Replacement Option**

You will be required to either “accept” or “reject” this offer to exchange your outstanding option for a replacement option. You will be taxed on the value of your stock options at the date of grant. The taxable benefit of the new options will be equal to 15% of the same underlying share value on the date of the offer, increased by 1% for each year that the allowable exercise period of the option exceeds 5 years from the date of grant.

Please note that this amount is reduced by half if, among other conditions, you agree not to exercise the option before the end of the third calendar year following the year in which the offer was made, and not after the end of the tenth calendar year following the calendar year in which the offer was made. Such agreement must be in writing and signed by you at the time you accept the offer to exchange in order to reduce the amount of your taxable benefit.

##### **Exercise of Replacement Option**

You will not be subject to income tax on exercise of your replacement option.

##### **Sale of Shares**

You will not be subject to tax on the sale of shares.

#### **Withholding and Reporting**

Your employer is not required to withhold income tax at the time of grant, exercise or sale of your replacement options.

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Your employer will mention the taxable benefit on your tax form 281.10. You are responsible for reporting and paying any taxes resulting from the exercise or sale of your replacement options.

If you are a Belgian resident, you are required to report any security or bank account you maintain outside of Belgium on your annual tax return.

### **Brazil**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Brazil. This discussion is based on the law in effect in Brazil as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Brazil apply to your specific situation.

#### **Tax Information**

##### **Option Exchange**

You likely will not be subject to income tax as a result of the exchange of eligible options for the replacement options.

##### **Grant of Replacement Options**

You will not be subject to income tax when the replacement options are granted to you.

##### **Exercise of Replacement Options**

When you exercise the replacement options, you will not be subject to income tax. As explained further below, you may be subject to income tax only when the shares acquired at exercise are sold.

##### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you may or may not be subject to capital gains taxation. The gain will be equal to the difference between the sale proceeds and your tax basis for the shares (the exercise price you paid for the shares acquired upon the exercise of your replacement options). Such amount of capital gains will be subject to the income tax at a flat rate of 15%. Notwithstanding, you may be exempt from capital gains if the proceeds from the sale of all your shares (including proceeds from sale of securities other than the company's shares) in a given month does not exceed R\$ 35,000.00 (Reais). You will be personally responsible for reporting any taxable income arising upon the sale of the shares and paying the applicable tax directly to the local tax authorities until the last business day of the following month from the sale.

##### **Withholding and Reporting**

Your employer is not required to withhold or report income tax when you exercise your replacement options or sell your shares. You are responsible for reporting and paying any tax resulting from the sale of your shares.

### **Canada**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Canada. This discussion is based on the law in effect in Canada as of May 2009. This discussion is general in nature

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and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Canada apply to your specific situation.

Please note that this discussion only addresses Canadian federal tax law. Please consult your personal tax advisor to determine the tax consequences of the exchange offer under the provincial tax laws.

## **Tax Information**

### **Option Exchange**

The exchange of eligible options for replacement options should be treated as a non-taxable exchange, and there should be no recognition of income for income tax purposes or other source withholding requirements upon the grant of the replacement options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

Subject to the deferral provisions discussed in the paragraph below, you will be subject to income tax when you exercise the replacement options on the difference between the fair market value of the shares on the date of exercise and the exercise price (the “spread”). Only one-half of the spread is subject to tax (the “taxable amount”). You will be subject to tax on the taxable amount at your applicable marginal income tax rate. You should be able to exclude one-half of the income you realize upon exercise of the option from taxation.

In addition, you may defer taxation of the taxable portion of the spread arising upon exercise (*i.e.*, the remaining one-half of the difference between the fair market value of the shares on the date of exercise and the exercise price) until the earliest of the time that you sell the shares purchased upon exercise, die or become a non-resident of Canada. In order to be eligible for this deferral, you must file an election with your employer by January 15 of the year following the year in which shares are purchased upon exercise of the replacement options. You can defer the tax on the spread at exercise only on the first C\$100,000 worth of eligible options that vest in any one year. For the purpose of calculating this limit, the value of an eligible option equals the fair market value of the shares subject to the eligible options at the time the eligible options were granted.

Regardless of whether the deferral applies, you will be subject Canada Pension Plan contributions on the taxable amount at exercise to the extent that you have not already exceeded the year’s maximum pensionable earnings.

### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will be subject to capital gains tax. The taxable amount of capital gain will be one-half of the difference between the sale price and the adjusted cost basis of the shares (*i.e.*, the fair market value of the shares on the date of exercise less any brokerage fees). In addition, any amount on which taxation was deferred at exercise will become taxable when the shares are sold. Income tax will be assessed on the taxable income at your marginal income tax rate.

### **Withholding and Reporting**

If you exercise your replacement option, following such exercise, your employer will report the taxable amount to the Canada Revenue Agency (“CRA”) on your T4 slip. A copy of the T4 slip containing this information will be delivered to you prior to the last day of February in the year following the year in which you exercise your replacement options. However, where you elect to defer tax at exercise, the T4 slip will simply identify that a deferral election has been made. Your employer will also withhold income tax on the taxable amount at exercise, unless you elect to defer tax.

You must notify your employer immediately upon exercise of your replacement options if you intend to defer any tax due at exercise (as described above), so that your employer does not withhold income tax on the taxable amount. You must use the “Canadian Election to Defer Payment of Tax on Stock Options” form to notify your employer. In addition, for every year you have a balance of deferred stock eligible option income outstanding, you must file a Form T1212 with the CRA, together with your annual tax return.

As discussed above, your employer will also withhold Canada Pension Plan contributions on the taxable amount at exercise to the extent you have not already exceeded the year’s maximum pensionable earnings.

#### **QUEBEC NOTICE**

By accepting the terms and conditions contained in the exchange offer and agreeing to participate in the exchange offer, you further agree to the following:

Each eligible optionholder in Quebec who participates in the exchange offer hereby agrees that it is the eligible optionholder’s express wish that all documents evidencing or relating in any way to the exchange offer be drafted in the English language only.

*Chaque employé admissible au Québec qui souscrit à l’offre d’échange reconnaît par la présente que c’est sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à l’offre d’échange soient rédigés uniquement en anglais.*

#### **Czech Republic**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Czech Republic. This discussion is based on the law in effect in Czech Republic as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Czech Republic apply to your specific situation.

#### **Tax Information**

##### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

##### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

##### **Exercise of Replacement Options**

When you exercise your replacement options, you will be subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price. You will not be subject to social security or health insurance contributions when you exercise your replacement options.

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## **Sale of Shares**

The income arising from the sale of shares dealt in on the capital market is tax-exempt provided that the period between the acquisition and transfer exceeds six months. The tax exemption applies only to those taxpayers whose total share (both direct and indirect) of the registered capital and shareholders' votes does not exceed 5% in the period of 24 months before transferring the shares/stocks.

The income arising from the sale of all of the other shares is tax-exempt provided that the period between their acquisition and transfer exceeds 5 years.

## **Withholding and Reporting**

Your employer is not required to withhold or report income tax when you exercise your replacement options. It is your responsibility to report any income from your replacement options in your annual tax return and pay any tax resulting from the exercise or sale of your replacement options or the sale of your shares.

## **China (PRC)**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in China (PRC). This discussion is based on the law in effect in China (PRC) as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in China (PRC) apply to your specific situation.

## **Tax Information**

### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options and Sale of Shares**

Due to legal restrictions in China, you will be required to use the cashless sell-all method of exercise. This means that you will be required to immediately sell all of the shares acquired upon exercise of your replacement options. You will receive cash proceeds equal to the difference between the sale price of the shares (*i.e.*, the fair market value of the shares at exercise/sale) and the exercise price, minus any applicable taxes and brokerage fees. You will not be entitled to hold any shares.

You will be subject to income tax on the difference between the fair market value of the shares on the date of exercise/sale and the exercise price (the "spread"). You also may be subject to social insurance contributions on the spread.

### **Withholding and Reporting**

Your employer is required to withhold and report income tax when you exercise your replacement options. Your employer may also be required to withhold social insurance contributions if it is of the opinion that social insurance legislation requires this. You are responsible for paying any difference between the actual tax liability and the amount withheld.

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## Finland

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Finland. This discussion is based on the law in effect in Finland as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Finland apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options. Also no social security contributions should be payable.

#### **Grant of Replacement Options**

You will not be subject to tax or social security contributions when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to municipal and state income tax and medicare contribution on the difference between the fair market value of the shares on the date of exercise and the exercise price, i.e. the spread. You may also be subject to church tax on the spread.

#### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will be subject to capital gains tax on the difference between the sale proceeds and the fair market value of the shares on the date of exercise. When determining the applicable capital gain, you may deduct from the sale proceeds either: (1) the value taxed as your earned income plus the acquisition cost of the shares and any other costs incurred in connection with the gain (e.g., brokerage fees), or (2) 20% of the sale proceeds (40% if the shares are held at least ten years). If the sale proceeds are lower than the fair market value of the shares on the date of exercise, you will realize a capital loss. Capital losses can be deducted from capital gains either in the same tax year or during the next three tax years.

However, no taxable gain is realized if your gross proceeds from the sale of shares and other property do not exceed EUR 1,000 in a tax year. Correspondingly, no deductible capital loss is realized if the total purchase price of sold assets does not exceed EUR 1,000 in a tax year.

#### **Withholding and Reporting**

Your employer is required to withhold and report national tax, municipal income tax, church tax and employee's health insurance premiums when you exercise your replacement options. These taxes and premiums are included in your withholding tax rate stated in your personal tax card. You must check that the taxable benefit resulting from the exercise of your replacement options is reported in your pre-completed tax return. The health insurance premium consists of medicare contribution and per diem contribution. You are only liable to pay medicare contribution on the option benefit and thus the possible overpayment of the per diem contribution will be refunded to you by the tax authorities upon completion of your taxation. If your actual tax liability is greater than the amount withheld, it is your responsibility to pay any additional tax and to report and pay any taxes resulting from the sale of shares.

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## France

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in France. This discussion is based on the law in effect in France as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in France apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the "spread"). The spread will be characterized as salary income and taxed at your progressive rate. Social contributions will also be due on the spread at exercise.

#### **Wealth Tax**

Shares acquired under the 2004 Plan may need to be included in your personal estate and must be declared to the tax authorities if the total amount of your taxable personal estate (including your household's) exceeds a certain amount (€790,000 for 2009), as valued on January 1. You should consult your personal tax advisor to determine if the shares need to be included in your personal estate for purposes of calculating your wealth tax.

#### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options you will not be subject to capital gains tax if your total proceeds from the sale of securities (including your household's) during a calendar year do not exceed €25,730 (2009). If your total proceeds (including your household's) from the sale of securities during a calendar year exceed €25,730, you must pay capital gains tax at the rate presently equal to 30.1% (including social contribution) on the entire capital gain realized on the difference between the sale price of the shares and the fair market value of the shares on the date of exercise.

If the sale proceeds are less than the fair market value of the shares at the time of exercise, you will realize a capital loss. Such capital loss can be offset against capital gains realized from the sale of securities during the year in which you sold the shares and/or during the ten following years. Capital loss cannot be offset against other types of income (such as salary).



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## **Withholding and Reporting**

Your employer is not required to withhold income tax when you exercise your replacement options. However, because the spread at exercise of your replacement options will be considered salary income, your employer is required to report such amounts on its annual declaration of salaries (which is filed with the tax and labor authorities) and on your monthly pay slip. In addition, your employer will withhold and pay all applicable social contributions at the time you exercise your replacement options. You are responsible for reporting on your personal income tax return and paying any and all income tax due as a result of your participation in the 2004 Plan.

### **Germany**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Germany. This discussion is based on the law in effect in Germany as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Germany apply to your specific situation.

## **Tax Information**

### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

If you exercise your replacement options to purchase shares, you will be subject to income tax and social insurance contributions (to the extent you have not exceeded the applicable contribution ceiling). You will be taxed on the difference between the fair market value of the shares at exercise and the exercise price (the "spread"). You will also be subject to a solidarity surcharge and, if applicable, church tax on your income tax liability.

### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will be subject to capital gains tax at a flat rate of 25% (plus a 5.5% solidarity surcharge and, if applicable, church tax at a rate of 8 or 9%), provided you do not own 1% or more of the Company's stated capital (and have not owned 1% or more at any time in the last five years) and the shares are not held as a business asset. If this flat tax rate exceeds your personal income tax rate, you may elect in your income tax return for your personal income tax rate to apply.

The annual tax-free threshold (for the entire investment income, including capital gains, dividends, interest income, etc.) will be €801 for single taxpayers (or married taxpayers filing separately) or €1,602 for married taxpayers filing jointly.

## **Withholding and Reporting**

Your employer will withhold and report income tax and social insurance contributions (to the extent you have not exceeded the applicable contribution ceiling) on the income recognized at exercise or sale of the replacement options. You are responsible for including any income from your replacement options in your annual tax return and for paying any difference between your actual tax liability and the amount withheld. You are also responsible for reporting and paying any tax resulting from the sale of your shares and the receipt of any dividends.

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## Hong Kong

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Hong Kong. This discussion is based on the law in effect in Hong Kong as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Hong Kong apply to your specific situation.

*WARNING: The contents of this exchange offer have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the exchange offer. If you are in any doubt about any of the contents of this exchange offer, you should obtain independent professional advice.*

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to salaries tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the “spread”). You will not be subject to Mandatory Provident contributions on the spread at exercise, as it is not considered “relevant income” for the purposes of your obligations under the Mandatory Provident Fund Schemes Ordinance.

#### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will not be subject to capital gains tax.

#### **Withholding and Reporting**

Your employer is not required to withhold tax when you exercise the replacement options, but is required to report the income to the Inland Revenue Department. It is your responsibility to report on your annual tax return and pay any salaries taxes resulting from the exercise or sale of the replacement options.

## India

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in India. This discussion is based on the law in effect in India as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

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If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in India apply to your specific situation.

## **Tax Information**

### **Option Exchange**

The Fringe Benefit Tax ("FBT") regime on stock options is fairly recent in India; accordingly, there is not much jurisprudence available on the subject. There may be a risk that the tax authorities may consider the surrender of the vested eligible options as deemed an exercise of eligible options and accordingly, may levy FBT on the surrender of the vested eligible options. However, since there is no transfer of allotment of securities involved in the exchange offer, it is likely that the incidence of FBT is not applicable on the surrender of the vested eligible options. Further, it is unlikely that there will be any incidence of FBT on the cancellation of the unvested eligible options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

Under the Finance Act of 2007 (the "Finance Act"), if you exercise the replacement options to purchase shares, your employer will be subject to FBT on the difference between the exercise price and the fair market value of the shares at vesting because stock options and other equity awards are now characterized as fringe benefits. As permitted by the Finance Act, your employer's liability for the FBT will be transferred to you, and you will be subject to FBT on the difference between the exercise price and the fair market value of the shares at vesting when you exercise the replacement options.

Because of the way the FBT is calculated, no FBT will be due if the fair market value of the shares at vesting is less than the exercise price of the replacement options. On the other hand, if the fair market value of the shares at vesting is greater than the exercise price of the replacement options and the fair market value of the shares decreases between vesting and exercise such that it is below the exercise price, you will be liable for FBT on an amount greater than the benefit you will receive at exercise.

You will not be subject to provident fund contributions or other social insurance contributions when you exercise the replacement options.

### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will be subject to capital gains tax. The taxable amount will be the difference between the sale price and the fair market value of the shares at vesting. If you hold the shares for more than 12 months after exercise, you will be taxed at the more favorable long-term capital gains tax rate. If you hold the shares for 12 months or less after exercise, you will be taxed at the short-term capital gains tax rate (which is the same as your progressive income tax rate).

### **Withholding and Reporting**

Your employer will withhold and report FBT when you exercise the replacement options. You are responsible for reporting and paying any tax resulting from the sale of your shares.

Your employer may withhold taxes in connection with the sale of your replacement options. You are responsible, however, for reporting any income resulting from the sale of your replacement options. You should confirm your responsibility for paying any tax resulting from the sale of your replacement options prior to such sale.

### **Exchange Control Information**

To the extent required by law, you must repatriate to India the proceeds of any shares sold and convert the proceeds to local currency within a reasonable period of time (but not later than 90 days after the sale). If required by law, you must also obtain evidence of the repatriation of funds in the form of a foreign inward remittance certificate ("FIRC") from the bank where you deposited the foreign currency and you must deliver a copy of the FIRC to your employer.

Since exchange control regulations can change frequently and without notice, you should consult your personal legal advisor before selling your shares to ensure compliance with current regulations. It is your responsibility to comply with exchange control laws in India, and your employer will not be liable for any fines or penalties resulting from your failure to comply with applicable local laws.

## **Italy**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Italy. This discussion is based on the law in effect in Italy as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Italy apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options/Sale of Shares**

You will be required to use the cashless sell-all method of exercise. This means that you will be required to immediately sell all the shares acquired at exercise of the replacement options. You will receive cash proceeds equal to the difference between the sale price of the shares (*i.e.*, the fair market value of the shares at exercise/sale) and the exercise price less any applicable income tax and brokerage fees. In this case, you will be subject to personal income tax on the difference between the average of closing prices for the thirty (30) days prior to the date of exercise and the price paid for the acquisition of the shares, as employment income, but you will not be subject to social insurance contributions.

Moreover, if the sale price on the date of exercise/sale is greater than the average of the share closing prices over the month prior to the date of exercise/sale, you will be subject to capital gains substitute tax on the difference. If the sale price on the date of exercise/sale is less than the average of the share closing prices over the month prior to the date of exercise/sale, you will realize a capital loss equal to this difference. This capital loss can be carried forward and used to offset capital gains earned over the following four years.

#### **Withholding and Reporting**

The personal income tax applicable on the difference between the average of closing prices for the thirty (30) days prior to the date of exercise and the price paid for the acquisition of the shares will be withheld by AMD on the amounts it owes to you, and if these amounts are not sufficient, you will have to pay the balance to your employer. If AMD has withheld at source the amount of the personal tax due on your employment income, inclusive of such difference, and if you have no other sources of income, you are not obliged to report such income in your annual tax return.

If the sale price is greater than the average of the share closing prices over the month prior to the date of exercise/sale, the capital gains substitute tax will have to be applied on the relative difference in the annual tax return at a rate of 12.5%, provided the shares are a non-qualified shareholding. For this purpose, a shareholding will

be a “non-qualified shareholding” if the shares represent 2% or less of the voting rights and 5% or less of the AMD capital, which is highly likely to be the case with your shares. In calculating the capital gain, you may deduct capital losses and any expenses incurred to produce the gain, except interest. If capital losses exceed gains, the difference can be carried forward for the next four years.

### **Exchange Control Information**

You are required to report the following on your annual tax return: (1) transfers of cash or shares to or from Italy exceeding €10,000 performed through brokers non-resident in Italy, (2) the amount of foreign investments held at the end of the calendar year exceeding €10,000 through which a foreign income taxable in Italy can be obtained, and (3) the amount of any transfers taking place to and from Italy, as well as abroad, with regard to your foreign investments. You are exempt from these fulfillments if the foreign shares you acquired are kept in custody or managed by a broker resident in Italy and the income deriving from such shares is perceived through the same brokers.

## **Japan**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Japan. This discussion is based on the law in effect in Japan as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Japan apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

Although the tax treatment of the exchange offer is unclear under Japanese law, you likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the “spread”). The spread likely will be characterized as remuneration income and will be taxed at your marginal tax rate. You likely will not be subject to social insurance contributions on the spread when you exercise the replacement options.

#### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will be subject to tax on the gain at sale, calculated as the difference between the sale price and the fair market value on the date of exercise. The gain at sale will be subject to taxation at a flat rate of 20% (15% national tax, 5% local tax). However, with respect to shares of publicly listed companies (including those listed on recognized foreign stock exchanges), if you sell the shares through a broker licensed in Japan, the tax rate will be 10% (7% national tax, 3% local tax), if the sale occurs before December 31, 2008, 10% (7% national tax, 3% local tax) up to an annual limit of ¥5,000,000, if the sale occurs during the period from January 1, 2009 to December 31, 2010 (the gain over such annual limit is subject to 20% (15% national tax, 5% local tax)), or 20% (15% national tax, 5% local tax) if the sale occurs on and after January 1, 2011. *Please consult your personal tax advisor regarding whether you will be eligible for a reduced tax rate.*

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**Withholding and Reporting**

Your employer is not required to withhold or report income tax when you exercise your replacement options. You are responsible for filing a personal tax return and reporting and paying any taxes resulting from this exchange offer, the exercise of the replacement options and the sale of shares.

**Korea**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Korea. This discussion is based on the law in effect in Korea as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Korea apply to your specific situation.

**Tax Information****Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

**Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

**Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to income tax and social insurance contributions (to the extent you have not already exceeded the applicable contribution ceiling) on the difference between the fair market value of the shares on the date of exercise and the exercise price (the "spread"). The spread will be considered Class B income.

**Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will be subject to capital gains tax on the difference between the sale price and the fair market value of the shares at exercise, unless the gain you have realized from the sale of shares in that year is less than the exempt amount, which is currently KRW2,500,000 per year per type of asset sold. Thus, any gain you realize on stock assets that exceeds KRW2,500,000 will be subject to capital gains tax.

**Withholding and Reporting**

Since the spread will be considered Class B income, your employer is not required to withhold or report income tax, nor is there any mechanism for withholding any social insurance contributions, when you exercise the replacement options. It is your responsibility to report and pay any taxes and social insurance contributions resulting from the exercise of the replacement options and the sale of shares. If you join a Taxpayer's Association whereby you routinely report your overseas income, you will be eligible for a 10% tax deduction. Alternatively, you may report and pay the tax as part of your Global Tax Return which must be filed by May 31 of the year following the year in which the taxable event occurred.

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## Malaysia

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Malaysia. This discussion is based on the law in effect in Malaysia as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Malaysia apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Option**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to income tax on the difference between the exercise price of the new option and the lower of (i) the fair market value of a share of the Company's common stock on the date the replacement options vest (i.e., becomes exercisable) and (ii) the fair market value of a share of the Company's common stock on the date the replacement options are exercised. In Malaysia, the 'fair market value' on a particular day is calculated by taking the average value of the highest and lowest prices of the Company's common stock of that given day.

#### **Sale of Shares**

When you sell the shares acquired upon the exercise of the replacement options, you will not be required to pay any tax on any gain from the sale of your shares because there is currently no capital gains tax in Malaysia unless you are in the business of buying and selling shares and the gains are remitted to Malaysia.

#### **Withholding and Reporting**

Your employer is required to report the grant of the replacement options to the Inland Revenue Board and is required to report the exercise of the replacement options on your annual return of remuneration. Your employer also will withhold the entire amount of income tax payable on the exercise of the replacement options through the schedular tax deduction system in the month when you exercise the replacement options, unless you elect to pay such taxes on your own. It is still your responsibility to report the taxable benefits of the replacement options on your annual tax return and to pay any applicable tax not otherwise withheld by your employer. Upon obtaining approval from the Inland Revenue Board, you may choose to pay the income tax by installments through the schedular tax deduction system pursuant to which your employer will make the necessary tax deductions from your remuneration each month (for a maximum of 12 months) commencing from the month in which the replacement options are exercised. Alternatively, you may elect, in writing to your employer, to pay by yourself the income tax arising on the exercise of the replacement option when you file your tax return. You are also responsible for reporting and paying any tax resulting from the receipt of any dividends and the sale of shares acquired (if applicable) through the exercise of the replacement options.

### **Other Information**

#### **Director Notification Requirements**

If you are a director of a Malaysian affiliate of AMD, you are subject to certain notification requirements under the Malaysian Companies Act, 1965. Among these requirements are an obligation to notify the Malaysian affiliate in writing when you receive an interest (e.g., stock options, shares, etc.) in AMD or any related companies. In addition,

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you must notify the Malaysian affiliate when you sell shares of AMD or any related company (including when you sell shares acquired through exercise of your replacement option). Additionally, you must also notify the Malaysian affiliate of AMD if there are any subsequent changes in your interest in AMD or any related companies, including if you elect to participate in the offer to exchange. These notifications must be made within 14 days of acquiring or disposing of any interest in AMD or any related company.

## **Mexico**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Mexico. This discussion is based on the law in effect in Mexico as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Mexico apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

When you exercise the new options, you will be subject to income tax on the difference between the fair market value of the shares on the exercise date and the exercise price. You will not be subject to social insurance contributions.

#### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will be subject to tax. The taxable amount will be the difference between the sale price and your tax basis in the shares.

Your tax basis in the shares will be the amount you paid for the shares (*i.e.*, the exercise price), plus any brokerage fees paid to buy or sell the shares, all adjusted for inflation.

Please note that this means that you may be subject to double taxation on the spread. You should consult with your personal tax advisor regarding whether you may include the amount subject to tax at exercise (*i.e.*, the spread) in the tax basis of your shares.

#### **Withholding and Reporting**

Your employer is required to withhold and report tax when you exercise the replacement options. You are responsible for paying any difference between the actual applicable taxes resulting from the exercise of the replacement options and the amount withheld, as well as for paying applicable taxes resulting from the sale of your shares.



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## Netherlands

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in the Netherlands. This discussion is based on the law in effect in the Netherlands as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in the Netherlands apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

For Dutch income (wage and social insurance contributions) tax purposes, stock options are taxed at alienation or exercise. Under Dutch law, the option exchange (the cancellation of your outstanding option in exchange for the right to receive a replacement option) is considered an alienation of an eligible option and you will likely be taxed on the fair market value of an eligible option, if any (minus the amount you paid for the options, if any).

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

If you exercise the replacement options, you will be subject to tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the "spread"). You will also be subject to social insurance contributions (both national insurance and employees' social insurance) on the spread, subject to the applicable contribution ceiling.

#### **Investment Tax**

For personal income tax purposes the shares will form part of an employee's net wealth (Box 3). Net wealth generates an annual notional income of 4% which is taxed at 30% (an effective rate of 1.2%). An exemption is available on the first €20,661 (for 2009) of the average net wealth during the relevant calendar year.

#### **Sale of Shares**

When you sell shares acquired at exercise of the replacement options, you will not be subject to capital gains tax (provided you hold less than a 5% interest in the Company as a private investment).

#### **Withholding and Reporting**

Your employer is required to withhold and report the wage tax and social insurance contributions (subject to the applicable contribution ceiling) at the time of the exchange (if applicable) and at the time when you exercise the replacement options. If your actual tax liability is greater than the amount withheld, you are responsible for paying the additional tax in your personal income tax return. You are also responsible for reporting and paying any investment tax or tax due upon the sale of the shares (provided you hold more than 5% interest in the Company).

### **Other Information**

#### **Securities Notice**

You should be aware of the Dutch insider trading rules which may impact the sale of shares acquired at exercise of the replacement options. In particular, you may be prohibited from effecting certain share transactions if you have insider information about AMD. *If you are uncertain whether the insider trading rules apply to you, you should consult with your personal legal advisor.*

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## Poland

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Poland. This discussion is based on the law in effect in Poland as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Poland apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

Although the tax treatment is uncertain, you likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

You will be subject to income tax when you exercise your options, unless an exemption applies (please note that it applies only to newly issued shares). As a rule, the tax base should be calculated as the excess of the fair market value of the shares on the date of exercise over the exercise price (however, you should confirm this with your personal tax advisor).

#### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will be subject to income tax and the taxable amount likely will be the difference between the sales price over the aggregate of: the expenses borne for acquisition of shares plus the fair market value of the shares at exercise which was taxed at exercise (however, you should confirm this with your personal tax advisor).

#### **Withholding and Reporting**

Your employer is not required to withhold and report income tax when you exercise your replacement options. It is your responsibility to report and pay any taxes as a result of the income received from your replacement options.

## Singapore

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Singapore. This discussion is based on the law in effect in Singapore as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Singapore apply to your specific situation.

*This exchange offer has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this exchange offer and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of eligible options may not be circulated or distributed, nor may the eligible options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to a qualifying person under Section 273(1)(f) of the Securities and Futures Act, Chapter 289 of Singapore (the "Act") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Act.*

## **Tax Information**

### **Option Exchange**

We have obtained an advanced tax ruling from the Inland Revenue Authority of Singapore ("IRAS") confirming that you will not be subject to tax as a result of your surrender of the eligible options.

### **Grant of Replacement Options**

We have obtained an advanced tax ruling from the IRAS confirming that you will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

At exercise, you will be subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the "spread"). In addition, you will be taxed on a "deemed exercise" basis if (1) you cease employment with your current employer, and (2) you are neither a Singapore citizen nor a Singapore permanent resident, or you are a Singapore permanent resident who intends to leave Singapore on a permanent basis. In this case, you will be deemed to have exercised any outstanding and unexercised replacement options as of the date you cease employment and the deemed spread will be the difference between (a) the fair market value of the shares at the later of one month before the date you cease employment or the replacement option grant date, and (b) the exercise price. If you later exercise the replacement options and the actual spread is lower than the deemed spread, you may apply to the IRAS for a refund of the difference within six years of assessment after the "deemed exercise" rule is applied.

You likely will not be subject to mandatory Central Provident Fund contributions when you exercise the replacement options.

*You may be eligible for a tax exemption or deferral pursuant to a special scheme for equity income on the replacement options. Please consult your personal tax advisor to determine whether any special scheme applies to your situation and whether the replacement options may qualify for favorable tax treatment under such a scheme.*

### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will not be subject to tax unless you are in the business of buying and selling securities.

### **Withholding and Reporting**

Generally, your employer is not required to withhold income tax when you exercise your replacement options. However, your employer will prepare a Form IR8A each year, including any taxable benefit that you have derived pursuant to the exercise of the replacement options. Your employer will provide the Form IR8A to you. You will be responsible for submitting your own tax return to the IRAS and paying any applicable tax. Generally, your tax return must be filed by April 15 of the year following the year the income was received.

Please note that special rules may apply to you if you are not a Singapore citizen or a Singapore permanent resident, or if you are a Singapore permanent resident who intends to leave Singapore on a permanent basis, and you are about to cease your employment. Your employer is required to notify the IRAS on Form IR21 of your expected

cessation of employment or departure from Singapore at least one month before you cease employment. In this case, your employer will also withhold any income payable to you, including income from the deemed exercise, for 30 days after the filing of the Form IR21, or until tax clearance is given by the IRAS, whichever is earlier. Any income tax due from you will be deducted from the amount withheld, and the balance will be paid to you. If the amount your employer has withheld is insufficient, you must make arrangements to pay the remaining income tax due.

## **Other Information**

### **Additional Reporting Requirements**

If you are a director, associate director or shadow director of a Singapore affiliate of AMD, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore affiliate in writing when you receive an interest (e.g., options, shares) in AMD or any related companies. Please contact AMD to obtain a copy of the notification form. You must also notify the Singapore affiliate when you sell shares of AMD or any related company (including when you sell shares acquired under the offer to exchange) or if you participate in the offer to exchange. These notifications must be made within two days of acquiring or disposing of any interest in AMD or any related company. In addition, a notification must be made of your interests in AMD or any related company within two days of becoming a director.

## **Sweden**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Sweden. This discussion is based on the law in effect in Sweden as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Sweden apply to your specific situation.

## **Tax Information**

### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the grant of replacement options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to tax on the difference between the fair market value of shares on the date of exercise and the exercise price. Your employer will be subject to social insurance contributions on this amount.

### **Sale of Shares**

If you hold shares after exercise and realize a gain when you subsequently sell the shares, you will be subject to capital gains tax. The taxable amount will be the difference between the sale proceeds and the fair market value of the shares at exercise. As an alternative taxable amount, you may choose 80% of the sale proceeds provided the shares are listed on an exchange. Capital gains tax is assessed at a flat rate of 30%.

If you realize a loss when you subsequently sell the shares, you will be able to deduct the loss against certain capital gains during the same year. A tax deduction corresponding to a percentage of the loss is allowed to the extent the loss cannot be offset against capital gains in the same year. The deductible amount is 30% of the portion of the loss not exceeding SEK 100,000 and 21% of any remaining portion of the loss.

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## **Withholding and Reporting**

Your employer is required to report income tax when you exercise the replacement options. You are required to inform your employer that you have exercised or sold the replacement options and to disclose the amount of taxable income by no later than the end of the month following exercise or sale, as applicable.

Additionally, when you exercise the replacement options, you must report the income realized as compensation income on your personal income tax return for the year of exercise or sale, as applicable. The amount you report should correspond to the amount reported by your employer on your annual salary statement. It is your responsibility to declare the sale of shares on your individual income tax return and to pay taxes due as a result of the sale.

## **Switzerland**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Switzerland. This discussion is based on the law in effect in Switzerland as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Switzerland apply to your specific situation.

## **Tax Information**

### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

### **Grant of Replacement Options**

You likely will not be subject to tax when the replacement options are granted to you or when you vest in the replacement options.

### **Exercise of Replacement Options**

When you exercise the replacement options, you likely will be subject to income tax (including federal, cantonal and municipal tax) and social insurance contributions on the difference between the fair market value of the shares at exercise and the exercise price.

If you move from your canton of residence before you exercise the replacement options, you may be subject to an exit tax, depending on the applicable cantonal tax legislation and any applicable cantonal tax rulings. Please consult your personal tax advisor regarding any exit tax that may apply if you are moving from your canton of residence.

### **Wealth Tax**

Shares issued to you upon exercise of the replacement options will become part of your net wealth, which is subject to the net wealth tax levied at the cantonal and municipal levels.

### **Sale of Shares**

When you sell the shares acquired at exercise of your replacement options, you will not be subject to capital gains tax provided the shares are held as private assets and you do not qualify as a "professional securities dealer".

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## **Withholding and Reporting**

If you are subject to ordinary tax assessment (*i.e.*, if you are a tax resident of Switzerland, a Swiss national, or a foreign employee holding a “C” residence permit), your employer is not required to withhold income tax on the taxable event, but is required to withhold applicable social insurance contributions. Your employer will report the grant and exercise of the replacement options on the annual certificate of salary (*Lohnausweis*) issued to you as of the end of the calendar year during which the replacement options are granted or exercised. You are responsible for attaching the certificate of salary to your income and wealth tax return and for paying any tax resulting from the replacement options. In addition, you must declare your replacement options, and the shares acquired at exercise, in the statement on bank accounts and securities (*Wertschriftenverzeichnis*) that you are required to file with your income and wealth tax return.

If you are subject to income taxation at source (*i.e.*, if you are a foreign employee holding a “B” permit or a cross-border employee), your employer is required to withhold and report income tax and social insurance contributions on the taxable event. Depending on the amount of your annual income in Switzerland, you may be required to file a tax return and pay additional tax (or receive a refund) when the tax administration computes the exact amount of tax due.

## **Taiwan**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Taiwan. This discussion is based on the law in effect in Taiwan as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Taiwan apply to your specific situation.

## **Tax Information**

### **Option Exchange**

You will not be subject to tax as a result of the exchange of eligible options for the replacement options.

### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

### **Exercise of Replacement Options**

If you exercise the replacement options to purchase shares, you will be subject to income tax on the difference between the fair market value of the shares on the date of exercise and the exercise price (the “spread”). You will not be subject to social insurance contributions on the spread.

### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, after January 1, 2010, any gain may be subject to alternative minimum tax.

## **Withholding and Reporting**

Your employer is not required to withhold income tax when you exercise the replacement options. However, your employer is required to report your name, address, ID number and the taxable amount of the spread and to file a non-withholding statement with the tax authorities when you exercise the replacement options. A copy of the non-withholding statement will be issued to you. You are responsible for reporting and paying any tax resulting from the exercise or sale of the replacement options and the sale of shares. You must file your annual tax return during the month of May of the year following the year in which the taxable event occurred.

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## Turkey

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in Turkey. This discussion is based on the law in effect in Turkey as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in Turkey apply to your specific situation.

### **Tax Information**

#### **Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

#### **Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

#### **Exercise of Replacement Options**

Although the tax treatment of options in Turkey is uncertain, when you exercise your replacement options, you likely will not be subject to income tax or social insurance contributions.

#### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you likely will be subject to capital gains tax on the difference between the sale price and the exercise price. You will not be subject to any social insurance contributions.

#### **Withholding and Reporting**

Your employer is not required to report or withhold any income tax or social insurance contributions when you exercise your replacement options. It is your responsibility to report any income and pay any taxes resulting from the replacement options or the sale of the shares in your annual income tax return.

## United Arab Emirates

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in the United Arab Emirates. This discussion is based on the law in effect in the United Arab Emirates as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in the United Arab Emirates apply to your specific situation.

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**Tax Information****Option Exchange**

You will not be subject to tax as a result of the exchange of eligible options for the replacement options.

**Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you, as there is currently no personal income tax imposed in the United Arab Emirates.

**Exercise of Replacement Options**

When you exercise the replacement options, you will not be subject to income tax, as there is currently no personal income tax imposed in the United Arab Emirates.

**Sale of Shares**

When you sell the shares acquired upon the exercise of the replacement options, you will not be required to pay any tax on any gain from the sale of your shares because there is currently no personal income tax imposed in the United Arab Emirates.

**Withholding and Reporting**

Your employer is not required to withhold or report with respect to the grant of your replacement options because there is no personal income tax currently imposed in the United Arab Emirates.

**United Kingdom**

The following is a discussion of the material tax consequences of participating in the exchange of eligible options and the grant of replacement options pursuant to the exchange offer for eligible optionholders subject to tax in the United Kingdom. This discussion is based on the law in effect in the United Kingdom as of May 2009. This discussion is general in nature and does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to be applicable in all respects to all categories of eligible optionholders. Please note that tax laws change frequently and occasionally on a retroactive basis. As a result, the information contained in this discussion may be out of date at the time the replacement options are granted, you exercise the replacement options or you sell shares acquired at exercise of the replacement options.

If you are a citizen or resident of more than one country, or are considered a resident of more than one country for local law purposes, the information contained in this discussion may not be applicable to you. You are strongly advised to seek appropriate professional advice as to how the tax or other laws in the United Kingdom apply to your specific situation.

**Tax Information****Option Exchange**

You likely will not be subject to tax as a result of the exchange of eligible options for the replacement options.

**Grant of Replacement Options**

You will not be subject to tax when the replacement options are granted to you.

**Exercise of Replacement Options**

When you exercise the replacement options, you will be subject to income tax and employee national insurance contributions (“NICs”) on the difference between the fair market value of the shares on the date of exercise and the exercise price (the “spread”). Your employer will calculate the income tax and NICs due on exercise of the replacement options and account for these amounts to HM Revenue and Customs (“HMRC”) on your behalf. If, for



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any reason, your employer is unable to withhold the applicable income tax and NICs under the Pay As You Earn (“PAYE”) system or by any other method permitted in your stock option agreement, you must reimburse your employer for the tax paid within 90 days of the date of exercise of the replacement options. If you fail to pay this amount to the employer within that time limit you agree that the amount of any uncollected tax and NICs shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended)) constitute a loan owed by you to your employer, effective on the date when the tax became payable. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and your employer may recover it at any time thereafter by any of the means referred to in the option agreement.

#### **Sale of Shares**

When you sell the shares acquired at exercise of the replacement options, you will be subject to capital gains tax on the difference between the sale proceeds and the fair market value of the shares on the date of exercise. Please note that, effective April 6, 2008, taper relief was abolished and any capital gain is subject to tax at a flat rate of 18%. Capital gains tax is only payable on gains from all sources in any tax year to the extent that those gains exceed your annual personal exemption (currently £10,100). Furthermore, if you acquire other shares in the Company, you must take into account the share identification rules in calculating your capital gains liability.

#### **Withholding and Reporting**

Your employer is required to withhold income tax and NICs when you exercise your replacement options, as described above. On your employer’s annual tax and share plan returns, it is also required to report to HMRC the details of the exchange, the grant of the replacement options, the exercise or sale of the replacement options, other related income and any tax withheld. You are responsible for reporting and paying any tax resulting from the sale of shares.

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**SCHEDULE B**

INFORMATION CONCERNING THE DIRECTORS AND EXECUTIVE OFFICERS OF  
ADVANCED MICRO DEVICES, INC.

The directors and executive officers of AMD and their positions and offices as of June 29, 2009 are set forth in the following table:

<u>NAME</u>	<u>POSITIONS AND OFFICES HELD</u>
Dr. W. Michael Barnes	Director
John E. Caldwell	Director
Bruce L. Claflin	Chairman of the Board of Directors
Frank M. Clegg	Director
H. Paulett Eberhart	Director
Waleed Al Mokarrab Al Muhairi	Director
Robert B. Palmer	Director
Morton L. Topfer	Director
Derrick R. Meyer	Director, President and Chief Executive Officer
Thomas M. McCoy	Executive Vice President, Legal and Public Affairs
Robert J. Rivet	Executive Vice President, Chief Administrative and Operating Officer and Chief Financial Officer
Emilio Ghilardi	Senior Vice President, Chief Sales Officer

The address of each director and executive officer is: c/o AMD, One AMD Place, Sunnyvale, California 94088.

## Internal Post and E-mail Communication

To: Eligible AMD Employees  
From: Allen Sockwell, Senior Vice President, Human Resources and Chief Talent Officer and  
Harry Wolin, Senior Vice President and General Counsel  
Date: June 29, 2009  
Re: AMD Stock Option Exchange Program

We are pleased to announce that AMD is launching an important employee compensation program for eligible AMD employees. The market downturn has left our current stock price much lower than the exercise price of many employee stock options.

In response to this stock price decline, we are implementing a voluntary program that allows eligible AMD employees to exchange certain existing stock options that have an exercise price greater than \$6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010, for replacement options. To participate, you may submit your options (and any related SARs) for cancellation and replacement options will be granted to you on the date that we cancel your options (the “**replacement grant date**”). Your replacement options will have an exercise price equal to the closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States).

This is a significant initiative, requiring a formal tender offer filing with the Securities and Exchange Commission. By making it possible to exchange your higher priced stock options for replacement options with an exercise price equal to the closing sales price of our common stock on the replacement grant date (or as modified as required under local tax laws for replacement options granted outside the United States), we hope to provide you with stock options that could provide greater value in the future.

Following this e-mail message, Compensation and Stock Administration will e-mail information that explains the stock option exchange program in greater detail, including its potential benefits and risks and the actions you will need to take if you choose to participate. Please review the material carefully and weigh your decision with equal care. No AMD employee is authorized to make any recommendation on our behalf as to your choices. As a result, you may wish to consult with a professional financial advisor as part of your decision making process.

For those employees residing outside the United States, we urge you to educate yourselves about the financial and tax consequences of participating in this exchange by consulting with an appropriate advisor. AMD makes no representations to employees regarding the financial and tax consequences of their participation in this offer.

Please take the time to carefully review the information and instructions that you will receive. If you would like to participate in the program, you will need to submit the election form that will be provided to you by the expiration of the offer, which is currently scheduled for 11:00 p.m. Central Time, July 27, 2009.

If you have any questions about the offer, please e-mail [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com).

## E-mail Communication

To: Eligible AMD Employees  
 From: Brian Wode, Compensation and  
 Sherri Dittmar, Stock Administration

Pursuant to Allen Sockwell and Harry Wolin's announcement earlier today, click [here](#) to go to the Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (the "**Offer to Exchange**") and the related Election Form, additional communications regarding the option exchange program, as well as summaries of your options that are eligible for exchange. The specified Offer to Exchange documents are also attached to this e-mail. Read the information provided and carefully consider your decision.

The offer to allow eligible AMD employees to exchange certain outstanding options for replacement options and the related withdrawal rights will remain open until July 27, 2009 at 11:00 p.m., U.S. Central Time, unless the offer is extended.

Options eligible for exchange ("**eligible options**") are those that:

- have an exercise price greater than \$6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010; and
- were granted under our 1992 Stock Incentive Plan, as amended, 1996 Stock Incentive Plan, as amended, 1998 Stock Incentive Plan, as amended, 2000 Stock Incentive Plan, as amended, 2004 Equity Incentive Plan, as amended and ATI Technologies Inc. Share Option Plan, as amended.

You are eligible to participate in the option exchange only if you:

- are an employee of AMD or any of its majority-owned subsidiaries on June 29, 2009 and remain an employee through the grant date of the replacement options;
- reside in a country other than Russia and otherwise where the offer is not prohibited under local regulations, and continue to reside in such jurisdiction through the grant date of the replacement options;
- are not an independent member of AMD's Board of Directors or one of AMD's executive officers; and
- hold at least one eligible option on June 29, 2009.

Information regarding your eligible options is available at the offer website <https://amd.equitybenefits.com>. The offer website also contains detailed information regarding the Offer to Exchange and Election Form. Please read and carefully consider all of this information. If you are not able to access the website, copies of the offering materials and Election Form are available upon request from Stock Administration at:

[HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com)  
 Lonestar Campus, Austin TX  
 m/s B300.1A.364

Please request that the documents be e-mailed or faxed to you. Include specific e-mail or fax instructions and the reasons for your request in your e-mail.

The specifics of the program are described in the Tender Offer Statement on Schedule TO filed with the SEC and the related exhibits, which include the Offer to Exchange and the Election Form. We encourage you to read the Tender Offer Statement on Schedule TO and all the related exhibits carefully. The Tender Offer Statement on Schedule TO is available by clicking on this hyperlink: <https://amd.equitybenefits.com>.

You may call the Option Exchange Helpline at 512-602-1174 with any questions.

Information sessions have been scheduled for the next three weeks. A schedule of information sessions can be found [here](#). Alternatively, you can hear more about the stock option exchange by viewing and listening to this [podcast](#).

To elect to participate in the offer with respect to your eligible options, please see the key steps described below.

### Key Steps

In order to participate in the offer, please follow these steps:

- Log on to the offer website at <https://amd.equitybenefits.com>. The website will allow you to view the following documents:
  - Offer to Exchange
  - E-mail from Compensation and Stock Administration, dated June 29, 2009
  - Summary of Stock Option Exchange Program
  - Election Form
  - Instructions Forming Part of the Terms and Conditions of the Offer (the “[Instructions](#)”)
  - Agreement to Terms of Election (“[Election Agreement](#)”)
  - 2004 Equity Incentive Plan, as Amended and Restated
  - Forms of Option Agreements

To access the offer website, use your User Name, which is your NT login ID. Your password is your birthdate (mmddyyyy). If you have difficulties logging in, please e-mail Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

- Review the list of your eligible options and carefully read the documents contained on the website.
- Click on the **MAKE AN ELECTION** button to proceed with your election and follow the directions provided on the offer website. Once you reach the Election Form, you will need to check the appropriate boxes next to each of your eligible options to indicate whether or not you are tendering your eligible options for exchange in accordance with the terms of the offer.
- After completing the Election Form, you will be allowed to review the elections you have made with respect to your eligible options. If you are satisfied with your elections, you will proceed to the Agreement to Terms of Election page. Only after you agree to the Agreement to Terms of Election will you be directed to the Election Confirmation Statement page.
- Please print and retain a copy of your Election Confirmation Statement for your records. You will also receive an e-mail confirming your election. If you do not receive this e-mail within 48 hours following your election, please contact the Option Exchange Helpline at 512-602-1174.

If you do not make your election through the offer website, your properly signed and completed Election Form must be **received** via **facsimile** by 11:00 p.m., Central Time, on July 27, 2009 by:

[HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com)  
Facsimile: 512-602-5809

Although the Board of Directors has approved the offer, neither we nor the Board of Directors make any recommendation as to whether you should elect to exchange or refrain from exchanging your eligible options pursuant to the offer. You must make your own decision about participating in the offer, taking into account your own personal circumstances and preferences. You should carefully review the materials provided or referred to in this package. We recommend that you consult with your personal financial, tax and legal advisors in deciding whether to participate in the offer.

### **KEY DATES TO REMEMBER**

The commencement date of the offer is June 29, 2009.

The offer expires at 11:00 p.m., U.S. Central Time, on July 27, 2009 (unless we extend the offer).

The eligible options that have been tendered for exchange will be cancelled on July 27, 2009 or, if the offer is extended, on the new expiration date of the offer. The new options will be granted on the same date we cancel the eligible options that have been tendered for exchange.

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If you have further questions after reading the Offer to Exchange and the Election Form, you are invited to e-mail your questions to our internal e-mail address, [\*\*HRSC.Stockadministration@amd.com\*\*](mailto:HRSC.Stockadministration@amd.com), and we will respond to your questions as quickly as possible.

**SUMMARY OF STOCK OPTION EXCHANGE PROGRAM**

Below is a summary of some aspects of the stock option exchange program (the “*Stock Option Exchange Program*”) that should help familiarize you with the principal terms. We believe this program is potentially very important to you and urge you to take the time to study the materials and make an informed decision about whether or not to participate. If you do nothing, you will be making a decision not to participate and you will retain your current options under their current terms and conditions.

- You may only exchange outstanding options with an exercise price greater than \$6.34 per share, a grant date on or before June 28, 2008 and an expiration date after July 27, 2010 and provided that you are an employee of AMD or any of our majority-owned subsidiaries on June 29, 2009 and remain an employee through the grant date of the replacement options. Replacement options will be granted to purchase common stock under the 2004 Equity Incentive Plan, subject to the terms and conditions set out in the Offer to Exchange (as defined below).
- The number of replacement options that you receive will be based on the following exchange ratios that are further explained in the offer terms.

Exercise Price Range	Shares Subject to Option Surrendered	Shares Subject to Replacement Option To Be Granted
\$6.35 to \$9.99	1.5	1
\$10.00 to \$15.99	5	1
\$16.00 and above	11	1

- If you are eligible to participate, you must exchange all or none of the outstanding options that were granted to you on a single grant date with the same grant number and at the same exercise price. Replacement option grants calculated according to the exchange ratios will be rounded down to the nearest whole share on a grant-by-grant basis. Subject to and as a result of our acceptance of the exchange, all existing options surrendered under this Stock Option Exchange Program will be cancelled as well as all SARs that may be related to the surrendered options.
- The replacement options will have an exercise price equal to the closing sales price of our common stock as quoted on the New York Stock Exchange on the replacement option grant date.
- Your replacement options will vest and become exercisable beginning one year from the replacement grant date, depending upon your continued employment with AMD or any of our majority-owned subsidiaries, unless otherwise prohibited under local law. This means that all replacement options will be completely unvested on the replacement grant date, regardless of whether the surrendered options were partially or wholly vested. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date; provided, you remain an employee of AMD or any of our majority-owned subsidiaries through the applicable vest dates.
- The replacement options will retain the same expiration date as the surrendered options, subject to earlier expiration of the option following termination of employment of the option holder, unless otherwise prohibited under local law.
- The replacement options will be treated as a nonstatutory stock option for U.S. federal income tax purposes.

- You understand and acknowledge that AMD reserves the right, in its reasonable judgment, to terminate or to amend the Offer to Exchange in any respect, and as the case may be, to accept any options elected for exchange or to postpone its acceptance and cancellation of any options elected for exchange under the terms and conditions as set out in the Offer to Exchange, in particular in situations such as but not limited to actual, proposed or threatened change of control situations, any challenging of the Stock Option Exchange Program by judicial or related means, changes to regulatory requirements or business conditions and any other material event as further defined under the applicable provisions of the Offer to Exchange.

The Stock Option Exchange Program is being made under the terms and subject to the conditions of the Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (the “*Offer to Exchange*”) and the related Election Concerning Exchange of Stock Options form (the “*Election Form*”). You should carefully read all of these documents before you decide whether to participate in the Stock Option Exchange Program.

We have attempted to anticipate many of the questions you may have regarding the terms of the Stock Option Exchange Program and have included some frequently asked questions as part of the Offer to Exchange. Participation is completely voluntary. Participating in the offer involves risks that are discussed in the Offer to Exchange. If you choose not to participate, you will retain your current options under their current terms and conditions.

To participate in the Stock Option Exchange Program, you must access the offer website at <https://amd.equitybenefits.com> and follow the instructions on the offer website. The offer website will also provide you with certain information about your eligible options, including the grant date, the exercise price, the number of underlying shares and the election alternatives available to you.

If you are not able to submit your election electronically via the offer website as a result of technical failures of the offer website, such as the offer website being unavailable or the offer website not accepting your election, or if you do not otherwise have access to the offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to AMD via facsimile at 512-602-5809. To obtain a paper Election Form, please contact Stock Administration via e-mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

If you choose to participate in the offer, you must complete and submit the Election Form (whether electronically or in paper form) in the foregoing manner before 11:00 p.m. Central Time on July 27, 2009, unless the offer is extended. We will not accept delivery of any Election Form after the expiration of this offer. If we have not received all properly completed and signed documents before the offer expires, you will have rejected this offer and you will keep your current options. Documents submitted by U.S. mail or other post and Federal Express (or similar delivery service) are not permitted.

If you have further questions, you are invited to e-mail your questions to our internal e-mail address, [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.



ADVANCED MICRO DEVICES, INC.

## ELECTION CONCERNING EXCHANGE OF STOCK OPTIONS

(FOR USE BY FACSIMILE)

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 11:00 P.M., CENTRAL TIME, ON JULY 27, 2009,  
UNLESS THE OFFER IS EXTENDED

Name:

Address:

Before making your election, please make sure you have received, read and understand the documents that make up this offer (“Offer”) (listed below the table of Eligible Stock Options).

## Eligible Stock Options:

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Exchange Entire Eligible Option?
								<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No

## Important Offer Documents:

- (1) the Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (the “*Offer to Exchange*”);
- (2) e-mail from Compensation and Stock Administration, dated June 29, 2009;
- (3) the Summary of Stock Option Exchange Program;
- (4) this Election Concerning Exchange of Stock Options form (this “*Election Form*”);
- (5) the Instructions Forming Part of the Terms and Conditions of the Offer (the “*Instructions*”) (as set forth below);
- (6) the Agreement to Terms of Election;
- (7) the 2004 Equity Incentive Plan, as amended and restated; and
- (8) the forms of option agreements.

The Offer is subject to the terms of these documents as they may be amended. The Offer provides eligible employees who hold eligible stock options the opportunity to exchange these options for new options as set forth in Section 1 of the Offer to Exchange. This Offer expires at 11:00 p.m., Central Time, on July 27, 2009, unless extended. **PLEASE FOLLOW THE INSTRUCTIONS ATTACHED TO THIS FORM.**

*If you wish to participate in the Offer, please check the “Yes” box in the “Exchange Entire Eligible Option” column. Please note that if the “No” box is checked under the “Exchange Entire Eligible Option” column, the eligible option will not be exchanged and your eligible option will remain outstanding subject to its original terms.*

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In accordance with the terms outlined in the Offer documents, if you elect to exchange your eligible options, you will receive replacement options covering the number of shares of common stock as determined by the exchange ratios as described in the Offer to Exchange. The replacement options will vest and become exercisable beginning one year from the replacement grant date. This means that all replacement options will be completely unvested on the replacement grant date, regardless of whether the surrendered options were partially or wholly vested. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement grant date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement grant date and as to the remaining 50% on the two-year anniversary of the replacement grant date. Vesting on any date is subject to your continued employment with AMD or any of our majority-owned subsidiaries through each relevant vesting date. You will lose your rights to all exchanged options that are cancelled under the Offer. See Sections 1 and 8 of the Offer to Exchange for further details.

**BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE OFFER DOCUMENTS.**

In making this election, you agree that AMD may use, collect and transfer your personal data for the purpose of implementing, administering and managing your participation in the Offer. Such personal data may be transferred to AMD and to any third parties assisting AMD with the Offer, and these recipients may be located in the U.S. or elsewhere.

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration date, which will be 11:00 p.m., Central Time, on July 27, 2009, unless we extend the Offer. The last valid election in place prior to the expiration of the Offer shall control.

*Your signature and submission of this Election Form indicates that you have read and agreed to the Agreement to the Terms of Election attached hereto.*

*[Signature Page Follows]*

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(Signature of Optionee or Authorized Signatory)

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(Optionee's Name, please print in full)

Date: \_\_\_\_\_, 2009

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

E-mail address: \_\_\_\_\_

**FAX THIS ENTIRE ELECTION FORM TO STOCK ADMINISTRATION  
NO LATER THAN 11:00 P.M. CENTRAL TIME ON JULY 27, 2009.**

**HRSC.STOCKADMINISTRATION@AMD.COM  
FAX 512-602-5809**

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**DELIVERY OF YOUR PAPER ELECTION FORM OTHER THAN VIA FACSIMILE OR TO A NUMBER  
OTHER THAN THE FACSIMILE NUMBER  
ABOVE, WILL NOT CONSTITUTE VALID DELIVERY.**

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**INSTRUCTIONS FORMING PART OF THE  
TERMS AND CONDITIONS OF THE OFFER**

1. **Delivery of Election Form.** A properly completed and duly executed Election Form must be received by AMD by 11:00 p.m. Central Time on July 27, 2009 (unless the Offer is extended). We will not accept delivery of any Election Form after expiration of the Offer. If we do not receive a properly completed and duly executed Election Form (either electronically through the Offer website or through a paper Election Form) from you before the expiration of the Offer, we will not accept your eligible options for exchange and such eligible options will not be exchanged pursuant to the Offer.

If you are not able to submit your election electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to Stock Administration via facsimile at 512-602-5809 before 11:00 p.m. Central Time on July 27, 2009 (unless the Offer is extended). To obtain a paper Election Form, please either print the Election Form from the Offer website or contact Stock Administration via e-mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

AMD intends to confirm the receipt of your Election Form by e-mail within 48 hours. If you have not received an e-mail confirmation after 48 hours have elapsed, we recommend that you confirm that we have received your Election Form by calling the Option Exchange Helpline at 512-602-1174.

You may change your mind after you have submitted an Election Form and submit a new Election Form at any time before the expiration date, which is expected to be July 27, 2009, at 11:00 p.m. Central Time, unless the Offer is extended. If we extend the expiration date, you may submit a new Election Form with respect to some or all of your eligible options at any time until the extended Offer expires. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form we receive before 11:00 p.m. Central Time on the expiration date.

To validly change your election, you must access the Offer website at <https://amd.equitybenefits.com> and complete and deliver a new Election Form electronically or fill-out and deliver a new paper Election Form to Stock Administration via facsimile at 512-602-5809 prior to the expiration of the Offer. You should print or make a copy of your new Election Form and confirmation statement (if you submit electronically) and keep those documents for your records.

Participation in the Offer is completely voluntary. If you elect not to exchange some or all of your eligible options pursuant to the Offer, then you will retain those eligible options under their original terms.

2. **Exchange.** If you intend to exchange your eligible options pursuant to the Offer, you must access your account at the Offer website at <https://amd.equitybenefits.com>, properly complete and duly execute the Election Form or fill out and properly submit a duly executed and dated paper Election Form.

3. **Signatures on This Election Form.** You must electronically sign the Election Form if you submit your election through the offer website. If you submit a paper Election Form you must physically sign the Election Form.

4. **Requests for Assistance or Paper Copies.** If you need paper copies of the Offer documents or the Election Form, you should contact Stock Administration via electronic mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174. Copies will be furnished promptly at AMD's expense. You can also view and print documents at <https://amd.equitybenefits.com>.

For general questions concerning the Offer, please call the Option Exchange Helpline at 512-602-1174.

5. **Reservation of Rights.** The Company reserves the right, at our discretion, at any time, to extend the period of time during which the Offer is open and delay the acceptance for exchange of any options. If we extend the expiration date, we will also extend your right to make or withdraw elections with respect to eligible options until such extended expiration date. In the case of an extension, we will issue a press release, e-mail or other form of communication no later than 8:00 a.m., Central Time, on the next U.S. business day after the previously scheduled expiration date.

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We also reserve the right, in our reasonable judgment, before the expiration date to terminate or amend the offer by giving written notice of the termination or postponement to you or by making a public announcement of the termination.

Subject to compliance with applicable law, we further reserve the right, before the expiration date, in our discretion, to amend the Offer in any respect, including by decreasing or increasing the consideration offered in the Offer or by decreasing or increasing the number of options being sought in the Offer.

6. **Important Tax Information.** If you are a U.S. tax resident, you should refer to Section 13 of the Offer to Exchange, which contains material U.S. federal income tax information concerning the Offer. If you are subject to the tax laws of a country other than the United States, even if you are a resident of the United States, you should be aware that there may be other tax consequences that may apply to you. Tax consequences may vary depending on each individual employee's circumstances. Included as part of the Offer to Exchange are disclosures regarding the material tax consequences of the Offer in countries other than the United States. You should review these disclosures carefully before deciding whether or not to participate in the Offer. (See Schedule A below for additional information.)

*We strongly recommend that you consult your financial, legal and/or tax advisors with respect to the federal, state and local tax consequences of participating or not participating in the Offer.*

7. **Copies.** You should print or make a copy of your completed and signed Election Form and retain it for your records.

8. **Paper Delivery.** Please remember that if you are not able to submit your election electronically via the Offer website as a result of technical failures of the Offer website, such as the Offer website being unavailable or the Offer website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m., Central Time, on July 27, 2009 (unless the Offer is extended). To obtain a paper Election Form, please either print this Election Form or contact Stock Administration via electronic mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

**IMPORTANT: IN ORDER FOR YOU TO PARTICIPATE, A VALID, COMPLETED  
AND SIGNED ELECTION FORM MUST BE RECEIVED BY THE COMPANY BY 11:00 P.M.  
CENTRAL TIME ON JULY 27, 2009 (UNLESS WE EXTEND THE OFFER).**

**ADVANCED MICRO DEVICES, INC.**

**AGREEMENT TO TERMS OF ELECTION**

**BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE OFFERING DOCUMENTS.**

If you would like to participate in the Offer, please indicate your election by checking the applicable boxes on the Election Form and submitting the Election Form electronically via the Offer website. If submitting a paper Election Form, please return the completed and signed Election Form to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m. Central Time on July 27, 2009, unless the Offer is extended.

You may withdraw this election by submitting a new properly completed and signed Election Form prior to the expiration date which will be 11:00 p.m. Central Time on July 27, 2009, unless we extend the Offer.

By electing to exchange my eligible options, I understand and agree to all of the following:

1. I hereby agree to exchange my eligible options for replacement options as indicated on the Election Form in accordance with the terms of the Offer as set forth in the Offer to Exchange, dated June 29, 2009, of which I hereby acknowledge receipt. Each eligible option indicated on the Election Form will be cancelled on July 27, 2009 or, if the Offer is extended, on the extended expiration date. A replacement option will be granted to me on July 27, 2009 in accordance with the terms of the Offer or, if the Offer is extended, on the expiration of the Offer.

2. The Offer is currently set to expire at 11:00 p.m. Central Time on July 27, 2009, unless the Company, in its discretion, extends the period of time during which the Offer will remain open.

3. If I cease to be employed by AMD or any of our majority-owned subsidiaries before AMD grants me replacement options in exchange for my eligible options, I will not receive any replacement options. Instead, I will keep my current eligible options and they will expire in accordance with their terms.

4. Until the Offer expires on July 27, 2009, I will have the right to amend or withdraw the elections that I have made with respect to some or all of my eligible options that I elected to exchange. However, after that date I will not be able to amend or withdraw my election. The last properly submitted election, whether electronically or in paper form, prior to the expiration of the Offer shall be binding. Until the Offer period closes on July 27, 2009, I may withdraw my tendered eligible options at any time prior to AMD's acceptance

5. The tender of some or all of my eligible options will constitute my acceptance of all of the terms and conditions of the Offer. Acceptance by AMD of my eligible options pursuant to the Offer will constitute a binding agreement between AMD and me upon the terms and subject to the conditions of the Offer.

6. I am the registered holder of the eligible options tendered hereby, and my name and other information appearing on the Election Form are true and correct.

7. I am not required to tender any of my eligible options pursuant to the Offer – my participation is voluntary.

8. AMD and/or any independent firms hired by AMD with respect to the offer cannot give me legal, tax or investment advice with respect to the Offer and I have been advised to consult with my own legal, tax and investment advisors as to the consequences of participating or not participating in the Offer.

9. Under certain circumstances set forth in the Offer to Exchange, AMD may terminate or amend the offer and postpone its acceptance of the eligible options I have elected to exchange. Should the eligible options tendered herewith not be accepted for exchange, such eligible options will continue to be governed by their original terms and conditions.

10. I understand that if I do not clearly mark the box electing to exchange each of my eligible options on the Election Form, such eligible options will not be exchanged.

11. I understand that neither AMD nor the Compensation Committee of the Board of Directors nor the Board of Directors of AMD is making any recommendation as to whether I should elect to exchange my eligible options,

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and that I must make my own decision whether to exchange my eligible options, taking into account my own personal circumstances and preferences. I understand that the exchanged options may decline in value when I decide to exercise such options. I further understand that past and current market prices of AMD common stock may provide little or no basis for predicting what the market price of AMD common stock will be when AMD grants me replacement options in exchange for my tendered eligible options or at any other time in the future.

12. I agree to all terms and conditions of the offer as set forth in the offering documents, including (1) the Offer to Exchange; (2) the e-mail from Compensation and Stock Administration, dated June 29, 2009; (3) the Summary of Stock Option Exchange Program; (4) the Election Form; (5) the Instructions Forming Part of the Terms and Conditions of the Offer; (6) this Agreement to Terms of Election; (7) the 2004 Equity Incentive Plan, as amended and restated, and (8) the forms of option agreements.

SCREEN SHOTS OF OFFER WEBSITE

I. LOGIN SCREEN

ADVANCED MICRO DEVICES, INC.

Welcome to the Advanced Micro Devices, Inc. Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options website.

Please enter your User Name (NT Login ID) and Password (date of birth in mmddyyyy format)

User Name: \_\_\_\_\_  
(not case sensitive)

Password: \_\_\_\_\_  
(not case sensitive)



## II. WELCOME SCREEN

### WELCOME TO THE ADVANCED MICRO DEVICES, INC. OFFER TO EXCHANGE CERTAIN OUTSTANDING OPTIONS FOR NEW OPTIONS WEBSITE

We are pleased to announce that Advanced Micro Devices, Inc. (“AMD” or the “Company”) is officially launching its Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (referred to as the “Offer to Exchange” or the “Offer”), on June 29, 2009. The Offer and withdrawal rights will remain open until July 27, 2009 at 11:00 p.m., U.S. Central Time, unless the Offer is extended. You may take advantage of the Offer to Exchange with respect to your Eligible Options (as defined below).

An option will be deemed to be an “Eligible Option” if it meets each of the following conditions:

- (i) The option has an exercise price greater than \$6.34.
- (ii) The option was granted prior to June 29, 2008.
- (iii) The option has an expiration date after July 27, 2010.
- (iv) The option was granted under one of the Company’s equity plans (i.e., 1992 Stock Incentive Plan, 1996 Stock Incentive Plan, 1998 Stock Incentive Plan, 2000 Stock Incentive Plan, 2004 Equity Incentive Plan and the ATI Technologies Inc. Share Option Plan).
- (iv) The option is held by an individual who is, on the date of grant of the new option, a current employee of the Company (or any majority-owned subsidiaries of the Company). However, executive officers of the Company and members of the Company’s Board of Directors are not eligible to participate.
- (v) The option is outstanding on the expiration date of the Offer.

The specifics of the program are described in the Tender Offer Statement on Schedule TO filed with the SEC and the related exhibits, which include the Offer to Exchange and the Election Form. We encourage you to read the Tender Offer Statement on Schedule TO and all the related exhibits carefully. The Tender Offer Statement on Schedule TO is available by clicking on this hyperlink: <https://amd.equitybenefits.com>.

You may call the Option Exchange Helpline at 512-602-1174 with any questions.

To elect to participate in the Offer with respect to your Eligible Options please see the key steps described below.

#### Key Steps

In order to participate in the Offer, please follow these steps:

- Please review the following important documents for detailed information on the Offer to Exchange by clicking on the links below:
  1. Offer to Exchange
  2. E-mail from Compensation and Stock Administration, dated June 29, 2009
  3. Summary of Stock Option Exchange Program
  4. Election Form
  5. Instructions Forming Part of the Terms and Conditions of the Offer (the “Instructions”)
  6. Agreement to Terms of Election (“Election Agreement”)
  7. 2004 Equity Incentive Plan, as Amended and Restated (the “2004 Equity Incentive Plan”)
  8. Forms of Option Agreements

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- Click on the **MAKE AN ELECTION** button below to proceed with your election. You will need to check the appropriate boxes next to each of your Eligible Options to indicate whether or not you are tendering your Eligible Options for exchange in accordance with the terms of the Offer.
  - After completing the Election Form, you will be allowed to review the elections you have made with respect to your Eligible Options. If you are satisfied with your elections, you will proceed to the Election Agreement page. Only after you agree to the Election Agreement will you be directed to the Election Confirmation Statement page.
  - Please print and retain a copy of your Election Confirmation Statement for your records. You will also receive an e-mail confirming your election. If you do not receive a confirming e-mail within 48 hours following the date of your election, please contact the Option Exchange Helpline at the number listed above.

**KEY DATES TO REMEMBER**

The commencement date of the Offer is June 29, 2009.

The Offer expires at 11:00 p.m., U.S. Central Time, on July 27, 2009 (unless we extend the Offer).

The Eligible Options that have been tendered will be cancelled on July 27, 2009 or, if the Offer is extended, the new expiration date of the Offer.

The new options will be granted on July 27, 2009, or, if the Offer is extended, the new expiration date of the Offer.

[MAKE AN ELECTION](#)      [RETURN TO LOGIN PAGE](#)

III. ELECTION FORM

ADVANCED MICRO DEVICES, INC.

ELECTION CONCERNING EXCHANGE OF STOCK OPTIONS

THE OFFER EXPIRES AT 11:00 P.M., CENTRAL TIME, ON JULY 27, 2009, UNLESS THE OFFER IS EXTENDED

Name:

Address:

Before making your election, please make sure you have received, read and understand the documents that make up this Offer (listed below the table of Eligible Stock Options).

Eligible Stock Options:

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Exchange Entire Eligible Option?	Yes	No	
								<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
								<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Important Offer Documents:

- (1) the Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (the "Offer to Exchange");
- (2) e-mail from Compensation and Stock Administration, dated June 29, 2009;
- (3) the Summary of Stock Option Exchange Program;
- (4) this Election Concerning Exchange of Stock Options form (this "Election Form");
- (5) the Instructions Forming Part of the Terms and Conditions of the Offer (the "Instructions") (as set forth below);
- (6) the Agreement to Terms of Election;
- (7) the 2004 Equity Incentive Plan, as amended and restated; and
- (8) the forms of option agreements.

The Offer is subject to the terms of these documents as they may be amended. The Offer provides eligible employees who hold eligible stock options the opportunity to exchange these options for new options as set forth in Section 1 of the Offer to Exchange. This Offer expires at 11:00 p.m., Central Time, on July 27, 2009, unless extended.

*If you wish to participate in the Offer, please check the "Yes" box in the "Exchange Entire Eligible Option" column. Please note that if the "No" box is checked under the "Exchange Entire Eligible Option" column, the eligible option will not be exchanged and your eligible option will remain outstanding subject to its original terms.*

In accordance with the terms outlined in the Offer documents if you elect to exchange your Eligible Options, you will receive a new option covering the number of shares as determined by the exchange ratios (rounded down to the nearest whole number of shares with respect to each option on a grant-by-grant basis), as described in Section 1 of the Offer to Exchange. Replacement options granted in exchange for vested shares of the surrendered options at the time they were surrendered for cancellation will fully vest on the one-year anniversary of the replacement option grant date. Replacement options granted in exchange for unvested shares of the surrendered options at the time they were surrendered for cancellation will vest as to 50% on the one-year anniversary of the replacement option grant date and as to the remaining 50% on the two-year anniversary of the replacement option grant date. See Section 8 of the Offer to Exchange for further details. Vesting on any date is subject to your continued service to the Company or its majority-owned subsidiaries through each relevant vesting date. You will lose your rights to all exchanged options that are cancelled under the Offer.

**BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE OFFER DOCUMENTS.**

In making this election, you agree that AMD may use, collect and transfer your personal data for the purpose of implementing, administering and managing your participation in the Offer to Exchange. Such personal data may be transferred to AMD and to any third parties assisting AMD with the Offer to Exchange, and these recipients may be located in the U.S. or elsewhere.

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration date, which will be 11:00 p.m., Central Time, on July 27, 2009, unless we extend the Offer. The last valid election in place prior to the expiration of the Offer shall control.

**INSTRUCTIONS FORMING PART OF THE  
TERMS AND CONDITIONS OF THE OFFER**

1. Delivery of Election Form. A properly completed and duly executed Election Form must be received by AMD by 11:00 p.m. Central Time on July 27, 2009 (unless the Offer is extended). We will not accept delivery of any Election Form after expiration of the Offer. If we do not receive a properly completed and duly executed Election Form (either electronically through the Offer website or through a paper Election Form) from you before the expiration of the Offer, we will not accept your eligible options for exchange and such eligible options will not be exchanged pursuant to the Offer.

If you are not able to submit your election electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m. Central Time on July 29, 2009 (unless the Offer is extended). To obtain a paper Election Form, please either print the Election Form from the Offer website or contact Stock Administration via e-mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

AMD intends to confirm the receipt of your Election Form by e-mail within 48 hours. If you have not received an e-mail confirmation after 48 hours have elapsed, we recommend that you confirm that we have received your Election Form by calling the Option Exchange Helpline at 512-602-1174.

You may change your mind after you have submitted an Election Form and submit a new Election Form at any time before the expiration date, which is expected to be July 27, 2009, at 11:00 p.m. Central Time, unless the Offer is extended. If we extend the expiration date, you may submit a new Election Form with respect to some or all of your eligible options at any time until the extended Offer expires. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form we receive before 11:00 p.m. Central Time on the expiration date.

To validly change your election, you must access the Offer website at <https://amd.equitybenefits.com> and complete and deliver a new Election Form electronically or fill-out and deliver a new paper Election Form to Stock Administration at AMD via facsimile at 512-602-5809 prior to the expiration of the Offer. You should print or make a copy of your new Election Form and confirmation statement (if you submit electronically) and keep those documents for your records.

Participation in the Offer is completely voluntary. If you elect not to exchange some or all of your eligible options pursuant to the Offer, then you will retain those eligible options under their original terms.

2. **Exchange.** If you intend to exchange your eligible options pursuant to the Offer, you must access your account at the Offer website at <https://amd.equitybenefits.com>, properly complete and duly execute the Election Form or fill out and properly submit a duly executed and dated paper Election Form.

3. **Signatures on This Election Form.** You must electronically sign the Election Form if you submit your election through the Offer website. If you submit a paper Election Form you must physically sign the Election Form.

4. **Requests for Assistance or Paper Copies.** If you need paper copies of the Offer documents or the Election Form, you should contact the Option Exchange Helpline at 512-602-1174 or Stock Administration via electronic mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com). Copies will be furnished promptly at AMD's expense. You can also view and print documents at <https://amd.equitybenefits.com>.

For general questions concerning the Offer, please call the Option Exchange Helpline at 512-602-1174.

5. **Reservation of Rights.** The Company reserves the right, at our discretion, at any time, to extend the period of time during which the Offer is open and delay the acceptance for exchange of any options. If we extend the expiration date, we will also extend your right to make or withdraw elections with respect to eligible options until such extended expiration date. In the case of an extension, we will issue a press release, e-mail or other form of communication no later than 8:00 a.m., Central Time, on the next U.S. business day after the previously scheduled expiration date.

We also reserve the right, in our reasonable judgment, before the expiration date to terminate or amend the offer by giving written notice of the termination or postponement to you or by making a public announcement of the termination.

Subject to compliance with applicable law, we further reserve the right, before the expiration date, in our discretion, to amend the Offer in any respect, including by decreasing or increasing the consideration offered in the offer or by decreasing or increasing the number of options being sought in the Offer.

6. **Important Tax Information.** If you are a U.S. tax resident, you should refer to Section 13 of the Offer to Exchange, which contains material U.S. federal income tax information concerning the Offer. If you are subject to the tax laws of a country other than the United States, even if you are a resident of the United States, you should be aware that there may be other tax consequences that may apply to you. Tax consequences may vary depending on each individual employee's circumstances. Included as part of the Offer to Exchange are disclosures regarding the material tax consequences of the Offer in countries other than the United States. You should review these disclosures carefully before deciding whether or not to participate in the Offer. (See Schedule A below for additional information.)

***We strongly recommend that you consult your financial, legal and/or tax advisors with respect to the federal, state and local tax consequences of participating or not participating in the Offer.***

7. **Copies.** You should print or make a copy of your completed and signed Election Form and retain it for your records.

8. **Paper Delivery.** Please remember that if you are not able to submit your election electronically via the Offer website as a result of technical failures of the Offer website, such as the Offer website being unavailable or the Offer website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m., Central Time, on July 27, 2009 (unless the Offer is extended). To obtain a paper Election Form, please either print this Election Form or contact Stock Administration via electronic mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

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**IMPORTANT: IN ORDER FOR YOU TO PARTICIPATE, A VALID, COMPLETED  
AND SIGNED ELECTION FORM MUST BE RECEIVED BY THE COMPANY BY 11:00 P.M.  
CENTRAL TIME ON JULY 27, 2009 (UNLESS WE EXTEND THE OFFER).**

[RETURN TO WELCOME PAGE](#)    [NEXT](#)

**IV. ELECTION EXCHANGE REVIEW**

**ADVANCED MICRO DEVICES, INC.**

**Election Exchange Review**

You have made the following election with respect to your eligible options:

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Exchange Entire Eligible Option?
								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration date, which will be 11:00 p.m., Central Time, on July 27, 2009, unless we extend the Offer. The online Election Form is considered to be "signed" if you select "I Agree" on the Agreement to Terms of Election.

Is this information correct? If yes, click [PROCEED TO ELECTION AGREEMENT](#) to continue. If no, click [RETURN TO PREVIOUS SCREEN](#).

[RETURN TO PREVIOUS SCREEN](#)      [PROCEED TO ELECTION AGREEMENT](#)

## V. AGREEMENT TO TERMS OF ELECTION

### ADVANCED MICRO DEVICES, INC.

#### AGREEMENT TO TERMS OF ELECTION

##### **BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE OFFERING DOCUMENTS.**

If you would like to participate in the Offer, please indicate your election by checking the applicable boxes on the Election Form and submitting the Election Form electronically via the Offer website. If submitting a paper Election Form, please return the completed and signed Election Form to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m. Central Time on July 27, 2009, unless the Offer is extended.

You may withdraw this election by submitting a new properly completed and signed Election Form prior to the expiration date which will be 11:00 p.m. Central Time on July 27, 2009, unless we extend the Offer.

By electing to exchange my eligible options, I understand and agree to all of the following:

1. I hereby agree to exchange my eligible options for replacement options as indicated on the Election Form in accordance with the terms of the Offer as set forth in the Offer to Exchange, dated June 29, 2009, of which I hereby acknowledge receipt. Each eligible option indicated on the Election Form will be cancelled on July 27, 2009 or, if the Offer is extended, on the extended expiration date. A replacement option will be granted to me on July 27, 2009 in accordance with the terms of the Offer or, if the Offer is extended, on the expiration of the Offer.

2. The Offer is currently set to expire at 11:00 p.m. Central Time on July 27, 2009, unless the Company, in its discretion, extends the period of time during which the Offer will remain open.

3. If I cease to be employed by AMD or any of our majority-owned subsidiaries before AMD grants me replacement options in exchange for my eligible options, I will not receive any replacement options. Instead, I will keep my current eligible options and they will expire in accordance with their terms.

4. Until the Offer expires on July 27, 2009, I will have the right to amend or withdraw the elections that I have made with respect to some or all of my eligible options that I elected to exchange. However, after that date I will not be able to amend or withdraw my election. The last properly submitted election, whether electronically or in paper form, prior to the expiration of the Offer shall be binding. Until the Offer period closes on July 27, 2009, I may withdraw my tendered eligible options at any time prior to AMD's acceptance

5. The tender of some or all of my eligible options will constitute my acceptance of all of the terms and conditions of the Offer. Acceptance by AMD of my eligible options pursuant to the Offer will constitute a binding agreement between AMD and me upon the terms and subject to the conditions of the Offer.

6. I am the registered holder of the eligible options tendered hereby, and my name and other information appearing on the Election Form are true and correct.

7. I am not required to tender any of my eligible options pursuant to the Offer – my participation is voluntary.

8. AMD and/or any independent firms hired by AMD with respect to the offer cannot give me legal, tax or investment advice with respect to the offer and I have been advised to consult with my own legal, tax and investment advisors as to the consequences of participating or not participating in the Offer.

9. Under certain circumstances set forth in the Offer to Exchange, AMD may terminate or amend the Offer and postpone its acceptance of the eligible options I have elected to exchange. Should the eligible options tendered herewith not be accepted for exchange, such eligible options will continue to be governed by their original terms and conditions.

10. I understand that if I do not clearly mark the box electing to exchange each of my eligible options on the Election Form, such eligible options will not be exchanged.



11. I understand that neither AMD nor the Compensation Committee of the Board of Directors nor the Board of Directors of AMD is making any recommendation as to whether I should elect to exchange my eligible options, and that I must make my own decision whether to exchange my eligible options, taking into account my own personal circumstances and preferences. I understand that the exchanged options may decline in value when I decide to exercise such options. I further understand that past and current market prices of AMD common stock may provide little or no basis for predicting what the market price of AMD common stock will be when AMD grants me replacement options in exchange for my tendered eligible options or at any other time in the future.

12. I agree to all terms and conditions of the Offer as set forth in the offering documents, including (1) the Offer to Exchange; (2) the e-mail from Compensation and Stock Administration, dated June 29, 2009; (3) the Summary of Stock Option Exchange Program; (4) the Election Form; (5) the Instructions Forming Part of the Terms and Conditions of the Offer; (6) this Agreement to Terms of Election; (7) the 2004 Equity Incentive Plan, as amended and restated, and (8) the forms of option agreements.

**SIGNATURE OF OPTIONEE**

(signature required only for paper forms submitted via facsimile at 512-602-5809)

\_\_\_\_\_  
(Signature of Optionee or Authorized Signatory)

\_\_\_\_\_  
(Optionee's Name – please print in full)

Date: \_\_\_\_\_, 2009

Address (if different than cover page):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Office Telephone: (\_\_\_\_\_) \_\_\_\_\_

E-mail Address: \_\_\_\_\_

If you are not able to submit your election electronically via the Offer website as a result of technical failures of the website, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), you must complete a paper Election Form and return it to Stock Administration at AMD via facsimile at 512-602-5809 before 11:00 p.m., Central Time, on July 27, 2009 (unless the Offer is extended). To obtain a paper Election Form, please either print this Election Form or please contact Stock Administration via electronic mail at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

**DELIVERY OF YOUR PAPER ELECTION FORM OTHER THAN VIA FACSIMILE  
OR TO A NUMBER OTHER THAN THE FACSIMILE  
NUMBER ABOVE, WILL NOT CONSTITUTE VALID DELIVERY.**

RETURN TO PREVIOUS SCREEN    I AGREE

VI. PRINT CONFIRMATION

ADVANCED MICRO DEVICES, INC.

PRINT CONFIRMATION

Your election information has been recorded as follows:

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Exchange Entire Eligible Option?
								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
								<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**PRINT THIS PAGE:** by clicking the PRINT A CONFIRMATION button below and save a copy. This will serve as the Election Confirmation Statement in the event our system does not register your election or provide you with an e-mailed "Election Confirmation Statement" after your submission. If you do not receive a confirmation e-mail within 48 hours after your submission, please forward a copy of your printed Electronic Confirmation Statement via e-mail to [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com).

[PRINT A CONFIRMATION](#)

[LOGOUT](#)

[RETURN TO WELCOME PAGE](#)

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**VII. CONTACT INFORMATION****ADVANCED MICRO DEVICES, INC.**  
**CONTACT INFORMATION**

To contact AMD for general question concerning the Offer, please contact Stock Administration at [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) or call the Option Exchange Helpline at 512-602-1174.

All inquiries will be responded to by the end of the following business day.

RETURN TO WELCOME PAGE

*Confirmation E-mail/Letter to Employees who Elect to Participate in the Exchange Program*

Dear [Employee Name],

AMD has received your Election Form dated [Click and Type Date], 2009, by which you elected to have some or all of your eligible outstanding options cancelled in exchange for new options, subject to the terms and conditions of the Offer, as follows:

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Exchange Entire Eligible Option?
								Yes
								Yes
								Yes
								Yes

If you change your mind, you may change your election as to some or all of your eligible options by submitting a new Election Form through the Offer website at <https://amd.equitybenefits.com> and electing "No" to retain your Eligible Option rather than "Yes" to exchange your Eligible Option. If you are not able to submit your Election Form electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), a properly signed and completed Election Form must be received by stock administration via **facsimile** at 512-602-5809 before 11:00 p.m., Central Time, on July 27, 2009.

The submission of the required documents must be made by the deadline indicated above. We cannot accept late submissions, and we therefore urge you to respond early to avoid any last minute problems. If you are unable to, or choose not to submit electronically, only documents that are complete, signed and actually received by Stock Administration by the deadline will be accepted. Documents submitted by any other means, including U.S. mail or other post and Federal Express (or similar delivery service) **are not permitted**. If you have questions, please direct them to the Option Exchange Helpline at 512-602-1174 or [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com).

Please note that our receipt of your Election Form is not by itself an acceptance of the options for exchange. For purposes of the Offer, AMD will be deemed to have accepted options for exchange that are validly tendered and not properly withdrawn as of when AMD gives oral or written notice to the option holders generally of its acceptance for exchange of such options, which notice may be made by press release, e-mail or other method of communication. AMD's formal acceptance of the properly tendered options is expected to take place shortly after the end of the Offer period.

This notice does not constitute the Offer to Exchange. The full terms of the Offer are described in (1) the Offer to Exchange; (2) the e-mail from Compensation and Stock Administration, dated June 29, 2009; (3) the Summary of the Option Exchange Program; (4) the Election Form; (5) the Instructions Forming Part of the Terms and Conditions of the Offer; (6) the Agreement to Terms of Election; (7) the 2004 Equity Incentive Plan, as amended and (8) the form stock option agreement. You may access these documents on the Offer website at <https://amd.equitybenefits.com> or through the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

*Confirmation E-mail/Letter to Employees who Decline Participation in the Exchange Program*

Dear [Employee Name],

AMD has received your Election Form dated [Click and Type Date], 2009, by which you rejected AMD's Offer to exchange your eligible outstanding options for new options, as follows:

<u>Original Grant Date</u>	<u>Expiration Date</u>	<u>Option Number</u>	<u>Exercise Price Per Share</u>	<u>Shares Subject to Eligible Options</u>	<u>Shares Vested</u>	<u>Shares Unvested</u>	<u>Exchange Ratio</u>	<u>Exchange Entire Eligible Option?</u>
								No
								No
								No

If you change your mind, you may change your election as to some or all of your eligible options by submitting a new Election Form through the Offer website at <https://amd.equitybenefits.com> and electing "Yes" to exchange your Eligible Option rather than "No" to retain your Eligible Option. If you are not able to submit your Election Form electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), a properly signed and completed Election Form must be received by Stock Administration via **facsimile** at 512-602-5809 before 11:00 p.m., Central Time, on July 27, 2009.

The submission of the required documents must be made by the deadline indicated above. We cannot accept late submissions, and we therefore urge you to respond early to avoid any last minute problems. If you are unable to, or choose not to submit electronically, only documents that are complete, signed and actually received by Stock Administration by the deadline will be accepted. Documents submitted by any other means, including U.S. mail or other post and Federal Express (or similar delivery service) **are not permitted**. If you have questions, please direct them to the Option Exchange Helpline at 512-602-1174 or [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com).

This notice does not constitute the Offer to Exchange. The full terms of the Offer are described in (1) the Offer to Exchange; (2) the e-mail from Compensation and Stock Administration, dated July 29, 2009; (3) the Summary of the Option Exchange Program; (4) the Election Form; (5) the Instructions Forming Part of the Terms and Conditions of the Offer; (6) the Agreement to Terms of Election; (7) the 2004 Equity Incentive Plan, as amended and (8) the form stock option agreement. You may access these documents on the Offer website at <https://amd.equitybenefits.com> or through the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

*Form of Reminder E-mail – Dates may change if expiration date of Offer is extended*

The Advanced Micro Devices, Inc. Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (referred to as the “Offer” or “Offer to Exchange”) is still currently open. Please note that the Offer to Exchange your eligible options will expire at 11:00 p.m., Central Time, on July 27, 2009 unless we extend the Offer.

According to our records, you have not yet submitted an Election Form for your eligible options. Participation in the Offer is voluntary; however, if you would like to participate in the Offer, you must complete an Election Form before the expiration of the Offer. Election forms and other documents relating to the Offer (including instructions) are available on the Offer website at <https://amd.equitybenefits.com>. If you are not able to submit your Election Form electronically via the Offer website as a result of technical failures, such as the website being unavailable or the website not accepting your election, or if you do not otherwise have access to the Offer website for any reason (including lack of internet services), a properly signed and completed Election Form must be received by Stock Administration via **facsimile** at 512-602-5809 by 11:00 p.m., Central Time, on July 27, 2009.

The submission of the required documents must be made by the deadline indicated above. We cannot accept late submissions, and we therefore urge you to respond early to avoid any last minute problems. If you are unable to, or choose not to submit electronically, only documents that are complete, signed and actually received by Stock Administration by the deadline will be accepted. Documents submitted by any other means, including U.S. mail or other post and Federal Express (or similar delivery service) **are not permitted**. If you have questions, please direct them to the Option Exchange Helpline at 512-602-1174 or [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com).

This notice does not constitute the Offer to Exchange. The full terms of the Offer are described in (1) the Offer to Exchange; (2) the e-mail from Compensation and Stock Administration, dated June 29, 2009; (3) the Summary of the Option Exchange Program; (4) the Election Form; (5) the Instructions Forming Part of the Terms and Conditions of the Offer; (6) the Agreement to Terms of Election; (7) the 2004 Equity Incentive Plan, as amended and (8) the form stock option agreement. You may access these documents on the Offer website at <https://amd.equitybenefits.com> or through the U.S. Securities and Exchange Commission’s website at [www.sec.gov](http://www.sec.gov).

**ADVANCED MICRO DEVICES, INC.**  
**2004 EQUITY INCENTIVE PLAN**  
**STOCK OPTION GRANT NOTICE**

Advanced Micro Devices, a Delaware corporation (the "**Company**"), pursuant to its 2004 Equity Incentive Plan, as amended and restated (the "**Plan**"), hereby grants to the holder listed below ("**Participant**"), an option to purchase the number of Shares (as defined in the Plan) set forth below (the "**Option**"). This Option is subject to all of the terms and conditions set forth herein and in the Stock Option Agreement attached hereto as Exhibit A (the "**Stock Option Agreement**") and the Plan, each of which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Grant Notice and the Stock Option Agreement.

**Participant:** \_\_\_\_\_  
**Grant Date:** \_\_\_\_\_  
**Exercise Price per Share:** \$ \_\_\_\_\_  
**Total Exercise Price:** \$ \_\_\_\_\_  
**Total Number of Shares Subject to the Option:** \_\_\_\_\_ shares  
**Expiration Date:** \_\_\_\_\_

**Type of Option:**      Incentive Stock Option      Non-Qualified Stock Option

**Vesting Schedule:**   [To be specified in individual agreements]

By his or her signature, Participant agrees to be bound by the terms and conditions of the Plan, the Stock Option Agreement and this Grant Notice. Participant has reviewed the Stock Option Agreement, the Plan and this Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of this Grant Notice, the Stock Option Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Stock Option Agreement.

**ADVANCED MICRO DEVICES, INC.**

**PARTICIPANT**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

EXHIBIT A

TO STOCK OPTION GRANT NOTICE

STOCK OPTION AGREEMENT

Pursuant to the Stock Option Grant Notice (the "**Grant Notice**") to which this Stock Option Agreement (this "**Agreement**") is attached, Advanced Micro Devices, Inc., a Delaware corporation (the "**Company**"), has granted to Participant an option under the Company's 2004 Equity Incentive Plan, as amended and restated (the "**Plan**"), to purchase the number of Shares (as defined in the Plan) indicated in the Grant Notice.

ARTICLE I.

GENERAL

1.1 **Defined Terms.** Wherever the following terms are used in this Agreement they shall have the meanings specified below, unless the context clearly indicates otherwise. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan and the Grant Notice.

(a) "**Administrator**" shall mean the Board or any of its delegates, including committees, administering the Plan, in accordance with Section 4 of the Plan.

(b) "**Termination of Consultancy**" shall mean the time when the engagement of Participant as a Consultant to the Company or a Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, by resignation, discharge, death, Disability or retirement, but excluding: (a) terminations where there is a simultaneous employment or continuing employment of Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous re-establishment of a consulting relationship or continuing consulting relationship between Participant and the Company or any Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Consultancy, including, but not by way of limitation, the question of whether a particular leave of absence constitutes a Termination of Consultancy. Notwithstanding any other provision of the Plan, the Company or any Subsidiary has an absolute and unrestricted right to terminate a Consultant's service at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in writing.

(c) "**Termination of Directorship**" shall mean the time when Participant, if he or she is or becomes an Independent Director, ceases to be a Director for any reason, including, but not by way of limitation, a termination by resignation, failure to be elected, death or retirement. The Board, in its sole and absolute discretion, shall determine the effect of all matters and questions relating to Termination of Directorship with respect to Independent Directors.

(d) "**Termination of Employment**" shall mean the time when the employee-employer relationship between Participant and the Company or any Subsidiary is terminated for any reason, with or without cause, including, but not by way of limitation, a termination by resignation, discharge, death, Disability or retirement; but excluding: (a) terminations where there is a simultaneous reemployment or continuing employment of Participant by the Company or any Subsidiary, and (b) terminations where there is a simultaneous establishment of a consulting relationship or continuing consulting relationship between Participant and the Company or any Subsidiary. The Administrator, in its absolute discretion, shall determine the effect of all matters and questions relating to Termination of Employment, including, but not by way of limitation, the question of whether a particular leave of



absence constitutes a Termination of Employment; provided, however, that, if this Option is an Incentive Stock Option, unless otherwise determined by the Administrator in its discretion, a leave of absence, change in status from an employee to an independent contractor or other change in the employee-employer relationship shall constitute a Termination of Employment if, and to the extent that, such leave of absence, change in status or other change interrupts employment for the purposes of Section 422(a)(2) of the Code and the then applicable regulations and revenue rulings under said Section.

(e) “**Termination of Services**” shall mean Participant’s Termination of Consultancy, Termination of Directorship or Termination of Employment, as applicable.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions of the Plan which are incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

## ARTICLE II.

### GRANT OF OPTION

2.1 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the Grant Date set forth in the Grant Notice (the “**Grant Date**”), the Company grants to Participant the Option to purchase any part or all of an aggregate of the number of Shares set forth in the Grant Notice, upon the terms and conditions set forth in the Plan and this Agreement. Unless designated as a Non-Qualified Stock Option in the Grant Notice, the Option shall be an Incentive Stock Option to the maximum extent permitted by law.

2.2 Exercise Price. The exercise price of the shares of Stock subject to the Option shall be as set forth in the Grant Notice, without commission or other charge; *provided, however*, that the price per Share subject to the Option shall not be less than 100% of the Fair Market Value of a Share on the Grant Date. Notwithstanding the foregoing, if this Option is designated as an Incentive Stock Option and Participant owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or any “subsidiary corporation” of the Company or any “parent corporation” of the Company (each within the meaning of Section 424 of the Code), the price per Share subject to the Option shall not be less than 110% of the Fair Market Value of a Share on the Grant Date.

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

ARTICLE III.

PERIOD OF EXERCISABILITY

3.1 Commencement of Exercisability.

(a) Subject to Sections 3.2, 3.3, 5.10 and 5.15 hereof, the Option shall become vested and exercisable in such amounts and at such times as are set forth in the Grant Notice.

(b) No portion of the Option which has not become vested and exercisable at the date of Participant's Termination of Services shall thereafter become vested and exercisable, except as may be otherwise provided by the Administrator or as set forth in a written agreement between the Company and Participant; provided, however, that (i) if Participant is on unpaid leave of absence, Participant has 15 years or more of service with the Company and Participant's Termination of Service is due to Participant's death or Disability, then the Option shall become immediately vested and exercisable as to the number of Shares that would have otherwise become vested in the calendar year in which such leave of service commenced and (ii) if Participant is not on unpaid leave of absence, Participant has 15 years or more of service with the Company and Participant's Termination of Service is due to Participant's death or Disability, then the Option shall become immediately vested and exercisable as to the number of Shares that would have otherwise become vested in the calendar year of such termination.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule set forth in the Grant Notice are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule set forth in the Grant Notice shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The Expiration Date set forth in the Grant Notice, which shall in no event be more than seven years from the Grant Date;

(b) If this Option is designated as an Incentive Stock Option and Participant owned (within the meaning of Section 424(d) of the Code), at the time the Option was granted, more than 10% of the total combined voting power of all classes of stock of the Company or any "subsidiary corporation" of the Company or any "parent corporation" of the Company (each within the meaning of Section 424 of the Code), the expiration of five years from the Grant Date;

(c) The expiration of three months from the date of Participant's Termination of Services, unless such termination occurs by reason of Participant's death or Disability; provided, however, that if Participant is eligible for an extended period to exercise pursuant to the table below, the expiration period provided in this Section 3.3(c) shall be extended to such applicable total period as is shown pursuant to the table below;

<b>Extended Exercise Period</b>		
<b>If Participant is Not a VP or Company Officer</b>	<b>Years of Service</b>	<b>Total Exercise Period</b>
<b>Age at Termination</b>		
50 or more	15 years but less than 20 years	15*
50 or more	20 or more years	27*
<b>If Participant Has Been a VP or Company Officer for at Least 90 Days</b>		
Less than 50	Any	12

50 or more	Less than 15 years	12
50 or more	15 years but less than 20 years	24*
50 or more	20 or more years	36*

\* If Participant leaves the Company to work for a competitor, this extension does not apply and Participant has the original three or twelve months to exercise.

(d) The expiration of 12 months from the date of Participant's Termination of Services by reason of Participant's death or Disability; provided, however, that if Participant is eligible for an extended period to exercise pursuant to the table below, the expiration period provided in this Section 3.3(d) shall be extended to such applicable total period as is shown pursuant to the table below.

<b>Extended Exercise Period</b>		
<b>If Participant is Not a VP or Company Officer</b>	<b>Years of Service</b>	<b>Total Exercise Period</b>
<u>Age at Termination</u>		
50 or more	15 years but less than 20 years	24*
50 or more	20 or more years	36*
<b>If Participant Has Been a VP or Company Officer for at Least 90 Days</b>		
50 or more	15 years but less than 20 years	24*
50 or more	20 or more years	36*

\* If Participant leaves the Company to work for a competitor, this extension does not apply and Participant has the original twelve months to exercise.

3.4 Special Tax Consequences. Participant acknowledges that, to the extent that the aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Stock Options, including the Option (if applicable), are exercisable for the first time by Participant in any calendar year exceeds \$100,000, the Option and such other options shall be Non-Qualified Stock Options to the extent necessary to comply with the limitations imposed by Section 422(d) of the Code. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other "incentive stock options" into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant acknowledges that an Incentive Stock Option exercised more than three months after Participant's Termination of Employment, other than by reason of death or Disability, will be taxed as a Non-Qualified Stock Option.

#### ARTICLE IV.

##### EXERCISE OF OPTION

4.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the Option or any portion thereof. After the death of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any person empowered to do so under the deceased Participant's will or under the then applicable laws of descent and distribution.

4.2 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3 hereof.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof:

(a) An exercise notice in a form specified by the Administrator, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(b) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, including payment of any applicable withholding tax, which shall be made by deduction from other compensation payable to Participant or in such other form of consideration permitted under Section 4.4 hereof that is acceptable to the Company;

(c) Any other written representations as may be required in the Administrator's reasonable discretion to evidence compliance with the Securities Act or any other applicable law, rule or regulation; and

(d) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Company shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

4.4 Method of Payment. The Administrator shall determine the acceptable form of consideration for exercising the Option, including the method of payment. Such consideration, to the extent permitted by Applicable Laws, may consist of:

(a) Check;

(b) Other Shares which (A) in the case of Shares acquired upon exercise of an Option, have been owned by the Participant for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences, and (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised;

(c) Broker-assisted cashless exercise;

(d) Any combination of the foregoing methods of payment; or

(e) Such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws.

4.5 Conditions to Issuance of Stock Certificates. The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued shares of Stock or issued shares of Stock which have then been reacquired by the Company. Such shares of Stock shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Shares purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The admission of such Shares to listing on all stock exchanges on which such Stock is then listed;

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(b) The completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or of any other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable;

(c) The obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable;

(d) The receipt by the Company of full payment for such Shares, including payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 4.4 hereof; and

(e) The lapse of such reasonable period of time following the exercise of the Option as the Administrator may from time to time establish for reasons of administrative convenience.

4.6 Rights as Stockholder. The holder of the Option shall not be, nor have any of the rights or privileges of, a stockholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of any Shares purchasable upon the exercise of any part of the Option unless and until such Shares shall have been issued by the Company and held of record by such holder (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 15(a) of the Plan.

#### ARTICLE V.

#### OTHER PROVISIONS

5.1 Administration. The Administrator shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon Participant, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement or the Option.

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5.2 Whole Shares. The Option may only be exercised for whole Shares.

5.3 Option Not Transferable. Subject to Section 4.1 hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Option nor any interest or right therein shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

5.4 Binding Agreement. Subject to the limitation on the transferability of the Option contained herein, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.5 Adjustments. Participant acknowledges that the Option is subject to adjustment, modification and termination in certain events as provided in this Agreement and Section 15 of the Plan.

5.6 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 5.6, either party may hereafter designate a different address for notices to be given to that party. Any notice which is required to be given to Participant shall, if Participant is then deceased, be given to the person entitled to exercise his or her Option pursuant to Section 4.1 hereof by written notice under this Section 5.6. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.7 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.8 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.9 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

5.10 Amendments, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Committee or the Board; *provided*, that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

5.11 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 5.3 hereof, this Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

5.12 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt notice to the Company of any disposition or other transfer of any shares of Stock acquired under this Agreement if such disposition or transfer is made (a) within two years from the Grant Date with respect to such shares of Stock or (b) within one year after the transfer of such shares of Stock to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

5.13 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.14 Entire Agreement. The Plan, the Grant Notice and this Agreement (including all Exhibits thereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.15 Section 409A. This Option is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “**Section 409A**”). However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that the Option (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate either for the Option to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

5.16 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Stock as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.

## TERMS AND CONDITIONS FOR PARTICIPANTS LOCATED OUTSIDE THE U.S.

STOCK OPTION AWARD  
ADVANCED MICRO DEVICES, INC. 2004 EQUITY INCENTIVE PLAN

The following Terms and Conditions, together with the accompanying Confirmation of Grant of Stock Options (the “*Confirmation*”) and any country-specific terms and conditions contained in the Appendix (as described in Section 21, below), comprise your agreement (the “*Agreement*”) with Advanced Micro Devices, Inc. (the “*Company*”) regarding the grant of Stock Options (“*Options*”) to purchase the number of shares of the Company’s common stock (the “*Shares*”), as set forth in the Confirmation, at the exercise price per share set forth in the Confirmation (the “*Exercise Price*”), awarded under the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (the “*Plan*”). Capitalized terms not specifically defined herein shall have the same meaning assigned to them in the Plan.

1. **Vesting of Options.** The Options will vest on the date(s) shown on the Confirmation provided that you continue to be an active Service Provider through each vesting date.

2. **Exercise of Options.**

(a) **Right to Exercise.** This Option is exercisable during its term in accordance with the vesting schedule set out in the Confirmation and the applicable provisions of the Plan and the Agreement.

(b) **Method of Exercise.** Unless otherwise determined by the Administrator, the Option shall be exercisable during your lifetime only by you, and after your death only by your legal representative. The Options may only be exercised by the delivery to the Company of a properly completed written notice, in form specified by the Administrator or its designee, which notice shall specify the number of Shares to be purchased and the aggregate Exercise Price for such shares, together with payment in full of such aggregate Exercise Price and all applicable Tax-Related Items (as defined in Section 7). Payment shall be made in a manner permitted in Section 3 below or as authorized by the Administrator pursuant to the Plan and/or as specified in the Appendix. The Options may not be exercised unless you agree to be bound by such documents as the Administrator may reasonably require, including all Award Documentation.

The Administrator may deny any exercise permitted hereunder if the Administrator determines, in its discretion, that such exercise could result in a violation of U.S. federal, state or foreign securities laws.

3. **Method of Payment.** Payment of the aggregate Exercise Price shall be by any of the following, or a combination thereof, unless provided otherwise in the Appendix:

(a) cash; or

(b) check; or



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(c) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan.

4. **Nontransferability of Options.** The Options may not be pledged, assigned, sold, or otherwise transferred other than by will or by the laws of descent and distribution. The terms of the Plan and the Agreement shall be binding upon your executors, administrators, heirs, successors and assigns.

5. **Term of Option.** This Option may be exercised only within the term set out in the Confirmation, and may be exercised during such term only in accordance with the Plan and the terms of the Agreement.

6. **Termination as a Service Provider.**

(a) **Termination Generally.** If your status as an active Service Provider terminates for any reason, other than death or Disability or for Misconduct, and you have not been serving as a vice president or AMD officer for at least ninety (90) days (or not at all), vested Options may be exercised at any time before the expiration date set forth in the Confirmation or the expiration of three months after the date of termination, whichever is the shorter period, but only to the extent you were entitled to exercise the Options at the date of termination, as described in Sections 1 and 2 and in the Confirmation. If you have been serving as a vice-president or AMD officer for at least ninety (90) days and your status as an active Service Provider terminates for any reason other than death or Disability or for Misconduct, vested Options may be exercised at any time before the expiration date set forth in the Confirmation or the expiration of twelve (12) months after the date of termination, whichever is the shorter period, but only to the extent you were entitled to exercise the Options at the date of termination, as described in Sections 1 and 2 and in the Confirmation.

You may have a longer period to exercise Options under the circumstances described below:

- (i) If you have not been a vice president or AMD officer for at least ninety (90) days (or not at all) and are age fifty (50) or more when your status as an active Service Provider terminates for any reason, other than death, Disability or Misconduct, and you have at least fifteen (15) years of service but less than twenty (20) years of service, you will have fifteen (15) months to exercise vested Options after termination as a Service Provider.
- (ii) If you have not been a vice president or AMD officer for at least ninety (90) days (or not at all) and are age fifty (50) or more when your status as an active Service Provider terminates for any reason, other than death, Disability or Misconduct, and you have twenty (20) years or more of service, you will have twenty-seven (27) months to exercise vested Options after termination as a Service Provider.
- (iii) If you have been a vice president or AMD officer for at least ninety (90) days and are age fifty (50) or more when your status as an active Service Provider terminates for any reason, other than death, Disability or

Misconduct, and you have at least fifteen (15) years of service but less than twenty (20) years of service, you will have twenty-four (24) months to exercise vested Options after termination as a Service Provider.

- (iv) If you have been a vice president or AMD officer for at least ninety (90) days and are age fifty (50) or more when your status as an active Service Provider terminates for any reason, other than death, Disability or Misconduct, and you have twenty (20) years or more of service, you will have thirty-six (36) months to exercise vested Options after termination as a Service Provider.

If you terminate your status as an active Service Provider to work for a competitor of the Company or Spansion, the post-termination exercise period extensions described in Sections 6(a)(i) – (iv) will not apply, and you will have three months to exercise your vested Options, unless you have been serving as a vice-president or AMD officer for at least ninety (90) days, in which case you will have twelve (12) months to exercise your vested Options. In no case shall the post-termination exercise periods extend beyond the term limit for the Options as set out in the Confirmation.

(b) **Termination Due to Death or Disability.** If your status as an active Service Provider terminates due to your death or Disability (as defined in the Plan) and you were a Service Provider for at least fifteen (15) years, your Options will vest as follows:

- (i) if you are on an unapproved leave of absence, any Options that would have vested in the calendar year in which your leave began are immediately vested; or
- (ii) if you are *not* on an unapproved leave of absence (*i.e.*, you are on an approved leave of absence or you are serving as an active Service Provider), any Options that would have vested in the calendar year of your death or Disability are immediately vested.

You (or your heirs, as applicable) shall generally have twelve (12) months from the date your status as a Service Provider is terminated due to death or Disability to exercise any vested Options. However, if you are aged fifty (50) or more and have at least fifteen (15) years of service but less than twenty (20) years of service when your status as a Service Provider is terminated due to death or Disability, you (or your heirs) shall have twenty-four (24) months from the date your status as a Service Provider is terminated to exercise any vested Options (provided that you do not go to work for a competitor of the Company or Spansion, in which case you (or your heirs) shall have twelve (12) months from the date your status as a Service Provider is terminated to exercise any vested Options). If you are aged fifty (50) or more and have at least twenty (20) years of service when your status as a Service Provider is terminated due to death or Disability, you (or your heirs) shall have thirty-six (36) months from the date your status as a Service Provider is terminated to exercise any vested Options (provided that you do not go to work for a competitor of the Company or Spansion, in which case you (or your heirs) shall have twelve (12) months from the date your status as a Service Provider is terminated to exercise any vested Options). In no case shall the post-termination exercise periods extend beyond the term limit for the Options as set out in the Confirmation.

(c) Termination due to Misconduct. If your status as an active Service Provider is terminated due to Misconduct (as defined in the Plan), the Company reserves the right to cancel all of your Options, whether vested or unvested.

7. **Responsibility for Taxes.** Regardless of any action the Company or your employer (the “**Employer**”) takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“**Tax-Related Items**”), you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant, vesting or exercise of the Options, the issuance of Shares upon exercise of the Options, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer; or
- (b) withholding from proceeds of the sale of Shares acquired upon exercise of the Options either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or
- (c) withholding in Shares to be issued upon exercise of the Options; or
- (d) requires payment in cash, check or wire transfer of the Tax-Related Items at the time of exercise.

To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the exercise, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

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Finally, you shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the exercise or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

**8. Other Terms and Conditions.**

(a) The Plan. This Agreement is further subject to the terms and provisions of the Plan. Only certain provisions of the Plan are described in these Terms and Conditions. As a condition to your receipt and exercise of the Options, you acknowledge and agree to the terms and conditions of the Agreement and the terms and provisions of the Plan.

(b) Stockholder Rights. Until the Shares are issued upon exercise, you have no right to vote or receive dividends or any other rights as a stockholder with respect to the Options.

(c) Employment Relationship. Nothing in the Agreement shall confer on you any right to continue in the employ of your Employer, nor shall interfere with or restrict rights of your Employer, which are hereby expressly reserved, to discharge you at any time, with or without cause provided in compliance with applicable local laws.

(d) Change of Control. If your employment is terminated by your Employer for any reason other than for Misconduct or, if applicable, by you as a result of a Constructive Termination, within one year after a Change of Control, then the Options shall become fully vested upon the date of termination.

(e) Declination of Options. If you wish to decline your Options, you must complete and file the Declination of Grant form with Corporate Compensation and Benefits by the deadline for such declination. Your declination is non-revocable, and you will not receive any other benefits or compensation as replacement for the declined Options.

**9. Nature of Grant.** In accepting the grant, you acknowledge that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted repeatedly in the past;

(c) all decisions with respect to future Option grants, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan shall not create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment relationship at any time;

(e) you are voluntarily participating in the Plan;

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(f) the Options and the Shares subject to the Options are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of your employment contract, if any;

(g) the Options and the Shares subject to the Options are not intended to replace any pension rights or compensation;

(h) the Options and the Shares subject to the Options are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer, its Parent, or any Subsidiary or Affiliate of the Company;

(i) the Option grant and your participation in the Plan will not be interpreted to form an employment contract or relationship with the Company, its Parent or any Subsidiary or Affiliate of the Company;

(j) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(k) if the underlying Shares do not increase in value, the Options will have no value;

(l) if you exercise the Options and obtain Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;

(m) in consideration of the grant of the Options, no claim or entitlement to compensation or damages shall arise from forfeiture of the Options resulting from termination of your employment with the Company or the Employer (for any reason whatsoever and whether or not in breach of applicable local laws) and you irrevocably release the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;

(n) in the event of termination of your employment (whether or not in breach of local labor laws), your right to vest in the Options under the Plan, if any, will terminate effective as of the date that you are no longer actively employed and will not be extended by any notice period mandated under applicable local laws (*e.g.*, active employment would not include a period of "garden leave" or similar period pursuant to applicable local laws); the Administrator shall have the exclusive discretion to determine when you are no longer actively employed for purposes of your Options; and

(o) the Options and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

10. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the

Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

11. **Data Privacy.** *You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other Options Award Documentation by and among, as applicable, the Employer, the Company, its Parent or any Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing your participation in the Plan.*

*You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).*

*You understand that Data will be transferred to a Company–designated Plan broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, its Plan broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand, however, that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

12. **Compliance with Laws and Regulations.** The issuance and transfer of the Shares will be subject to and conditioned upon compliance by the Company and you with all applicable state, federal and foreign laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which the Company’s Common Stock may be listed or quoted at the time of such issuance or transfer.

13. **Successors and Assigns.** The Company may assign any of its rights under the Agreement. The Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer contained herein, the Agreement will be binding upon you and your heirs, executors, administrators, legal representatives, successors and assigns.

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14. **Administrator Authority.** The Administrator shall have the power to interpret the Plan and the Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith shall be final and binding upon you, the Company and all other interested persons. The Administrator shall not be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Agreement.

15. **Governing Law; Severability.** The Agreement shall be governed by and construed in accordance with the internal laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within California, excluding that body of laws pertaining to conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of California and agree that such litigation shall be conducted only in the courts of Santa Clara County, California, or the federal courts for the United States for the Northern District of California, and no other courts, where this grant is made and/or to be performed.

If any provision of the Agreement is determined by a court of law to be illegal or unenforceable, in whole or in part, that provision will be enforced to the maximum extent possible and the other provisions will remain fully effective and enforceable.

16. **Further Instruments.** The parties agree to execute further instruments and to take further actions as may be reasonably necessary to carry out the purposes and intent of the Agreement.

17. **Language.** If you have received the Agreement or any other Award Documentation translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

18. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with Applicable Laws or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

20. **Headings.** The captions and headings of the Agreement are included for ease of reference only and will be disregarded in interpreting or construing the Agreement. All references herein to Sections will refer to Sections of the Agreement.

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21. **Appendix.** Notwithstanding any provisions in the Award Documentation, the Options grant shall be subject to any special terms and conditions for your country set forth in an Appendix to the Terms and Conditions. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local laws or facilitate the administration of the Plan. The Appendix constitutes part of the Agreement.

22. **Entire Agreement.** The Plan, these Terms and Conditions, the Appendix and the Confirmation constitute the entire agreement and understanding of the parties with respect to the subject matter of the Agreement, and supersede all prior understandings and agreements, whether oral or written, between the parties with respect to the specific subject matter hereof.



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## APPENDIX

### Terms and Conditions for Participants Located Outside the U.S.

#### Stock Option Award

#### Advanced Micro Devices, Inc. 2004 Equity Incentive Plan

This Appendix to the Terms and Conditions for Participants Located Outside the U.S. includes additional terms and conditions that govern the grant of Options in your country. Capitalized terms not explicitly defined in this Appendix have the definitions ascribed to them in the Advanced Micro Devices, Inc. 2004 Equity Incentive Plan (the “*Plan*”) and/or the Terms and Conditions for Participants Located Outside the U.S. (as applicable).

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of December 2008. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at vesting or exercise of the Options or the subsequent sale of the Shares or receipt of any dividends.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, the information contained herein may not be applicable to you.

### ARGENTINA

#### *Notifications*

**Securities Law Information.** Neither the Options nor the issuance of Shares are publicly offered or listed on any stock exchange in Argentina. The offer is private and not subject to the supervision of any Argentine governmental authority.

**Exchange Control Information.** Under current regulations adopted by the Argentine Central Bank (the “BCRA”), you may purchase and remit foreign currency with a value of up to US\$2,000,000 per month out of Argentina for the purpose of acquiring foreign securities, including Shares under the Plan, without prior approval from the BCRA, provided you execute and submit an affidavit to the BCRA confirming you have not exceeded the US\$2,000,000 threshold during the relevant month.

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Please note that exchange control regulations in Argentina are subject to frequent change. You should consult with your personal legal advisor regarding any exchange control obligations that you may have.

## **AUSTRALIA**

### *Notifications*

**Securities Law Information.** If you acquire Shares pursuant to the Options and you offer the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. You should obtain legal advice on disclosure obligations prior to making any such offer.

**Exchange Control Information.** Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, you will be required to file the report.

## **BELGIUM**

There are no country specific provisions.

## **BRAZIL**

### *Notifications*

**Exchange Control Information.** If you are a resident or domiciled in Brazil, you will be required to submit an annual declaration of assets and rights held outside of Brazil to the Central Bank of Brazil if the aggregate value of such assets and rights is equal to or greater than US\$100,000. Please note that the US\$100,000 threshold may be changed annually.

## **CANADA**

### *Notifications*

**French Language Provision.** The following provisions will apply if you are a resident of Quebec:

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

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*Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention ("Agreement"), ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à la présente convention.*

**Termination of Service.** The following provision replaces Section 1 and Section 6(b) of the Terms and Conditions:

In the event of the termination of your status as Service Provider for any reason, except for death or Disability and whether or not in breach of local labor laws, all unvested Options shall be immediately forfeited without consideration. For purposes of the preceding sentence, your right to vest in the Options will terminate effective as of the date that is the earlier of (1) the date you receive notice of termination from your Employer, or (2) the date you are no longer actively providing service, regardless of any notice period or period of pay in lieu of such notice required under applicable local laws (including, but not limited to statutory law, regulatory law and/or common law); the Company shall have the exclusive discretion to determine when you are no longer actively providing service for purposes of the Options.

**Authorization to Release and Transfer Necessary Personal Information.** The following provision supplements Section 11 of the Terms and Conditions:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. You further authorize the Company, any Parent, Subsidiary or Affiliate and the Administrator of the Plan to disclose and discuss the Plan with their advisors. You further authorize the Company and any Parent, Subsidiary or Affiliate to record such information and to keep such information in your employee file.

## **CHINA**

### *Terms and Conditions*

**Method of Payment and Sale of Shares.** The following provision supplements Section 3 of the Terms and Conditions:

Due to local regulatory requirements, you understand that you will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, you understand that you must instruct the Plan broker to: (i) sell all of the Shares issued upon exercise; (ii) use the proceeds to pay the Exercise Price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to you. You will not be permitted to hold Shares after exercise. Depending upon the development of laws and your status as a national of a country other than the People's Republic of China, the Company reserves the right to modify the methods of exercising the Options and in its sole discretion, to permit cash exercises, cashless sell-to-cover exercises or any other method of exercise and payment of Tax-Related Items permitted under the Plan.

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**Exchange Control Requirements.** You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the immediate sale of the Shares upon exercise of the Options to China. You further understand that, under Applicable Laws, such repatriation of your cash proceeds may need to be effectuated through a special exchange control account established by the Company, its Parent, Subsidiary or Affiliate or the Employer, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire may be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

## FRANCE

### *Notifications*

**Tax Information.** The Options are not intended to be French tax-qualified Awards.

### *Terms and Conditions*

**French Language Provision.** By signing and returning this Agreement, you confirm having read and understood the documents relating to the Plan which were provided to you in English language. You accept the terms of those documents accordingly.

French translation: *En signant et renvoyant ce Contrat vous confirmez ainsi avoir lu et compris les documents relatifs au Plan qui vous ont été communiqués en langue anglaise. Vous en acceptez les termes en connaissance de cause.*

## FINLAND

There are no country specific provisions.

## GERMANY

### *Notifications*

**Exchange Control Information.** Cross-border payments in excess of €12,500 must be reported monthly to the German Federal Bank. If you use a German bank to transfer a cross-border payment in excess of €12,500 in connection with the sale of Shares acquired under the Plan, the bank will make the report for you. In addition, you must report any receivables, payables, or debts in foreign currency exceeding an amount of €5,000,000 on a monthly basis.

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## HONG KONG

### *Terms and Conditions*

**Warning:** *The Options and Shares issued at exercise do not constitute a public offering of securities under Hong Kong law and are available only to Service Providers of the Company, its Parent, Subsidiary or Affiliate. The Agreement, including this Appendix, the Plan and other incidental Award Documentation have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the Award Documentation been reviewed by any regulatory authority in Hong Kong. The Options are intended only for the personal use of each eligible Service Provider of the Employer, the Company, its Parent or any Subsidiary or Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Appendix, or the Plan, you should obtain independent professional advice.*

**Sale of Shares.** The following provision supplements Section 2 of the Terms and Conditions:

In the event your Options vest and are exercised within six months of the date of grant, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the date of grant.

### *Notifications*

**Nature of Scheme.** The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

## INDIA

### *Terms and Conditions*

**Method of Payment.** The following provision supplements Section 3 of the Terms and Conditions:

Due to regulatory requirements you understand that you may not pay the Exercise Price by a “sell-to-cover” exercise (*i.e.* where enough Shares subject to the Options will be sold immediately upon exercise and the proceeds from the sale will be remitted to the Company to cover the Exercise Price for the purchased shares and any Tax-Related Items or fringe benefit tax withholding). The Company reserves the right to permit this method of payment depending upon the development of local law.

**Fringe Benefit Tax Obligation.** By accepting the Options, you consent and agree to assume any and all liability for fringe benefit tax that may be payable by the Company and/or the

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Employer in connection with the Options at the discretion of the Company and/or the Employer. Further, by accepting the Options, you agree that the Company and/or the Employer may collect the fringe benefit tax from you by any of the means set forth in Section 7 of the Terms and Conditions, or any other reasonable method established by the Company. You also agree to execute any other consents or elections required to accomplish the foregoing, promptly upon request by the Company.

*Notifications*

**Exchange Control Information.** You understand that you must repatriate any proceeds from the sale of Shares acquired under the Plan to India and convert the proceeds into local currency within 90 days of receipt. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the foreign currency. You should maintain the FIRC as evidence of the repatriation of fund in the event the Reserve Bank of India or the Employer requests proof of repatriation.

**IRELAND**

*Notifications*

**Director Notification Obligation.** If you are a director, shadow director or secretary of the Company's Irish Parent, Subsidiary or Affiliate, you must notify the Irish Parent, Subsidiary or Affiliate in writing within five business days of receiving or disposing of an interest in the Company (e.g., Options, etc.), or within five business days of becoming aware of the event giving rise to the notification requirement or within five days of becoming a director or secretary if such an interest exists at the time. This notification requirement also applies with respect to the interests of a spouse or children under the age of 18 (whose interests will be attributed to the director, shadow director or secretary).

**ITALY**

*Terms and Conditions*

**Method of Payment.** The following provision supplements Section 3 of the Terms and Conditions:

Due to local regulatory requirements, you understand that you will be restricted to the cashless sell-all method of exercise. To complete a cashless sell-all exercise, you understand that you must instruct the Plan broker to: (i) sell all of the Shares issued upon exercise; (ii) use the proceeds to pay the Exercise Price, brokerage fees and any applicable Tax-Related Items; and (iii) remit the balance in cash to you. You will not be permitted to hold Shares after exercise. Depending upon the development of laws and your status as a national of a country other than Italy, the Company reserves the right to modify the methods of exercising the Options and in its sole discretion, to permit cash exercises, cashless sell-to-cover exercises or any other method of exercise and payment of Tax-Related Items permitted under the Plan.

**Authorization to Release and Transfer Necessary Personal Information.** The following provisions replace in its entirety Section 11 of the Terms and Conditions:

*You understand that the Employer and/or the Company may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social security number (or any other social or national identification number), salary, nationality, job title, number of Shares held and the details of all Options or any other entitlement to Shares awarded, cancelled, exercised, vested, unvested or outstanding (the "Data") for the purpose of implementing, administering and managing your participation in the Plan. You are aware that providing the Company with your Data is necessary for the performance of the Agreement and that your refusal to provide such Data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the Plan.*

*The Controller of personal data processing is Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088, USA, and, pursuant to D.lgs 196/2003, its representative in Italy is: Advanced Micro Devices, Spa. Via Montefeltro, 420156 Milano, Italy. You understand that the Data may be transferred to the Company or any of its Parent, Subsidiaries or Affiliates, or to any third parties assisting in the implementation, administration and management of the Plan, including any transfer required to a broker or other third party with whom Shares acquired pursuant to the vesting of the Options or cash from the sale of such Shares may be deposited. Furthermore, the recipients that may receive, possess, use, retain and transfer such Data for the above mentioned purposes may be located in Italy or elsewhere, including outside of the European Union and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. The processing activity, including the transfer of your personal data abroad, outside of the European Union, as herein specified and pursuant to Applicable Laws and regulations, does not require your consent thereto as the processing is necessary for the performance of contractual obligations related to the implementation, administration and management of the Plan. You understand that Data processing relating to the purposes above specified shall take place under automated or non-automated conditions, anonymously when possible, that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific reference to D.lgs. 196/2003.*

*You understand that Data will be held only as long as is required by law or as necessary to implement, administer and manage your participation in the Plan. You understand that pursuant to art. 7 of D.lgs 196/2003, you have the right, including but not limited to, access, delete, update, request the rectification of your Data and cease, for legitimate reasons, the Data processing. Furthermore, you are aware that your Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting a local representative available at the following address: Advanced Micro Devices, Spa. Via Montefeltro, 420156 Milan, Italy.*

**Plan Document Acknowledgment.** In accepting the Options, you acknowledge that you have received a copy of the Plan and the Agreement and have reviewed the Plan and the Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the following sections of the Terms and Conditions:

Section 1: Vesting of Options, Section 2: Exercise of Options; Section 6: Termination as a Service Provider; Section 7: Responsibility for Taxes; Section 9: Nature of Grant; and the Authorization to Release Transfer Necessary Personal Information and Method of Payment provisions above.

*Notifications*

**Exchange Control Information.** You are required to report in your annual tax return: (a) any transfers of cash or Shares to or from Italy exceeding €10,000 or the equivalent amount in U.S. dollars; and (b) any foreign investments or investments (including proceeds from the sale of Options acquired under the Plan) held outside of Italy exceeding €10,000 or the equivalent amount in U.S. dollars, if the investment may give rise to income in Italy. You exempt from the formalities in (a) if the investments are made through an authorized broker resident in Italy, as the broker will comply with the reporting obligation on your behalf.

**JAPAN**

There are no country specific provisions.

**KOREA**

*Notifications*

**Exchange Control Information.** To remit funds out of Korea to exercise the Options by a cash-exercise method, you must obtain a confirmation of the remittance by a foreign exchange bank in Korea. This is an automatic procedure, (*i.e.*, the bank does not need to approve the remittance and the process should not take more than a single day). You likely will need to present the bank processing the transaction supporting documentation evidencing the nature of the remittance.

If you realize US\$500,000 or more from the sale of Shares, Korean exchange control laws require you to repatriate the proceeds to Korea within 18 months of the sale.

**MALAYSIA**

*Notifications*

**Malaysian Insider Trading Notification.** You should be aware of the Malaysian insider-trading rules, which may impact your acquisition or disposal of Shares or rights to Shares under the Plan. Under the Malaysian insider-trading rules, you are prohibited from acquiring or selling Shares or rights to Shares (*e.g.*, an Award under the Plan) when you are in possession of information which is not generally available and which you know or should know will have a material effect on the price of Shares once such information is generally available.

**Director Notification Obligation.** If you are a director of the Company's Malaysian Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Malaysian



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Companies Act. Among these requirements is an obligation to notify the Malaysian Parent, Subsidiary or Affiliate in writing when you receive or dispose of an interest (e.g., an Award under the Plan or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

## **MEXICO**

### *Terms and Conditions*

**No Entitlement or Claims for Compensation.** The following provisions supplement Sections 8 and 9 of the Terms and Conditions:

**Modification.** By accepting the Options, you understand and agree that any modification of the Plan or the Agreement or its termination shall not constitute a change or impairment of the terms and conditions of employment.

**Policy Statement.** The Award of Options the Company is making under the Plan is unilateral and discretionary and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with registered offices at One AMD Place, Sunnyvale, CA 94088, U.S.A., is solely responsible for the administration of the Plan and participation in the Plan and the acquisition of Shares does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and the sole employer is Advanced Micro Devices, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000—México, nor does it establish any rights between you and the Employer.

**Plan Document Acknowledgment.** By accepting the Award of Options, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Agreement in their entirety and fully understand and accept all provisions of the Plan and the Agreement.

In addition, by signing the Agreement, you further acknowledge that you have read and specifically and expressly approve the terms and conditions in Section 9 of the Agreement, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company and any Parent, Subsidiary or Affiliate are not responsible for any decrease in the value of the Shares underlying the Options.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Employer, the Company and any Parent, Subsidiary or Affiliate with respect to any claim that may arise under the Plan.

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## **Spanish Translation**

### *Términos y Condiciones*

**Renuncia de Derecho o Reclamo por Compensación.** Las siguientes disposiciones complementan los apartados 8 y 9 de los Términos y Condiciones:

**Modificación.** Al aceptar las Opciones, usted reconoce y acuerda que cualquier modificación del Plan o del Acuerdo o de su terminación no constituye un cambio o desmejora de los términos y condiciones de empleo.

**Declaración de Política.** El Otorgamiento de Opciones de la Compañía en virtud del Plan es unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el mismo en cualquier momento, sin responsabilidad alguna.

La Compañía, con oficinas registradas ubicadas en One AMD Place, Sunnyvale, CA 94088, U.S.A., es la única responsable de la administración del Plan y de la participación en el mismo y la adquisición de Acciones no establece de forma alguna una relación laboral entre usted y la Compañía, ya que su participación en el Plan es completamente comercial y el único empleador es Advanced Micro Devices, Blvd. Manuel Ávila Camacho No. 40, Torre Esmeralda 1, Piso 18 Col. Lomas de Chapultepec México DF, CP 11000 – México, así como tampoco establece ningún derecho entre usted y el Empleador.

**Reconocimiento del Documento del Plan.** Al aceptar el Otorgamiento de Opciones, usted reconoce que ha recibido copias del Plan, ha revisado el mismo, al igual que la totalidad del Acuerdo y, que ha entendido y aceptado completamente todas las disposiciones contenidas en el Plan y en el Acuerdo.

Adicionalmente, al firmar el Acuerdo, reconoce que ha leído, y que aprueba específica y expresamente los términos y condiciones contenidos en el apartado 9 del Acuerdo, en el cual se encuentra claramente descrito y establecido lo siguiente: (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el mismo es ofrecida por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, así como su Sociedad Controlante, Subsidiaria o Afiliada no son responsables por ninguna disminución en el valor de las Acciones en relación a las Opciones.

Finalmente, declara que no se reserva ninguna acción o derecho para interponer una demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, en consecuencia, exime amplia y completamente al Empleador, así como a la Compañía, a su Sociedad Controlante, Subsidiaria o Afiliada con respecto a cualquier reclamo que pudiera originarse en virtud del Plan.

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## NETHERLANDS

### *Notifications*

**Insider-Trading Notification.** You should be aware of the Dutch insider-trading rules, which may impact the sale of Shares issued to you at vesting and settlement of the Options. In particular, you may be prohibited from effectuating certain transactions involving Shares if you have inside information about the Company. If you are uncertain whether the insider-trading rules apply to you, you should consult your personal legal advisor.

## POLAND

### *Notifications*

**Exchange Control Information.** If you hold foreign securities (including Shares) and maintain accounts abroad, you may be required to file certain reports with the National Bank of Poland. Specifically, if the value of securities and cash held in such foreign accounts exceeds €10,000, you must file reports on the transactions and balances of the accounts on a quarterly basis by the 20<sup>th</sup> day of the month following the end of each quarter and an annual report by no later than January 30 of the following calendar year. Such reports are filed on special forms available on the website of the National Bank of Poland.

## SINGAPORE

### *Notifications*

**Securities Law Information.** The Award of Options is being made in reliance of section 273(1)(f) of the Securities and Futures Act (Cap. 289) (“SFA”) for which it is exempt from the prospectus and registration requirements under the SFA.

**Director Notification Obligation.** If you are a director, associate director or shadow director of the Company’s Singapore Parent, Subsidiary or Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company’s Singapore Parent, Subsidiary or Affiliate in writing when you receive an interest (e.g., an Award or Shares) in the Company or any Parent, Subsidiary or Affiliate. In addition, you must notify the Company’s Singapore Parent, Subsidiary or Affiliate when you sell Shares or shares of any Parent, Subsidiary or Affiliate (including when you sell Shares issued upon vesting and settlement of the Options). These notifications must be made within two days of acquiring or disposing of any interest in the Company or any Parent, Subsidiary or Affiliate. In addition, a notification of your interests in the Company or any Parent, Subsidiary or Affiliate must be made within two days of becoming a director.

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## SPAIN

### *Terms and Conditions*

**No Entitlement for Claims or Compensation.** The following provisions supplement Sections 8 and 9 of the Terms and Conditions:

By accepting the Options, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan document.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Options under the Plan to individuals who may be Consultants, Directors and Employees throughout the world. The decision is limited and entered into based upon the express assumption and condition that any Options will not economically or otherwise bind the Company or any Parent, Subsidiary or Affiliate, including the Employer, on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the Options are granted on the assumption and condition that the Options shall not become part of any employment contract (whether with the Company or any Parent, Subsidiary or Affiliate, including the Employer) and shall not be considered a mandatory benefit, salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, you understand and freely accept that there is no guarantee that any benefit whatsoever shall arise from the grant of Options, which is gratuitous and discretionary, since the future value of the Options and the underlying Shares is unknown and unpredictable. You also understand that this grant of Options would not be made but for the assumptions and conditions set forth hereinabove; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Options and any right to the underlying Shares shall be null and void.

### *Notifications*

**Exchange Control Information.** You must declare the acquisition of Shares to the *Dirección General de Política Comercial e Inversiones Exteriores* (“DGPCIE”) of the *Ministerio de Economía* for statistical purposes. You must also declare the ownership of any Shares with the Directorate of Foreign Transactions each January while the Shares are owned. In addition, you wish to import the share certificates into Spain, you must declare the importation of such securities to the DGPCIE.

When receiving foreign currency payments derived from the ownership of Shares (*i.e.*, dividends or sale proceeds), you must inform the financial institution receiving the payment of the basis upon which such payment is made. You will need to provide the following information: (i) your name, address, and fiscal identification number; (ii) the name and corporate domicile of the Company; (iii) the amount of the payment and the currency used; (iv) the country of origin; (v) the reasons for the payment; and (vi) further information that may be required.

## SWEDEN

There are no country specific provisions.

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## TAIWAN

### *Notifications*

**Exchange Control Information.** You may acquire and remit foreign currency (including proceeds from the sale of Shares) into and out of Taiwan up to US\$5,000,000 per year. If the transaction amount is TWD\$500,000 or more in a single transaction, you must submit a foreign exchange transaction form and also provide supporting documentation to the satisfaction of the remitting bank.

If the transaction amount is US\$500,000 or more, you may be required to provide additional supporting documentation to the satisfaction of the remitting bank. Please consult your personal advisor to ensure compliance with applicable exchange control laws in Taiwan.

## THAILAND

### *Notifications*

**Exchange Control Information.** If you remit funds out of Thailand to purchase Shares, it is your responsibility to comply with any applicable exchange control laws. Under current exchange control regulations, you may remit funds out of Thailand up to U.S. \$1,000,000 per year to purchase Shares (and otherwise invest in securities abroad) by submitting an application to an authorized agent, (*i.e.*, a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency). The application includes the Foreign Exchange Transaction Form, a letter describing the Options, a copy of the Plan and related documents, and evidence showing the nexus between the Company and the Employer. If you use a cashless method of exercise that does not involve remitting any funds out of Thailand, this requirement does not apply.

When you sell Shares issued to you at exercise of the Options, you must immediately repatriate all cash proceeds to Thailand and then convert such proceeds to Thai Baht within 360 days of repatriation. If the amount of your proceeds is US\$20,000 or more, you must specifically report the inward remittance to the Bank of Thailand on a foreign exchange transaction form. If you fail to comply with these obligations, you may be subject to penalties assessed by the Bank of Thailand. You should consult your personal advisor before taking action with respect to remittance of proceeds from the sale of Shares into Thailand. You are responsible for ensuring compliance with all exchange control laws in Thailand.

## TURKEY

### *Notifications*

**Exchange Control Information.** Exchange control regulations require Turkish residents to purchase securities through financial intermediary institutions that are approved under the

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Capital Market Law (*i.e.*, banks licensed in Turkey). Therefore, if Optionee exercises his or her Option using a cash exercise method, the funds must be remitted through a bank or other financial institution licensed in Turkey. A wire transfer of funds by a Turkish bank will satisfy this requirement. This requirement does not apply to a cashless exercise, as no funds are remitted out of Turkey.

#### **UNITED ARAB EMIRATES**

There are no country specific provisions.

#### **UNITED KINGDOM**

##### *Terms & Conditions*

**Tax Acknowledgment.** The following provisions supplement Section 7: Responsibility for Taxes in the Terms and Conditions:

You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the event giving rise to the Tax-Related Items (the “**Taxable Event**”) that cannot be satisfied by the means described in Section 7 of the Terms and Conditions. If payment or withholding is not made within ninety (90) days of the Taxable Event or such other period as required under U.K. law (the “**Due Date**”), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended)) constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to in Section 7 of the Terms and Conditions. If you fail to comply with your obligations in connection with the Tax-Related Items as described in this section, the Company may refuse to deliver the Shares acquired under the Plan.

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), you will not be eligible for such a loan to cover the Tax-Related Items. In the event that you are a director or executive officer and the Tax-Related Items are not collected from or paid by you by the Due Date, the amount of any uncollected Tax-Related Items will constitute a benefit to you on which additional income tax and National Insurance contributions will be payable. You will be responsible for reporting and paying any income tax and National Insurance contributions due on this additional benefit directly to HMRC under the self-assessment regime.

## Summary of Stock Option Exchange Program for Belgium Eligible Employees – In Dutch

The following is a translation of the material terms of the Offer to Exchange into Dutch for eligible employees in Belgium.

### SAMENVATTING VAN HET INRUILPROGRAMMA INZAKE AANDELENOPTIES VOOR BELGIË

Hieronder vindt u een samenvatting van een aantal aspecten van het inruilprogramma inzake aandelenopties (het “Aandelenoptie Inruilprogramma”) teneinde u te helpen een goed inzicht te krijgen in de belangrijkste bepalingen ervan. Wij menen dat dit programma mogelijk erg belangrijk voor u kan zijn en dringen erop aan dat u voldoende tijd uittrekt om de documenten te bestuderen en een weloverwogen beslissing te nemen om er al dan niet aan deel te nemen. Als u niets doet zal u geacht worden niet deel te nemen en behoudt u uw huidige aandelenopties onder de op dit moment daarop van toepassing zijnde voorwaarden.

- U kan enkel nu nog overblijvende opties inruilen die u op of vóór 28 juni 2008 werden toegekend en waarvan de uitoefenprijs ervan hoger is dan \$6.34 per aandeel en met een vervaldag na 27 juli 2010, en op voorwaarde dat u op 29 juni 2009 en tot op de datum van toekenning van de vervangende opties werknemer bent van AMD of van één van de ondernemingen waarin het een meerderheidsbelang heeft. De vervangende opties worden uitgegeven om gewone aandelen te kunnen aankopen op de wijze bedoeld in het 2004 Equity Incentive Plan, rekening houdend met de voorwaarden en bepalingen uiteengezet in het Inruilaanbod (zoals hieronder gedefinieerd).
- Het aantal vervangende opties dat u zal worden toegekend is gebaseerd op de volgende ruilverhoudingen die verder worden uiteengezet in de bepalingen die het aanbod uitmaken:

<u>Uitoefenprijs</u>	<u>Aantal aandelen waarop er bestaande opties worden opgegeven</u>	<u>Aantal aandelen waarop er in ruil nieuwe opties worden toegekend</u>
Tussen \$6.35 en \$9.99	1.5	1
Tussen \$10.00 en \$15.99	5	1
\$16.00 en meer	11	1

Indien u aan de voorwaarden voldoet om deel te nemen, dient u ofwel het geheel van ofwel geen enkele van de nog resterende opties in te ruilen die u op één bepaalde toekenningsdatum onder hetzelfde nummer van toekenning en aan dezelfde uitoefenprijs werden toegekend. Het aantal vervangende opties dat u in ruil terugkrijgt, zoals berekend volgens de ruilverhoudingen, zal worden afgerond naar het lagere aantal volledige aandelen, beoordeeld per afzonderlijke toekenning van opties. Op voorwaarde en als gevolg van onze aanvaarding van de ruil, komen alle kwalificerende opties die u in uitvoering van dit Aandelenoptie Inruilprogramma opgeeft, te vervallen, met inbegrip van alle SARs die aan zulk opgegeven opties verbonden kunnen zijn.

- De uitoefenprijs van de vervangende opties zal gelijk zijn aan de slotverkoopprijs op datum van toekenning van de vervangende opties van onze normale aandelen genoteerd op de New York Stock Exchange.
- Na verloop van een periode van minstens één jaar vanaf de toekenningsdatum van de inruiloperatie kunnen uw vervangende opties definitief verworven (gevest) en uitoefenbaar worden, op voorwaarde dat u tewerkgesteld blijft bij AMD of bij één van de ondernemingen waarin het een meerderheidsbelang heeft. Dit betekent dat alle vervangende opties nog volledig niet-verworven (ongevest) zijn op het moment van de toekenning van de inruiloperatie, ongeacht of de opgegeven opties reeds geheel of gedeeltelijk verworven waren. Vervangende opties toegekend in ruil voor definitief verworven aandelen van de opgegeven opties die reeds definitief verworven waren (gevest) op het moment waarop ze worden ingeruild en aldus komen te vervallen, zullen definitief verworven zijn na het verstrijken van één jaar te rekenen vanaf de datum van toekenning van de vervangende opties; op voorwaarde dat u een werknemer van AMD of van één van de ondernemingen waarin het een meerderheidsbelang heeft, blijft tot de toepasselijke datum van definitieve toekenning Vervangende opties toegekend in ruil voor nog niet definitief verworven aandelen van de opgegeven opties op het moment waarop ze worden ingeruild en aldus komen te vervallen, zullen voor 50% verworven worden bij het

verstrijken van één jaar te rekenen vanaf de datum van het inruilaanbod en voor de overblijvende 50% bij het verstrijken van een tweede periode van één jaar te rekenen vanaf de datum van toekenning van de vervangende opties; op voorwaarde dat u een werknemer van AMD of van één van de ondernemingen waarin het een meerderheidsbelang heeft, blijft tot de toepasselijke datum van definitieve toekenning

- In het algemeen kan u de vervangende opties uitoefenen op basis van de modaliteiten en voorwaarden van de vervangende optie overeenkomst..
- Uw nieuwe opties zullen op dezelfde datum komen te vervallen als de datum die gold voor de opgegeven opties, tenzij indien ze op een vroeger tijdstip komen te vervallen ingevolge de beëindiging van de arbeidsrelatie met de optiehouder.
- U begrijpt en aanvaardt dat AMD zich het recht voorbehoudt om, naar wat haar redelijk voorkomt, het Inruilaanbod, te beëindigen of op enigerlei wijze aan te passen, naargelang het geval opties die werden geselecteerd om te worden ingeruild al dan niet te aanvaarden of om deze aanvaarding en het daaraan verbonden vervallen van de voor inruiling opgegeven opties uit te stellen in de tijd, onder de bepalingen en voorwaarden uiteengezet in het Inruilaanbod, in het bijzonder in—maar niet beperkt tot—gevallen waar er sprake is van effectieve, voorgestelde of dreigende wijzigingen in de controle, enige actie gericht tegen dit Aanbod, al dan niet langs juridische weg, wijzigingen in de reglementaire voorwaarden of in de economische omstandigheden en enige andere substantiële gebeurtenis zoals gedefinieerd in de toepasselijke bepalingen van het Inruilaanbod.
- De belangrijkste fiscale gevolgen van dit aanbod worden uiteengezet in de bijgevoegde nota die integraal deel uitmaakt van deze samenvatting.

Het Aandelenoptie Inruilprogramma geldt onder de bepalingen en voorwaarden van het Inruilaanbod van Bepaalde Overblijvende Opties Om Gewone Aandelen Te Kunnen Aankopen Voor Een Aantal Vervangende Opties (het “*Inruilaanbod*”) en het daaraan gerelateerde Keuzeformulier Aangaande Het Inruilen van Aandelenopties (het “*Keuzeformulier*”). U dient al deze documenten grondig te lezen vooraleer u beslist of u al dan niet zal deelnemen aan het Aandelenoptie Inruilprogramma.

Wij hebben gepoogd om reeds te anticiperen op heel wat van de vragen die u zou kunnen hebben in verband met de voorwaarden van het Aandelenoptie Inruilprogramma en hebben een aantal veelgestelde vragen mee opgenomen die deel uitmaken van het Inruilaanbod. Deelname is geheel vrijwillig. Het deelnemen aan het Aanbod houdt de risico's in die besproken worden in het Inruilaanbod. Indien u ervoor opteert om niet deel te nemen, behoudt u uw huidige aandelenopties onder de op dit moment daarop van toepassing zijnde voorwaarden.

Om deel te nemen aan het Aandelenoptie Inruilprogramma dient u de aanbod-website van het aanbod op te roepen op <https://amd.equitybenefits.com> en de op deze website gestelde instructies te volgen. De aanbod-website zal u eveneens bepaalde informatie verstrekken over de aandelenopties die u nog kan inruilen, waaronder de toekenningsdatum, de uitoefenprijs, het aantal onderliggende aandelen en de keuzemogelijkheden die u hieromtrent heeft.

Indien het voor u niet mogelijk is om uw keuze elektronisch via de aanbod-website door te geven, als gevolg van technische problemen met de aanbod-website, zoals het niet beschikbaar zijn van de aanbod-website, het niet aanvaarden van uw keuze door de aanbod-website, of indien u om andere redenen geen toegang heeft tot de aanbod-website (waaronder het ontbreken van internet-toegang), dient u een Nederlandstalig papieren Keuzeformulier in te vullen en dit per fax te versturen naar AMD op 512-602-5809. Om een papieren Keuzeformulier te ontvangen dient u contact op te nemen met de Aandelenadministratie via email op [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) of telefonisch naar de Inruilaanbod hotline op 512-602-1174.

Indien u wenst deel te nemen aan dit programma, dient U het Keuzeformulier in te vullen en in te dienen (hetzij langs elektronische weg hetzij in papieren vorm) op de hierboven uiteengezette wijze uiterlijk op 27 juli 2009 om 23u00 Central Time, behoudens indien het aanbod zou worden verlengd. Wij aanvaarden geen Keuzeformulier dat werd ontvangen na de vervaldatum van dit aanbod. Indien we alle behoorlijk ingevulde en ondertekende documenten niet ontvangen hebben voordat het aanbod vervalt, wordt u geacht het aanbod te hebben afgewezen en behoudt u uw huidige aandelenopties. Het is niet toegestaan documenten per post of per expressdienst te bezorgen.



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Indien u verdere vragen heeft, wordt u verzocht uw vragen te emailen naar ons intern email adres, [HRSC.Stockadministration@amd.com](mailto:HRSC.Stockadministration@amd.com) of om contact op te nemen met de Inruilaanbod hotline op 512-602-1174.

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## **Een gids wat betreft de Fiscale en Wettelijke kwesties voor Werknemers die Belgische rijksinwoners zijn**

Hieronder volgt een bespreking van de belangrijkste fiscale gevolgen van deelname aan het inruilen van kwalificerende aandelenopties en het toekennen van vervangende opties in uitvoering van het inruilaanbod voor kwalificerende optiehouders onderworpen aan belastingen in België. Deze bespreking is gebaseerd op het Belgische belastingrecht zoals dit geldt op mei 2009.

Deze bespreking is algemeen van aard en bevat geen exhaustieve bespreking van alle fiscale gevolgen die in het licht van uw persoonlijke situatie relevant kunnen zijn, en heeft ook niet de bedoeling in alle gevallen voor alle categorieën van kwalificerende optiehouders van toepassing te zijn. Gelieve op te merken dat het belastingrecht frequent en occasioneel retroactief wordt gewijzigd. Bijgevolg kan de informatie opgenomen in deze bespreking verouderd zijn op het moment dat de vervangende opties worden toegekend, u de vervangende opties uitoefent of u de aandelen verworven bij uitoefening van de vervangende opties verkoopt.

Indien u een burger of inwoner bent van meer dan één land, of als u wordt beschouwd als inwoner van meer dan één land voor doeleinden van lokaal recht, is de informatie opgenomen in deze bespreking mogelijk niet van toepassing op u. U wordt sterk aanbevolen om gepast professioneel advies te bekomen aangaande de toepasselijkheid van het belastingrecht of ander recht van België op uw specifieke situatie.

### **Fiscale informatie**

#### **Inruilen van Aandelenopties**

Het valt te verwachten dat het inruilen van aandelenopties een gebeurtenis uitmaakt die gevolgen heeft op fiscaal vlak. Wij raden u aan in dit verband professioneel belastingadvies in te winnen.

#### **Toekenning van vervangende aandelenopties.**

U zal dit inruilaanbod om een resterende aandelenoptie in te ruilen ofwel moeten aanvaarden ofwel moeten verwerpen. U zal worden belast op de waarde van uw aandelenopties op het moment van de toekenning ervan. Het belastbare voordeel verbonden aan deze nieuwe opties bedraagt 15% van dezelfde aandelenwaarde op de datum van het aanbod, verhoogd met 1% voor elk jaar waarin de aandelenoptie na het verstrijken van de eerste periode van vijf jaar sinds de toekenningsdatum kan worden uitgeoefend.

Gelieve te noteren dat dit bedrag wordt gehalveerd indien u er onder andere mee instemt om de aandelenoptie niet uit te oefenen vòòr het einde van het derde kalenderjaar volgend op het kalenderjaar waarin het aanbod werd gemaakt, en niet later dan na het einde van het tiende kalenderjaar volgend op het kalenderjaar waarin het aanbod werd gemaakt.

Teneinde het belastbaar voordeel op deze wijze te beperken, dient u hiervoor uw schriftelijk akkoord te geven en dit op het moment waarop u ingaat op het inruilaanbod.

#### **Uitoefenen van de Vervangende optie.**

Er zal geen inkomstenbelasting worden geheven op het moment waarop u uw vervangende optie uitoefent.

#### **Verkoop van aandelen.**

Er zal geen belasting worden geheven bij een verkoop van aandelen.

#### **Inhoudingen en aangifte**

Uw werkgever is niet verplicht om inkomstenbelasting in te houden op het moment van toekenning, uitoefening of verkoop van uw vervangende opties. Uw werkgever zal de belastbare voordelen vermelden op uw fiscale fiche 281.10. U bent verantwoordelijk voor het aangeven en het betalen van belastingen voortvloeiende uit de uitoefening of verkoop van uw vervangende opties.

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Indien u een Belgische rijksinwoner bent, bent u verplicht om elke effectenrekening of bankrekening die u aanhoudt buiten België te melden op uw jaarlijkse belastingaangifte.

**ADVANCED MICRO DEVICES, INC.**

**KEUZEFORMULIER**

**BETREFFENDE: AANBIEDING VAN IN TE RUILEN AANDELENOPTIES OM IN UITVOERING VAN  
HET INRUILAANBOD BEPAALDE RESTERENDE AANDELENOPTIES IN TE RUILEN VOOR  
NIEUWE AANDELENOPTIES**  
HET AANBOD VERSTRIJKT OP 27 juli 2009 OM 23U00 CENTRAL TIME, BEHOUDENS INDIEN HET  
AANBOD ZOU WORDEN VERLENGD

**Naam:**

**Adres:**

Gelieve ervoor te zorgen dat u documenten die dit Aanbod uitmaken, gelezen en begrepen hebt vooraleer u dit formulier invult en ondertekent (zoals opgelijst onder de tabel van Kwalificerende Aandelenopties)

**Kwalificerende Aandelenopties:**

<u>Oorspronkelijke Toekenningsdatum</u>	<u>Vervaldatum</u>	<u>Nummer Aandelenopties</u>	<u>Uitoefenprijs per Aandeel</u>	<u>Resterend aantal Aandelen waarvoor de in te ruilen Aandelenopties gelden</u>	<u>Definitief verworven aandelen</u>	<u>Niet definitief verworven aandelen</u>	<u>Inruil Ratio</u>	<u>Alle in te ruilen Aandelenopties inruilen?</u>
								<input type="checkbox"/> Ja <input type="checkbox"/> Nee
								<input type="checkbox"/> Ja <input type="checkbox"/> Nee

**Belangrijke Aanboddocumenten:**

- (1) Het Aanbod om Bepaalde Resterende Aandelenopties In Te Ruilen Om Gewone Aandelen Te Kopen Voor Een Aantal Vervangende Opties (het Inruilaanbod/Offer to Exchange);
- (2) de e-mail van de Vergoeding en Aandelen Administratie ("Compensation and Stock Administration"), gedateerd 29 juni 2009;
- (3) de Samenvatting van het Inruilprogramma Aandelenopties, inclusief de Samenvatting vertaald naar het Nederlands;
- (4) dit keuzeformulier aangaande het Inruilen van Aandelenopties (dit Keuzeformulier), zoals vertaald in het Nederlands
- (5) de Instructies die deel uitmaken van de modaliteiten en voorwaarden van het Aanbod ("de Instructies") (zoals hieronder uiteengezet);
- (6) de "Agreement to Terms of Election";
- (7) het "2004 Equity Incentive Plan", zoals gewijzigd en geherformuleerd; en
- (8) het formulier "option agreement", alvorens deze pagina in te vullen en te handtekenen.

Gelieve uw keuze aan te duiden door één van de bovenstaande vakjes aan te kruisen. U dient dit keuzeformulier te ondertekenen, te dateren en volledig ingevuld terug te bezorgen vóór 27 juli 2009 om 23u00 Central Time, per fax, zoals uiteengezet in de Instructies ("Instructions").

Dit Aanbod geldt onder de voorwaarden die in deze documenten worden uiteengezet, zoals desgevallend gewijzigd. Het Aanbod biedt werknemers die aan de voorwaarden voldoen en die in te ruilen aandelenopties bezitten de mogelijkheid om deze opties in te ruilen voor nieuwe opties zoals uiteengezet in Afdeling 1 van het Inruilaanbod ("Offer to Exchange"). Dit Aanbod verstrijkt op 27 juli 2009 om 23u00 Central Time, tenzij indien het zou worden verlengd.

***Indien u wenst in te tekenen op dit Aanbod, gelieve dan het vakje "Ja" aan te kruisen inde kolom "Alle in te ruilen aandelenopties inruilen". Gelieve er rekening mee te houden dat indien het vakje "Nee" werd aangekruist in deze kolom, de in te ruilen opties niet zullen worden ingeruild, uw in te ruilen opties niet zullen worden vervangen en dat alle in te ruilen opties onder de oorspronkelijke voorwaarden zullen blijven voortbestaan.***

In uitvoering van de bepalingen uiteengezet in de Aanboddocumenten, indien u ervoor kiest om uw in te ruilen aandelenopties in te ruilen, zal u een nieuwe optie ontvangen die het aantal aandelen bestrijkt zoals bepaald met behulp van de onderstaande Inruilratio's (afgerond tot het lagere aantal volledige aandelen per individuele optie, berekend voor elke aparte toekenning afzonderlijk), zoals beschreven in Afdeling 1 van het Inruilaanbod ("Offer to Exchange"). Vervangende opties toegekend in ruil voor opgegeven opties die reeds definitief verworven waren (gevest) op het moment waarop ze worden ingeruild en aldus komen te vervallen, zullen definitief verworven zijn na het verstrijken van één jaar te rekenen vanaf de datum van het inruilaanbod. Vervangende opties toegekend in ruil voor opgegeven opties die nog niet definitief verworven waren op het moment waarop ze worden ingeruild en aldus komen te vervallen, zullen voor 50% verworven worden bij het verstrijken van één jaar te rekenen vanaf de datum van het inruilaanbod en voor de overblijvende 50% bij het verstrijken van een tweede periode van één jaar te rekenen vanaf de datum van het ruilaanbod. Zie afdeling 8 van het Inruilaanbod voor bijkomende informatie. Het definitief verworven worden op een bepaalde datum geldt enkel op voorwaarde van ononderbroken dienst bij de Vennootschap of één van de ondernemingen waarin het een meerderheidsbelang heeft tot op de datum van de definitieve verwerving. U verliest uw recht op alle ingeruide opties die in uitvoering van dit Aanbod komen te vervallen.

**DOOR IN TE TEKENEN GAAT U AKKOORD MET ALLE BEPALINGEN VAN HET AANBOD ZOALS UITEENGEZET IN HET AANBODDOCUMENT.**

Door deze keuze uit te drukken, stemt u ermee in dat AMD uw persoonsgegevens mag gebruiken, verzamelen en versturen teneinde uw deelname aan het Inruilaanbod te implementeren, te beheren en af te handelen. Deze persoonsgegevens kunnen worden verzonden naar AMD of enige andere derde partij die AMD assisteert bij het Inruilaanbod, in de V.S. of daarbuiten.

Gelieve er rekening mee te houden dat u op elk moment vóór de vervaldatum op 27 juli 2009 om 23u00 Central Time (behoudens verlenging) uw keuze kan wijzigen door ons een behoorlijk ingevuld en ondertekend Keuzeformulier te bezorgen. De laatste geldige keuze die ons bereikte vóór het verstrijken van het Aanbod zal van toepassing zijn.

**Stock Option Exchange – Answers to Common Questions****Timing/Deadlines****1 When does the stock option exchange begin?**

The stock option exchange launched on Monday, June 29, 2009.

**2 When will the stock option exchange close?**

The stock option exchange is currently scheduled to close at 11:00 PM Central on July 27, 2009.

**3 Can I initiate a new election form or make changes to my elections after the close of the stock option exchange?**

No. The stock option exchange is currently scheduled to close at 11:00 PM Central on July 27, 2009. You may not initiate a new election form or make any changes to your elections after the close of the stock option exchange.

**4 Why is the stock option exchange open for more than four weeks?**

The US Securities and Exchange Commission (SEC) requires that the stock option exchange be open to eligible employees for a minimum of 20 business days. Friday, July 3, 2009 is not considered a “business day” since the New York Stock Exchange is closed.

**5 Is there any way the stock option exchange will close early or be open longer?**

The stock option exchange will not close any earlier than 11:00 PM Central on July 27, 2009. AMD has the authority to extend the stock option exchange longer than 20 business days. However, we do not expect an extension. Employees should plan on the stock option exchange closing at 11:00 PM Central on July 27, 2009.

**6 Can I change my election form once I submit it?**

You can change your election as often as you like between the launch on June 29, 2009 and the close on July 27, 2009. The last election form, as of the close of the stock option exchange, which is expected to be at 11:00 PM Central on July 27, 2009, will be your final election form.

**7 Can I change my election after the stock option exchange has closed?**

No. The stock option exchange is currently scheduled to close at 11:00 PM Central on July 27, 2009. You may not change your election after the close of the stock option exchange.

**8 Are all AMD employees eligible?**

Executive officers, members of the board of directors and employees in Russia are excluded from participation in the stock option exchange. All other AMD employees at the time of the exchange, will be eligible to participate in the stock option exchange, assuming they hold stock options eligible for exchange.

**Process/Access to Stock Option Exchange Tool****1 What is my user name?**

Your user name is your NT login.

**2 What is my password?**

Your password is your date of birth. (mmddyyyy)

**3 How can I change my password?**

You are required to change your password after you log in for the first time. After that you may change your password at any time by selecting the change password tab.

**4 What do I do if I forget my password?**

If you forget your password please send an email to [hpsc.stockadministration@amd.com](mailto:hpsc.stockadministration@amd.com) letting them know you need your password to be reset. Please include your user name and employee ID in the email. A one time temporary password will be sent to you via email. Upon login, you will be required to change your password.

**5 Will I receive a Confirmation Statement?**

Upon selecting "I Agree" to submit your Agreement to Terms of Election, a confirmation page should confirm your election. You should print the Confirmation Statement and retain a copy for your records. You should also receive an email confirming your election within 48 hours of submitting your election. If you do not receive an email within 48 hours, you should contact the Stock Administration team at [hrsc.stockadministration@amd.com](mailto:hrsc.stockadministration@amd.com).

**6 Should I print a Confirmation Statement?**

Yes, you should print the Confirmation Statement and retain a copy for your records.

**7 Can I get locked out of my account?**

Yes, after 3 failed attempts to log in, your account will be locked. You should contact the Stock Administration team at [hrsc.stockadministration@amd.com](mailto:hrsc.stockadministration@amd.com) to have your account unlocked. Please include your NT user name and employee ID in the email. This is typically a result of a forgotten password. If you need your password reset as well please request this at the same time.

**8 Will my session time out due to inactivity?**

Yes, your session will timeout if you are idle for 10 minutes.

**9 What happens if I don't make an election or I choose not to exchange any of my eligible stock options?**

Your stock options will not be exchanged and all terms and conditions will remain unchanged.

**10 Can I access the stock option exchange tool from outside of the AMD Network?**

Yes, however you can only access the stock option exchange tool if you are using Internet Explorer. Other browsers are not supported by the stock option exchange tool.

**Option Eligibility**

**1 Some of my stock options are visible in the stock option exchange tool. Other stock options are not visible in the stock option exchange tool. What is the criteria for which stock options are eligible for exchange?**

There are three criteria:

- Exercise Price – stock options with an exercise price greater than the 52 week high, on the date we launch the exchange; and
- Grant Date – stock options granted more than 12 months prior to the launch of the exchange; and
- Outstanding (unexpired) – stock options that have an expiration date later than the first vest date of replacement options.

Accordingly, stock options with an exercise price greater than \$6.34 **and** a grant date prior to June 29, 2008, **and** an expiration date after July 27, 2010, are eligible for exchange.

**2 I had stock options that expired recently. Can I exchange those stock options?**

No. Those stock options have expired and are no longer exercisable.

**3 I have stock options that expire within the next year. Can I exchange those stock options?**

No. Those stock options will expire before the first vest date of the replacement options (one year from the replacement grant date). If exchanged, the replacement options will expire before they vest.

**4 Do I have to exchange any of my stock options?**

No. The stock option exchange is voluntary.

**5 Can I exchange some of my stock options and retain others?**

Yes, by following certain rules. You can exchange all of a particular grant, or none of a particular grant. You can exchange one grant and not another. You cannot exchange a portion of a particular grant, retaining the other portion of that same grant.

Let's say you have three grants eligible for exchange:

- grant #1 of 100 options
- grant #2 of 300 options
- grant #3 of 500 options

For example, based on the three grants above,

- You can choose to exchange grant #1 and grant #2, but not grant #3.
- You cannot exchange 150 options of grant #2 and retain 150 options of grant #2.
- You can choose not to exchange any of the grants.

**6 I don't hold any stock options, but I do have RSUs. Are RSUs eligible for exchange?**

No, only stock options are eligible for the exchange.

**7 Are options with stock appreciation rights (commonly referred to as tandem SARs) eligible for exchange?**

Yes.

**Exchange Ratios**

**1 What are the exchange ratios?**

<u>Exercise Price Range</u>	<u>Shares Subject to Option Surrendered</u>	<u>Shares Subject to Replacement Option To Be Granted</u>
\$6.35 to \$9.99	1.5	1
\$10.00 to \$15.99	5	1
\$16.00 and above	11	1

**2 What is the rationale for the exchange ratios?**

Stockholders approved a "value-for-value" exchange. The underwater options have a value based, primarily, on their exercise price and expiration date, and AMD's current stock price. Replacement options also have a value that is higher than the exchanged options due to the fact that the exercise price will be at fair market value on the grant date. Accordingly, you can exchange underwater options for fewer replacement options.

**3 Why are the exchange ratios not one to one (why can't I receive one replacement option for each exchanged option)?**

Stockholders approved a "value-for-value" exchange. A one-for-one exchange likely would not have been approved by stockholders.

**Cancellation and Replacement Options**

**1 When will the exchanged options be cancelled?**

The exchanged options are currently expected to be cancelled on July 27, 2009.

**2 When will the replacement options be granted?**

The replacement options are currently expected to be granted on July 27, 2009.



**3 When will the replacement options be visible in my E\*Trade account?**

Your replacement options will be visible within 30 to 45 days of the replacement option grant date.

**4 How will the exercise price of the replacement options be determined?**

The exercise price of the replacement options will be the closing price of AMD's stock on July 27, 2009, or as modified as required under local tax laws granted outside of the US.

**5 When will the replacement options vest?**

Replacement options will vest after one or two years from the replacement grant date:

- When you exchange vested options – the replacement options will vest on the first year anniversary of the replacement option grant date (currently expected to be July 27, 2010).
- When you exchange unvested options – the replacement options will vest 50% on the first year anniversary of the replacement option grant date and the remaining 50% on the second year anniversary of the replacement option grant date (currently expected to be July 27, 2011).

**6 How does the vesting work if I exchange a grant that is partially vested?**

If you exchange a partially vested grant, the stock options that replace the vested portion will vest on the first year anniversary of the replacement option grant date and the stock options that replace the unvested portion will vest 50% on the first year anniversary and the remaining 50% on the second year anniversary of the replacement option grant date.

**7 When will the replacement options expire?**

Replacement options maintain the expiration date of the exchanged options. For example, if you exchange stock options with an expiration date of May 15, 2012, the replacement options will have an expiration date of May 15, 2012.

**8 Will I receive a cancellation notice for my exchanged options?**

You will receive a cancellation notice for each exchanged grant if you have signed up to receive smart alert emails from E\*Trade. If you would like to sign up for smart alerts, and have not already done so, please see the Instructions for Smart Alert here.

**9 Will my replacement option be granted under the same equity plan as the exchanged option?**

All replacement options will be granted from the 2004 Equity Incentive Plan (EIP) regardless of what plan the original option was issued. For example, if you have made an election to exchange an option that was issued from the 2000 EIP, the replacement option will be granted from the 2004 EIP.

**Additional Questions/Access to Documents**

**1 Where/how can I access all of the offer documents?**

You can access the offer documents through the stock option exchange tool or through AMD Central here.

**2 Where can I go for advice?**

Neither management nor the Board of Directors can make any recommendation as to whether you should elect to exchange or refrain from exchanging eligible options pursuant to the offer. You must make your own decisions about participating in the offer, taking into account your own personal circumstances and preferences. We strongly recommend that you carefully review the materials provided and consult with your financial, legal, and/or tax advisors in deciding whether to participate in the offer.

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**3 Where can I go to ask additional questions?**

You may contact the Option Exchange Helpline/Stock Administration via email at [hrsc.stockadministration@amd.com](mailto:hrsc.stockadministration@amd.com) which is the preferred method, or by phone at 512-602-1174 to leave a message. The Helpline can only assist you with account problems or general questions. If you have questions that would involve an opinion on the part of AMD as to whether or not you should participate or what the impact would be you will need to contact your personal financial/tax advisor.

**4 What are the tax implications of participating or not participating in the stock option exchange?**

The offer document contains summaries of the material tax consequences of participating in the stock option exchange; however, the discussions are general in nature and do not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor are the summaries intended to be applicable in all respects to all categories of eligible option holders. Please refer to the offer document for the material tax consequences. If you decide not to participate in the stock option exchange, your eligible options will remain outstanding with their original terms and conditions.

**Alternativesto stock option exchange tool**

**1 Am I required to make my election online?**

The online election process is preferred as it allows you to print a Confirmation Statement and reduces risk of error. However, you may participate in the stock option exchange by printing an election form and faxing it to 512-602-5809. Stock Administration must receive your election, whether by online election or fax prior to the close of the stock option exchange, which is expected to be 11:00 PM Central on July 27, 2009.

## Transcript of Podcast to Employees

AMD Stock Option Exchange Eligible Employee Overview – Transcript of pre-recorded podcast

Welcome to an overview of AMD's Stock Option Exchange program. My name is Brian Wode. I work in the Corporate Compensation team, based in Austin. I'll be walking through the material for you today.

By the end of our session, you should be familiar with:

- basic terminology
- the program objective
- the plan design elements
- the election process
- the program timeline, and
- where to go with questions

Let's start with a quick overview of basic terminology:

- A stock option is a right, but not an obligation, to buy stock at an agreed-upon price on or after a specific date.
- A stock appreciation right, or SAR, is a right to receive a bonus equal to the appreciation in the company's stock over a specified period, and can be settled in cash or shares.
- A restricted stock unit, or RSU, is an unsecured promise by the employer to grant a set number of shares of stock to the employee upon completion of the vesting schedule. RSUs can be settled in cash or shares.
- Exercise price is the price at which an underlying security is purchased. The exercise price is set in advance, generally on the grant date. The difference between the exercise price and the market price at the time the option is exercised is what gives it value.
- Underwater is a condition when the exercise price of a stock option is higher than the market price of the stock.
- Vesting is the process by which employees accrue non-forfeitable rights based on a number of years of service, or possibly meeting pre-established performance criteria.
- The expiration date is the day on which an option contract is no longer valid, and, therefore, ceases to exist.
- Lastly, exchange ratio is the relationship between the number of options exchanged and the number of replacement options. If the exchange ratio is 5 to 1, you will need to give up, or exchange, five options to receive one new option.

Next, the program objective...

- Which is to allow eligible employees the opportunity to exchange eligible underwater options for fewer replacement options.
- It is our expectation that the replacement options will provide renewed incentives that are better aligned with the current stock price and AMD's shareholders.

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After the quick overview of the plan design elements, we'll walk through the design elements one at a time to ensure the plan makes sense. Before I go there, it's important to point out that the plan was designed to be approved by shareholders. Without their approval, we would not be able to move forward.

First, employee eligibility - all employees who hold eligible options are eligible for the option exchange, except the executive officers, members of the Board of Directors and employees in Russia

Second, eligible options are determined by exercise price, grant date and expiration date.

Third, Exchange Ratios – The higher the exercise price, the lower the value. Since stockholders have approved a value-for-value exchange, you'll have the opportunity to exchange your underwater options for fewer at-the-money options.

Next, to terms of the replacement options:

- All replacement options will have a new vesting schedule, and
- Expiration Dates of replacement options remain the same as the exchanged options.

Regarding grant-by-grant flexibility – you can elect to exchange all or none of a particular grant. You can exchange one grant and not another. You can also decline participation altogether.

Employee eligibility is very straight-forward. The company's executive officers, Dirk, Bob, Tom and Emilio, are excluded from participation. In addition, the members of the Board of Directors and employees in Russia are also excluded from participation.

That leaves all other current employees. As long as a current employee holds eligible stock options, and remains a current employee through the duration of the offer (July 27, 2009), he or she is eligible to participate.

Approximately 3800 employees are eligible to participate.

Note – some of your colleagues may hold options and still be ineligible to participate, if the options they hold are ineligible for exchange. So, some of them may not receive communication about the option exchange, even if they hold options.

So, let's talk about option eligibility.

Options eligible for exchange must meet all three of these criteria:

- Options must have an exercise price greater than the 52 week high, measured on the day we launch the option exchange.
- Options must have a grant date more than 12 months prior to the launch of the exchange.
- Lastly, options must have an expiration date later than the first vesting date of the replacement options.

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In summary, options must have an exercise price greater than \$6.34, a grant date before June 29, 2008, and an expiration date later than July 27, 2010 to be eligible for exchange. All of the options in this example table are eligible for exchange by virtue of their price, grant date and expiration date.

Let's talk briefly about exchange ratios. If you elect to exchange eligible options, we will replace them with a new grant of fewer options with an exercise price set on the date of the replacement grant.

Let's say, for example, that you exchange the 4000 options with an exercise price of \$12.70. Those 4000 options are far less valuable than 4000 options with an exercise price of \$4. We have bucketed similarly priced options into (three) price ranges, with different exchange ratios. Those 4000 options with an exercise price of \$12.70 can be exchanged for 800 new options with an exercise price set on the date we close the offer. The exercise price is scheduled to be set on July 27, 2009, unless the offer is extended.

Here's an overview of the process.

Your first log-in will require your standard NT User Name, and your date of birth, in the format shown above – two digits for birth month, two digits for birth date, and four digits for birth year, with no spaces.

You'll then be required to change your password.

If you experience difficulties, or forget your password, select the "Need help? EMAIL" above to request assistance from the stock administration team.

The Welcome Screen includes introductory comments, access to important offer documents, Key Steps and Key Dates. After reviewing the important documents, key steps and key dates, you can select one of the MAKE AN ELECTION buttons at the top or bottom, and proceed to the Election Form.

The Election Form displays eligible stock options and is where you will initiate your elections to exchange, or not. Options that are not eligible for exchange will not be visible in the tool.

Please review the material closely. Once you have initiated your elections, and reviewed the rest of the material on the Election Form, you can select NEXT to move on to the Election Exchange Review.

At any time, and as often as you'd like, up until the close of the offer, you can change your elections, agree to the terms and print a new confirmation statement.

The Election Exchange Review allows you to review your elections prior to completing the Election Agreement. If you wish to change your elections, select RETURN TO THE PREVIOUS SCREEN. If you are satisfied with your elections, PROCEED TO ELECTION AGREEMENT where you will

...review and agree to the terms on your election.

It is not necessary to sign the form if you are submitting your election online. You acknowledge the terms of the offer by selecting the I AGREE button on the bottom of the form.

It is not necessary to sign the form if you are submitting your election online.

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Once you agree with the terms of the offer, you will view a Confirmation screen. We encourage you to print the confirmation screen and retain it for your records. In addition, you should receive an email confirmation of your election. If you do not receive an email confirmation, you should access the system and complete the election process.

If you wish to make changes, you can do so as often as you'd like up until the program deadline.

A few hints –

- Do not use your browser's Back and Forward buttons. Use the navigation buttons built into the tool.
- Internet Explorer is the only officially supported browser. However, I have been able to manage the election process using Mozilla Firefox.
- Your session will end with 10 minutes of inactivity. Nothing will be saved unless you complete the election process through to a confirmation.

Let's run through the timeline.

The program was launched on June 29, 2009. It will be open for 20 business days and you can change your election as often as you'd like during that time.

The offer closes at 11:00 pm Central, on July 27, 2009. The last election as of the deadline represents your final irrevocable election.

There will be no exceptions made after the July 27 11:00 pm Central deadline, unless the offer is extended. If you failed to complete an election, or if you want to change an election after the offer closes, it will be too late.

Your exchanged options will be cancelled effective July 27, 2009 and your replacement options will be granted effective July 27, 2009, with an exercise price equal to the closing price of AMD's stock on July 27, 2009, or as modified as required under local tax laws outside of the United States.

Replacement options will be visible in your E\*Trade account by the end of August. Please note that your exchanged options will also appear in your E\*Trade account until the end of August. You may not exercise any options you have elected to exchange.

If you have additional questions after we're done here today, you have several alternatives...

First, a point about ADVICE – You are making investment and/or retirement decisions. We cannot provide legal, tax or investment advice with respect to the offer. We advise you to consult with your own legal, tax, and investment advisors as to the consequences of participating or not participating in the offer.

You have access to a Q&A document, from the option exchange tool, that will answer many of your questions. Please review the Q&A document.

In addition, you can access the Tender Offer filed with the US Securities and Exchange Commission, from the launch email.

If you have additional questions, please follow up with the Stock Administration Team. Our preferred approach is to send an email to the Stock Administration Team at [hrsc.stockadministration@amd.com](mailto:hrsc.stockadministration@amd.com). That email address is accessible from the option exchange tool. You can also call the Option Exchange Helpline at extension 51174. We're targeting a response time of no more than 24 hours.

For additional information, we'll be conducting on-site sessions the week of July 6, in Austin, Boxborough, Markham and Sunnyvale, along with live audio sessions for all geographies. Please see the schedule for more information.

When we launch the exchange, the schedule will include Outlook Meeting invitations that employees can open and save. Access the updated schedule from this [hyperlink](#).

Thanks very much for joining my discussion of AMD's stock option exchange program.

# Employee Presentation Materials

## AMD Stock Option Exchange Program

### Eligible Employee Overview

Human Resources | June 29 – July 27, 2009

Confidential



## By the end of our session you should be familiar with...

Basic Terminology

Stock option exchange program objective

Plan design elements

Stock option exchange election process

Timeline, including deadline

Where to go with questions





## Basic Terminology

**Stock Option** – A right, but not the obligation, to buy stock at an agreed-upon price on or after a specific date.

**Stock Appreciation Right (SAR)** – A right to receive a bonus equal to the appreciation in the company's stock over a specified period (can be settled in cash or shares).

**Restricted Stock Unit (RSU)** - An unsecured promise by the employer to grant a set number of shares of stock to the employee upon the completion of the vesting schedule. RSUs can also be settled in cash.

**Exercise Price** – The price at which an underlying security is purchased. The exercise price is set in advance. The difference between the exercise price and the market price at the time the option is exercised is what gives it value.



## Basic Terminology

**Underwater** – A condition when the exercise price of a stock option is higher than the market price of the stock.

**Vesting** - The process by which employees accrue non-forfeitable rights based on a number of years of service, or possibly meeting performance criteria.

**Expiration Date** – The day on which an option contract is no longer valid, and, therefore, ceases to exist.

**Exchange ratio** – The relationship between the number of options exchanged and the number of replacement options . If the exchange ratio is 5 to 1, you will need to give up (exchange) five options to receive one new option.



# Program Objective



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## Program Objective

Allow eligible employees the opportunity to exchange eligible underwater stock options for fewer replacement stock options

The replacement options will provide renewed incentives that are better aligned with the current stock price and AMD's shareholders



# Plan Design Elements



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# Overview of Plan Design Elements

**Employee Eligibility** – Excluded from participation are AMD's executive officers, members of the board of directors and employees in Russia. The remaining current employees, who hold eligible options, are eligible to participate.

**Eligible Options** are determined by exercise price, grant date and expiration date

**Exchange Ratios** - Employee can elect to exchange underwater options for fewer new options that carry an equivalent value

**Terms of replacement options** – all replacement options will have a new vesting schedule and expiration dates are maintained

**Grant-by-grant flexibility** - Eligible employees can elect to exchange all or none of a particular grant. Employees can exchange one grant and not another.





## Employee eligibility

**Exclude** Executive Officers (Meyer, Rivet, McCoy and Ghilardi), members of the Board of Directors and employees in Russia

**Include all other current employees** who hold stock options that meet the eligibility criteria

- To be eligible, must be an employee on the date of the replacement grant (July 27, 2009)
- Employees terminating prior to the close of the Tender Offer will be ineligible
- Approximately 3,800 employees are eligible to participate in the offer



## Options eligible for exchange must meet all three criteria – exercise price, grant date and expiration

Exercise price must be greater than the 52-week high - **>\$6.34**

Grant Date must be more than 12 months prior to exchange - **granted before June 29, 2008**

Expiration date must be later than the first replacement vesting date – **expires after July 27, 2010**

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio
4/8/2004	4/8/2014	23456	\$17.60	1000	1000	0	11 to 1
5/2/2005	5/2/2015	78912	\$16.07	5000	4500	500	11 to 1
4/10/2006	4/10/2016	34567	\$17.87	8000	7250	750	11 to 1
11/15/2007	11/15/2014	89123	\$12.70	4000	2500	1500	5 to 1
2/15/2008	2/15/2015	45678	\$ 6.45	6000	1999	4001	1.5 to 1
5/15/2008	5/15/2015	91234	\$ 7.41	4375	1458	2917	1.5 to 1





## Exchange ratios vary by exercise price

Exercise Price Ranges	Exchange Ratios
\$6.35 - \$9.99	1.5 to 1
\$10.00 - \$15.99	5 to 1
\$16.00 and up	11 to 1

Original Grant Date	Expiration Date	Option Number	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Replacement Options
4/8/2004	4/8/2014	23456	\$17.60	1000	1000	0	11 to 1	90
5/2/2005	5/2/2015	78912	\$16.07	5000	4500	500	11 to 1	454
4/10/2006	4/10/2016	34567	\$17.87	8000	7250	750	11 to 1	727
11/15/2007	11/15/2014	89123	\$12.70	4000	2500	1500	5 to 1	800
2/15/2008	2/15/2015	45678	\$ 6.45	6000	1999	4001	1.5 to 1	4000
5/15/2008	5/15/2015	91234	\$ 7.41	4375	1458	2917	1.5 to 1	2916



# Replacement options will have new vesting schedules

Options replacing vested shares subject to the old options vest 100% after one year **(July 27, 2010)**

Options replacing unvested shares subject to the old options - vest 50% after one year and 50% after two years **(July 27, 2010 and July 27, 2011)**

Original Grant Date	Expiration Date	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Replacement Options		
							Total	Vesting in One Year	Vesting in Two Years
4/8/2004	4/8/2014	\$17.60	1000	1000	0	11 to 1	90	90	0
5/2/2005	5/2/2015	\$16.07	5000	4500	500	11 to 1	454	431	23
4/10/2006	4/10/2016	\$17.87	8000	7250	750	11 to 1	727	693	34
11/15/2007	11/15/2014	\$12.70	4000	2500	1500	5 to 1	800	650	150
2/15/2008	2/15/2015	\$ 6.45	6000	1999	4001	1.5 to 1	4000	2667	1333
5/15/2008	5/15/2015	\$ 7.41	4375	1458	2917	1.5 to 1	2916	1944	972



## Expiration Dates will not change

Replacement options maintain the same expiration dates as the exchanged options

Options expiring before the first replacement option vesting date (July 27, 2010) will not be eligible for exchange

Original Grant Date	Expiration Date	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Replacement Options		
							Total	Vesting in One Year	Vesting in Two Years
4/8/2004	4/8/2014	\$17.60	1000	1000	0	11 to 1	90	90	0
5/2/2005	5/2/2015	\$16.07	5000	4500	500	11 to 1	454	431	23
4/10/2006	4/10/2016	\$17.87	8000	7250	750	11 to 1	727	693	34
11/15/2007	11/15/2014	\$12.70	4000	2500	1500	5 to 1	800	650	150
2/15/2008	2/15/2015	\$ 6.45	6000	1999	4001	1.5 to 1	4000	2667	1333
5/15/2008	5/15/2015	\$ 7.41	4375	1458	2917	1.5 to 1	2916	1944	972



## Grant-by-grant flexibility

Employees can elect to exchange some eligible grants and not others, all eligible grants, or none at all

Employees cannot elect to split a grant, exchanging some and retaining the other portion

Original Grant Date	Expiration Date	Exercise Price Per Share	Shares Subject to Eligible Options	Shares Vested	Shares Unvested	Exchange Ratio	Replacement Options		
							Total	Vesting in One Year	Vesting in Two Years
4/8/2004	4/8/2014	\$17.60	1000	1000	0	11 to 1	90	90	0
5/2/2005	5/2/2015	\$16.07	5000	4500	500	11 to 1	454	431	23
4/10/2006	4/10/2016	\$17.87	8000	7250	750	11 to 1	727	693	34
11/15/2007	11/15/2014	\$12.70	4000	2500	1500	5 to 1	800	650	150
2/15/2008	2/15/2015	\$ 6.45	6000	1999	4001	1.5 to 1	4000	2667	1333
5/15/2008	5/15/2015	\$ 7.41	4375	1458	2917	1.5 to 1	2916	1944	972



## Participation is voluntary

Nobody is required to participate in the stock option exchange



# Process Overview





# Process Overview – June 29 – July 27, 2009, 11:00 pm Central

**Log in to Option Exchange website using NT user ID and birth date in MMDDYY format**

**Welcome Screen - Review important documents for detailed information on the Offer to Exchange**

**Election Form – Review options eligible for exchange and make decisions with respect to eligible options**



## Process Overview, Continued

**Election  
Exchange Review  
– Review  
elections you  
made on the  
Election Form**

**Agreement to  
Terms of Election  
– Review and  
Agree to the  
Terms of the  
Offer**

**Confirmation  
Statement – Print  
Confirmation and  
retain for your  
records**





# Tender Offer Tool Hints

## Navigation

- Do not use your browser Back and Forward buttons
  - Use the navigation buttons built into the application

## Supported Browsers

- Internet Explorer is the only “supported” browser. However, tests have shown that Firefox also works.

## Timeout

- Your session will end with ten (10) minutes of inactivity – nothing is saved unless you complete the election process through to confirmation



# Timeline



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## Timeline June 29, 2009 through July 27, 2009 at 11:00 pm Central

**Launch –  
June 29,  
2009**

**Deadline –  
11:00 PM  
Central,  
July 27,  
2009 - no  
exceptions,  
unless offer  
is extended**

**The last  
election, as  
of the  
deadline,  
represents  
your final,  
irrevocable  
decision**

**Replaceme  
nt options  
will be  
visible in  
E\*Trade  
accounts by  
the end of  
August**



# Where to go with questions



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# Questions

## Advice

- AMD and/or any independent firms hired by AMD with respect to the offer cannot give legal, tax or investment advice with respect to the offer. You are being advised to consult with your own legal, tax and investment advisors as to the consequences of participating or not participating in the offer.

## Q&A

- Please review the Q&A document accessible from the option exchange tool for common questions



## Questions, continued

### Tender Offer (TO) Statement

- Access the formal Schedule TO, filed with the SEC, from launch email

### Ask the Stock Administration Team –

- Preferred approach - [hrsc.stockadministration@amd.com](mailto:hrsc.stockadministration@amd.com)
- Alternative approach – leave a message on the Option Exchange Helpline – x51174
- We're targeting a response time of within 24 hours. Depending on volume, the response may differ, especially the first and last weeks of the offer.





# Employee Sessions

Monday June 29	Tuesday June 30	Wednesday July 1	Thursday July 2	Friday July 3
		<b>APAC/GC Live Meeting*:</b> <ul style="list-style-type: none"> <li>11:00 am SGT</li> </ul> <b>EMEA Live Meeting*:</b> <ul style="list-style-type: none"> <li>4:00 pm CEST</li> </ul>	<b>APAC/GC Live Meeting*:</b> <ul style="list-style-type: none"> <li>2:00 pm SGT</li> </ul>	
<b>Austin</b> on-site sessions: <ul style="list-style-type: none"> <li>9:00 am CDT</li> <li>11:00 am CDT</li> </ul> B500 Multipurpose Room	<b>Boxborough</b> on-site sessions: <ul style="list-style-type: none"> <li>10:30 am EDT</li> <li>2:00 pm EDT</li> </ul> <b>Austin</b> on-site sessions: <ul style="list-style-type: none"> <li>10:00 am CDT</li> <li>1:00 pm CDT</li> </ul> B500 Multipurpose Room	<b>Markham</b> on-site sessions: <ul style="list-style-type: none"> <li>9:00 am EDT</li> <li>3:00 pm EDT</li> </ul> Chez Array	<b>Markham</b> on-site session: <ul style="list-style-type: none"> <li>9:00 am EDT</li> </ul> Chez Array <b>Sunnyvale</b> on-site sessions: <ul style="list-style-type: none"> <li>10:00 am PDT</li> <li>1:00 pm PDT</li> <li>3:00 pm PDT</li> </ul> Commons Auditorium	<b>Austin</b> on-site session: <ul style="list-style-type: none"> <li>10:30 am CDT</li> </ul> B500 Multipurpose Room
<b>Americas</b> Live Meetings*: <ul style="list-style-type: none"> <li>10:00 am CDT</li> <li>2:00 pm CDT</li> </ul>				

<http://amdcentral.amd.com/AboutAMD/NewsandEvents/InternalNews/internalcorporatenews/Pages/StockOptionExchangeQA.aspx>



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*Form of Confirmation E-mail*

Dear [Employee Name],

Thank you for your submission of your election to participate in the Offer to Exchange Certain Outstanding Options to Purchase Common Stock For a Number of Replacement Options (referred to as the "Offer" or "Offer to Exchange"). We confirm with this e-mail that we have accepted your election to participate and have canceled the eligible options you have properly tendered pursuant to the Offer website. Subject to your continued employment or service with AMD or any of our majority-owned subsidiaries on the replacement option grant date and the other terms and conditions of the Offer, you now have the right to receive replacement options entitling you to purchase that number of shares of our common stock at an exercise price of \$            per share.

If you have any questions, please send us an e-mail at [HRSC.stockadministration@amd.com](mailto:HRSC.stockadministration@amd.com).