



FORM 10-K

ADVANCED MICRO DEVICES INC - amd

Filed: March 07, 1995 (period: December 25, 1994)

Annual report which provides a comprehensive overview of the company for the past year

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934.

FOR THE FISCAL YEAR ENDED DECEMBER 25, 1994

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-7882

ADVANCED MICRO DEVICES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

94-1692300
(IRS Employer
Identification Number)

ONE AMD PLACE
SUNNYVALE, CALIFORNIA
(Address of principal executive offices)

94088-3453
(Zip Code)

Registrant's telephone number, including area code: (408) 732-2400

Securities registered pursuant to Section 12(b) of the Act:

(TITLE OF EACH CLASS)	(NAME OF EACH EXCHANGE ON WHICH REGISTERED)
\$.01 PAR VALUE COMMON STOCK	NEW YORK STOCK EXCHANGE
PREFERRED STOCK PURCHASE RIGHTS	NEW YORK STOCK EXCHANGE
DEPOSITARY CONVERTIBLE EXCHANGEABLE PREFERRED STOCK	NEW YORK STOCK EXCHANGE

Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes X No
--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Aggregate market value of the voting stock
held by nonaffiliates as of February 27, 1995.

\$2,813,646,457

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

95,942,821 SHARES AS OF FEBRUARY 27, 1995.

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Portions of the Annual Report to Stockholders for the fiscal year ended December 25, 1994, are incorporated into Parts I, II and IV hereof.
- (2) Portions of the Proxy Statement dated on or before March 31, 1995, for the Annual Meeting of Stockholders to be held on May 9, 1995, are incorporated into Part III hereof.

PART I

ITEM 1. BUSINESS

GENERAL

Advanced Micro Devices, Inc. was incorporated under the laws of the state of Delaware on May 1, 1969. The mailing address of its executive offices is One AMD Place, P.O. Box 3453, Sunnyvale, California 94088-3453, and its telephone number is (408) 732-2400. Unless otherwise indicated, the terms the "Corporation" and "AMD" in this report refer to Advanced Micro Devices, Inc. and its subsidiaries.

The Corporation designs, develops, manufactures and markets complex monolithic integrated circuits for use by manufacturers of a broad range of electronic equipment and systems.

PRODUCTS

The Corporation's products primarily consist of standard or catalog items or are made from designs based on such items, as opposed to custom circuits designed for a single customer. While a substantial portion of AMD's products are standard or catalog items, increasingly many of its recently developed products are designed for specific applications such as telecommunications, personal computers, engineering workstations, optical disk memory or local area networks. As a service to certain major customers, the Corporation modifies portions of these application-specific devices to meet specific customer needs. The resulting devices are produced in significant volumes for such customers.

AMD began as an alternate-source manufacturer of integrated circuits originally developed by other suppliers and has gradually shifted to proprietary products (i.e., products resulting from the Corporation's design or technology innovations). The Corporation has made a significant commitment to research and development which has contributed toward its becoming a leader in manufacturing and process technology within the integrated circuit industry.

The Corporation has focused its product development activities on the three areas of its business: (1) X86, K86 and other microprocessors and related embedded processors for personal computers, (2) applications solutions products, and (3) high-volume commodity products such as programmable logic and non-volatile memory devices.

Personal computer (PC) products include microprocessors and related embedded processors used in computers. AMD's applications solutions products are focused on networks, voice/data communications (WORLD NETWORK/R/), and on computer peripherals, computer interfaces and mass storage. High-volume commodity products include programmable logic devices ("PLDs") and other non-volatile memory devices (such as FLASH Memory). PLDs and FLASH Memory devices are typically produced by more than one manufacturer, subject to intense competition, and broadly applicable across a wide customer base. Since most of the Corporation's products are utilized in personal computers and related peripherals, the Corporation's future growth is closely tied to the performance of the PC industry.

Microprocessors

X86 Microprocessors. A microprocessor is the central processing unit (CPU) of a computer. A microprocessor processes system data and controls input/output, peripheral and memory devices. A microprocessor may also be used in connection with other processors such as microcontrollers which are embedded microprocessors contained in peripherals or other coprocessors which perform certain functions such as arithmetic calculations. The X86 architecture, originally developed by Intel Corporation, has been the leading architecture for personal computer microprocessors. AMD's X86 microprocessor strategy has been to serve as an alternative source for X86 microprocessors, introducing products at comparable prices to competitive products, but with additional customer-driven features. In 1993, the Corporation entered into a license agreement with Microsoft/R/, the personal computer industry's leading supplier of operation systems software, pursuant to which the Microsoft Windows/TM/ compatible logo now appears on AMD's microprocessor packaging and advertising indicating that the Corporation's product is compatible with such software. The Corporation believes that this approach is consistent with what it perceives to be the computer industry's shift from an emphasis on hardware compatibility to software compatibility.

In the second quarter of 1993, the Corporation began to offer its Am486/TM/ family of products. The Corporation began shipping Am486DX products in the second quarter of 1993, and began volume shipment of its Am486SX products in 1994. The 486DX family of microprocessors accounted for approximately thirty-seven percent (37%) of the Corporation's 1994 revenues. A significant portion of the Corporation's total revenues, profits, and margins were attributable to Am486 products. Prior to a settlement with Intel Corporation in January, 1995, the Corporation's Am386 and Am486 products were the subject of microcode litigations with Intel Corporation. (For more information see Item 3, Legal Proceedings, Number 2.).

Embedded Control Microprocessors. The Corporation's proprietary Am29000/TM/ family of RISC microprocessors is used extensively by a wide range of customers for embedded control applications. Examples of these applications include high-performance laser printer controllers, high-resolution graphics controllers, communications controllers, and accelerator cards.

K86 Microprocessors. The Corporation expects that, in the second half of 1995, it will offer its next generation of microprocessor products known as the K86, based on superscalar RISC-type architecture. The K86 products are designed to be compatible with operating system software such as Microsoft Windows. Production of the initial K86 products, known as K-5, is presently scheduled to commence in the second half of 1995. The Corporation is currently in the process of developing additional K86 products. The K86 products are not designed to use any Intel copyrighted microcode; however, they do rely on patent licenses from several companies, including Intel Corporation.

Applications Solutions Products

Computer Systems, Interfaces and Mass Storage. The Corporation offers a range of products which are utilized in a variety of computer systems. Such products include integrated circuits that work with central processing units to manage selected input/output system functions such as to control disk drives, keyboards, printers and communications and networking devices.

The Corporation also supplies a range of products specially designed to add additional functions, improve performance and reduce costs in computer peripheral, interface or mass storage applications. These are generally special-purpose products

which are designed for a specific application. In the case of some large customers, these products are tailored for specific customer needs.

Networks and Voice/Data Communications. The Corporation provides a wide variety of products for a broad spectrum of connectivity solutions. These include applications in central office switches, PBX equipment, voice/data terminals, and different performance classes of Local Area Networks (LANs) used to connect workstations and personal computers. In addition to providing the integrated circuits for these applications, the Corporation also provides various forms of hardware evaluation tools, development software and interface software. The Corporation offers several Ethernet products designed for use on personal computer motherboards and add-in cards. AMD also is a supplier of chip sets to support the 100-megabit-per-second Fiber Distributed Data Interface (FDDI) local area network standard which is primarily used in network backbones and to connect high performance workstations and servers. The Corporation has also developed, in cooperation with systems manufacturers, a family of devices for the 10Base-T standard, which allows transmission of data using Ethernet protocols on twisted-pair wiring, rather than on the more expensive coaxial cable.

The Subscriber Line Interface Circuit (SLIC) and the Subscriber Line Audio-Processing Circuit (SLAC/TM/) are an integral part of a design for digital telephone switching equipment. The SLIC connects the user's telephone wire to the telephone company's digital switching equipment. The SLAC is a coder/decoder which converts analog voice signals to a digital format and back.

High-Volume Commodity Products

Programmable Logic Devices (PLDs). The Corporation is a supplier of high-speed, field-programmable integrated circuits. PLDs generally afford a user increased design flexibility relative to standard logic devices. The initial design time and design cost in customizing a programmable device is significantly less than designing a custom integrated circuit or customizing a gate array logic device.

Non-Volatile/Volatile Memories. Memory components are used to store computer programs and data entered during system operation. There are two types of memory storage capability, volatile and non-volatile. Volatile memories include Dynamic and Static Random Access Memories (DRAMs and SRAMs). Non-volatile memories retain data when system power is shut off, while volatile memories do not. Non-volatile memories include Erasable Programmable Read-Only Memories (EPROMs) and FLASH Memory.

The Corporation's memory products are primarily non-volatile memories used in a wide range of applications such as PCs, workstations, peripherals, instrumentation, PBX equipment, avionics and a variety of other equipment where programmed data storage is needed. The Corporation offers a family of CMOS EPROM devices from 64K (64,000 bits) to 4 megabits (4,000,000 bits) in density.

The Corporation has also developed a family of FLASH Memories to address the emerging market for PC memory cards, solid-state disks, cellular communications and networking applications.

Joint Venture with Fujitsu Limited. In 1993, AMD and Fujitsu Limited (Fujitsu) formed a joint venture for the development, manufacture and sale of integrated circuits. Through the joint venture, the two companies have constructed and are operating an \$800 million wafer fabrication facility in Aizu-Wakamatsu, Japan to produce non-volatile memory devices such as EPROMs and FLASH Memories. The new facility is presently scheduled to begin volume production in late 1995, and will utilize eight-inch wafers and process technologies capable of producing products with geometries of one-half (0.5) micron or

smaller. AMD and Fujitsu will not independently produce EPROM and FLASH Memory products with geometries of one-half (0.5) micron or smaller outside of the joint venture. Currently, the primary mission of the joint venture is the production of FLASH Memory devices.

The percentages of the equity of the joint venture owned by the Corporation and Fujitsu are 49.95% and 50.05%, respectively. Each company contributes toward funding and supporting the joint venture in proportion to its ownership percentage. AMD is expected to contribute approximately one-half of its share of funding in cash as equity investment, and may be required to guarantee third party loans made to the joint venture for the remaining one-half. Each company is obligated to invest up to approximately \$200 million as equity in the joint venture. (For more information, see Item 7, Management's Discussion and Analysis of Results of Operations and Financial Condition contained in the 1994 Annual Report to Stockholders ("Management's Discussion").) In connection with the joint venture, the Corporation and Fujitsu have entered into various joint development, cross-license and investment arrangements. Accordingly, AMD and Fujitsu will provide their product designs and process and manufacturing technologies to the joint venture. In addition, both companies will collaborate in developing manufacturing processes and designing integrated circuits for the joint venture. The right of each company to use the licensed intellectual property of the other with respect to certain products is limited to certain geographic areas. Consequently, AMD's ability to sell certain products incorporating Fujitsu intellectual property, whether or not produced by the joint venture, is also limited in certain territories, including the United Kingdom and Japan.

MARKETING AND SALES

AMD markets and sells its products primarily to original equipment manufacturers (OEMs) of computation and communication equipment. AMD's products are sold under the AMD/R/ trademark. The Corporation has an agreement with Compaq Computer Corporation (Compaq) under which the Corporation supplies Compaq with microprocessor products; however, the agreement does not require Compaq to purchase microprocessor products from the Corporation. The Corporation sells to a broad base of customers; no single customer accounted for more than ten percent (10%) of sales during the fiscal year ended December 25, 1994. The Corporation employs a direct sales force through its principal facilities in Santa Clara County, California, and field offices throughout the United States and abroad (primarily Europe and the Asia-Pacific Basin). The Corporation also sells its products through third-party distributors and independent representatives in both domestic and international markets pursuant to nonexclusive agreements. The distributors also sell products manufactured by AMD's competitors, including those products for which the Corporation is an alternate source.

Distributors typically maintain an inventory of AMD's products. The Corporation, pursuant to its agreements with the distributors, employs procedures which provide protection to the distributors for their inventory of AMD's products against price reductions as well as products that are slow moving or have been discontinued by the Corporation. These agreements, which may be canceled by either party on a specified notice, generally contain a provision for the return of AMD's products to the Corporation in the event the agreement with the distributor is terminated. (See Note 1 of Notes to Consolidated Financial Statements contained in the 1994 Annual Report to Stockholders.)

AMD has established sales subsidiaries that have offices in Belgium, Canada, China, France, Germany, Hong Kong, Italy, Japan, Korea, Singapore, Sweden, Switzerland, Taiwan, and the United Kingdom. (See Note 11 of Notes to Consolidated Financial Statements contained in the 1994 Annual Report to Stockholders.) The international sales force also works with independent sales representatives and distributors in approximately 34 countries, including those where AMD has sales subsidiaries. The Corporation's

international sales operations entail political and economic risks, including expropriation, currency controls, exchange fluctuations, changes in freight rates, and changes in rates and exemptions for taxes and tariffs. The Corporation has not experienced any material adverse effects associated with such risks. (For more information, see Item 7, Management's Discussion.)

BACKLOG

AMD manufactures and markets a standard or catalog line of products. Consequently, a significant portion of its sales are made from inventory on a current basis. Sales are made primarily pursuant to (1) purchase orders for current delivery of standard items, or (2) agreements covering purchases over a period of time, which are frequently subject to revision and cancellation. Generally, in light of current industry practice and experience, the Corporation does not believe that such agreements provide meaningful backlog figures or are necessarily indicative of actual sales for any succeeding period.

COMPETITION

Historically, the semiconductor industry has experienced rapid technological advances together with substantial price reductions in maturing products. After a product is introduced, prices normally decrease over time as production efficiency and competition increase, and a successive generation of products is developed and introduced for sale. Competitive factors in the semiconductor industry center primarily around market acceptance, timing of new products and a product's performance, price and availability.

Numerous firms compete with AMD in the manufacture and sale of integrated circuits. Some of these firms have resources greater than those of the Corporation and do not depend upon integrated circuits as their principal source of revenue. There is also significant captive production by certain large users of integrated circuits, such as manufacturers of computers, telecommunications equipment and consumer electronics products.

AMD competes for integrated circuit market share with Texas Instruments, Motorola, National Semiconductor, Intel, North American Philips, and with several prominent Japanese firms. These firms include Nippon Electric Co., Hitachi, Toshiba, Fujitsu, Matsushita and Mitsubishi, all of whom are making active efforts to increase their respective and collective worldwide market shares. (For more information concerning Fujitsu, see the discussion on the joint venture with Fujitsu above.)

All of the above-mentioned competitors are either substantially larger in both gross sales and total assets than AMD or are part of larger corporate enterprises to whose resources, financial and other, the competitors have access. In addition to the above, many other companies dedicated to only one or two process technologies and product types compete with the Corporation in those technologies and product types.

RESEARCH AND DEVELOPMENT

The Corporation's expenses for research and development in 1992, 1993 and 1994, were \$227,860,000, \$262,802,000, and \$279,984,000, respectively. Such expenses represented 15.0%, 16.0% and 13% of sales in 1992, 1993 and 1994, respectively. AMD's research and development expenses are charged to operations as incurred. Most of the research and development personnel are integrated into the engineering staff.

MANUFACTURING

Product design and development, and wafer fabrication activities are currently conducted at AMD's facilities in California and in Texas. A subsidiary of Sony

Corporation manufactures bipolar products for the Corporation in San Antonio, Texas, using equipment owned by AMD. Nearly all product assembly and final testing are performed at the Corporation's manufacturing facilities in Penang, Malaysia; Singapore; and Bangkok, Thailand, or by subcontractors in Asia. A limited amount of testing of products destined for delivery in Europe and Asia is performed at the Corporation's facilities in Basingstoke, England. (See also the discussion on the joint venture with Fujitsu above.)

Foreign manufacture entails political and economic risks, including political instability, expropriation, currency controls and fluctuations, changes in freight rates and in interest rates, and exemptions for taxes and tariffs. For example, if the Corporation were not able to assemble and test its products abroad, or if air transportation between the United States and these facilities were disrupted, there could be a material adverse effect on the Corporation's operations. The Corporation has not experienced any material adverse effects associated with such risks.

In July 1993, the Corporation commenced construction of its 700,000 square foot submicron semiconductor manufacturing facility in Austin, Texas (FAB 25). The Corporation estimates that the cost of this facility will be approximately \$1.3 billion when fully equipped. The facility is presently scheduled to commence volume production in late 1995.

In early 1994, the Corporation entered into an agreement with Digital Equipment Corporation ("Digital") under which Digital agreed to provide a foundry in Queensferry, Scotland, for production of the Corporation's Am486 products. In late 1994, Digital commenced production of Am486 wafers for the Corporation. The Digital foundry was acquired in late 1994 by Motorola, Inc. and the foundry arrangement has been assumed by Motorola. The Corporation also entered into a foundry arrangement in the third quarter of 1994 with Taiwan Semiconductor Manufacturing Corporation, Ltd. (TSMC) for production of AMD's Am486 microprocessors. Volume production under the TSMC arrangement is presently scheduled to commence before the end of 1995. The TSMC arrangement extends through 1997.

Raw Materials. Certain of the raw materials used by the Corporation in the manufacture of its products are available from a limited number of suppliers in the United States and elsewhere. For example, for several types of the integrated circuit packages that are purchased by AMD, as well as by the majority of other companies in the semiconductor industry, the principal suppliers are Japanese companies. Shortages could occur in various essential materials due to interruption of supply or increased demand in the industry. If AMD were unable to procure certain of such materials from any source, it would be required to reduce its manufacturing operations. To date, the Corporation has not experienced significant difficulty in obtaining the necessary raw materials.

Environmental Regulations. The Corporation is subject to a variety of governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in the manufacturing process. The Corporation believes that it is currently in compliance in all material respects with these regulations and that it has obtained all necessary environmental permits to conduct its business, which permits generally relate to the discharge of hazardous wastes. Nevertheless, the failure to comply with present or future regulations could result in fines being imposed on the Corporation, suspension of production, alteration of the Corporation's manufacturing processes or cessation of operations. Such regulations could require the Corporation to acquire expensive remediation equipment or to incur other expenses to comply with environmental regulations. (See Item 3, Legal Proceedings, Number 1.) Any failure by the Corporation to control the use, disposal or storage of, or adequately restrict the discharge of, hazardous substances could subject the Corporation to future liabilities.

INTELLECTUAL PROPERTY AND LICENSING

The Corporation and its subsidiaries have been granted 820 United States patents, and approximately 469 patent applications are pending in the United States. In certain cases, the Corporation has filed corresponding applications in foreign jurisdictions. The Corporation expects to file future patent applications in both the United States and abroad on significant inventions as it deems appropriate. The Corporation has entered into numerous cross-licensing and technology exchange agreements under which it both transfers and receives technology and intellectual property rights. Although the Corporation attempts to protect its intellectual property rights through patents, copyrights, trade secrets and other measures, there can be no assurance that the Corporation will be able to protect its technology adequately or that competitors will not be able to develop similar technology independently. There can be no assurance that any patent applications that the Corporation may file will be issued or that foreign intellectual property laws will protect the Corporation's intellectual property rights. There can be no assurance that any patent licensed by or issued to the Corporation will not be challenged, invalidated or circumvented or that the rights granted thereunder will provide competitive advantages to the Corporation. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate the Corporation's products or design around the patents licensed by or issued to the Corporation.

From time to time AMD has been notified that it may be infringing intellectual property rights of others. If any such claims are asserted against the Corporation, the Corporation may seek to obtain a license under the third party's intellectual property rights. The Corporation could decide, in the alternative, to resort to litigation to challenge such claims. Such challenges could be extremely expensive and time consuming and could materially adversely affect the Corporation's business, financial condition and results of operations. No assurance can be given that all necessary licenses can be obtained on satisfactory terms, nor that litigation may always be avoided. (See also Item 3, Legal Proceedings, Number 2.)

EMPLOYEES

On December 25, 1994, AMD and its subsidiaries employed approximately 11,800 employees.

ITEM 2. PROPERTIES

The Corporation's principal engineering, manufacturing, warehouse and administrative facilities comprise approximately 2 million square feet and are located in Santa Clara County, California and in Austin, Texas. (See Item 1, Manufacturing and Item 7, Management's Discussion). Over 1.25 million square feet of this space is in buildings owned by the Corporation.

In 1992, the Corporation entered into certain operating leases and an arrangement for the purchase of certain property containing a building with approximately 318,000 square feet, located on 45.6 acres of land in Sunnyvale, California (One AMD Place). In early 1994, the Corporation began utilizing One AMD Place for its corporate sales, marketing and administrative offices. This arrangement provides the Corporation with the option to purchase One AMD Place during the lease term. At the end of the lease term, the Corporation is obligated to either purchase One AMD Place or arrange for the sale of One AMD Place to a third party with a guarantee of residual value to the seller of One AMD Place. In 1993, the Corporation entered into a lease agreement for approximately 175,000 square feet located adjacent to One AMD Place to be used in connection with One AMD Place.

The Corporation also owns or leases facilities containing approximately 722,800 square feet for its operations in Malaysia, Singapore and Thailand. (See Item 1, Manufacturing and Item 7, Management's Discussion). Of the entire

worldwide facilities owned or leased by the Corporation, approximately 588,000 square feet are currently vacant. In addition, approximately 700,000 square feet are currently vacant until the construction of the Corporation's new manufacturing facility in Austin, Texas (FAB 25) is completed in 1995. The Corporation holds 74 undeveloped acres of land in the Republic of Ireland. The Corporation also has an equity interest in 58 acres of land in Albuquerque, New Mexico.

The Corporation leases 33 sales offices in North America and 16 sales offices in Asia and Europe for its direct sales force. These offices are located in cities in major electronics markets where concentrations of AMD's customers are located.

Leases covering the Corporation's facilities expire over terms of generally 1 to 20 years. The Corporation anticipates no difficulty in either retaining occupancy of any of its facilities through lease renewals prior to expiration or through month-to-month occupancy, or replacing them with equivalent facilities. (See Note 13 of Notes to Consolidated Financial Statements contained in the 1994 Annual Report to Stockholders.)

ITEM 3. LEGAL PROCEEDINGS

1. Environmental Matters. Since 1981, the Corporation has discovered, investigated and begun remediation of three sites where releases from underground chemical tanks at its facilities in Santa Clara County, California adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which is no longer used by the Corporation) has been identified as a probable carcinogen.

In 1991, the Corporation received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB) relating to the three sites. One of the sites (Final Site Clean-up Requirements Order No. 91-102) includes clean-up of groundwater contamination from TRW Microwave, Inc. (TRW), Philips Semiconductor (formerly Signetics Corporation) and the Corporation, which the RWQCB claims merged. The Corporation is proceeding jointly with Philips and TRW to clean up the merged contamination and the parties are contributing to the clean-up equally. However, there has been no allocation of responsibility for the contamination between the parties. Another of the sites (Final Site Clean-up Requirements Order Nos. 91-139 and 91-140) includes clean-up of groundwater contamination from National Semiconductor Corporation, the Corporation and others, which the RWQCB claims merged. National Semiconductor Corporation and the Corporation have been named in the orders as primarily responsible and have commenced clean-up efforts in accordance with their respective orders. However, there has been no allocation of responsibility for the groundwater contamination. The third site (Final Site Clean-up Requirements Order No. 91-101) is primarily the responsibility of the Corporation.

In each instance mentioned above, the Corporation conducted appropriate programs of remedial action that involved soil removal, installation of monitoring and extraction wells and water treatment systems, disposal of inoperative tank systems, and repair and alterations to existing facilities. The final clean-up plans include continued groundwater monitoring, extraction and treatment and, in one instance, soil vapor extraction. Federal and state governmental agencies have approved the final clean-up plans being implemented. The Corporation has not yet determined to what extent the costs of such remedial actions will be covered by insurance. The three sites are on the National Priorities List (Superfund).

If the Corporation fails to satisfy federal compliance requirements or inadequately performs the compliance measures, the government (a) can bring an action to enforce compliance, or (b) can undertake the desired response actions itself and later bring an action to recover its costs and penalties, up to three times the costs of clean-up activities, if appropriate. It is expected that these matters will not have a material adverse effect on the financial condition or results of operations of the Corporation.

A notice dated October 3, 1994 was received by the Corporation from the Department of Ecology of the State of Washington indicating that the Department had determined the Corporation to be a potentially liable person for the release of hazardous substances on a site located in Yakima, Washington. The Corporation is currently investigating this claim. The Corporation believes that the foregoing environmental matter will not have a material adverse effect on the financial condition or results of operations of the Corporation.

2. AMD/Intel Litigations and Settlement. On January 11, 1995, the Corporation reached an agreement with Intel Corporation ("Intel") to settle all currently outstanding litigation between the companies. The terms of the settlement include the following:

- (1) AMD will have a fully paid-up, nonexclusive, world-wide, royalty-free, perpetual license to copy and distribute the microcode and control code in the Intel287(TM), Intel386(TM) and Intel486(TM) microprocessor product families.
- (2) AMD agreed that it has no right to copy any other Intel microcode including the Pentium(TM) Processor microcode, the P6 microcode and the 486 ICE (in-circuit emulation) microcode.
- (3) The companies agreed to negotiate a new patent cross-license agreement to become effective January 1, 1996.
- (4) AMD agreed to pay Intel \$58 million in settlement of claims for past damages related to AMD's distribution of Am486(R) microprocessors containing Intel's 486 ICE microcode. As ordered in a 1992 arbitration between the companies, Intel will pay AMD approximately \$18 million in damages (which includes interest) awarded by the arbitrator for breach of contract and will not contest certain rights granted AMD in the arbitration which are described more fully below under "AMD/Intel Technology Agreement Arbitration." The Corporation recorded both the ICE case damages and the arbitration award in 1994.
- (5) Intel and AMD will drop all cases against each other, including appeals, currently pending in the courts.
- (6) AMD will have the right to use foundries for Am486 products containing Intel microcode for up to 20 percent of annual total unit shipments of Am486 microprocessors.
- (7) AMD and its customers will receive a license for Intel's "Crawford '338" patent, covering memory management.
- (8) The two companies agreed not to initiate legal action against one another for any activity occurring prior to January 6, 1995.

The settlement agreement resolved the following legal proceedings which had been pending between the companies:

a. AMD/Intel Technology Agreement Arbitration. A 1982 technology exchange agreement between AMD and Intel had been the subject of a dispute which was submitted to arbitration through the Superior Court of Santa Clara County, California. The dispute centered around issues relating to whether Intel breached its agreement with AMD and whether that breach injured AMD, as well as the remedies available to AMD for such a breach. In February 1992, the arbitrator awarded AMD several remedies, including the following: monetary damages and interest, a permanent, royalty-free, nonexclusive, nontransferable worldwide right to all Intel copyrights, patents, trade secrets and mask work rights, if any, contained in the then-current version of AMD's Am386 family of microprocessors; and a two-year extension, until December 31, 1997, of the copyright and patent rights granted to AMD under a 1976 Cross License Agreement between AMD and Intel, insofar as those rights concern the Am386 microprocessor family. Intel appealed the decision as it related to the technology award. Ultimately a judgment on the award was entered in the Corporation's favor, and the judgment was affirmed by the California Supreme Court. Pursuant to the settlement, Intel will pay AMD \$18 million in damages and interest pursuant to the arbitrator's award and will drop further appeals of the judgment.

b. 287 Microcode Litigation. (Case No. C-90-20237, N.D. Cal.) On April 23, 1990, Intel filed an action against the Corporation in the U.S. District Court, Northern District of California, seeking an injunction and damages with respect to the Corporation's 80C287, a math coprocessor designed to function with the 80286. Intel's suit alleged several causes of action, including infringement of Intel copyright on the Intel microcode used in its 287 math coprocessor, mask work infringement, unfair competition by means of false advertising and unauthorized copying of the Intel 287 microcode by the third party developer of the AMD 80C287. Pursuant to the settlement, AMD will have a fully paid-up, non-exclusive, world-wide, royalty-free, perpetual license to the microcode in the Intel287 microprocessor product family. A stipulation of dismissal was filed January 26, 1995 and all claims, counterclaims and defenses arising out of this action were dismissed with prejudice.

c. 386 Microcode Litigation. (Case No. A-91-CA-800, W.D. Tex. and Case No. C-92-20039, N.D. Cal.) On October 9, 1991, Intel filed an action against the Corporation in the U.S. District Court for the Western District of Texas (Case No. A-91-CA-800, W.D. Tex.), This action was transferred to the U.S. District Court, Northern District of California (Case No. C-92-20039, N.D. Cal.).

In this action, Intel claimed copyright infringement of what Intel described as: (1) its 386 microprocessor microcode program and revised programs, (2) a "control program" stored in a 386 microprocessor programmable logic array and (3) Intel In-Circuit Emulation (ICE) microcode. The complaint sought damages and injunctive relief arising out of the Corporation's development, manufacture and sale of its Am386 microprocessors and sought a declaratory judgment concerning two license agreements between the companies, including a claim for a declaratory judgment that AMD's license rights to Intel's microcodes would expire on December 31, 1995, and that AMD would no longer be able sell product containing Intel microcode after that date. Pursuant to the settlement, AMD will have a fully paid-up, non-exclusive, world-wide, royalty-free, perpetual license to the microcode in the Intel386 microprocessor product family. A stipulation of dismissal was filed January 20, 1995 and all claims, counterclaims and defenses arising out of this action were dismissed with prejudice.

d. 486 Microcode Litigation. (Case No. C-93-20301 PVT, N.D. Cal.) On April 28, 1993, Intel filed an action against AMD in the U.S. District Court, Northern District of California, seeking an injunction and damages with respect to the Corporation's Am486 microprocessor. The suit alleged several causes of action, including infringement of various Intel copyrighted computer programs. Intel sought damages and injunctive relief based on the following claims: (1) AMD's alleged copying and distribution of 486

"Processor Microcode Programs" and "Control Programs"; and (2) AMD's alleged copying of 486 "Processor Microcode" as an intermediate step in creating proprietary microcodes for the AMD version of the 486. Intel also sought a declaratory judgment that (1) AMD had induced third-party copyright infringement through encouraging third parties to import Am486-based products ; (2) AMD's license rights to Intel microcode would expire as of December 31, 1995, and AMD could no longer sell any products containing Intel microcode after that date ; (3) AMD's license rights to Intel microcodes would not extend to In-Circuit Emulation (ICE) microcode ("ICE Claim"); and (4) AMD would not be licensed to authorize third party foundries to copy the Intel microcode. Intel also sought damages and injunctive relief based on AMD's alleged copying and distribution of Intel's "386 Processor Microcode Program" in AMD's 486 microprocessor.

Pursuant to the settlement, the parties agreed to dismiss all claims, counterclaims and defenses raised in this action with the exception of the ICE Claim. AMD consented to the entry of a permanent injunction prohibiting its distribution of 486 products containing the ICE microcode after January 15, 1995 and agreed to pay \$58 million to Intel for past damages relating to the ICE Claim. AMD will have a fully paid-up, non-exclusive, world-wide, royalty-free, perpetual license to the microcode in the Intel486 microprocessor product family, excluding the 486 ICE microcode. AMD will have the right to use outside foundries to produce Am486 microprocessors containing Intel microcode for up to 20 percent of its annual total unit shipments of Am486 microprocessors. The parties have filed with the court a stipulation for the dismissal with prejudice for this action and the entry of a permanent injunction relating to the ICE Claim. The Corporation anticipates that the dismissal and the permanent injunction will be entered by the court in accordance with the stipulation.

e. Antitrust Case Against Intel. On August 28, 1991, the Corporation filed an antitrust complaint against Intel in the U.S. District Court for the Northern District of California (Case No. C-91-20541-JW-EAI), alleging that Intel engaged in a series of unlawful acts designed to secure and maintain a monopoly in iAPX microprocessor chips. The complaint alleged that Intel illegally coerced customers to purchase Intel chips through selective allocations of Intel products and tying availability of the Intel 80386 to purchases of other products from Intel, and that Intel filed baseless lawsuits against AMD in order to eliminate AMD as a competitor and to intimidate AMD customers. The complaint requested significant monetary damages, and an injunction requiring Intel to license the 80386 and 80486 to AMD, or other appropriate relief. Pursuant to the settlement, a stipulation of dismissal was filed January 20, 1995 and all claims, counterclaims and defenses arising out of this action were dismissed with prejudice.

f. Business Interference Case Against Intel. On November 12, 1992, the Corporation filed a proceeding against Intel in the Superior Court of Santa Clara County, California (Civil Case No. 726343), for tortious interference with prospective economic advantage, violation of California's Unfair Competition Act, breach of contract and declaratory relief arising out of Intel's efforts to require AMD's customers to pay to Intel patent royalties if they purchased 386 and 486 microprocessors from AMD. The patent involved, referred to as the Crawford '338 patent, covered various aspects of how the Intel 386 microprocessor, the Intel 486 microprocessor and future X86 processors manage memory and how these microprocessors generate memory pages and page tables when combined with external memory and multi-tasking software such as Microsoft Windows(TM), OS/2(R) or UNIX(R). The action was removed to the Federal District Court (Case No. C-92-20789, (N.D. Cal.) where AMD amended its complaint to include causes of action for violation of the Lanham Act and a declaration of patent invalidity and unenforceability. The complaint alleged that Intel was demanding royalties for the use of the Intel patents from the Corporation's customers, without informing the Corporation's customers that the Corporation's license arrangement with Intel protected the Corporation's customers from an Intel patent infringement lawsuit. No royalties for the license were charged to

customers who purchased these microprocessors from Intel. Intel filed a counterclaim against AMD for inducing infringement of the Crawford '338 patent by computer manufacturers and others. This case was stayed pending resolution of the International Trade Commission Proceeding, discussed below. Pursuant to the settlement, AMD and its customers will have a license for the Crawford '338 patent. A stipulation of dismissal was filed January 19, 1995 and all claims, counterclaims and defenses arising out of this action were dismissed with prejudice.

g. International Trade Commission Proceeding. The United States International Trade Commission Proceeding (the "ITC Proceeding") (Investigation No. 337-TA-352) was filed by Intel on May 7, 1993, against two respondents, Twinhead International and its U.S. subsidiary, Twinhead Corporation. Twinhead is a Taiwan-based manufacturer which is a customer of both AMD and Intel. Twinhead purchases microprocessors from AMD and Intel, and incorporates these microprocessors into computers sold by Twinhead. Intel claimed that the respondents induce computer end-users to infringe the Crawford '338 patent when the computers containing AMD microprocessors are used with multi-tasking software such as Windows, UNIX or OS/2. Intel was seeking a permanent exclusion order from entry into the United States of certain Twinhead personal computers and an order directing Twinhead to cease and desist from demonstrating, testing or otherwise using such computers in the United States. AMD intervened in the ITC Proceeding as a real party in interest. Pursuant to the settlement AMD and its customers will have a license under the Crawford '338 patent, which, insofar as AMD and its products are concerned, eliminates the basis on which Intel sought relief against the respondents in the ITC Proceeding.

3. In Re AMD Securities Litigation. Between September 8 and September 10, 1993, five class actions were filed, purportedly on behalf of purchasers of the Corporation's stock, alleging that the Corporation and various of its officers and directors violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. ((S))((S)) 78j(b) and 78t(a), respectively, and Rule 10b-5 promulgated thereunder, 17 C.F.R. ((S)) 240.10b-5, by issuing allegedly false and misleading statements about the Corporation's development of its 486SX personal computer microprocessor products, and the extent to which that development process included access to Intel's 386 microcode. Some or all of the complaints alleged that the Corporation's conduct also constituted fraud, negligent misrepresentations and violations of the California Corporations Code.

The class actions have been settled and dismissed with prejudice. The cost of the settlements was \$34 million, which was recorded in 1994.

4. George A. Bilunka, et al. v. Sanders, et al. (Case No. 93-20727JW, N.D. Cal.) On September 30, 1993, an AMD shareholder, George A. Bilunka, purported to commence an action derivatively on the Corporation's behalf against all of the Corporation's directors and certain of the Corporation's officers. The Corporation was named as a nominal defendant. This purported derivative action essentially alleged that the individual defendants breached their fiduciary duties to the Corporation by causing, or permitting, the Corporation to make allegedly false and misleading statements (described in

In re AMD Securities Litigation above) about the Corporation's development of

its 486SX personal computer microprocessor products, and the extent to which that development process included access to Intel's 386 microcode. This action alleged that a pre-suit demand on the Corporation's Board of Directors would have been futile because of alleged director involvement. Damages were sought against the individual defendants in an unspecified amount.

By order of the Court, this case was consolidated for settlement purposes with the securities class actions discussed above. The parties settled this case for \$2.25 million, payable to the Corporation by the Corporation's directors and officers liability insurance carrier net of legal fees of derivative plaintiff's counsel and other miscellaneous costs.

The net payment to the Corporation will be approximately \$1 million. The derivative action has been dismissed with prejudice.

5. SEC Investigation. The Securities and Exchange Commission ("SEC") has notified the Corporation that it is conducting an informal investigation of the Corporation regarding the Corporation's disclosures about the development of its Am486SX products. The investigation involves, among other things, the disclosures that were the subject of the securities class action and derivative suit described in Item 3, Numbers 3 and 4, above. The Corporation is cooperating fully with the SEC's requests for information. The investigation is, however, in a preliminary stage and no assurance can be given that the SEC will not bring an action against the Corporation or any of its employees. There can also be no assurance that any action taken by the SEC arising from its investigation will not have a significant adverse effect on the Corporation.

6. Other Matters. The Corporation is a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial condition or results of operations of the Corporation.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name - - - - -	Age ---	Position -----	Held Since -----
W. J. Sanders III	58	Chairman of the Board and Chief Executive Officer.	1969
Richard Previte	60	Director, President and Chief Operating Officer. Mr. Previte became Chief Operating Officer in 1989 and President in 1990. Mr. Previte was Chief Financial Officer and Treasurer from 1969 to 1989.	1989
Marvin D. Burkett	52	Senior Vice President, Chief Administrative Officer, Chief Financial Officer and Treasurer. Mr. Burkett was Controller from 1972 until 1989.	1989
Larry R. Carter*	51	Vice President and Corporate Controller. Mr. Carter was, from August 1989 until June 1992, Chief Financial Officer of VLSI Technology, Inc. and prior to that he was Vice President and Controller, MOS Group, at Motorola, Inc.	1992
Eugene D. Conner	51	Senior Vice President, Operations. Mr. Conner joined the Corporation in 1969, and was elected an executive officer in 1981.	1987
Stanley Winvick	55	Senior Vice President, Human Resources.	1980
Stephen J. Zelencik	60	Senior Vice President and Chief Marketing Executive. Mr. Zelencik joined the Corporation in 1970.	1979

Name - - - - -	Age ---	Position -----	Held Since -----
Thomas M. McCoy	44	Vice President, General Counsel and Secretary. Prior to joining the Corporation, Mr. McCoy was with the law firm of O'Melveny and Myers where he had been a partner since 1985.	1995

* Mr. Carter left the Corporation's employ following the end of the fiscal year.

There is no family relationship between any executive officers of the Corporation.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The information regarding market price range, dividend information and number of holders of Common Stock of AMD appearing under the caption "Supplemental Financial Data" on page 26 of the Corporation's 1994 Annual Report to Stockholders is incorporated herein by reference.

In February 1990, the Corporation adopted a shareholder rights plan. In accordance with this plan, the Corporation paid a dividend of one preferred stock purchase right on each outstanding share of Common Stock pursuant to a Rights Agreement. Each right entitles the registered holder to purchase from the Corporation one-thousandth of a share of Series A Junior Participating Preferred Stock, \$0.10 par value, for a price of \$65.00, subject to adjustment. The rights are redeemable by the Corporation and expire on December 31, 2000. At a meeting on February 16, 1995, the Board of Directors authorized and directed a committee of its members to cause the Corporation to redeem the preferred stock purchase rights at a time to be determined by the committee, subject to the right of the committee to request that the Board reconsider its action should a change in circumstances occur. No decision concerning the date of the planned redemption has been announced by the Corporation.

ITEM 6. SELECTED FINANCIAL DATA

The information regarding selected financial data for the fiscal years 1990 through 1994 under the caption "Financial Summary" on page 27 of the Corporation's 1994 Annual Report to Stockholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The information appearing under the caption "Management's Discussion and Analysis of Results of Operations and Financial Condition" on pages 7 through 10 of the Corporation's 1994 Annual Report to Stockholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AMD's consolidated financial statements at December 26, 1993, and December 25, 1994 and for each of the three fiscal years in the period ended December 25, 1994, and the report of independent auditors thereon, and the unaudited quarterly financial data of AMD for the two-year period ended December 25, 1994, on pages 11 through 26 of the Corporation's 1994 Annual Report to Stockholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information appearing at the end of Part I under the caption "Executive Officers of the Registrant" and under the captions "Proposal No. 1-Election of Directors" and "Compliance with Section 16(a) of the Securities Exchange Act of 1934" in the Corporation's Proxy Statement to be mailed to Stockholders on approximately March 31, 1995, is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under the paragraphs entitled "Directors Fees and Expenses" under the caption "Committees and Meetings of the Board of Directors," and the information under the captions "Executive Compensation" (not including the performance graph), "Material Compensation Agreements," "Change in Control Arrangements" and "Compensation Committee Interlocks and Insider Participation" in the Corporation's Proxy Statement to be mailed to Stockholders on approximately March 31, 1995, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information appearing under the captions "Principal Stockholders" and "Stock Ownership Table" in the Corporation's Proxy Statement to be mailed to Stockholders on approximately March 31, 1995 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information appearing under the caption "Transactions with Management" in the Corporation's Proxy Statement to be mailed to Stockholders on approximately March 31, 1995 is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)

1. FINANCIAL STATEMENTS

The financial statements listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedules Covered by Report of Independent Auditors are filed or incorporated by reference as part of this annual report. The following is a list of such Financial Statements:

	PAGE REFERENCES	
	FORM 10-K	1994 ANNUAL REPORT TO STOCKHOLDERS
Report of Ernst & Young LLP, Independent Auditors	--	25
Consolidated Statements of Income for each of the three fiscal years in the period ended December 25, 1994	--	11
Consolidated Balance Sheets at December 26, 1993 and December 25, 1994	--	12
Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended December 25, 1994	--	13
Notes to consolidated financial statements	--	14
Supplementary financial data: Fiscal years 1993 and 1994 by quarter (unaudited)	--	26

2. FINANCIAL STATEMENT SCHEDULES

The financial statement schedules listed in the accompanying Index to Consolidated Financial Statements and Financial Statement Schedules Covered by Reports of Independent Auditors are filed or incorporated by reference as part of this annual report. The following is a list of such Financial Statement Schedules:

	PAGE REFERENCES	
	FORM 10-K	1994 ANNUAL REPORT TO STOCKHOLDERS
VIII Valuation and qualifying accounts	F-3	--

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or notes thereto. With the exception of the information incorporated by reference into Parts I, II and IV of this Form 10-K, the 1994 Annual Report to Stockholders is not to be deemed filed as part of this report.

3. EXHIBITS

The exhibits listed in the accompanying Index to Exhibits are filed or incorporated by reference as part of this annual report. The following is a list of such Exhibits:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Corporation's Annual Report on Form 10-K for the fiscal period ended December 27, 1987, is hereby incorporated by reference.
3.2	Certificate of Designations for Convertible Exchangeable Preferred Shares, filed as Exhibit 3.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 27, 1987, is hereby incorporated by reference.
3.3	Certificate of Designations for Series A Junior Participating Preferred Stock, filed as Exhibit 3.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
3.4	By-Laws, as amended, filed as Exhibit 4.5 to the Corporation's Registration Statement on Form S-3 (Registration No. 33-57653), are hereby incorporated by reference.
4.1	Deposit Agreement with respect to the \$30 Convertible Exchangeable Preferred Shares, filed as Exhibit 4.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 29, 1987, is hereby incorporated by reference.
4.2	Indenture with respect to the 6% Convertible Subordinated Debentures due in 2012, filed as Exhibit 4.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 29, 1987, is hereby incorporated by reference.
4.3	The Corporation hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to long-term debt of the Corporation or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis.
4.4	Rights Agreement between the Corporation and Bank of America N.T. & S.A., filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K dated February 7, 1990, is hereby incorporated by reference.
*10.1	AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.2	AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
*10.3	AMD 1992 Stock Incentive Plan, as amended, filed as Exhibit 10.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.4	AMD 1980 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.5	AMD 1986 Stock Appreciation Rights Plan, as amended, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.6	MMI 1975 Stock Option Plan, as amended, filed as Exhibit 10.6 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.7	MMI 1981 Incentive Stock Option Plan, as amended, filed as Exhibit 10.7 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.8	Forms of Stock Option Agreements, filed as Exhibit 10.8 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.9	Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to the Corporation's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.
*10.10	AMD 1987 Restricted Stock Award Plan, as amended, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.11	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.12	Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
*10.13(a)	Employment Agreement dated July 1, 1991, between the Corporation and W. J. Sanders III, filed as Exhibit 10.1 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
*10.13(b)	Amendment dated August 27, 1991, to Employment Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.2 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
*10.14	Management Continuity Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.14 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.15	Bonus Agreement between the Corporation and Richard Previte, filed as Exhibit 10.15 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.16	Executive Bonus Plan, as amended.
*10.17(a)	Bonus Agreement between the Corporation and Anthony B. Holbrook, filed as Exhibit 10.17 for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
*10.17(b)	Letter Agreement between the Corporation and Anthony B. Holbrook dated August 24, 1994.
*10.18	Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
*10.19	Form of Executive Deferral Agreement, filed as Exhibit 10.17 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.20	Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
10.21	License Agreement with Western Electric Company, Incorporated, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended 1979, is hereby incorporated by reference.
10.22	Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
10.23	Award of Arbitrator in Case No. 626879 between the Corporation and Intel Corporation, filed as Exhibit 28.2 on Form 8-K dated February 24, 1992, is hereby incorporated by reference.
*10.24	Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
10.25	Agreement and Plan of Reorganization between Monolithic Memories Inc., the Corporation and Advanced Micro Devices Merger Corporation, filed as Annex A to the Corporation's Amendment No. 1 to Registration Statement on Form S-4 (No. 33-15015), dated June 25, 1987, is hereby incorporated by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
*10.26	Form of Management Continuity Agreement, filed as Exhibit 10.25 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
**10.27(a)	Joint Venture Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(a) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(b)	Technology Cross-License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(b) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(c)	AMD Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(c) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(d)	Fujitsu Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(d) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(e)	Joint Venture License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(e) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(f)	Joint Development Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(f) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
10.28	Credit Agreement dated as of September 21, 1994, among the Corporation, Bank of America National Trust and Savings Association as Agent, The First National Bank of Boston as Co-Agent, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended September 25, 1994, is hereby incorporated by reference.
10.29(a)	Amended and Restated Guaranty dated as of December 17, 1993, by the Corporation in favor of CIBC Inc.
10.29(b)	First Amendment to Amended and Restated Guaranty, dated September 21, 1994, by and between the Corporation and CIBC Inc.
10.29(c)	Building Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
10.29(d)	First Amendment to Building Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(e)	Second Amendment to Building Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd.
10.29(f)	Land Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(d) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(g)	First Amendment to Land Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(h)	Second Amendment to Land Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd.
*10.30	Executive Savings Plan, as amended.
*10.31	Form of Split Dollar Agreement, as amended.
*10.32	Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.33	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
*10.34	1992 United Kingdom Share Option Scheme, filed as Exhibit 4.2 to the Corporation's Registration on Form S-8 (No. 33-46577), is hereby incorporated by reference.
***10.35	Compaq Computer Corporation/AMD, Inc. Agreement.
***10.36	Foundry Agreement between the Corporation and Digital Equipment Corporation.
***10.37	Foundry Agreement between the Corporation and Taiwan Semiconductor Manufacturing Corporation, Ltd.
*10.38	Form of Indemnification Agreements with current officers and directors of the Corporation.
10.39	Term Loan Agreement dated as of January 5, 1995, among the Corporation, ABN AMRO Bank, N.V. as Administrative Agent, and ABN AMRO Bank N.V. and CIBC Inc., as Co-Arrangers.
11	Statement re computation of per share earnings.

EXHIBIT NUMBER	DESCRIPTION OF EXHIBITS
13.	Selected portions of 1994 Annual Report to Stockholders, which has been incorporated by reference into Parts I, II and IV of this annual report. To the extent filed, refer to the front page hereinabove.
21.	List of AMD subsidiaries.
23.	Consent of Ernst & Young LLP, Independent Auditors, refer to page F-2 herein.
24.	Power of Attorney.
27.1	Financial Data Schedule
99.1	Findings of Fact and Conclusions of Law following "ICE" module of trial dated October 7, 1994, in Intel v. AMD, Inc., Case No. C-93-20301 PVT United States District Court, Northern District of California, San Jose Division, filed as Exhibit 99.1 to the Corporation's Quarterly Report in Form 10-Q, for the period ended September 25, 1994, is hereby incorporated by reference.
99.2	Stipulated Preliminary Injunction dated October 31, 1994, in Intel Corporation v. AMD, Inc., Case No. C-93-20301 PVT United States District Court, Northern District of California, San Jose Division, filed as Exhibit 99.2 to the Corporation's Quarterly Report on Form 10-Q, for the period ended September 25, 1994, is hereby incorporated by reference.

The Corporation will furnish a copy of any exhibit on request and payment of the Corporation's reasonable expenses of furnishing such exhibit.

* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

** Confidential treatment has been granted as to certain portions of these Exhibits.

*** Confidential treatment has been requested as to certain portions of these Exhibits.

(B) REPORTS ON FORM 8-K.

1. A current Report on Form 8-K dated December 30, 1994, was filed announcing developments in the AMD/Intel Technology Agreement Arbitration, the settlement of the AMD/Intel Litigations, and the restatement of earnings.

2. A current Report on Form 8-K dated February 10, 1995, was filed announcing that the Convertible Exchangeable Preferred Stock of the Corporation was called for redemption.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANCED MICRO DEVICES, INC.
Registrant

March 3, 1995

By:/s/ Marvin D. Burkett
Marvin D. Burkett
Senior Vice President, Chief
Administrative Officer; Chief
Financial Officer and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/W. J. SANDERS III* (W. J. Sanders III)	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 3, 1995
/s/ANTHONY B. HOLBROOK* (Anthony B. Holbrook)	Vice Chairman of the Board	March 3, 1995
/s/RICHARD PREVITE* (Richard Previte)	Director, President and Chief Operating Officer	March 3, 1995
/s/FRIEDRICH BAUR* (Friedrich Baur)	Director	March 3, 1995
/s/CHARLES M. BLALACK* (Charles M. Blalack)	Director	March 3, 1995
/s/R. GENE BROWN* (R. Gene Brown)	Director	March 3, 1995
/s/JOE L. ROBY* (Joe L. Roby)	Director	March 3, 1995
/s/LEONARD SILVERMAN* (Leonard Silverman)	Director	March 3, 1995
/s/MARVIN D. BURKETT (Marvin D. Burkett)	Senior Vice President, Chief Administrative Officer; Chief Financial Officer and Treasurer (Principal Accounting and Financial Officer)	March 3, 1995

* By:/s/MARVIN D. BURKETT
(Marvin D. Burkett, Attorney-in-Fact)

ADVANCED MICRO DEVICES, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES
COVERED BY REPORTS OF INDEPENDENT AUDITORS

ITEM 14(a) (1) AND (2)

The information under the following captions, which is included in the Corporation's 1994 Annual Report to Stockholders, a copy of which is attached hereto as Exhibit 13, is incorporated herein by reference:

	PAGE REFERENCES	
	FORM 10-K	1994 ANNUAL REPORT TO STOCKHOLDERS
Report of Ernst & Young LLP, Independent Auditors	--	25
Consolidated Statements of Income for each of the three fiscal years in the period ended December 25, 1994	--	11
Consolidated Balance Sheets at December 26, 1993 and December 25, 1994	--	12
Consolidated Statements of Cash Flows for each of the three fiscal years in the period ended December 25, 1994	--	13
Notes to consolidated financial statements	--	14
Supplementary financial data: Fiscal years 1993 and 1994 by quarter (unaudited)	--	26
Schedules for each of the three fiscal years in the period ended December 25, 1994: VIII Valuation and qualifying accounts	F-3	--

All other schedules have been omitted since the required information is not present or is not present in amounts sufficient to require submission of the schedules, or because the information required is included in the consolidated financial statements or notes thereto. With the exception of the information incorporated by reference into Parts I, II and IV of this Form 10-K, the 1994 Annual Report to Stockholders is not to be deemed filed as part of this report.

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc. of our report dated January 5, 1995, except for the first paragraph of Note 14, as to which the date is January 11, 1995; the fourth paragraph of Note 5, as to which the date is February 10, 1995; and the fourth paragraph of Note 6, as to which the date is February 16, 1995, included in the 1994 Annual Report to Stockholders of Advanced Micro Devices, Inc.

Our audits also included the financial statement schedule of Advanced Micro Devices, Inc. listed in Item 14(a). This schedule is the responsibility of the Corporation's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 33-12011) pertaining to Depositary Convertible Exchangeable Preferred Shares, in the Registration Statement on Form S-4 (No. 33-15015) pertaining to shares issued in connection with the acquisition of Monolithic Memories, Inc. (MMI), in the Registration Statement on Form S-8 (No. 33-16060) pertaining to options granted under the MMI stock option plans, in the Registration Statement on Form S-8 (No. 33-16095) pertaining to the 1987 Restricted Stock Award Plan of Advanced Micro Devices, Inc., in the Registration Statement on Form S-8 (No. 33-39747) pertaining to the 1991 Stock Purchase Plan of Advanced Micro Devices, Inc., in the Registration Statements on Form S-8 (Nos. 2-70376, 2-80148, 2-93392, 33-10319, 33-26266, 33-36596 and 33-46578) pertaining to the Stock Option and Stock Appreciation Rights Plans of the Corporation, in the Registration Statements on Form S-8 (Nos. 33-46577 and 33-55107) pertaining to the 1992 Stock Incentive Plan of Advanced Micro Devices, Inc., in the Registration Statement on Form S-3 (No. 33-52943) pertaining to up to \$400,000,000 in the aggregate of debt securities, preferred stock, depositary shares evidencing fractions of preferred shares, common stock and warrants to purchase common stock and in the Registration Statement on Form S-3 (No. 33-57653) pertaining to the call for redemption of its Convertible Exchangeable Preferred Stock and in the related prospectuses, of our report dated January 5, 1995, except for the first paragraph of Note 14, as to which the date is January 11, 1995; the fourth paragraph of Note 5, as to which the date is February 10, 1995; and the fourth paragraph of Note 6, as to which the date is February 16, 1995, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the consolidated financial statement schedule included in this Annual Report (Form 10-K) of Advanced Micro Devices, Inc.

ERNST & YOUNG LLP

March 6, 1995
San Jose, California

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ADVANCED MICRO DEVICES, INC.

VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 27, 1992, December 26, 1993 and December 25, 1994
(Thousands)

	Balance Beginning of Period -----	Additions Charged (Reductions Credited) to Operations -----	Deductions (1) -----	Balance End of Period -----
Allowance for doubtful accounts:				
Years ended:				
December 27, 1992	\$6,487	\$ 986	\$(794)	\$ 6,679
December 26, 1993	6,679	1,540	(727)	7,492
December 25, 1994	7,492	3,723	(896)	10,319
- - -----				

(1) Accounts (written off) recovered, net.

ADVANCED MICRO DEVICES, INC.

INDEX TO EXHIBITS
(ITEM 14(a)(3))

Exhibit Number - - - - -	Description -----
3.1	Certificate of Incorporation, as amended, filed as Exhibit 3.1 to the Corporation's Annual Report on Form 10-K for the fiscal period ended December 27, 1987, is hereby incorporated by reference.
3.2	Certificate of Designations for Convertible Exchangeable Preferred Shares, filed as Exhibit 3.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 27, 1987, is hereby incorporated by reference.
3.3	Certificate of Designations for Series A Junior Participating Preferred Stock, filed as Exhibit 3.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
3.4	By-Laws, as amended, filed as Exhibit 4.5 to the Corporation's Registration Statement on Form S-3 (Registration No. 33-57653), are hereby incorporated by reference.
4.1	Deposit Agreement with respect to the \$30 Convertible Exchangeable Preferred Shares, filed as Exhibit 4.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 29, 1987, is hereby incorporated by reference.
4.2	Indenture with respect to the 6% Convertible Subordinated Debentures due in 2012, filed as Exhibit 4.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 29, 1987, is hereby incorporated by reference.
4.3	The Corporation hereby agrees to file on request of the Commission a copy of all instruments not otherwise filed with respect to long-term debt of the Corporation or any of its subsidiaries for which the total amount of securities authorized under such instruments does not exceed 10% of the total assets of the Corporation and its subsidiaries on a consolidated basis.
4.4	Rights Agreement between the Corporation and Bank of America N.T. & S.A., filed as Exhibit 4.1 to the Corporation's Current Report on Form 8-K dated February 7, 1990, is hereby incorporated by reference.
*10.1	AMD 1982 Stock Option Plan, as amended, filed as Exhibit 10.1 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.2	AMD 1986 Stock Option Plan, as amended, filed as Exhibit 10.2 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.

Exhibit Number -----	Description -----
*10.3	AMD 1992 Stock Incentive Plan, as amended , filed as Exhibit 10.3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.4	AMD 1980 Stock Appreciation Rights Plan, as amended , filed as Exhibit 10.4 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.5	AMD 1986 Stock Appreciation Rights Plan , filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.6	MMI 1975 Stock Option Plan, as amended, filed as Exhibit 10.6 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.7	MMI 1981 Incentive Stock Option Plan, as amended , filed as Exhibit 10.7 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.8	Forms of Stock Option Agreements, filed as Exhibit 10.8 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
*10.9	Form of Limited Stock Appreciation Rights Agreement, filed as Exhibit 4.11 to the Corporation's Registration Statement on Form S-8 (No. 33-26266), is hereby incorporated by reference.
*10.10	AMD 1987 Restricted Stock Award Plan, as amended , filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.11	Forms of Restricted Stock Agreements, filed as Exhibit 10.11 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.12	Resolution of Board of Directors on September 9, 1981, regarding acceleration of vesting of all outstanding stock options and associated limited stock appreciation rights held by officers under certain circumstances, filed as Exhibit 10.10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 1985, is hereby incorporated by reference.
*10.13(a)	Employment Agreement dated July 1, 1991, between the Corporation and W. J. Sanders III, filed as Exhibit 10.1 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.
*10.13(b)	Amendment dated August 27, 1991, to Employment Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.2 to the Corporation's Form 8-K dated September 3, 1991, is hereby incorporated by reference.

Exhibit Number -----	Description -----
*10.14	Management Continuity Agreement between the Corporation and W. J. Sanders III, filed as Exhibit 10.14 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference .
*10.15	Bonus Agreement between the Corporation and Richard Previte, filed as Exhibit 10.15 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
*10.16	Executive Bonus Plan, as amended.
*10.17(a)	Bonus Agreement between the Corporation and Anthony B. Holbrook, filed as Exhibit 10.17 for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
*10.17(b)	Letter Agreement between the Corporation and Anthony B. Holbrook dated August 24, 1994.
*10.18	Form of Bonus Deferral Agreement, filed as Exhibit 10.12 to the Corporation's Annual Report on Form 10-K for the fiscal year ended March 30, 1986, is hereby incorporated by reference.
*10.19	Form of Executive Deferral Agreement, filed as Exhibit 10.17 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.20	Director Deferral Agreement of R. Gene Brown, filed as Exhibit 10.18 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1989, is hereby incorporated by reference.
*10.21	License Agreement with Western Electric Company, Incorporated, filed as Exhibit 10.5 to the Corporation's Annual Report on Form 10-K for fiscal the year ended 1979, is hereby incorporated by reference.
10.22	Intellectual Property Agreements with Intel Corporation, filed as Exhibit 10.21 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, are hereby incorporated by reference.
10.23	Award of Arbitrator in Case No. 626879 between the Corporation and Intel Corporation, filed as Exhibit 28.2 on Form 8-K dated February 24, 1992, is hereby incorporated by reference.
*10.24	Form of Indemnification Agreements with former officers of Monolithic Memories, Inc., filed as Exhibit 10.22 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1987, is hereby incorporated by reference.
10.25	Agreement and Plan of Reorganization between Monolithic Memories Inc., the Corporation and Advanced Micro Devices Merger Corporation, filed as Annex A to the Corporation's Amendment No. 1 to Registration Statement on Form S-4 (No. 33-15015), dated June 25, 1987, is hereby incorporated by reference.

Exhibit Number -----	Description -----
*10.26	Form of Management Continuity Agreement, filed as Exhibit 10.25 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 29, 1991, is hereby incorporated by reference.
**10.27(a)	Joint Venture Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(a) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(b)	Technology Cross-License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(b) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(c)	AMD Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(c) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(d)	Fujitsu Investment Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(d) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(e)	Joint Venture License Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(e) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
**10.27(f)	Joint Development Agreement between the Corporation and Fujitsu Limited, filed as Exhibit 10.27(f) to the Corporation's Amendment No. 1 to its Annual Report on Form 10K/A for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
10.28	Credit Agreement dated as of September 21, 1994, among the Corporation, Bank of America National Trust and Savings Association as Agent, The First National Bank of Boston as Co-Agent, filed as Exhibit 10.1 to the Corporation's Quarterly Report on Form 10-Q for the period ended September 25, 1994, is hereby incorporated by reference.
10.29(a)	Amended and Restated Guaranty dated as of December 17, 1993, by the Corporation, in favor of CIBC Inc.
10.29(b)	First Amendment to Amended and Restated Guaranty, dated September 21, 1994, by and between the Corporation and CIBC Inc.
10.29(c)	Building Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(b) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.

Exhibit Number -----	Description -----
10.29(d)	First Amendment to Building Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(c) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(e)	Second Amendment to Building Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd.
10.29(f)	Land Lease by and between CIBC Inc. and AMD International Sales & Service, Ltd. dated as of September 22, 1992, filed as Exhibit 10.28(d) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(g)	First Amendment to Land Lease dated December 22, 1992, by and between CIBC Inc. and AMD International Sales & Service, Ltd., filed as Exhibit 10.28(e) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, is hereby incorporated by reference.
10.29(h)	Second Amendment to Land Lease dated December 17, 1993, by and between CIBC Inc. and AMD International Sales & Service, Ltd.
*10.30	Executive Savings Plan, as amended.
*10.31	Form of Split Dollar Agreement, as amended.
*10.32	Form of Collateral Security Assignment Agreement, filed as Exhibit 10.32 to the Corporation's Annual Report on Form 10K for the fiscal year ended December 26, 1993, is hereby incorporated by reference.
*10.33	Forms of Stock Option Agreements to the 1992 Stock Incentive Plan, filed as Exhibit 4.3 to the Corporation's Registration Statement on Form S-8 (No. 33-46577), is hereby incorporated by reference.
*10.34	1992 United Kingdom Share Option Scheme, Filed as Exhibit 4.2 to the Corporation's Registration on Form S-8 (No. 33-46577), is hereby incorporated by reference.
***10.35	Compaq Computer Corporation/AMD, Inc. Agreement.
***10.36	Foundry Agreement between the Corporation and Digital Equipment Corporation.
***10.37	Foundry Agreement between the Corporation and Taiwan Semiconductor Manufacturing Corporation, Ltd.
*10.38	Form of Indemnification Agreements with current officers and directors of the Corporation.
10.39	Term Loan Agreement dated as of January 5, 1995, among the Corporation, ABN AMRO Bank N.V. as Administrative Agent, and ABN AMRO Bank N.V. and CIBC, Inc. as Co-Arrangers.
11.	Statement re computation of per share earnings.

Exhibit Number	Description
13.	Selected portions of 1994 Annual Report to Stockholders which has been incorporated by reference into Parts I, II and IV of this annual report. To the extent filed, refer to the front page hereinabove.
21.	List of AMD subsidiaries.
23.	Consent of Ernst & Young LLP, Independent Auditors, refer to page F-2 hereinabove.
24.	Power of Attorney.
27.1	Financial Data Schedule
99.1	Findings of Fact and Conclusions of Law following "ICE" module of trial dated October 7, 1994, in Intel v. AMD, Inc., Case No. C-93-20301 PVT United States District Court, Northern District of California, San Jose Division, filed as Exhibit 99.1 to the Corporation's Quarterly Report in Form 10-Q, for the period ended September 25, 1994, is hereby incorporated by reference.
99.2	Stipulated Preliminary Injunction dated October 31, 1994, in Intel Corporation v. AMD, Inc., Case No. C-93-20301 PVT United States District Court, Northern District of California, San Jose Division, filed as Exhibit 99.2 to the Corporation's Quarterly Report on Form 10-Q, for the period ended September 25, 1994, is hereby incorporated by reference.

The Corporation will furnish a copy of any exhibit on request and payment of the Corporation's reasonable expenses of furnishing such exhibit.

* Management contracts and compensatory plans or arrangements required to be filed as an Exhibit to comply with Item 14(a)(3).

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EXHIBIT 10.16

ADVANCED MICRO DEVICES, INC.

EXECUTIVE BONUS PLAN

Personal and Confidential

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VI. EBP Administration_____	8
VII. Financial Terms Explained_____	9

AMD EXECUTIVE BONUS PLAN

I. PURPOSE

The Executive Bonus Program (EBP) provides an incentive for AMD's Vice Presidents and the Officer Staff to maximize short- and long-term financial and sales performance.

II. OVERVIEW

- o The EBP has two separate elements: the Short-Term Performance Plan (STPP) which provides an annual incentive, and the Long-Term Performance Plan (LTPP) which rewards sustained Corporate performance over a three-year period.
- o The STPP motivates participants to exceed Corporate Operating Income and selected Division objectives. Executives are assigned to different tiers of the STPP (with varying award targets and maximums) depending upon their roles.
- o The LTPP measures AMD's 3-year performance on Return on Equity (ROE) and sales growth relative to the external marketplace.
- o Expressed as percents of base salary, target and maximum awards for the EBP are as follows:

PLAN ELEMENT	PERFORMANCE MEASURE	TARGET AWARD (% OF BASE)	MAXIMUM AWARD (% OF BASE)
STPP	Corporate Operating Income, Division Measures (may vary)	40% - 50%	80% -100%
LTPP	3 Year Relative ROE & Sales Growth	30%	60%
Total EBP		70% - 80%	140% - 160%

- o Calculations of STPP bonuses use the participant's annualized base salary as of December 31 of the plan year. For LTPP bonuses, the participant's annualized base salary as of December 31 of Plan Year 3 is used. The base salary amount is modified subject to the proration provisions as described in section VI., EBP Administration.

- o The EBP is funded by a maximum of 3 percent of AMD's reported Operating Income.

III. SHORT TERM PERFORMANCE PLAN (STPP)

The STPP bonus is earned by achieving specific levels of Corporate performance against reported Operating Income. In addition, a portion of the STPP is based on the achievement of Division performance objectives as established by the Office of the CEO.

STPP awards vary depending on actual performance against planned Operating Income and Division objectives. Target awards are earned when planned objectives are achieved. If Operating Income and Division performance objectives are exceeded, then awards up to the maximum may be earned. Conversely, in poor performance years, STPP payouts will be greatly reduced or eliminated.

STPP PLAN PARAMETERS:

- o The Corporate portion makes up a minimum of 80% of the STPP payout, while the Division portion comprises no more than 20% of the STPP payout.
- o For any payout to occur on the Corporate portion of the STPP, the current year's actual Operating Income must be greater than 25% of the prior year's reported Operating Income (the "threshold"), and in no case be less than \$0. The Office of the CEO retains discretion on payouts of the Division performance portion of the STPP.

=====

A. STPP CORPORATE PERFORMANCE CALCULATION:

First a target multiplier (ranging from 0 to 2) is calculated based on actual Operating Income against planned Operating Income.

Then the actual STPP bonus amount for the Corporate portion of the plan is calculated as follows:

Target Multiplier x Target % x Base Salary = STPP Corporate Bonus Award

Awards for the Corporate portion of the STPP are earned as follows:

- o When actual Operating Income is equal to planned Operating Income, the target award is generated.
- o When actual Operating Income is 125% or more than planned Operating Income, the maximum award is generated.
- o When actual Operating Income is less than the threshold (or \$0), no bonus is generated.

The annual STPP threshold, Operating Income goal, and target multiplier formulas are generated and communicated to the participants each year.

B. STPP DIVISION PERFORMANCE CALCULATION

The Division performance objectives are determined annually by the appropriate member of the Office of the CEO. The target and maximum payout amounts for the Division performance portion will not exceed 20% of the total STPP bonus.

Specifics of the Division portion are communicated to participants each year, along with the objectives for the Corporate portion of the STPP.

=====
 IV. LONG-TERM PERFORMANCE PLAN (LTPP)

The LTPP has a target bonus of 30% of base salary and a maximum opportunity of 60% for all participants. It is based on sustained Corporate performance on both financial and sales growth measures relative to AMD's competitive marketplace over a rolling three-year period.

The actual LTPP bonus as a percent of salary is the product of two multipliers (the Financial Performance Multiplier and the Sales Performance Multiplier) times the 30% target payout. The multipliers are derived from a Financial Performance Delta and a Sales Performance Delta, both representing comparisons against the external marketplace. Their derivations are described as follows:

- A. Financial Performance Delta is the difference between AMD's Return on Equity, ROE (AMD), over a three-year period and the three-year average Return on Equity for the Standard and Poor's 500, ROE (S&P), for the same period.

The Financial Performance Delta is calculated as follows:

$$3\text{-Year ROE (AMD)} - 3\text{-Year ROE (S\&P)} = \text{Financial Performance Delta}$$

Three-year ROE (AMD) is calculated by dividing AMD's total Net Income (N.I.) earned over the three-year period (Year 1 through Year 3) by the sum of AMD's average annual Shareholders' Equity (S.E.) over the same period. Average annual S.E. is the simple average of the year-beginning and year-ending S.E.

Three-year ROE (S&P) is calculated by averaging ROE reported for the S&P 500 for the period (Year 1 through Year 3):

$$3\text{-Year ROE (S\&P)} = \frac{\text{ROE Year 1} + \text{ROE Year 2} + \text{ROE Year 3}}{3}$$

=====

The Financial Performance Multiplier is derived from the equations shown below.

Equations

If:	delta is less than -6.0	Then multiplier	= 0
	-6.0 is less than delta and less than or equal to 6.0		= 0.1667 x delta + 1
	delta is greater than 6.0		= 2

B. Sales Performance Delta is the difference between AMD's three-year sales growth and the three-year semiconductor industry sales growth, as published by Worldwide Semiconductor Trade Statistics (WSTS). Three-year Sales Growth for both AMD and the semiconductor industry is determined as follows:

$$\text{3-Year Sales Growth} = \frac{\text{Year 3 Sales} - \text{Year 0 Sales}}{\text{Year 0 Sales}} \times 100$$

The percentage point difference (Sales Performance Delta) between AMD Sales Growth and WSTS Sales Growth is then computed.

When the Delta is known, the Sales Performance Multiplier is then determined using the following equations.

Equations

If:	delta is less than or equal to -30.0	Then multiplier	= 0
	-30.0 is less than delta and less than or equal to 0.0		= 0.0333 x delta + 1
	0.0 is less than delta and less than or equal to 20.0		= 0.05 x delta + 1
	delta is greater than 20.0		= 2

C. The Total LTPP Bonus as a percent of salary is calculated as follows:

$$\text{Financial Performance Multiplier} \times \text{Sales Performance Multiplier} \times \text{Target Percent} = \text{LTPP Bonus as a Percent of Salary}$$

V. TIMING OF PAYOUTS

All awards earned under the STPP and LTPP are paid out by the end of Q1, following the close of the fiscal year.

VI. EBP ADMINISTRATION

- o For the STPP, individuals who participate for less than the full plan year (fiscal year) have their awards prorated to reflect their actual participation period. For the LTPP, executives with less than one year of participation are ineligible to receive an award. During subsequent fiscal years, LTPP awards are prorated based on the actual number of fiscal months in the plan relative to 36 months of participation, subject to the provision below.
- o Participants must be full-time, active employees at the time of the bonus distribution to qualify for a bonus award. In case of retirement, death, or disability, award amounts are prorated for the fiscal year only if participants were on active employment status for less than six months. If participants were on active status for six months or more, they receive the payout for the whole year.
- o The EBP is funded by no more than 3 percent of reported Operating Income. If the calculated EBP payouts exceed that figure, awards are adjusted downward to stay within this funding limit.
- o There is no vested entitlement to any bonuses as described above. Payment of any bonuses are made at the sole discretion of the Office of the CEO.
- o AMD reserves the right to modify or terminate the plan or participation of any individual at its sole discretion.

=====

VII. FINANCIAL TERMS EXPLAINED

- o Reported Operating Income is total Operating Income as reported on external financial statements.
- o Return on Equity (ROE) is calculated by dividing Net Income for the period by average Shareholders' Equity (i.e., the average of the fiscal year's beginning and ending Shareholders' Equity). For the purposes of the LTTP, ROE for AMD will be calculated over a three-year period as described in Section IV. A.

"Net Income" is income after all expenses, including those not shown on the internal (product line) P&L. Expenses shown on the P&L are operating expenses (the costs of operating the business), interest expenses (the costs of financing the business), and income taxes. Besides these P&L expenses, profit sharing, bonus accruals, and foreign exchange gain/loss expenses are included in the calculation of Net Income. Thus, reported Net Income is income that is available to shareholders, which the company can pay out in dividends or reinvest on their behalf. The denominator, Shareholder Equity, is the book value of the shareholders' investment in the company.
- o The Standard and Poor's 500 (S&P 500) is a composite of 500 companies chosen by Standard and Poor's Corporation because they tend to be leaders in important industries within the U.S. economy. It consists of 400 industrial, 40 financial, 40 public utilities, and 20 transportation companies. In addition to being used to measure AMD's Financial performance for the LTTP, the S&P 500 is the comparator group used in analyzing AMD's performance in the annual report and proxy statement.
- o Worldwide Semiconductor Trade Statistics (WSTS), Inc. collects, consolidates and publishes data (such as shipments and bookings) on a monthly basis from the vast majority of semiconductor companies worldwide. WSTS data are widely accepted benchmarks for performance throughout the industry. The data used for EBP purposes are worldwide semiconductor sales figures.

August 24, 1994

Mr. Anthony B. Holbrook
41 Hollins Drive
Santa Cruz, California 95060

Dear Tony:

Although we regret your decision to resign as an executive officer of AMD, we are very pleased that you will be available to continue to work with AMD on a part-time basis. The following will formalize the arrangements you have proposed in your letter to Jerry, and issues we discussed in our recent conversation.

- 1) You will remain a full-time AMD employee through August 26, 1994.
- 2) From August 27, 1994 through July 31, 1995, you will be a regular, part-time employee of AMD, during which you will devote up to 35 hours per month to the activities described in this agreement. In the second quarter of 1995, we will discuss extension of this agreement.
- 3) During the period from August 27, 1994 through July 31, 1995, you will oversee the K-series program by formally reviewing development status every 45 to 60 days and informally monitoring events more frequently. At the request of individual members of senior management, you will advise on matters such as product and market development strategies, technology plans, business plans, and new business ventures. You will be available to attend meetings such as division strategy reviews, PDPs, and TDPs as requested.
- 4) While you remain as a part-time employee under this agreement, you will be compensated at a bi-weekly rate of \$5,592, beginning August 27, 1994. All business expenses will be reimbursed as usual, and all applicable federal and state taxes will be deducted.
- 5) AMD will provide an office and secretarial support.
- 6) Certain benefits, including medical, dental and life insurance benefits, will end on August 31, 1994. Under COBRA, you will be entitled to continued medical and dental coverage at your sole expense. Benefits under the Executive long-term disability plan, the Executive Savings plan, and the stock purchase plan end on your last day of full-time employment, August 26, 1994. As a regular, part-time employee, you will continue to vest in any unvested stock options, and will be eligible for Cash Profit Sharing, Deferred Profit Sharing, and the 401(k) Plan.

- 7) You will be eligible to receive payment of your 1994 Chief Technical Officer bonus at the time it is regularly paid.
- 8) You will be entitled to retain the use of an AMD vehicle under the terms and conditions of AMD Car Plan A from August 27, 1994 through July 31, 1995, subject to the following conditions: (i) all fuel costs will be paid by you; and (ii) you will be reimbursed up to a total of \$2,000 for routine maintenance and normal repair during this period upon presentation of appropriate documentation. If a maintenance or repair problem in excess of \$2,000 arises, you will advise AMD and seek prior approval for reimbursement from the Chief Financial Officer.
- 9) All of the company's policies and programs, including policies concerning trading in AMD stock and the protection and ownership of intellectual property, will continue to apply to you, and where applicable will extend beyond termination of employment.

If the above meets with your approval, please sign the enclosed copy and return it to me.

Sincerely,

/s/ Stanley Winvick

Stanley Winvick
Senior Vice President, Human Resources

Accepted and Agreed:

/s/ Anthony B. Holbrook

Anthony B. Holbrook

cc: Jerry Sanders

SW:JWS/kar

AMENDED AND RESTATED GUARANTY

dated as of December 17, 1993

by

ADVANCED MICRO DEVICES, INC.

in favor of

CIBC INC.

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AMENDED AND RESTATED GUARANTY

THIS AMENDED AND RESTATED GUARANTY, dated as of December 17, 1993 (as from time to time amended, supplemented, amended and restated or otherwise modified, this "Guaranty"), made by ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Guarantor"), in favor of CIBC INC., a Delaware corporation ("Lessor").

W I T N E S S E T H:

WHEREAS, pursuant to a Land Lease dated as of September 22, 1992, as amended by that certain First Amendment to Land Lease dated December 22, 1992 (the "Original Land Lease") between AMD International Sales & Service, Ltd., a Delaware corporation (the "Lessee") and Lessor, Lessor leased to Lessee the land (the "Land") described at Schedule I hereto;

WHEREAS, pursuant to a Building Lease, dated as of September 22, 1992, as amended by that certain First Amendment to Building Lease dated December 22, 1992 (the "Original Building Lease"), between Lessee and Lessor, Lessor leased to Lessee the building and improvements located on the Land, all as more specifically described in the Original Building Lease;

WHEREAS, pursuant to a Construction Consent Agreement between Lessor and Lessee dated December 22, 1992 Lessor consented to Lessee making certain Renovations (as defined below) to the Property;

WHEREAS, as a condition precedent to Lessor entering into the Original Land Lease and the Original Building Lease, the Guarantor executed and delivered a Guaranty dated as of September 22, 1992, which Guaranty was amended and restated by that certain Amended and Restated Guaranty dated as of January 4, 1993 (collectively, the "Original Guaranty");

WHEREAS, Lessor and Lessee are entering into a Second Amendment to Land Lease dated as of the date hereof (the "Land Lease Amendment") which will amend the Original Land Lease to incorporate certain changes and modifications which have been agreed to by the parties;

WHEREAS, Lessor and Lessee also are entering into a Second Amendment to Building Lease dated as of the date hereof (the "Building Lease Amendment") which will amend the Original Building Lease to (i) provide that Lessor will fund certain of the Renovations, and (ii) make certain other changes and modifications which have been agreed to by the parties;

WHEREAS, Guarantor has acknowledged that the changes, modifications, additions and fundings reflected in the Land Lease

Amendment and Building Lease Amendment will substantially benefit both Lessee and Guarantor;

WHEREAS, as a condition to Lessor entering into the Land Lease Amendment and the Building Lease Amendment, Guarantor is required to deliver this Guaranty; and

WHEREAS, Guarantor has duly authorized the execution, delivery and performance of this Guaranty;

NOW THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, and in order to induce Lessor, Guarantor agrees, for the benefit of Lessor, as follows:

THE ORIGINAL GUARANTY IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

ARTICLE I

DEFINITIONS

SECTION 1.1 Certain Terms. The following terms (whether or not underscored) when used in this Guaranty, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Aggregate Balance Due" means the aggregate of the Balance Due (as that term is defined in the Amended Building Lease) under the Amended Building Lease and the Balance Due (as that term is defined in the Amended Land Lease) under the Amended Land Lease.

"Amended Building Lease" means the Original Building Lease, as amended by the Building Lease Amendment, together with all other amendments, supplements and restatements and other modifications, if any, from time to time made hereafter thereto.

"Amended Land Lease" means the Original Land Lease, as amended by the Land Lease Amendment, together with all other amendments, supplements and restatements and other modifications, if any, from time to time made hereafter thereto.

"Bank of America Credit Agreement" means that certain Credit Agreement dated as of January 4, 1993, among Guarantor, Bank of America National Trust & Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and the Banks named therein.

"Building Lease Amendment" is defined in the recitals.

"Capitalized Lease Liabilities" means all monetary obligations under

any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Guaranty, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Cash Equivalent Investment" means any evidence of Indebtedness,

maturing not more than one year after such time, issued or guaranteed by the United States Government; commercial paper, maturing not more than nine months from the date of issue, which is issued by a corporation (other than Lessor) organized under the laws of any state of the United States or the District of Columbia and rated at least A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc. or any certificate of deposit or banker's acceptance maturing not more than one year after such time, which is issued by a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less \$500,000,000.

"CERCLA" means the Comprehensive Environmental Response, Compensation

and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation

Liability Information List.

"Collateral Account" is defined in Section 5.2.

"Consent Agreement" means the Construction Consent Agreement dated as

of December 22, 1992 entered into by and between Lessor and Lessee and shall also include the Security Agreement and Assignment and the Consents and Acknowledgments entered into in connection with the Consent Agreement.

"Contingent Liabilities" means any agreement, undertaking or

arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

"Controlled Group" means all members of a controlled group of

corporations and all members of a controlled group of trades or businesses
(whether or not incorporated) under common control which, together with the
Guarantor or any of its Subsidiaries, are treated as a single employer under
Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Debt" means the consolidated Indebtedness of Guarantor and its

Subsidiaries.

"Debt to Tangible Net Worth Ratio" means the ratio of

(a) Debt

to
--

(b) Tangible Net Worth.

"Default" means any Event of Default or any condition, occurrence or

event which, after notice or lapse of time, or both, would constitute an Event
of Default.

"Deposit Event" is defined in Section 5.1.

"Earnings before Interest, Taxes and Operating Lease Payments" means,

for Guarantor and its Subsidiaries, on a consolidated basis, Net Income
(exclusive of all amounts in respect of any extraordinary gains or losses) plus

interest expense of Guarantor and its Subsidiaries, including the portion of any
Capitalized Lease Liabilities allocable to interest expense; plus all federal,

state, local and foreign income taxes of Guarantor and its Subsidiaries; plus

all Operating Lease Payments.

"Environmental Indemnity Agreement" means the Restated Hazardous

Materials Undertaking and Unsecured Indemnity dated as of the date hereof,
executed and delivered by an Authorized Officer of Lessee and Guarantor.

"Environmental Laws" means all applicable federal, state or local

statutes, laws, ordinances, codes, rules, regulations and guidelines (including
consent decrees and administrative orders) relating to public health and safety
and protection of the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as

amended, and any successor statute of similar import, together with the
regulations thereunder, in each case as in effect from time to time. References
to sections of ERISA also refer to any successor sections.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months

ending on the last Sunday of the calendar year; references to a Fiscal Year with
a number corresponding to any calendar year (e.g., the "1993 Fiscal Year") refer
to the Fiscal Year ending on the last Sunday occurring during such calendar
year.

"Fixed Charge Coverage Ratio" means, at any date of calculation

thereof, the ratio of

(a) Earnings before Interest, Taxes and Operating Lease Payments for
the immediately preceding four Fiscal Quarters (or, if shorter, the period
from the date hereof through such date of calculation)

to
--

(b) Fixed Charges of Guarantor and its Subsidiaries on a consolidated
basis for such period.

"Fixed Charges" means, relative to any Person for any period, the sum

of

(a) cash interest payable on all Indebtedness of such Person during
such period;

(b) Operating Lease Payments;

plus

(c) principal amounts payable during such period of all Indebtedness
of such Person resulting from the borrowing of money or the granting of
credit (other than (i) normal accounts payable representing deferred
payment obligations for goods and services provided in the ordinary course
of business on normal trade terms and (ii) Indebtedness repaid with
proceeds from additional Indebtedness permitted pursuant to Section 4.2.1).

"F.R.S. Board" means the Board of Governors of the Federal Reserve

System or any successor thereto.

"GAAP" is defined in Section 1.2.

"Governmental Approvals" means all the authorizations, consents,

approvals, licenses, leases, rulings, permits (including the Permits), tariffs,
rates, certifications, exemptions, filings or registrations by or with any
Governmental Authority or pursuant to any Governmental Requirement relating to
Guarantor and any of its Subsidiaries, any of the respective properties, this
Guaranty and the Leases.

"Governmental Authority" means the government of any federal, state,

municipal or other political subdivision (including courts, arbitration
tribunals and administrative agencies and all other agencies and
instrumentalities of such governments and political subdivisions) exercising
jurisdiction over Guarantor or any of its Subsidiaries or any of their
properties.

"Governmental Requirements" means all laws, ordinances, statutes,

codes, rules, regulations, treaties, rulings, decisions, policies, guidelines,
orders and decrees of any Governmental Authority.

"Guarantor" is defined in the preamble.

"Guaranty" is defined in the preamble.

"Hazardous Materials" means

(a) any "hazardous substance", as defined by CERCLA or by Sections
25281(d) or 25316 of the California Health and Safety Code, as amended,
reformed or otherwise modified from time to time;

(b) any "hazardous waste", as defined by the Resource Conservation
and Recovery Act, as amended;

(c) any "hazardous waste", "infectious waste" or "hazardous
material" as defined in Sections 25117, 25117.5 or 25501(j) of the
California Health and Safety Code, as amended, reformed or otherwise
modified from time to time;

(d) any petroleum product; or

(e) any pollutant or contaminant or hazardous, dangerous or toxic
chemical, material or substance within the meaning of any other
Governmental Requirement (including consent decrees and administrative
orders) relating to or imposing liability or standards of conduct
concerning any hazardous, toxic or dangerous waste, substance or material,
all as amended or hereafter amended.

"Impermissible Qualification" means relative to the opinion or

certification of any independent public accountant as to any financial statement
of Guarantor or Lessee, any qualification or exception to such opinion or
certification

(a) which is of a "going concern" or similar nature;

(b) which relates to the limited scope of examination of matters
relevant to such financial statement; or

(c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause a default to occur under Section 4.2.4.

"Indebtedness" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities;

(d) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Indebtedness is to be determined;

(e) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person (but only to the extent of the lesser of (i) the Indebtedness so secured or (ii) the fair market value of the property or asset subject to such Lien; and

(g) all Contingent Liabilities of such Person in respect of any of the foregoing.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer (other than Indebtedness of a joint venture corporation which is

not a Subsidiary of such Person and which Indebtedness is nonrecourse to such Person).

"Land" is defined in the first recital.

"Land Lease Amendment" is defined in the recitals.

"Leases" or "Lease" means, collectively or individually, the Amended Building Lease and the Amended Land Lease.

"Lessee" is defined in the preamble.

"Lessor" is defined in the preamble.

"Net Income" means, for any period, the aggregate of all amounts which, in accordance with GAAP, would be included as net income on the consolidated financial statements of Guarantor.

"Obligations" is defined at Section 2.1.

"Operating Lease Payments" means all monetary payment obligations under any leasing or similar arrangement which, in accordance with GAAP, would be classified as an operating lease.

"Organic Documents" means (i) Guarantor's certificate of incorporation and bylaws, and (ii) all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of its capital stock which are referred to in Guarantor's Form 10-K or Form 10-Q or of which Guarantor is otherwise aware.

"Original Building Lease" is defined in the recitals.

"Original Land Lease" is defined in the recitals.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multi-employer plan as defined in section 4001(a)(3) of ERISA), and to which Guarantor or any of its Subsidiaries, or any corporation, trade or business that is, along with the Guarantor or any of its Subsidiaries, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Person" means any natural person, corporation, partnership, joint venture, firm, association, trust, government, governmental

agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Property" means the Land and the buildings and improvements thereon.

"Quick Ratio" means the ratio of

(a) the consolidated cash (excluding restricted cash), Cash Equivalent Investments, and trade accounts receivable net of reserves of Guarantor and its Subsidiaries

to
--

(b) consolidated current liabilities of Guarantor and its Subsidiaries.

"Tangible Net Worth" means the consolidated net worth of Guarantor and

its Subsidiaries after subtracting therefrom the aggregate amount of any intangible assets of Guarantor and its Subsidiaries, including goodwill, franchises, licenses, patents, trademarks, trade names, copyrights, service marks and brand names.

"Taxes" means any present or future income, excise, stamp or franchise

taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority.

"United States" or "U.S." means the United States of America, its fifty

States and the District of Columbia.

"Welfare Plan" means a "welfare plan", as such term is defined in

section 3(1) of ERISA.

SECTION 1.2 Accounting and Financial Determinations. Unless

otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder (including under Section

4.2.3) shall be made, and all financial statements required to be delivered

hereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial

statements referred to in Section 3.1.5.

SECTION 1.3 Definitions in the Leases. Unless otherwise defined

herein or the context otherwise requires, terms used in this Guaranty, including its preamble and recitals, have the meanings provided in the Leases.

ARTICLE II

GUARANTY PROVISIONS

SECTION 2.1 Guaranty. Guarantor hereby absolutely, unconditionally

and irrevocably

(a) guarantees to Lessor the full and prompt payment and performance
of each of the obligations of Lessee under the Leases (collectively, the
"Obligations") which Obligations shall include without limitation:

(i) full and prompt payment of all Basic Rent, Additional Rent,
Capital Rent, the Aggregate Balance Due with respect to Lessee's
Obligations under the Leases to purchase the Property and any other
payments or amounts required to be paid by Lessee under the Leases
(including all such amounts which would become due but for the
operation of the automatic stay under Section 362(a) of the United
States Bankruptcy Code, 11 U.S.C. (S)362(a)), and the operation of
Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11
U.S.C. (S)502(b) and (S)506(b);

(ii) the full and prompt payment, execution and performance of
all covenants and agreements of Lessee under each of the Leases,
including without limitation Sections 19.3, 20.3, 27, 41 and 51 of the
Amended Land Lease and Sections 19.3, 20.3, 27, 41 and 51 of the
Amended Building Lease; and

(iii) the full and prompt payment, execution and performance of
all obligations, covenants, liabilities and agreements of Lessee under
the Consent Agreement, including without limitation, all amounts
payable by Lessee pursuant to Section 5.2 of the Consent Agreement;

(b) agrees to indemnify, hold harmless and reimburse Lessor for (i)
any damages that Lessor may incur as a result of Lessee's failure to
perform any Obligations, including without limitation any damages Lessor
may incur if Lessor sells or causes the Property to be sold to any Person
following Lessee's failure to perform its obligations as set forth at
Section 41 of the Amended Land Lease or Section 41 of the Amended Building
Lease or as provided in the Consent Agreement, and (ii) any and all costs
and expenses (including reasonable attorney's fees and expenses) incurred
by Lessor in enforcing any rights under this Guaranty or under either or
both of the Leases or the Consent Agreement; and

(c) agrees, in the event of any termination of the Leases (or either
of them), to make Lessor whole for, and to

pay to Lessor immediately and without any deduction, discount or offset of any nature, any amount not paid to Lessor by the Lessee (for any reason and regardless of any defense or protection available to the Lessee with respect thereto) which would have been paid to Lessor by the Lessee over the full term of the Leases and upon the expiration thereof had the Lessee fulfilled all of its obligations under the Leases including without limitation Lessee's obligations arising upon the expiration or termination of either of the Leases.

This is a Guaranty of performance and payment when due and not of collection. Guarantor specifically agrees that it shall not be necessary or required that Lessor exercise any right, assert any claim or demand or enforce any remedy whatsoever against Lessee (or any other Person) before or as a condition to the obligations of Guarantor hereunder. Guarantor acknowledges that it has received full and complete copies of and has approved the Consent Agreement and the Leases described in the recitals.

SECTION 2.2 Acceleration of Guaranty. Guarantor agrees that, in the

event of the dissolution or insolvency of Lessee or Guarantor, or the inability or failure of Lessee or Guarantor to pay debts as they become due, or an assignment by Lessee or Guarantor for the benefit of creditors, or the commencement of any case or proceeding in respect of Lessee or Guarantor under any bankruptcy, insolvency or similar laws, and if such event shall occur at a time when any of the Obligations of the Lessee may not then be due and payable, Guarantor will pay to Lessor forthwith the full amount which would be payable hereunder by Guarantor if all such Obligations were then due and payable.

SECTION 2.3 Guaranty Absolute, etc. This Guaranty shall in all respects

be a continuing, absolute, unconditional and irrevocable guaranty of payment and performance, and shall remain in full force and effect until all Obligations of Lessee have been paid in full or performed, and all obligations of the Guarantor hereunder shall have been paid in full. Guarantor guarantees that the Obligations of Lessee will be paid and performed strictly in accordance with the terms of the Lease or the Consent Agreement under which they arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of Lessor with respect thereto. The liability of Guarantor under this Guaranty shall be absolute, unconditional and irrevocable irrespective of, and Guarantor hereby waives:

(a) any defense based upon any lack of validity, legality or enforceability of either of the Leases;

(b) any defense based upon the failure of Lessor

(i) to give notice to Guarantor of the occurrence of any default by Lessee under the terms of either of the Leases or the Consent Agreement,

(ii) to assert any claim or demand or to enforce any right or remedy against Lessee or any other Person (including any other guarantor) under the provisions of either of the Leases or the Consent Agreement or otherwise, or

(iii) to exercise any right or remedy against any other guarantor of, or collateral securing, any Obligations of the Lessee;

(c) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations of Lessee or any other extension, compromise or renewal of any Obligation of Lessee;

(d) any reduction, limitation, impairment or termination of the Obligations of Lessee for any reason, including any claim of waiver, release, surrender, alteration or compromise, and Lessor and Lessee shall not be subject to (and Guarantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations of Lessee or otherwise;

(e) any limitation on amounts recoverable from Lessee under California Civil Code Section 1951.2 in the event of termination of either or both of the Leases;

(f) any amendment to, rescission, waiver, or other modification of, or any consent to departure from, any obligation, covenant or agreement set forth in either of the Leases or the Consent Agreement (other than and to the extent that an amendment in writing executed by the Lessor by its terms specifically indicates that it is the intent of Lessor that such amendment reduce Guarantor's liability under this Guaranty);

(g) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any other guaranty, held by Lessor securing any of the Obligations of Lessee; or

(h) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, Lessee, any surety or any guarantor.

Guarantor agrees that any release which may be given by Lessor to Lessee or any other guarantor shall not release Guarantor. Without limiting the foregoing, Guarantor acknowledges that a breach of any representation, warranty or covenant of Guarantor hereunder will result in an Event of Default under each of the Leases. Without limiting any other remedy Lessor may have against Guarantor hereunder or against Lessee under the Leases, Guarantor shall following the occurrence of any such breach under this Guarantee and upon the written demand of Lessor purchase the Property as required pursuant to Section 41 of the Amended Land Lease and Section 41 of the Amended Building Lease.

SECTION 2.4 Reinstatement, etc. Guarantor agrees that this Guaranty

shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) or performance of any of the Obligations of Lessee is rescinded or must otherwise be restored by Lessor, upon the insolvency, bankruptcy or reorganization of the Lessee or for any other reason, all as though such payment or performance had not been made.

SECTION 2.5 Waiver, etc. (a) Guarantor hereby waives promptness,

diligence, notice of acceptance and any other notice with respect to any of the Obligations of Lessee and this Guaranty and any requirement that Lessor protect, secure, respect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against Lessee or any other Person (including any other Guarantor) or entity or any collateral securing the Obligations of Lessee. Guarantor further waives (to the maximum extent permitted by law) any defense arising by reason of any claim or defense based upon any limitation imposed on amounts recoverable by Lessor under the Leases, including, if and to the extent applicable, the provisions of California Civil Code Section 1951.2 or an election of remedies by Lessor including, if and to the extent applicable, the provisions of (S)(S)580d and 726 of the California Code of Civil Procedure or any similar law of California or any other jurisdiction.

(B) WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, GUARANTOR SPECIFICALLY WAIVES ANY POSSIBLE CLAIM THAT GUARANTOR IS NOT A TRUE GUARANTOR OF THE LEASES (OR EITHER OF THEM), WHETHER SUCH CLAIM IS BASED UPON ANY CONTENTION THAT THE LEASES (OR EITHER OF THEM) ACTUALLY REPRESENT ONE OR MORE LOAN TRANSACTIONS, OR UPON ANY CONTENTION THAT GUARANTOR ACTUALLY IS THE TRUE DEBTOR IF THE LEASES (OR EITHER OF THEM) ACTUALLY REPRESENT ONE OR MORE LOAN TRANSACTIONS, OR UPON ANY OTHER SIMILAR OR DISSIMILAR CONTENTION, OR UPON ANY COMBINATION THEREOF; AND GUARANTOR FURTHER HEREBY WAIVES, TO THE MAXIMUM EXTENT SUCH WAIVER IS PERMITTED BY LAW, ANY AND ALL DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE (S)(S) 1951.2, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2838, 2839, 2845, 2848, 2849 AND 2850, TO THE EXTENT APPLICABLE, CALIFORNIA CODE OF CIVIL PROCEDURE (S)(S) 580A, 580B, 580C, 580D AND

(c) Without limiting the generality of any other waiver or other provision set forth in this Guaranty, Guarantor authorizes Lessor at its sole option, without notice or demand and without affecting the liability of the Guarantor hereunder, to release and reconvey (with or without receipt of any consideration) any Lien against any or all collateral for the Obligations of Lessee, and to exercise all powers of sale in the Leases and to foreclose any or all deeds of trust, mortgages or other instruments or agreements by judicial or non-judicial sale, all without affecting the liability of the Guarantor hereunder. Guarantor expressly waives any defense to the recovery by Lessor from Guarantor of any deficiency after a non-judicial sale, including, without limitation, any defense arising as a result of any election of remedies by Lessor which limits or destroys such Guarantor's subrogation rights or such Guarantor's right to proceed against Lessee for reimbursement (including, without limitation, any election by Lessor to exercise its rights under a power of sale in or any instruments securing the Obligations of Lessee under the Leases, any deed of trust or mortgage and any consequential loss by Guarantor of the right to recover any deficiency from the Lessee). Guarantor waives any right to receive notice of any judicial or non-judicial sale or the sale or foreclosure of any real property, and the failure of the Guarantor to receive such notice shall not impair or affect the Guarantor's liability hereunder. Guarantor warrants and agrees that each of the acknowledgements and waivers set forth in this Guaranty is made with full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If, despite the foregoing, any of such waivers are determined to be contrary to any applicable law or public policy, such waivers shall be effective only to the maximum extent permitted by law.

SECTION 2.6 Subrogation. Guarantor hereby disclaims, releases and waives

forever any subrogation claims or rights it would otherwise have or be entitled to under this Guaranty or pursuant to applicable law as a result of any payment made by Guarantor hereunder or otherwise. Any amount paid to Guarantor on account of any such subrogation rights shall be held in trust for the benefit of Lessor and shall immediately be paid to Lessor and credited and applied against the Obligations of Lessee, whether matured or unmatured, in accordance with the terms of either of the Leases. In furtherance of the foregoing, Guarantor shall refrain from taking any action or commencing any proceeding against the Lessee (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in the respect of payments made under this Guaranty to Lessor.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.1 Representations and Warranties. Guarantor hereby represents

and warrants to Lessor as set forth in this Article III.

SECTION 3.1.1 Organization, etc. Guarantor and each of its Subsidiaries

is a corporation validly organized and existing and in good standing under the laws of the State of its incorporation or organization, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification (except where the failure so to qualify would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor) and has full power and authority and holds all requisite Governmental Approval to enter into and perform its obligations under this Guaranty and each of the Operative Documents and to own and hold under lease its properties and to conduct its business substantially as currently conducted by it.

SECTION 3.1.2 Due Authorization, Non-Contravention, etc. The execution,

delivery and performance by Guarantor of this Guaranty and each of the Operative Agreements to which it is a party is within the Guarantor's corporate powers, has been duly authorized by all necessary corporate action, and does not

(a) contravene Guarantor's Organic Documents;

(b) contravene any Governmental Requirement, Governmental Approval or any material contractual restriction (including contractual restrictions contained in any loan agreement or instrument to which Guarantor is a party) binding on or affecting Guarantor; or

(c) result in, or require the creation or imposition of, any Lien on any of Guarantor's properties (except in favor of Lessor).

SECTION 3.1.3 Government Approval, Regulation, etc. No Governmental

Approval or other consent or approval of any Person which has not been obtained is required for the due execution, delivery or performance by Guarantor of this Guaranty or any other Operative Agreement to which it or the Lessee is a party, or for the exercise by Lessor of any of its rights or remedies hereunder or thereunder. Neither Guarantor nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company",

within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.1.4 Validity, etc. This Guaranty and each of the Operative

Agreements to which Guarantor or Lessee is a party constitutes the legal, valid and binding obligation of Guarantor and Lessee, as applicable, enforceable in accordance with its terms; except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by principles of equity.

SECTION 3.1.5 Financial Information. The consolidated balance sheets of

Guarantor and its Subsidiaries as at December 31, 1991, June 28, 1992, December 27, 1992 and June 27, 1993, and the related consolidated statements of earnings and cash flow of Guarantor and such Subsidiaries, copies of which have been furnished to Lessor have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the entities covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 3.1.6 No Material Adverse Change. Subject to the current

litigation between Guarantor and Intel Corporation described in Section 3.1.9

and the effect which that litigation may have upon Guarantor if determined adversely to the Guarantor, which litigation and which effect are accurately described in Guarantor's Forms 10-Q dated June 28, 1993 and September 26, 1993, respectively, there has been no material adverse change in the financial condition, operations, assets, business, properties or prospects of Guarantor or any of its Subsidiaries since September 27, 1992.

SECTION 3.1.7 Litigation, Labor Controversies, etc. There is no pending

or, to the knowledge of Guarantor, threatened litigation, action, proceeding, or labor controversy affecting Guarantor or any of its Subsidiaries, or any of their respective properties, businesses, assets or revenues which may materially adversely affect the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole, or which purports to affect the legality, validity or enforceability of this Guaranty or either of the Leases except as described in Guarantor's Annual Report on Form 10-K for the fiscal year ended December 27, 1992, Guarantor's Quarterly Reports on Form 10-Q for the periods ended June 28, 1992, March 28, 1993, June 27, 1993 and September 26, 1993, and each of the Forms 8-K dated September 7, 1993, September 9, 1993, and October 25, 1993. Lessor acknowledges receipt of each of the Forms 10-K, Forms 10-Q and Forms 8-K specifically listed in the preceding sentence.

SECTION 3.1.8 Subsidiary. Guarantor owns all of the outstanding voting

stock in Lessee and all stock, securities and

indentures convertible into voting stock. Except for Guarantor, no person having any interest in Lessee has any right to cause a liquidation, distribution or sale of all or a substantial portion of Lessee or its assets.

SECTION 3.1.9 Ownership of Properties. Except as permitted pursuant to

Section 4.2.2, Guarantor and each of its Subsidiaries owns good and marketable

title to all of its material properties and assets, real and personal, tangible and intangible, of any nature whatsoever (including patents, trademarks, trade names, service marks and copyrights), free and clear of all Liens, charges or claims (including infringement claims with respect to patents, trademarks, copyrights and the like other than infringement claims which would not materially and adversely affect the business of Guarantor and its Subsidiaries, taken as a whole, or infringement claims which are described in Guarantor's Form 10-K for the Fiscal Year ended December 27, 1992, Form 10-Q for the quarterly periods ended March 28, 1993, June 27, 1993 and September 26, 1993, and Form 8-Ks dated September 7, 1993, September 9, 1993 and October 25, 1993. To the best of Guarantor's knowledge after due investigation, and subject to the last sentence of this Section 3.1.9, Guarantor and each of its Subsidiaries owns or

holds licenses for all necessary patents, patent rights and other similar intellectual property rights to conduct its business as presently conducted. Guarantor's right to use certain intellectual property rights pertaining to the Intel 386 and 486 microprocessors is the subject of current litigation between Guarantor and Intel Corporation. The current status of that litigation, and the effect which that litigation may have upon Guarantor if determined adversely to the Guarantor, are accurately described in Guarantor's Forms 10-Q dated June 27, 1993 and September 26, 1993.

SECTION 3.1.10 Taxes. Guarantor and each of its Subsidiaries has filed

all tax returns and reports required by any Governmental Authority to have been filed by it and has paid all Taxes and governmental charges thereby shown to be owing, except any such Taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 3.1.11 Pension and Welfare Plans. During the twelve-consecutive-

month period prior to the date of the execution and delivery of this Guaranty no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by Guarantor or any member of the Controlled Group of any material liability, fine or penalty. Neither Guarantor nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other

than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 3.1.12 Environmental Warranties. Except for matters

("Environmental Matters") set forth in Schedule II, none of which would have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole:

(a) all facilities and property (including underlying groundwater) owned or leased by Guarantor or any of its Subsidiaries, including without limitation the Property, have been, and continue to be, owned or leased by Guarantor and its Subsidiaries in material compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened

(i) claims, complaints, notices or requests for information received by Guarantor or any of its Subsidiaries with respect to any alleged violation of any Environmental Law, or

(ii) complaints, notices or inquiries to Guarantor or any of its Subsidiaries regarding potential liability under any Environmental Law;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by Guarantor or any of its Subsidiaries, including without limitation the Property, that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole;

(d) Guarantor and its Subsidiaries have been issued and are in material compliance with all Governmental Requirements and Governmental Approvals relating to environmental matters and necessary or desirable for their businesses;

(e) no property now or previously owned or leased by Guarantor or any of its Subsidiaries, including without limitation the Property, is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) to Guarantor's best knowledge, there are no underground storage tanks, active or abandoned, including

petroleum storage tanks, on or under any property now or previously owned or leased by either Guarantor or any of its Subsidiaries, including without limitation the Property, that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole;

(g) neither Guarantor nor any of its Subsidiaries has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to claims against the Guarantor or any Subsidiary thereof for any remedial work, damage to natural resources or personal injury, including claims under CERCLA, which, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole;

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by Guarantor or any of its Subsidiaries, including without limitation the Property, that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole; and

(i) no conditions exist at, on or to Guarantor's best knowledge under any property now or previously owned or leased by Guarantor or any of its Subsidiaries, including without limitation the Property, which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.

Nothing in this Section 3.1.12 shall be deemed to limit or modify any

representation or warranty in the Environmental Indemnity Agreement.

SECTION 3.1.13 Regulations G, U and X. Neither the Guarantor nor any of

its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. Terms for which meanings are provided in F.R.S. Board Regulation G, U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 3.1.14 No Default. Neither Guarantor nor any of its Subsidiaries

is (a) in default under any indenture, mortgage, loan

agreement or other agreement or instrument to which any of them is now a party or by which it is bound, or (b) in violation of any Governmental Requirements or Governmental Approvals, which, in the case of (a) or (b) above, would (i) materially adversely affect either the Property or the properties, business, operations or financial condition of Guarantor and its Subsidiaries taken as a whole, (ii) materially adversely affect the ability of Guarantor and its Subsidiaries to perform any of its obligations under this Guarantee or any of the Operative Agreements, (iii) materially adversely affect the rights of any other Person a party to an Operative Agreement, or (iv) materially adversely affect the transactions contemplated by any of the Operative Agreements.

SECTION 3.1.15 Representations and Warranties in the Leases. Each of

Lessee's representations and warranties contained in the Leases and the Consent Agreement is true, complete and correct in all material respects.

SECTION 3.1.16 Accuracy of Information. All factual information

heretofore or contemporaneously furnished by or on behalf of Guarantor or any of its Subsidiaries in writing to the Lessor for purposes of or in connection with this Guaranty or any Operative Agreements or any transaction contemplated hereby or thereby is, and all other such factual information hereafter furnished by or on behalf of Guarantor or any of its Subsidiaries to Lessor will be, true and accurate in every material respect on the date as of which such information is dated or certified and as to the documents and materials listed on and except as specifically set forth in Schedule III as of the date of execution and delivery of this Guaranty, and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading. Notwithstanding the foregoing, while Guarantor has exercised reasonable care in preparing the financial forecasts and construction budgets furnished to Lessor, Lessor acknowledges that the information contained in such forecasts and budgets are preliminary and subject to change.

ARTICLE IV

COVENANTS, ETC.

SECTION 4.1 Affirmative Covenants. Guarantor covenants and agrees that,

so long as any portion of the Obligations of Lessee shall remain unpaid or unperformed, Guarantor will, unless Lessor shall otherwise consent in writing, perform the obligations set forth in this Section.

SECTION 4.1.1 Financial Information, Reports, Notices, etc. Guarantor

will furnish, or will cause to be furnished, to Lessor

copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year a consolidated balance sheet of Guarantor as of the end of such Fiscal Quarter along with a consolidated statements of earnings and cash flow for Guarantor for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by the chief financial or accounting officer of Guarantor;

(b) as soon as available and in any event within 90 days after the end of each Fiscal Year a copy of the annual audit report for such Fiscal Year for Guarantor, including therein a consolidated balance sheet of Guarantor as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of Guarantor for such Fiscal Year, certified (without any Impermissible Qualification) in a manner acceptable to the Lessor by Ernst and Young or other independent certified public accountants acceptable to the Lessor.

(c) as soon as available and in any event within 45 days of the end of each Fiscal Quarter, a certificate executed by the chief financial officer of Guarantor, showing (in reasonable detail and appropriate calculations and computations in all respects satisfactory to Lessor) compliance with the financial covenants set forth in Sections 4.2.1 and

4.2.3;

(d) as soon as possible and in any event within three business days after Guarantor or any of its Subsidiaries has knowledge of the occurrence of a Default or a default or breach by Guarantor of any of Guarantor's covenants or representations or warranties set forth in this Guaranty, a statement of the chief financial or accounting officer of Guarantor setting forth details of such Default or default and the actions Lessee or Guarantor have taken or propose to take with respect thereto;

(e) as soon as possible and in any event within three business days after (x) the occurrence of any adverse development with respect to any litigation, action, proceeding, or labor controversy described in Section 3.1.7 or (y) the commencement of any labor controversy, litigation, action, proceeding of the type described in Section 3.1.7, notice thereof and upon request copies of all documentation relating thereto;

(f) promptly after the receipt, sending or filing thereof, copies of all material (i) statements, reports or other documents sent or received by Guarantor or Lessee to or from any Governmental Authority regarding any of the Property or any of the Operative Agreements or to or from its security holders and (ii) all reports and registration statements which Guarantor or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) immediately upon the institution of any steps by Guarantor or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that Guarantor furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by Guarantor of any material liability, fine or penalty, or any material increase in the contingent liability of Guarantor with respect to any post-retirement Welfare Plan benefit, notice thereof and upon request copies of all documentation relating thereto; and

(h) such other information respecting the condition or operations, financial or otherwise, of Guarantor or any of its Subsidiaries as Lessor may from time to time reasonably request.

SECTION 4.1.2 Compliance with Laws, etc. Guarantor will, and Guarantor

will cause each of its Subsidiaries to, comply in all material respects with all Governmental Requirements and Governmental Approvals the noncompliance with which would (i) reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business or prospects of Lessee or Guarantor and its Subsidiaries, taken as a whole, (ii) result in the creation or imposition of a Lien (except as expressly permitted herein) or (iii) subject Lessor to any liability, such compliance to include:

(a) the maintenance and preservation of the corporate existence of Guarantor and Lessee and qualification as a foreign corporation of Guarantor and each of its Subsidiaries in each jurisdiction where the nature of its business requires such qualification;

(b) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon the Guarantor or any of its Subsidiaries or upon their respective property except to the extent that the failure to pay the same would not reasonably be expected to have a material adverse effect on the financial condition,

operations, assets, business, properties or prospects of Guarantor and its Subsidiaries, taken as a whole.

SECTION 4.1.3 Maintenance of Properties. Guarantor will, and Guarantor

will cause each of its Subsidiaries to, maintain, preserve, protect and keep the Property and all of its other facilities and properties in good repair, working order and condition and make necessary and proper repairs, renewals and replacements as required by Lessee under the Leases and so that its business may be properly conducted at all times.

SECTION 4.1.4 Insurance. The Guarantor will, and will cause Lessee and

each of its other Subsidiaries to, maintain or cause to be maintained with reasonable insurance companies insurance with respect to its properties and businesses (including business interruption insurance) against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses and will, upon request of Guarantor furnish to Guarantor at reasonable intervals a certificate of an authorized officer of Guarantor setting forth the nature and extent of all insurance maintained by Guarantor and its Subsidiaries in accordance with this Section and as required under each of the Leases and the Consent Agreement. All such insurance shall be written by reputable insurers legally qualified to issue such insurance having an A.M. Best policyholders rating of not less than A, or if written by an insurer domiciled outside of the United States of America, such insurance shall not exceed in the aggregate 10% of the policyholders' surplus of such insurer.

SECTION 4.1.5 Books and Records. The Guarantor will, and will cause each

of its Subsidiaries to keep books and records which accurately reflect all of its business affairs and transactions and permit Lessor or any of their respective representatives, at reasonable times and intervals and upon reasonable notice, to visit all of its and its Subsidiaries' offices, to discuss its financial matters with its and its Subsidiaries' officers and independent public accountant (and Guarantor hereby authorizes such independent public accountant to discuss Guarantor's and its Subsidiaries' financial matters with Lessor or its representatives) and to examine any of its and its Subsidiaries' books or other corporate or partnership records. On and after the occurrence and continuance of any Default or Event of Default, the Guarantor shall pay any reasonable fees of such independent public accountant incurred in connection with Lessor's exercise of its rights pursuant to this Section. Guarantor will not, and Guarantor will cause each of its Subsidiaries not to, except in the ordinary course of business, destroy any of the aforementioned books, records and logs without the prior consent of Lessor.

SECTION 4.1.6 Environmental Covenant. Guarantor will, and Guarantor will

cause each of its Subsidiaries to

(a) use and operate the Property and all of its other facilities and properties and to undertake and carry out the Alterations in material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in material compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Environmental Laws;

(b) immediately notify Lessor and provide copies upon receipt of all material written claims, complaints, notices or inquiries relating to (i) the condition of the Property or the compliance with Environmental Laws in connection with the use or operation of the Property or (ii) Guarantor's or any of its Subsidiaries' other facilities and properties or their compliance with Environmental Laws which may have an adverse material affect on Guarantor; and

(c) provide such information and certifications which Lessor may reasonably request from time to time to evidence compliance with this Section 4.1.6.

Nothing in this Section 4.1.6 shall be deemed to limit or modify any covenant or

negative covenant in the Environmental Indemnity Agreement.

SECTION 4.1.7 Maintenance of Authorizations, etc. Guarantor will, and

Guarantor will cause each of its Subsidiaries to, maintain all necessary Governmental Approvals with respect to the ownership, operation and maintenance of the Property and the construction of the additions and all of its other facilities and properties, and Guarantor will, and Guarantor will cause each of its Subsidiaries to, comply with all Governmental Requirements and Governmental Approvals governing the ownership, operation and maintenance thereof (except (a) those being contested in good faith and by appropriate proceedings and (b) those the failure of which to maintain or comply with would not (i) reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business or prospects of the Guarantor or any of its Subsidiaries, (ii) result in the creation or imposition of any Lien (except as expressly permitted herein or in the Leases), or (iii) subject Lessor to any liability).

SECTION 4.1.8 Performance of Obligations. Guarantor will, and Guarantor

will cause Lessee to, duly perform and observe all of its obligations, covenants, and agreements under the Operative Agreements.

SECTION 4.1.9 Further Assurances. Guarantor agrees that, from time to

time at its own expense, it shall, and Guarantor shall cause each of its Subsidiaries to, promptly execute and deliver all further agreements, instruments and documents, obtain or make such

additional consents or filings, and take all further actions that may be necessary, or that the Lessor may reasonably request, in order for the Guarantor and its Subsidiaries to be in compliance with the terms hereof.

SECTION 4.2 Negative Covenants. Guarantor covenants and agrees that, so long as any portion of the Obligations of the Lessee shall remain unpaid or unperformed, Guarantor will not, without the prior written consent of the Lessor, do anything prohibited in this Section.

SECTION 4.2.1 Indebtedness. Guarantor will not, and Guarantor will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist or otherwise become or be liable in respect of any Indebtedness, other than, without duplication, the following:

(a) Indebtedness in respect of this Guaranty and Obligations of Lessee;

(b) Indebtedness existing as of the date of this Guarantee which is identified in the financial statements described at Section 3.1.5;

(c) Indebtedness in an aggregate principal amount not to exceed ten percent of Tangible Net Worth at any time outstanding which is incurred by Guarantor or any of its Subsidiaries to a vendor of any assets to finance its acquisition of such assets provided that payment of such Indebtedness is secured by a Lien encumbering only such assets;

(d) unsecured Indebtedness incurred in the ordinary course of business (including open accounts extended by suppliers on normal trade terms in connection with purchases of goods and services, but excluding Indebtedness incurred through the borrowing of money or Contingent Liabilities);

(e) Guarantor's guaranty of not more than \$175,000,000 of Indebtedness in a joint venture between Guarantor and Fujitsu Limited of Japan as described in a Joint Venture Agreement between Guarantor and Fujitsu Limited of Japan dated March 30, 1993;

(f) Indebtedness of not more than \$105,000,000 in principal at any time outstanding in respect of the Bank of America Credit Agreement;

(g) issuance by Guarantor of its unsecured senior notes of not more than \$106,000,000, in replacement of Guarantor's \$106,000,000 Senior Notes due November 20, 1992;

(h) other Indebtedness of Guarantor or any of its Subsidiaries for borrowed money or in the nature of Contingent Liabilities in an aggregate amount not to exceed twenty-five percent of Tangible Net Worth at any time outstanding;

provided, however, that no new Indebtedness otherwise permitted by clause (c),

(d), or (e) shall be incurred if, immediately prior to or after giving effect to

the incurrence thereof, any Default shall have occurred and be continuing.

SECTION 4.2.2 Liens. Guarantor will not, and Guarantor will not permit

any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets (including the Property), whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations;

(b) Liens granted prior to the date hereof to secure payment of Indebtedness of the type permitted and described in clause (b) of Section

4.2.1;

(c) Liens granted to secure payment of Indebtedness of the type permitted and described in clause (c) of Section 4.2.1 and covering only

those assets acquired with the proceeds of such Indebtedness;

(d) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(e) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(f) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds; and

(g) judgment Liens which in the aggregate do not exceed \$10,000,000 and which are in existence less than 10 days after the entry thereof or with respect to which execution has been

stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies; provided, however that no Liens otherwise permitted by (a) through (g) above shall be permitted if such Liens are otherwise prohibited under either of the Leases or the Consent Agreement.

SECTION 4.2.3 Financial Condition. Guarantor will not permit at any time:

- (a) Its Tangible Net Worth to be less than the sum of: (i) \$700,000,000, (ii) 75% of Net Income for each Fiscal Quarter commencing with the Fiscal Quarter commencing January 1, 1992, and (iii) 100% of all additional equity;
- (b) Its Quick Ratio to be less than 1.1 to 1.0.
- (c) Its Debt to Tangible Net Worth Ratio to be greater than 0.75 to 1.00.
- (d) Its Fixed Charge Coverage Ratio for the immediately preceding period of four Fiscal Quarters to be less than 1.25 to 1.00.

Guarantor agrees that if any financial covenant set forth in the Bank of America Credit Agreement or any other loan or debt facility in an amount equal to or greater than \$50,000,000 provides at any time, for a greater Tangible Net Worth requirement, lesser Debt to Tangible Net Worth ratio, greater Quick Ratio or greater Fixed Charge coverage ratio as set forth above, then all or any of the above requirements and ratios shall be deemed modified to be at least equal to any such covenant or ratio applicable to Guarantor and any of its Subsidiaries as set forth in the Bank of America Credit Agreement or such other facility.

SECTION 4.2.4 Restricted Payments, etc. If any Default or default or breach hereunder shall have occurred and be continuing:

- (a) Guarantor will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of Guarantor or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of Guarantor (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splitups or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Subsidiaries to purchase or

redeem, any shares of any class of capital stock (now or hereafter outstanding), or warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding); and

(b) Guarantor will not, and will not permit any of its Subsidiaries to, make any deposit for any of the foregoing purposes during any period when any such payment would be prohibited.

SECTION 4.2.5 Rental Obligations. Guarantor will not, and Guarantor will

not permit any of its Subsidiaries to, enter into at any time any arrangement which does not create a Capitalized Lease Liability and which involves the leasing by either Guarantor or any of its Subsidiaries from any lessor of any real or personal property (or any interest therein) if non-performance by Guarantor or any of its Subsidiaries of its obligations under such arrangement would reasonably be expected to have a material adverse effect on the financial condition, operations, assets, business, properties or prospects of Guarantor and its Subsidiaries taken as a whole.

SECTION 4.2.6 Consolidation, Merger, etc. Guarantor will not, and

Guarantor will not permit any of its Subsidiaries including without limitation Lessee to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, except any Subsidiary (other than Lessee) may liquidate voluntarily into, dissolve voluntarily into, and may merge with and into, Guarantor or any other Subsidiary of Guarantor.

SECTION 4.2.7 Asset Dispositions, etc. Guarantor will not, and Guarantor

will not permit any of its Subsidiaries to, sell, transfer, lease, dispose, contribute or otherwise convey, or grant options, warrants or other rights with respect to, all or any substantial part of its assets (including accounts receivable and capital stock of Subsidiaries) to any Person, unless (a) a Default or a default or breach hereunder has not occurred and is continuing, (b) such sale, transfer, lease, contribution or conveyance is in the ordinary course of business of the Guarantor or such Subsidiary and (c) such sale, transfer, lease, contribution or conveyance would not have a material adverse affect on Guarantor or such Subsidiary.

SECTION 4.2.8 Bankruptcy Proceedings. Guarantor will not take any action

to commence, institute, instigate, or cause to be filed bankruptcy proceedings, whether involuntary or voluntary, against any of its Subsidiaries, including, without limitation, Lessee.

SECTION 4.2.9 Transactions with Affiliates. Guarantor will not, and

Guarantor will not permit any of its Subsidiaries to, enter into, or cause, suffer or permit to exist any arrangement or

contract with any of its other Affiliates unless such arrangement or contract is fair and equitable to Guarantor or such Subsidiary and is an arrangement or contract of the kind which would be entered into by a prudent Person in the position of Guarantor or such Subsidiary with a Person which is not one of its Affiliates.

SECTION 4.2.10 Negative Pledges, Restrictive Agreements, etc. Except as

provided in this Guaranty, Guarantor will not, and Guarantor will not permit any of its Subsidiaries to, enter into any agreement prohibiting or restricting:

(a) the creation or assumption of any Lien upon its properties, revenues or assets, whether now owned or hereafter acquired; or

(b) the ability of either Guarantor or Lessee to amend or otherwise modify this Guaranty or the Leases; or

(c) the ability of any Subsidiary to make any payments, directly or indirectly, to either Guarantor or Lessee by way of dividends, distributions, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Subsidiary to make any payment, directly or indirectly, to either Guarantor or Lessee.

Notwithstanding the foregoing, the restrictions set forth in subsection

4.2.10(a) above shall not be applicable to any agreement governing any

Indebtedness permitted by (i) clause (b) of Section 4.2.1 as in effect on the

date of the Original Guaranty, (ii) clause (c) of Section 4.2.1 as to the assets

financed with the proceeds of such Indebtedness, or (iii) clause (f) of Section

4.2.1 as to assets other than the Property. The restriction set forth in

subsection 4.2.10(b) above shall not be applicable to Section 7.17 of the Bank

of America Credit Agreement as such Section 7.17 was in effect on January 4,
1993. The restriction set forth in subsection 4.2.10(c) above shall not be

applicable to Section 7.05 of the Bank of America Credit Agreement as such
Section 7.05 was in effect on January 4, 1993.

SECTION 4.2.11 Fees. Guarantor will pay or cause to be paid all

investment banking, broker's or finder's fees and commissions with respect to
the transactions contemplated by the Operative Agreements.

ARTICLE V

COLLATERAL ACCOUNT

SECTION 5.1 Deposit Events. Each of the following events or occurrences

described in this Section 5.1 shall constitute a "Deposit Event":

5.1.1 Any representation or warranty of Guarantor made or deemed to be made under this Guaranty, any Operative Agreement to which Guarantor is a party or other writing or certificate furnished by or on behalf of Guarantor to Lessor for the purposes of or in connection with this Guaranty is or shall be incorrect when made in any material respect.

5.1.2 Guarantor shall default, fail to perform or observe any of the covenants set forth at Article IV.

5.1.3 Any Change in Control shall occur.

5.1.4 Guarantor or any of its Subsidiaries defaults on the payment of, or is otherwise in default (after expiration of any applicable grace period) under, any Indebtedness (including, without limitation, the Bank of America Credit Agreement) of Guarantor or such Subsidiaries to any Person or Persons where such Indebtedness (individually or in the aggregate) exceeds \$10,000,000; or the occurrence of any event which would, by the terms of Sections 8.01(i) or 8.01(j) of the Bank of America Credit Agreement (as such Agreement is in effect on January 4, 1993), constitute an Event of Default (as defined in the Bank of America Credit Agreement) thereunder regardless of whether the Bank of America Credit Agreement is in effect at such time or has been terminated.

SECTION 5.2 Deposit and Applications. Upon the occurrence of a Deposit

Event, Guarantor shall within two (2) business days following receipt of written demand from Lessor deposit in a cash collateral account (the "Collateral

Account") maintained with Lessor and entitled "AMD Pledge Collateral Account for the benefit of CIBC Inc." an amount equal to the Aggregate Balance Due plus the present value (using a discount rate of five percent (5%)) of the remaining unpaid Basic Rent due under each of the Leases. The amount deposited in the Collateral Account shall be invested by Lessor at the direction of Guarantor in Cash Equivalent Investments. All interest, dividends and earnings and other distributions on such Cash Equivalent Investments shall also be deposited in the Collateral Account. Lessor shall not incur any liability as a result of any actions taken or not taken by it on its behalf in connection with the maintenance of the Collateral Account and the investment of amounts deposited therein, provided Lessor has not acted with gross negligence or willful misconduct.

The Collateral Account shall serve as security for the payment and performance by Lessor of the Obligations. In the event of an Event of Default under either of the Leases, including without limitation Lessee's failure to perform its obligations under Section 41 of each of the Leases or the Guarantor's failure to promptly perform and/or pay pursuant to this Guaranty, Lessor is authorized, without giving written notice to, or the requirement that any action be taken by, Guarantor to apply for the benefit of Lessor all or any part of the Collateral Account to the payment of the Obligations. The rights of the Lessor with respect to the Collateral Account are in addition to and not in limitation of Lessor's other rights and remedies under this Guaranty and each of the Leases, including without limitation the right of Lessor to declare an Event of Default upon the occurrence of any event described in Section 5.1 above or to demand that Guarantor purchase the Property pursuant to the last sentence in the final paragraph of Section 2.3 of this Guaranty, and each such other right and -----
remedy may be exercised independently of Lessor's rights under this Article V. -----

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 Successors, Transferees and Assigns; Transfers of Notes, etc. -----

This Guaranty shall be binding upon Guarantor and its successors, transferees and assigns and inure to the benefit of and be enforceable by the Lessor and its successors, transferees and assigns, including without limitation any assignee of all or any portion of Lessor's interest in the Leases or the Property.

SECTION 6.2 Amendments, etc. No amendment to or waiver of any provision -----

of this Guaranty, nor consent to any departure by either Guarantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Lessor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 6.3 Notices. All notices, requests, demands and other -----

communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered by hand or on two business days following consignment (freight prepaid) to a commercial overnight air courier service or seven business days after being mailed, first class with postage prepaid, return receipt requested:

(a) If to the Guarantor, to

Advanced Micro Devices, Inc.
915 DeGuigne Drive
Sunnyvale, California 94086-3453
Attention: Chief Financial Officer

With a copy to:

Advanced Micro Devices, Inc.
915 DeGuigne Drive
Sunnyvale, California 94086-3453
Attention: General Counsel

or to such other person or address as the Guarantor shall furnish to the Lessor in writing;

(b) If to the Lessor, to:

CIBC Inc.
275 Battery Street, Suite 1840
San Francisco, California 94111
Telecopy: (415) 399-5761
Attention: Managing Director, Electronics Group

With a copy to:

CIBC Inc.
425 Lexington Avenue
New York, New York 10017
Attention: Managing Director, Leasing Group

or to such other person or address as the Lessor shall furnish to the Guarantor in writing.

SECTION 6.4 No Waiver; Remedies. In addition to, and not in limitation

of, Section 2.3 and Section 2.5, no failure on the part of Lessor to exercise,

and no delay in exercising, any right hereunder shall operate as a waiver
thereof; nor shall any single or partial exercise of any right hereunder
preclude any other or further exercise thereof or the exercise of any other
right. The remedies herein provided are cumulative and not exclusive of any
remedies provided by law.

SECTION 6.5 Captions. Section captions used in this Guaranty are for

convenience of reference only, and shall not affect the construction of this
Guaranty.

SECTION 6.6 Severability. Wherever possible each provision of this

Guaranty shall be interpreted in such manner as to be effective and valid under
applicable law, but if any provision of this Guaranty shall be prohibited by or
invalid under such law,

such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 6.7 Governing Law. THIS GUARANTY SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

SECTION 6.8 Forum Selection and Consent to Jurisdiction. ANY LITIGATION

BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF LESSOR OR GUARANTOR SHALL BE BROUGHT AND MAINTAINED IN THE COURTS OF THE STATE OF CALIFORNIA OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING

ENFORCEMENT OF EITHER OR BOTH OF THE LEASES OR THE CONSENT AGREEMENT OR AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE LESSOR'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE THE PROPERTY OR SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF CALIFORNIA. GUARANTOR HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT GUARANTOR HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, GUARANTOR HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER OPERATIVE AGREEMENTS.

SECTION 6.9 Waiver of Jury Trial. GUARANTOR AND, BY ITS ACCEPTANCE OF

THIS GUARANTY, LESSOR, HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS GUARANTY OR ANY OF THE OTHER OPERATIVE AGREEMENTS. GUARANTOR ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION WAS A MATERIAL INDUCEMENT FOR LESSOR ENTERING INTO THE LEASES AND FOR LESSOR TO ENTER INTO THE CONSENT AGREEMENT.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

ADVANCED MICRO DEVICES, INC.

By: /s/ Marvin D. Burkett

MARVIN D. BURKETT
Senior Vice President and
Chief Financial Officer

Accepted this 17 day
of December, 1993

CIBC INC.

By: /s/ Tom R. Wagner

Name: Tom R. Wagner
Title: Vice President

By: _____
Name:
Title:

FIRST AMENDMENT TO AMENDED AND RESTATED GUARANTY

THIS FIRST AMENDMENT TO AMENDED AND RESTATED GUARANTY, dated as of September 21, 1994 (this "Amendment"), by and between ADVANCED MICRO DEVICES, -----
INC., a Delaware corporation (the "Guarantor"), and CIBC INC., a Delaware corporation ("Lessor").

W I T N E S S E T H:

WHEREAS, pursuant to a Land Lease between AMD International Sales & Service, Ltd., a Delaware corporation (the "Lessee") and Lessor, dated as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California (the "Recorder's Office"), as amended by that certain First Amendment to Land Lease -----
dated as of December 22, 1992 and recorded on January 5, 1993 as Instrument No. 11720033 in the Recorder's Office, and as further amended by that certain Second Amendment to Land Lease dated as of December 17, 1993 and recorded on December 20, 1993 as Instrument No. 12271737 in the Recorder's Office (such Land Lease, as so amended, is referred to herein as the "Land Lease"), Lessor leased to -----
Lessee the land (the "Land") described at Schedule I to the Guaranty (defined below);

WHEREAS, pursuant to a Building Lease between Lessee and Lessor, dated as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550954 in the Recorder's Office, as amended by that certain First Amendment to Building Lease, dated as of December 22, 1992 and recorded on January 5, 1993 as Instrument No. 11720034 in the Recorder's Office, and as further amended by that certain Second Amendment to Building Lease, dated as of December 17, 1993 and recorded on December 20, 1993 as Instrument No. 12271738 in the Recorder's Office (such Building Lease, as so amended, is referred to herein as the "Building Lease"), Lessor leased to Lessee the building and improvements located -----
on the Land, and Lessor funded certain Renovations (as defined in the Building Lease), all as more specifically described in the Building Lease;

WHEREAS, the Guarantor executed and delivered to Lessor a Guaranty dated as of September 22, 1992, which Guaranty was amended and restated by that certain Amended and Restated Guaranty dated as of January 4, 1993, and further amended and restated by that certain Amended and Restated Guaranty dated as of December 17, 1993 (collectively, the "Guaranty");

WHEREAS, the Guarantor, Bank of America National Trust and Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and certain other Banks, entered into a Credit Agreement dated as of January 4, 1993 (the "Bank of America Credit Agreement");

WHEREAS, contemporaneously with the execution and delivery of this Amendment, the Bank of America Credit is being amended and restated by a certain Amended and Restated Credit Agreement, dated as of September 21, 1994 (the "Effective Date"), among the Guarantor, Bank of America National Trust and

Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and certain other Banks (the "Restated Bank of America Credit Agreement"); and

WHEREAS, the Guarantor has requested that the Lessor enter into this Amendment with the Guarantor;

NOW THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Guarantor and the Lessor agree as follows:

1. Recitals; Definitions. The foregoing recitals are hereby incorporated

into this Amendment. Unless otherwise defined herein or the context otherwise requires, terms used in this Amendment, including its preamble and recitals, shall have the meanings provided in the Guaranty.

2. Restated Bank of America Credit Agreement. As of the Effective Date, the following definition is hereby inserted in alphabetical order in Section 1.1 of the Guaranty:

"Restated Bank of America Credit Agreement" means the Bank of America Credit Agreement, as amended and restated by that certain Amended and Restated Credit Agreement, dated as of September 21, 1994, among the Guarantor, Bank of America National Trust and Savings Association, as Agent, First National Bank of Boston, as Co-Agent, and certain other Banks, as the same may be further amended, modified, supplemented or restated from time to time.

3. Amendment to Section 4.2.1. As of the Effective Date, clause (f) of Section 4.2.1 of the Guaranty is hereby deleted and replaced with the following:

(f) Indebtedness of not more than \$250,000,000 in principal at any time outstanding in respect of the Restated Bank of America Credit Agreement;

4. Amendment to Section 4.2.3. As of the Effective Date, all references in section 4.2.3 of the Guaranty to the Bank of America

Credit Agreement are hereby changed to the Restated Bank of America Credit Agreement.

5. Amendment to Section 4.2.10. As of the Effective Date, the

penultimate sentence of Section 4.2.10 of the Guaranty is hereby deleted.

6. Amendment to Section 5.1.4. As of the Effective Date, the first

reference to the Bank of America Credit Agreement in Section 5.1.4 of the Guaranty is hereby changed to the Restated Bank of America Credit Agreement.

7. Captions. Section captions used in this Amendment are for

convenience of reference only, and shall not affect the construction of this Amendment.

8. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED

IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

9. Affirmation of Guaranty. Except as amended by this Amendment, the

Guaranty is unmodified; and, as amended by this Amendment, the Guaranty remains in full force and effect and is hereby reaffirmed by the Guarantor.

10. Lease Documents. All references in the Building Lease and the Land

Lease to the "Guaranty" shall hereafter refer to the Guaranty as amended hereby.

11. Counterparts. This Amendment may be executed in several

counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, each of Guarantor and Lessor has caused this Amendment to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

ADVANCED MICRO DEVICES, INC.

CIBC INC.

By: /s/ Marvin D. Burkett

MARVIN D. BURKETT
Senior Vice President and
Chief Financial Officer

By:/s/ Robert A. Lever

Name: Robert A. Lever
Title: Vice President

By:/s/ James E. Anderson

Name: James E. Anderson
Title: Managing Director

CONSENTED AND AGREED TO:

By: AMD INTERNATIONAL SALES & SERVICE,
LTD.

By:/s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: President

CONSENTED AND AGREED TO:

By: LONG-TERM CREDIT BANK OF JAPAN,
LOS ANGELES AGENCY

By: /s/ Motokazu Uematsu

Name: Motokazu Uematsu
Title: Deputy General Manager

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Recording Requested By
and When Recorded, Return to:

EXHIBIT 10.29 (e)

Mayer, Brown & Platt
350 South Grand Avenue
25th Floor
Los Angeles, California 90071-1563
Attention: Leslie T. Tedrow
(213) 229-9500

SECOND AMENDMENT TO BUILDING LEASE

THIS SECOND AMENDMENT TO BUILDING LEASE (this "Second Amendment") is entered
into as of December 17, 1993 (the "Execution Date"), by and between CIBC INC., a
Delaware corporation ("Lessor"), and AMD INTERNATIONAL SALES & SERVICE, LTD., a
Delaware corporation ("Lessee").

RECITALS

A. Pursuant to that certain Building Lease, by and between Lessor and Lessee dated as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550954 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Building Lease, dated as of December 22, 1992 and recorded on January 5, 1993, as Instrument No. 11720034 in Official Records of the Recorder of Santa Clara County, California (such Building Lease, as so amended, is referred to herein as the "Original Building Lease"), Lessor leases the Building (defined below) to Lessee and Lessee leases the Building from Lessor.

B. Lessee is in the process of renovating the Building and desires that Lessor finance a portion of those renovations.

C. Lessor and Lessee desire to amend the Original Building Lease to (i) provide that all renovations being undertaken to the Building will be constructed for the benefit of Lessor and will be subject to the terms and conditions of the Original Building Lease, as amended hereby, (ii) provide the terms and conditions upon which Lessor will finance a portion of such renovations, and (iii) incorporate certain other changes and modifications to the Original Building Lease that have been agreed to by Lessor and Lessee.

D. Concurrently herewith, Lessor and Lessee also are amending that certain Land Lease between Lessor and Lessee dated

as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by a certain First Amendment to Land Lease, dated as of December 22, 1992 and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720033, pursuant to which Lessor leases to Lessee certain land described in Appendix 1 attached hereto.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee hereby agree as follows (terms used by not defined herein shall have the meaning provided in the Original Building Lease):

A. MODIFICATIONS TO BUILDING LEASE

Lessor and Lessee hereby amend the Original Building Lease as follows, and all references in the Original Building Lease to "this Lease" or "the Lease" shall hereafter refer to said Original Building Lease as amended hereby:

1. Leased Property In Section 1.1., the following is hereby inserted after

"other improvements" in the first line of the indented paragraph: "including, without limitation, the Renovations".

2. Fixed Term. In Section 1.2, the Expiration Date is hereby changed to

December 22, 1995.

3. Lessor's Option to Renew. The following Section 1.3 is hereby inserted

after Section 1.2:

1.3. Lessor's Option to Renew. If Lessee has not delivered to Lessor a

written notice of Lessee's exercise of the Remarketing Option pursuant to Section 41.6(A), Lessor may elect to renew the Fixed Term of this

Lease for an additional term of eight (8) years ending on the eighth anniversary date of the Expiration Date by notifying Lessee in writing of such renewal at least ninety (90) days, but not more than one hundred eighty (180) days, prior to the Expiration Date. Such election shall be within the absolute and sole discretion of Lessor, and nothing herein shall require Lessor to renew or extend the Fixed Term of this Lease. Lessee acknowledges that Lessor has not made any commitment, oral or written, to renew the Lease at the end of the Fixed Term. Any such renewal shall be on the same terms and conditions provided for in this Lease, or at the option of Lessor at the then prevailing rates. In the event Lessor elects to extend the Fixed Term as provided for above, Lessor shall also be required to extend the term of

the Land Lease for the same period. In connection with any such renewal, Guarantor agrees to restate its Guaranty, in form and substance mutually satisfactory to Lessor and to Guarantor, guaranteeing the Leases during such renewal period. Nothing in this provision shall be construed to limit Lessee's existing rights under any of the Operative Agreements between Lessor and Lessee, including Lessee's rights to purchase the Leased Property as provided for herein.

4. Definitions.

(a) The following definitions are hereby added to Section 2 in proper alphabetical sequence:

Advance: a disbursement hereunder by Lessor for the funding of the

Renovations or any portion thereof.

Architect: Hellmuth, Obata & Kassabaum, Inc., a California

corporation.

Architect's Agreement: means the Agreement For Design Services

Construction Management Edition, dated as of January 13, 1993, between Lessee and the Architect.

Balance Due: means as of the date of determination the sum of the

Lessor Purchase Price plus the Funded Amount reduced by any Qualified Payments to the extent such application is permitted pursuant to the definition of Qualified Payments.

Bonds: the meaning specified in Section 21.3(b) (vii).

Building: means the Leased Property on the Land as of September 22,

1992.

Commitment Fees the meaning specified in Section 21.11.

Consent Agreement: means the Construction Consent Agreement dated as

of December 22, 1992, by and between Lessor and Lessee.

Construction Documents: means the Architects Agreement, the

Contractors Agreement, the Consent Agreement, the Plans and Specifications, and all soil reports and analyses. The Construction Documents shall also include all modifications and additions to the foregoing approved in writing by Lessor.

Construction Schedule: shall mean the deadlines for completion of

construction and the various construction milestones as provided for in the
Consent Agreement.

Contractor: DPR Construction, Inc., a California corporation.

Contractors Agreement: means the Agreement dated as of November 19,

1992, between Guarantor and the Contractor.

Draw Request: the meaning specified in Section 21.4(a)(i).

Execution Date: the meaning set forth in the preamble.

Funded Amount: means as of any date of determination the cumulative

aggregate sum of all Advances made in respect of the Renovations to date.

Funding Termination Date: means March 23, 1994

Lender: means Long-Term Credit Bank of Japan, Ltd., Los Angeles

Agency, and any other entity which provides financing to Lessor to fund
its obligations hereunder or to refinance its interests in this Lease.

Letter Agreement: the meaning specified in Section 21.11.

LIBOR Office: means Lessor's office at 275 Battery Street, Suite 1840,

San Francisco, California, or such other office of Lessor as designated
from time to time by notice from Lessor to Lessee, whether or not outside
the United States, which shall be making or maintaining a loan with
reference to LIBO Rates.

Maximum Advance Amount: means an amount equal to Twelve Million Five

Hundred Thousand Dollars (\$12,500,000.00).

Option Termination Date: the meaning specified in Section 41.1(b).

Plans and Specifications: means all of those certain plans and

specifications, dated July 28, 1993, issued by the Architect with respect
to the Renovations, including (i) the portions thereof prepared by
Sasco/Valley Electric covering electrical systems, and (ii) the portions
thereof prepared by The Linford Company covering mechanical systems.

Preconstruction Value: the meaning specified in Section 21.3(b).

Qualified Payments: means all payments received by Lessor from time to

time during the term of this Lease from any party (1) under any casualty insurance policy as a result of damage to the Leased Property or the Land, (2) as compensation for any restriction placed upon the use or development of the Leased Property or the Land or for the condemnation of the Leased Property or the Land or any portion of either thereof, (3) because of any final judgment, decree or award for injury or damage to the Leased Property or the Land, or as a result of any settlement, agreed to by Lessor and Lessee in writing, of any claim by Lessor for injury or damage to the Leased Property or the Land, or (4) under any title insurance policy or otherwise as a result of any title defect or claimed title defect with respect to the Leased Property or the Land, but only to the extent that such payment compensates Lessor for such title defect (excluding, for example, reimbursement of legal fees or other defense costs); provided, however, that (x) in determining "Qualified Payments", there shall be deducted all expenses and costs of every kind, type and nature (including Taxes and attorneys' fees) incurred by Lessor with respect to the collection of such payments or the defense or prosecution of any claims, (y) "Qualified Payments" shall not include any payment to Lessor by Lender or a participant or Affiliate of or lender to Lessor that is made to compensate Lessor for Lender's or such the participant's or Affiliate's share of any costs, expenses, liabilities or losses which Lessor may incur as a result of any of the events described in the preceding clauses (1)

through (4) and (z) "Qualified Payments" shall not include any payments

received by Lessor that Lessor has paid to Lessee or any other person for the restoration or repair of the Leased Property or the Land or that Lessor is holding as escrowed proceeds (pursuant Section 47). For purposes of

computing the total Qualified Payments paid to or received by Lessor as of any date, payments described in the preceding clauses (1) through (4) will

be considered as escrowed proceeds (pursuant to Section 47), not Qualified

Payments, until they are actually applied as Qualified Payments by Lessor, which will generally not occur until the first Installment Date which is at least three (3) Business Days after Lessor's receipt of the same; and provided further, that all insurance proceeds in connection with any damage to the Leased Property or the Land as provided for in Section 19 hereof (or

Section 19 of the Land Lease) or condemnation proceeds relating to a Taking

as provided in Section 20 hereof (or Section 20 of the Land Lease) shall

remain escrowed proceeds (pursuant to Section 47 hereof or

in the Land Lease, as the case may be) and shall not be payable to Lessee nor reduce the Balance Due until and except as specifically provided for in Sections 19 and 20. All Qualified Payments received by Lessor in connection with either the Leased Property or the Land shall be first applied to reduce the Balance Due hereunder; any Qualified Payments received by Lessor which are in excess of the Balance Due hereunder shall be applied to reduce the "Balance Due" (as defined in the Land Lease) pursuant to the Land Lease.

Renovations Budget: the construction budget attached as Exhibit A to the Consent Agreement.

Renovations: means all of the changes, modifications and improvements to be made to the Building (whether or not funded by Lessor) as described in the Plans and Specifications.

Title Company: Lawyers Title Insurance Corporation.

Title Policy: the meaning specified in Section 21.4(a)(vi).

(b) The following definition is hereby deleted: AT&T Occupancy Agreement.

(c) In the definition of Business Day, the following is hereby inserted immediately after "San Francisco, California" in the third line of such definition: ", Los Angeles, California".

(d) The term "Casualty Termination Price" is hereby changed to "Casualty Value Payment". All references in the Original Building Lease to "Casualty Termination Price" are hereby changed to "Casualty Value Payment".

(e) The definition of Guaranty is hereby deleted and replaced with the following:

Guaranty: that certain Amended and Restated Guaranty, dated as of the date hereof, made by Guarantor in favor of Lessor.

(f) The definition of Land Lease is hereby deleted and replaced with the following:

Land Lease: means that certain Land Lease between Lessor and Lessee dated as of September 22, 1992 and recorded as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Land Lease, dated

as of December 22, 1992 and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Land Lease, dated as of the date hereof, and recorded on _____, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. _____.

(g) In the definition of Legal Requirement, (i) the following is hereby

inserted immediately after the phrase "whether foreseen or unforeseen and whether ordinary or extraordinary": "(including, without limitation, any zoning or building laws or ordinances, any noise abatement, occupancy, or environmental protection laws or regulations, or any rules, regulations or orders of any governmental agency), or any building permit or any condition, privilege, license, easement, right-of-way, covenant, restriction or grant (whether or not of record)", and (ii) the following is hereby added in clause (b) immediately

after the phrase "foregoing impose obligations on": "Lessor, or".

(h) In the definition of Lessee's Equipment, (i) the following is hereby

inserted immediately after the phrase "installed at the Leased Property by Lessee or any sublessee or assignee of Lessee, at its cost": "and not purchased with funds advanced by Lessor", and (ii) the following is hereby inserted immediately after "removal systems" and preceding the closing parenthesis: ", all of which shall not constitute Lessee's Equipment".

(i) The definition of Lessor Purchase Price is hereby deleted and replaced

with the following:

Lessor Purchase Price: an amount of \$14,453,416.14, paid by Lessor to

acquire the Building.

(j) The definition of LIBO Rate is hereby deleted and replaced with the

following:

LIBO Rate: means with respect to any Quarterly Period, an interest rate

per annum equal at all times during such Quarterly Period to the rate of interest per annum (rounded upwards, if necessary, to the next 1/16 of 1%) at which deposits (in an amount equal to the Balance Due as of the first day of any Quarterly Period) in United States dollars in immediately available funds are offered or are available to Lessor's LIBOR Office in the eurodollar interbank market at 10:00 a.m. (Pacific Standard Time) two Business Days before the first day of such Quarterly Period for a three (3) month period; provided, however, that if Lessee shall notify Lessor not less than four (4) Business Days prior to

the first day of any Quarterly Period (except the second Quarterly Period in which a six (6) month LIBO Rate is already in effect, and except as otherwise provided below) that Lessee desires that the LIBO Rate for such Quarterly Period and the succeeding Quarterly Period be based on a six (6) month period, then the LIBO Rate with respect to such two (2) Quarterly Periods shall be an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal at all times during such two (2) Quarterly Periods to the rate of interest at which deposits (in an amount equal to the Balance Due as of the first day of the first of such two (2) Quarterly Periods) in United States dollars in immediately available funds are offered or are available to Lessor's LIBOR Office in the Eurobank interbank market at 10:00 a.m. (Pacific Standard Time) two (2) Business Days before the first day of the first of such two (2) Quarterly Periods for such six (6) month period. Lessee may not elect a six (6) month LIBO Rate with respect to any Quarterly Period expiring during the period beginning on the date hereof and ending on the first Installment Date after the earlier of (i) the Funding Termination Date, and (ii) the earliest date on which the Funded Amount equals the Maximum Advance Amount. If Lessor is unable to determine the LIBO Rate at any time, or Lessor shall determine that the introduction of any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful for Lessor to calculate rent based on the LIBO Rate, then the LIBO Rate for the applicable Quarterly Period shall be the Corporate Base Rate.

(k) The definition of LIBO Rent is hereby deleted and replaced with the

following:

LIBO Rent: as of an Installment Date means:

(a) with respect to the period beginning December 2, 1993 and ending December 21, 1993 (such period being a portion of the Quarterly Period beginning on September 22, 1993 and ending on December 21, 1993), an amount equal to \$33,373.34; and

(b) with respect to each Quarterly Period commencing after the date hereof, the quotient of (1) the product of (i) the Balance Due as of the beginning of the Quarterly Period in which such Installment Date falls (such Balance Due shall include the amount of any Advance made on the first day of such Quarterly Period), multiplied by (ii) the sum of 1% plus the rate obtained by dividing the LIBO Rate by a percentage equal to 100% minus the LIBO Reserve Percentage, multiplied by (iii) the number of actual days

elapsed (including such Installment Date) in the Quarterly Period that includes such Installment Date, divided by (2) 360.

As used herein, "LIBO Reserve Percentage" means the maximum reserve

percentage applicable to Lessor for such Quarterly Period (or if more than one such percentage is applicable during such period, the daily average of such percentages for those days in such period during which each such percentage is applicable) under applicable law, including, without limitation, regulations issued from time to time by the Federal Reserve Board, for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) with respect to liabilities or assets consisting of or including (x) eurocurrency liabilities in the amount of the above referenced portion of the Balance Due and having a maturity substantially the same as such Quarterly Period and (y) any other category of liabilities which includes deposits by reference to which the LIBO Rate is to be determined. Lessor shall submit a certificate to Lessee which shall set forth in reasonable detail the basis for, calculation of and the amount of LIBO Rent, which certificate shall be conclusive and binding for all purposes, absent manifest error.

(1) The definition of Operative Agreements is hereby deleted and replaced with the following:

Operative Agreements: (i) this Lease, (ii) the Land Lease, (iii) the Guaranty, (iv) that certain Purchase and Sale Agreement, dated as of April 15, 1992, between American Telephone and Telegraph Company, as seller, and Guarantor, as buyer, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of August 10, 1992, and as further amended by that certain Second Amendment to Purchase and Sale Agreement dated as of September 17, 1992, (v) that certain Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated of even date herewith, by Lessee and Guarantor in favor of Lessor, (vi) that certain Assignment of Purchase and Sale Agreement dated as of September 21, 1992, made by Guarantor in favor of Lessor, (vii) that certain agreement, dated as of September 21, 1992, between American Telephone and Telegraph Company and Lessee, (viii) that certain Consent to Assignment of Purchase and Sale Agreement, dated as of September 21, 1992, made by American Telephone and Telegraph Company in favor of Lessor and Guarantor, (ix) the Consent Agreement, (x) the Letter Agreement, and (xi) any and all other documents executed by Lessee or Guarantor or any Affiliate of either thereof in connection with any of the foregoing.

(m) The term "Taking Termination Price" is hereby changed to "Taking Value Payment." All references in the Original Building Lease to "Taking Termination Price" are hereby changed to "Taking Value Payment".

5. (a) Basic Rent. Section 3.1 is deleted in its entirety and replaced with the following language:

Basic Rent. Lessee shall pay to Lessor Basic Rent by no later than 12:00 Noon (Los Angeles time) on each Installment Date. For purposes of this Lease, Basic Rent shall mean, as of an Installment Date, an amount equal to the sum of (i) LIBO Rent plus (ii) Capital Rent.

(b) Additional Rent. In Section 4, (i) the following is hereby inserted at the end of clause (a), immediately preceding clause (b): "including, without limitation, the amounts required to be paid by Lessee to Lessor pursuant to Sections 21.11 and 41.6.J," and (ii) the reference to subdivision (b) of Section 25.1 in the parenthetical in the second sentence is hereby changed to subdivision (c) of Section 25.1. The following is hereby inserted at the end of Section 4:

"On April 22, 1994, Lessee shall pay (by check or other method of payment acceptable to Lessor and Lessee) to Lessor an amount equal to One Dollar (\$1.00), which amount shall be applied against the Balance Due as of such date. On May 22, 1994, Lessor shall pay (by check or other method of payment acceptable to Lessor and Lessee) to Lessee an amount equal to One Dollar (\$1.00), which amount shall be added to the Balance Due as of such date. The payments set forth in this grammatical paragraph of Section 4 shall not in any way affect the calculation of Basic Rent or any other sums due under this Lease."

6. Net Lease; No Counterclaim, Abatement, etc. In Section 5, (i) the word "fully" is hereby inserted preceding "net lease" in the first sentence, (ii) the phrase ", including, without limitation, the construction or financing of the Renovations" is hereby inserted at the end of the first sentence after "thereof", and (iii) the phrase "the construction of the Renovations or" is hereby inserted in clause (g) after "interference with".

7. Condition and Use of Leased Property. In Section 6, the following is hereby added immediately at the end of the capitalized text: "LESSEE ACKNOWLEDGES THAT LESSEE IS SOLELY RESPONSIBLE FOR THE DESIGN, DEVELOPMENT AND CONSTRUCTION OF THE RENOVATIONS AND ANY OTHER ADDITIONS OR MODIFICATIONS TO THE BUILDING."

8. Alterations. In Section 8, (i) the following is hereby inserted

immediately preceding clause (a) in the first grammatical paragraph: "(except

as otherwise contemplated pursuant to Section 21)", (ii) the phrase "(except

with respect to the Renovations)" is hereby inserted in the fifth line of the
second grammatical paragraph after the phrase "performance bond", and (iii) the
following is hereby inserted at the end of such section: "Notwithstanding the
foregoing, nothing in this Section 8 shall reduce or otherwise relieve Lessee of

any of its obligations and duties regarding the construction of the Renovations
as provided for at Section 21."

9. Indemnification by Lessee. In Section 12, (i) the first sentence is

hereby revised to begin as follows: "Lessee will (to the fullest extent
permitted by law) defend, protect, indemnify and save harmless Lessor, CIBC, any
Assignee, any Lender and their respective successors, assigns, participants,
officers, employees . . .".

10. Payment of Taxes, etc. Section 14 is hereby modified as follows:

(a) Clause (a) is hereby deleted and replaced with the following:

(a) Lessee shall hold Lessor harmless against and shall pay,
prior to delinquency, whether or not payable directly by Lessee or
Lessor or subject to withholding at the source: (i) all governmental
taxes, assessments, levies, fees, water and sewer rents and charges,
property taxes, licenses, permit fees and all other governmental
charges, general and special, ordinary and extraordinary, foreseen and
unforeseen, and all charges for utility or communications services,
which, at any time prior to or during the term of this Lease, (A) are
imposed or levied upon, assessed against or measured by (1) the Leased
Property or the value thereof, or the revenues, rents, issues, income,
awards, proceeds or profits thereof, (2) any Basic Rent, Additional
Rent or other sum payable hereunder or (3) this Lease or the leasehold
estate hereby created or (B) arise in respect of the occupancy,
operation, possession, leasing, subleasing, construction, repair,
rebuilding or use of the Leased Property; (ii) all transfer, sales,
recording, value added, use and similar taxes at any time levied,
assessed or payable on account of the acquisition, occupancy,
operation, possession, leasing, subleasing, construction, repair,
rebuilding or use of the Leased Property; (iii) all taxes,
assessments, levies, charges, fees, rents or payments in lieu of, or
as a substitute for, those

payments referred to in clauses (i) and (ii) above or any part

thereof, whether or not expressly so designated; and (iv) all other
taxes imposed on, with respect to, or in connection with the Operative
Agreements and the transactions contemplated thereby, including any
sale of the Leased Property pursuant to Section 41 (all of the

foregoing being referred to collectively as "Taxes"). The foregoing

requirements of this Section 14(a) are subject to Lessee's rights

under Section 17 hereof. If any such Taxes may legally be paid in

installments, Lessee may pay such Taxes in the installments due;
provided, however, that in such event, Lessee shall pay all remaining
installments (whether or not then due) prior to the expiration of this
Lease or upon termination of this Lease, except if such expiration
occurs as a result of Lessee purchasing the Leased Property pursuant
to Section 41 hereof.

(b) In clause (b), item (iii) is hereby deleted, and item (iv) shall

now become item (iii).

11. Permitted Contests. In Section 17, insert the following in the first

sentence after the phrase "suppliers or vendors or lien therefor,": "or the
claims of any other Person affecting the Leased Property or the Land (or any
part thereof) or any Lien therefor,"

12. Risks To Be Insured. In Section 18.1, (i) the reference in clause (x)

to Lessor Purchase Price is hereby changed to Balance Due, and (ii) in clause

(e), the phrase "the Renovations or" is hereby inserted after "construction of".

13. Total Destruction. In Section 19.3, all references to the term

"Casualty Termination Price" are hereby changed to "Casualty Value Payment".
All references to "Lessor Purchase Price" are hereby changed to "Balance Due".

14. Application of Insurance Proceeds. In Section 19.4, the reference to

"Lessor Purchase Price" is hereby changed to "Balance Due". In clause (b), the

phrase "payment of the purchase price" is hereby changed to "payment of the
Casualty Value Payment".

15. Total Taking. In Section 20.3, all references to "Taking Termination

Price" are hereby changed to "Taking Value Payment". All references to "Lessor
Purchase Price" are hereby changed to "Balance Due".

16. Application of Awards. In Section 20.4, the phrase in clause (iii):

"Lessor and shall be applied to reduce the Lessor Purchase Price" is hereby
changed to "Lessor as Qualified

Payments and shall be applied to reduce the Balance Due (to the extent so provided under the definition of 'Qualified Payments')." In clause (b), the phrase "payment of the purchase price" is hereby changed to "the Taking Value Payment".

17. Renovation of the Building. The following Section 21 is hereby inserted as the new Section 21 (replacing "Intentionally Omitted"):

21. Renovation of the Building.

21.1. Construction and Funding of the Renovations. The construction of the Renovations shall be carried out and constructed in accordance with each of the terms and conditions of and shall be constructed and completed within the time periods set forth in the Construction Schedule. In the event of any conflict between the Consent Agreement and this Lease, the terms and conditions of this Lease shall control. All of the Renovations shall be part of the Leased Property and subject to Lessor's interest as provided for in this Lease. Lessor shall reimburse Lessee for costs and expenses incurred and paid by Lessee for such construction pursuant to the terms of this Section 21; provided, however, in no event will the total of

all Advances exceed the Maximum Advance Amount. Lessee agrees to fund all amounts necessary to complete construction of the Renovations in excess of the Maximum Advance Amount. Lessee acknowledges that Lessor is not under any obligation to advance any portion of the funds previously advanced by Lessor pursuant to this Section 21 which are repaid to Lessor by Lessee or

by any third party as contemplated herein. Lessor shall not be liable to Lessee for a failure to fund pursuant to this Section 21 to the extent

Lender, for any reason, does not advance amounts to Lessor pursuant to any loan agreements and other documents entered into between Lessor and Lender, unless Lender's failure to fund is attributable to a failure of Lessor to perform its obligations under any such loan agreement or other such documents.

21.2. Request for Construction Funding. During the Fixed Term, but not later than March 8, 1994, Lessee may request Lessor to provide funding on the first day of the next occurring Quarterly Period for the construction of the Renovations. Each such request shall be in writing and presented to the Lessor not less than ten (10) Business Days prior to the date specified for funding the Advance. Each request for funding shall be for an amount not less than One Million Dollars (\$1,000,000).

21.3. Conditions Precedent to Initial Funding. The obligation of Lessor to make the initial Advance hereunder

for construction of the Renovations shall be subject to the following conditions precedent:

(a) Lessor Approval. Lessor shall have approved the Construction Documents.

(b) Documents. Lessor shall have received all the following, each duly executed and in form and substance satisfactory to Lessor:

(i) Certified Documents. Copies, certified by Lessee as being true and correct copies, of the Construction Documents, together with all required governmental permits, licenses and approvals;

(ii) Assignment of Contracts. Assignments by Lessee of the Construction Documents and all required governmental permits, licenses and approvals, all in the form of the respective assignments attached hereto as Schedule C, together with the consents to assignment (satisfactory to the Lessor) of the Architect and the Contractor; Schedule C is hereby added to and made a part of the Original Building Lease;

(iii) Subcontracts. A list, certified by Contractor, of each subcontract and (to the extent not included in such subcontracts) each purchase agreement for work or materials; and, if subsequently requested in writing by Lessor, a copy of any such subcontract the cost of which equals or exceeds the sum of \$200,000;

(iv) Renovations Budget. A copy, certified by Lessee as being a true and correct copy, of Lessee's Renovations Budget;

(v) Insurance. Certificates of insurance evidencing compliance with the insurance requirements of this Lease and the Contractors Agreement;

(vi) Appraisal. A FIRREA appraisal which (a) conforms to and complies with the requirements set forth in Section 43 hereof, (b) sets forth the appraised value of the Building prior to commencement of the Renovations (the "Preconstruction Value"), and (c) which demonstrates that the Renovations, upon completion and taken as a whole, will enhance the Preconstruction Value by an amount not less than one hundred percent (100%) of the Maximum Advance Amount; and

(vii) Bonds. If Lessee elects to have the Contractors Agreement

bonded, then there shall also be furnished to Lessor one or more payment
and performance bonds (collectively, the "Bonds") covering the Contractors

agreement, which Bonds shall name Lessor as a co-obligee under a dual
obligee bond and shall expressly permit Lessor direct access to and
recourse against the issuer of the bond.

21.4. Conditions Precedent to Each Advance. Lessor's obligation to make

each Advance (including the initial Advance) shall be subject to the following
conditions precedent, all at Lessee's expense:

(a) Documents. Lessor shall have received all of the following, in form

and substance reasonably acceptable to Lessor, at least 10 Business Days prior
to the requested disbursement date:

(i) Draw Request. A written request from Lessee or its agent

requesting the Advance, which request shall be in the form attached hereto
as Schedule D (a "Draw Request"); Schedule D is hereby added to and made a

part of the Original Building Lease;

(ii) Architect's Certification; Architect's Certificate for Payment. A

written certification from the Architect in the form attached hereto as
Schedule E;

Together with a certified copy of the certificate for payment required to
be delivered to Lessor by the Architect pursuant to the Contractors
Agreement; Schedule E attached hereto is hereby added to and made a part of

the Original Building Lease;

(iii) Contractor's Certification; Contractor's Application for

Payment. A written certification from the Contractor in the form of

Schedule F attached hereto, together with a certified copy of the

Contractor's Application for Payment required to be delivered to Lessor by
the Contractor pursuant to the Contractor's Agreement; Schedule F attached

hereto is hereby added to and made a part of the Original Building Lease;

(iv) Electrical Certification; Mechanical Certification. Written

certification from Sasco Valley Electric in the form of Schedule G attached

hereto, and written certification from The Linford Company in the form of
Schedule H attached hereto; Schedules G and H

attached hereto are hereby added to and made a part of the Original Building Lease;

(v) Lien Waivers. Unconditional waivers and releases of mechanics'

liens for all work previously performed on the Land from (1) the Contractor and (2) subcontractors and material suppliers on whose behalf funds are sought for payment or have theretofore been disbursed, all of which waivers shall comply with the mechanics' lien law of the State of California and shall conform with the requirements of the Title Company;

(vi) Title Policy/Endorsement. (a) With respect to the first Advance,

an ALTA Owner's Title Policy (the "Title Policy") insuring Lessor in the amount of \$40,000,000.00 in substantially the same form as that certain ALTA Owner's Policy No. 113-00-470-120 issued by the Title Company to Lessor dated September 22, 1992 (and including the endorsements issued thereon, substituting, however, CLTA Form 123.1 in place of CLTA 123.2) insuring, as of the date of the first Advance, Lessor's ownership interest in the Land and Leased Property, subject only to Permitted Exceptions (the "Title Policy"); and (b) with respect to each Advance except the first Advance, an endorsement or endorsements to the Title Policy to cover such Advance (i.e., increasing the policy amount and insuring against intervening matters since the date of the last such endorsement), which endorsement or endorsements shall show no encumbrances other than Permitted Exceptions;

(vii) Progress Reports. Written statements from the Contractor and

Lessee setting forth and describing the progress of construction, the date when it is anticipated that construction will be completed, and the causes of delays or problems which could reasonably be expected to delay or prevent completion of the Renovations; and

(viii) Change Orders. All change order information since the later of

June 30, 1993 or the date of the last Advance (to the extent not theretofore submitted to Lessor pursuant to Section 21.6(a), which change

orders shall be made in accordance with Section 21.6(a).

(b) Financial Condition and Defaults. No material adverse change in the

financial condition or operations of Guarantor and its subsidiaries shall have occurred at any

time or times subsequent to the financial statements described at Section 3.1.5

of the Guaranty, and Lessee shall not have received a written notice of Default
which remains uncured and no Event of Default shall exist.

21.5. Additional Obligations of Lessee. On the first day of each

Quarterly Period which commences during the period beginning as of the date
hereof and ending on June 30, 1994, Lessee shall, unless an Advance is made on
such date, provide to Lessor the information, documents and certificates
required pursuant to Section 21.4(a), items (ii), (iii), (iv), (v), (vi)(b),

(vii) and (to the extent not theretofore submitted to Lessor pursuant to

Section 21.6(a) (viii)). During the period beginning on the date of the first

Advance and ending on June 30, 1994, provided that Lessee shall have fulfilled
its obligations and shall be in compliance with its requirements under Sections

21.3(b) and 21.4(a) hereof, Lessor will not request from Lessee, and Lessee

shall not be required to furnish to Lessor, (i) copies of lien waivers pursuant
to Section 3.2.2 of the Consent Agreement; (ii) later date title endorsements to
Lessor's Owner's title policy pursuant to Section 3.2.1 of the Consent Agreement
other than such later date endorsement upon final completion of the Alterations
pursuant to such Section 3.2.1 of the Consent Agreement; (iii) copies of any
permits, licenses or approvals pursuant to Section 4.1(C) of the Consent
Agreement to the extent that Lessee has delivered to Lessor a copy thereof
pursuant hereto.

21.6. Additional Provisions Regarding Construction.

(a) Changes to Plans and Specifications. Copies of all changes to the

Plans and Specifications, the Renovations Budget and the Construction Schedule
must be promptly submitted to Lessor. All such changes must be first approved
by Lessor, except for those changes which:

(i) Do not increase or decrease the aggregate cost of the Renovations
as set forth in the original Renovations Budget described in Section 1 by

more than Five Hundred Thousand Dollars (\$500,000) for any single change
and which, when aggregated with all change orders made on or subsequent to
the date hereof, do not exceed Two Million Dollars (\$2,000,000)
(aggregating all increases and decreases, and not netting decreases against

increases);

(ii) Do not conflict with, or cause the Plans and Specifications to
conflict with, and will not cause the Renovations (then or upon completion)
to fail to comply

with, any applicable law, regulation, permit, license or approval relating to the ownership, construction, use or occupancy of the Renovations, or any covenant, condition or restriction affecting the Leased Property or the Land; and

(iii) Do not and will not result in a reduction in the Fair Market Value of the Leased Property.

(b) Lessor Advances. If (1) an uncured Default or Event of Default exists

at any time, and (2) any of the following conditions exists: (i) Lessor reasonably believes that the Construction Schedule has been breached, (ii) Lessor reasonably believes that completion of construction of the Renovations is not being diligently pursued pursuant to Section 21.9, or (iii) Section 17

hereof is being violated, then Lessor may at its option (but shall not be obligated to) make Advances, even though Lessee has failed or refused to make a Draw Request, and whether or not any conditions to such Advance shall have been satisfied and regardless of whether such Advance is made on the first day of a Quarterly Period, if Lessor deems it advisable to do so, including, without limitation, for the purpose of paying or reimbursing Lessor for any amounts owed by Lessee hereunder or under the Land Lease.

(c) No Waivers. The disbursement by Lessor of any Advance hereunder (i)

without requiring fulfillment of any one or more of the conditions to such Advance provided for in this Lease shall not be deemed a waiver of any condition set forth herein with respect to any subsequent Advance and (ii) shall not be deemed an approval or acceptance by Lessor of the work theretofore done as having been completed in accordance with the Construction Documents.

(d) Stored Materials. Notwithstanding any other provision to the contrary,

Lessor shall not be required to make any disbursement for materials unless such materials are incorporated into Renovations or are on the Land at the time of such disbursement; Lessee hereby covenants that any materials on the Land but not yet incorporated into the Renovations shall not be removed from the Land without Lessor's prior written consent.

(e) Permits. Lessee will, promptly upon written request, deliver to Lessor

copies, certified by Lessee as being true and correct copies, of all governmental permits, licenses and approvals required for the construction of the Renovations, including, but not limited to, building permits and environmental approvals.

21.7. Use of Funds. The proceeds of each Advance may be used only

for the uses specified in the corresponding Draw Request and only in respect of
the Renovations in respect of which such Advance is made.

21.8. Progress of Construction. Lessee shall diligently pursue the

construction and completion of the Renovations. Construction of all of the
Renovations shall be subject to the time requirements and deadlines provided for
in the Consent Agreement. Any failure to adhere to the time deadlines and
schedules set forth in the Consent Agreement shall constitute, at Lessor's
election, an Event of Default. Lessee shall deliver to Lessor prior to the date
construction must be completed under the Consent Agreement, each of the
following items in form and substance reasonably acceptable to Lessor, all at
Lessee's expense:

(a) Lien Waivers. Final unconditional lien waivers and releases from (i)

the Contractor and (ii) all subcontractors and materials suppliers in respect of
all Renovations; and a final sworn statement from the Contractor.

(b) Architect's Completion Certificate. A certificate from the Architect

certifying that construction has been substantially completed in accordance with
the Construction Documents and has been completed in accordance with all
applicable laws and regulations and all applicable governmental permits,
licenses and approvals, and will also comply with the requirements of all
covenants, conditions, and restrictions affecting the improved Parcel and
certifying that attached thereto are true, correct and complete copies of all
necessary or appropriate governmental permits, licenses and approvals for the
ownership, use and occupancy of the Leased Property (including a Certificate of
Occupancy), all of which have been issued, are unconditional and are in full
force and effect, unmodified. Lessee shall furnish Lessor with an original (or
copy certified by Architect) of the Architect's Certificate of Substantial
Completion which the Architect is required to issue pursuant to the Contractor's
Agreement. The requirement under Section 3.2.3(i) of the Consent Agreement that
Lessee deliver to Lessor an Architect's certificate shall be deemed satisfied by
delivery of the certificates required under this clause (b).

(c) Final Plan. A copy, certified by Lessee or the Architect as being a

true and correct copy, of the final Plans and Specifications containing all
field changes thereto made by the Contractor in the course of constructing the
Renovations. The delivery of such certified final Plans

and Specifications shall also satisfy the requirements under clause (iii) of

Section 3.2.3 of the Consent Agreement.

(d) Permanent Occupancy. A copy, certified by Lessee as being a true and

correct copy, of the final Certificate of Occupancy, together with all
governmental certificates that Lessor may reasonably require from applicable
governmental authorities, evidencing compliance with all zoning, building, fire,
health, environmental and other applicable laws, rules and regulations, together
with evidence, satisfactory to Lessor, that there are no additions, actions or
proceedings pending or threatened to alter or declare invalid any of those laws,
ordinances, rules, regulations or permits or certificates for or relating to the
Renovations, to the Land, or any part thereof. Fulfillment of the requirements
under this clause (d) shall also fulfill the requirements under clause (ii) of

Section 3.2.3 of the Consent Agreement.

21.9. Remedying Construction Defects. Lessee will promptly remedy, in a

manner reasonably satisfactory to Lessor, all such parts or aspects of
construction as Lessor may reasonably determine are not in compliance with the
Plans and Specifications.

21.10. Legal Requirements; Insurance Requirements. Lessee shall cause

such Renovations and the construction thereof to be in compliance with all Legal
Requirements, the Construction Documents, any restrictions of record and
Insurance Requirements.

21.11. Commitment Fees. On the Execution Date, Lessee shall pay to Lessor

a facility fee in the amount of One Hundred Thousand Dollars (\$100,000). In
addition, Lessee shall pay to Lessor a commitment fee (the "Commitment Fee") for

the period from and including December 22, 1993 to and excluding the Funding
Termination Date, equal to the average of the daily unused portion of the
Maximum Advance Amount multiplied by 0.375% per annum. The Commitment Fee will
be calculated on the basis of a 360-day year, and the actual number of days
elapsed to be payable in arrears on each Installment Date, commencing on the
first such date to occur after the Execution Date, and at maturity. Lessor
shall pay to Lender the above described facility fee and Lender's share of the
Commitment Fee as required in the loan documents entered into between Lessor and
Lender. Nothing herein shall relieve Lessee and Guarantor from their
obligations to pay to Lessor any amounts which become due and owing pursuant to
that certain letter agreement (the "Letter Agreement") by and among Lessee,

Guarantor, Lessor and CIBC Leasing Inc., dated July 23, 1993.

18. Right of Lessor to Perform Lessee's Covenants, Etc. In Section 23,

the following is inserted immediately after the phrase "perform any act" in the
first sentence: "(including without limitation completion of the Renovations)."

19. Assignments, Subleases, Etc. by Lessee. In Section 24.1, the second

sentence shall end "operation of law or otherwise"; and the remainder of such
sentence is hereby deleted.

20. Events of Default. In Section 25.1, the following provisions are

hereby modified:

(a) in clause (a), the phrase ", the Commitment Fees or amounts due

and owing under the Letter Agreement" is hereby inserted after "Basic
Rent";

(b) clause (b) is hereby deleted and replaced with the following:

"Lessee shall fail to pay any amounts required to be paid pursuant to
Sections 19.3, 20.3 or 41 on the date the same becomes due and payable;

or";

(c) the following clauses are hereby added after the text of clause

(o) but preceding the period:

(p) any Event of Default (as that term is defined in the Consent
Agreement) shall occur under the Consent Agreement; or

(q) a breach or Default by Lessee of its obligations described in
Sections 21.5, 21.6(a), 21.6(d), 21.7, 21.8 or 21.9 shall occur.

21. Trustee; Power of Sale. In Section 26, all references to "Lessor

Purchase Price" are hereby changed to "Balance Due." The reference to
"Continental Lawyers Title Company" in Section 26 is hereby changed to "Lawyers

Title Insurance Company."

22. Further Assurance for Lessee's Obligations. All references in Section

27 to the "Lessor Purchase Price" are hereby changed to the "Balance Due".
- - -

23. Lender Costs. Section 28 is hereby deleted and replaced with the

following:

"28. Lender Costs. Lessee hereby agrees to pay to Lender on Lessor's

behalf all amounts described in Section 14 and Section 15 of that certain
Loan Agreement, dated as of December 17, 1993, between Lessor and Lender
(the "Loan Agreement"). All such amounts shall be paid by

Lessee at the time, in the manner and as provided in the Loan Agreement or as directed by Lender."

24. End of Lease Term. In Section 37, the phrase "and subject to the Obligations of Lessee as provided for at Section 41" is hereby inserted after "termination of this Lease" in the first sentence.

25. Purchase and Remarketing of Leased Property. In Section 41, the phrase "payment of the Balance Due and the" is hereby inserted immediately preceding the phrase "purchase and sale".

26. Lessee's Option to Purchase. Section 41.1(a) is hereby deleted and replaced with the following:

41.1 Lessee's Option to Purchase. (a) Subject to the terms and conditions and provisions set forth in this Section 41.1, Lessee shall have the option (the "Purchase Option"), to be exercised as set forth below at any time on or before the Option Termination Date (as hereinafter defined), to purchase from Lessor at any time during the Fixed Term Lessor's interest in the Leased Property. Such option must be exercised by written notice to Lessor, which exercise shall be irrevocable; and such exercise notice will specify the closing date, which must occur on an Installment Date, for Lessee's purchase of the Leased Property, which date shall not be more than sixty (60) days following Lessor's receipt of such notice but in no event later than the Expiration Date, and the closing of the conveyance of the Leased Property shall occur on such date. In such event, subject to the provisions set forth in this Section 41, on such closing date, Lessor shall convey to Lessee, and Lessee shall purchase from Lessor, Lessor's interest in the Leased Property. The purchase price to be paid by Lessee for the Leased Property shall be an amount equal to the Balance Due as of the closing date of Lessee's purchase of the Leased Property. As a condition to Lessor's obligations hereunder, Lessee shall also pay to Lessor all Basic Rent, Additional Rent and other amounts that may have accrued as of such date.

27. Purchase. Section 41.2 is hereby deleted and replaced with the following:

41.2 Expiration Date Obligation to Pay and Purchase. Unless Lessee shall have exercised the Purchase Option, then, subject to the terms, conditions and provisions set forth in this Section 41, Lessee shall be required to purchase all of Lessor's interest in the Leased Property and pay to Lessor the Balance Due as of the Expiration Date

along with all accrued Basic Rent, Additional Rent and other amounts then due. Upon receipt of such amount, Lessee shall be deemed to have purchased from Lessor, and Lessor shall convey to Lessee, on the Expiration Date all of Lessor's interest in the Leased Property. Lessee acknowledges that under Section 41 of the Land Lease, Lessee shall be obligated to pay the Balance

Due (as defined in the Land Lease) under the Land Lease and purchase the Land simultaneously with the purchase of the Leased Property. Lessee may designate, in a notice given to Lessor not less than ten (10) days prior to the closing of such purchase (time being of the essence), a transferee to whom the conveyance shall be made (if other than to Lessee), in which case such conveyance shall (subject to the terms and conditions set forth herein) be made to such designee; provided, however, that such designation

of a transferee shall not cause Lessee to be released, fully or partially, from any of its obligations under this Lease, including without limitation its obligation to pay the Balance Due on the Expiration Date and all other accrued amounts.

28. Acceleration of Purchase Obligation. Section 41.3 is hereby deleted

and replaced with the following:

41.3 Acceleration of Expiration Date Obligation. Lessee shall be

obligated to purchase Lessor's interest in the Leased Property and pay to Lessor the Balance Due along with all amounts which have accrued and are due and payable hereunder immediately upon the occurrence of any Event of Default specified in clauses (k) or (l) of Section 25.1. Further,

notwithstanding anything contained herein to the contrary, at any time upon the occurrence and during the continuance of an Event of Default, if Lessor gives Lessee a notice under Section 25.2(a)(i) terminating Lessee's right

of possession (for purposes of this Section 41 such notice being referred

to as a "Purchase Acceleration Notice"), Lessee shall be obligated to

purchase Lessor's interest in the Leased Property and to pay to Lessor the Balance Due along with all amounts which have accrued and are payable hereunder on the date which is ten (10) business days following Lessee's receipt of such Purchase Acceleration Notice. If Lessee's obligations under this Section 41.3 take place on a date other than an Installment Date,

Basic Rent shall be prorated to such date. Lessee acknowledges that its receipt of a Purchase Acceleration Notice under this Section 41.3 shall

also constitute a receipt by Lessee of a Purchase Acceleration Notice under the Land Lease. The Lessor's right to terminate the Purchase Option pursuant to Section 41.1 and to accelerate the purchase of the Lessor's

interest in the Leased Property are independent of each other, and notwithstanding anything in Section 41.1 to the

contrary, unless the Option Termination Date shall have first occurred, the Purchase Option shall terminate and be of no further force or effect on the date that any Purchase Acceleration Notice is given.

If Lessee fails to purchase Lessor's interest in the Leased Property and pay the Balance Due along with all other amounts as provided for in the preceding paragraph on the tenth (10th) Business Day following Lessee's receipt of the Purchase Acceleration Notice, then, Lessor shall be free to sell the Leased Property to another Person and upon any such subsequent sale to any other Person by Lessor of Lessor's interest in the Leased Property, Lessor shall be entitled to recover from Lessee, and Lessee shall upon demand pay to Lessor, an amount equal to (i) the Balance Due, plus

(ii) the amount of all Basic Rent, Additional Rent and other sums payable hereunder to and including the date of such demand (including, without limitation, Breakage Amounts and all costs and expenses incurred by Lessor in effectuating its remedies and making such sale or sales), minus (iii)

the amount of all consideration (on a present value basis determined by the application of a discount factor (per annum) equal to five percent (5%) to the extent such consideration is not cash), received by Lessor in connection with such sale.

29. Determination of the Purchase Price. In Section 41.4, (a) such

Section shall hereafter be entitled "Breakage"; (b) the first grammatical

paragraph is hereby deleted; (c) the remainder of said Section is hereby deleted and replaced with the following:

In addition to all other amounts owed to Lessor hereunder, if Lessee's payment of the Balance Due and purchase of Lessor's interest in the Leased Property occurs on a date other than the LIBO Last Day (defined below), and if the LIBO Rate for the three (3) month period commencing on the date on which the Balance Due is paid is less than the LIBO Rate in effect during the Quarterly Period in which such payment occurs, then Lessee shall pay to Lessor on such date as an additional component of the Balance Due, the Breakage Amount (defined below). If Lessee's payment of the Balance Due occurs when a six (6) month LIBO Rate is in effect and on a date other than the second Installment Date of such period, the Breakage Amount shall be an amount equal to the present value of the difference between (A) the portion

of the Basic Rent payments for the two (2) Quarterly Periods for which such six (6) month LIBO Rate applies (prorated for the number of days in the period beginning on the date of such purchase and ending on the second Installment Date occurring in such six (6) month period with

respect to which such six (6) month LIBO Rate applies), and (B) an amount equal to what the portion of the Basic Rent for such two Quarterly Periods (prorated for the number of days in the period beginning on the date on which such purchase occurs and ending on the second Installment Date occurring in such six (6) month period with respect to which such six (6) month LIBO Rate applies) would have been had the Basic Rent for such two (2) Quarterly Periods been calculated using the three (3) month LIBO Rate in effect on the date of such purchase. If Lessee's payment of the Balance Due occurs when a three (3) month LIBO Rate is in effect on other than the last day of a Quarterly Period, the Breakage Amount shall be an amount equal to the present value of the difference between (A) the portion of the

Basic Rent payment for such Quarterly Period in which such purchase occurs (prorated for the number of days during the period beginning on the date of such purchase and ending on Installment Date at the end of such Quarterly Period) and (B) an amount equal to what the portion of the Basic Rent payment for such Quarterly Period (prorated for the number of days in the period beginning on the date of such purchase and ending on the Installment Date at the end of such Quarterly period) would have been had the Basic Rent for such Quarterly Period been calculated using a three (3) month LIBO Rate in effect on the date of such purchase. In either case, such difference shall be discounted at a rate of 5% per annum. If any statute or rule of law shall validly limit the amount due under this Section 41.4 to

less than the amount above agreed upon, Lessor or Assignee shall be entitled to the maximum amount allowable under such statute or rule of law.

30. Purchase Procedure. In Section 41.5, (a) the phrase "purchase price

therefor" in the first paragraph is hereby deleted and replaced with "Balance Due (and all other amounts due and owing hereunder)"; (b) the second grammatical paragraph, the first sentence shall begin as follows: "If Lessee shall purchase Lessor's interest in the Leased Property pursuant to Section 41.1(b) or if

Lessee's obligation to pay the Balance Due and purchase the Leased Property is accelerated pursuant to Section 41.3, Lessee shall deliver the Balance Due to

Lessor together with ..."; and (c) the following is hereby inserted at the end of the parenthetical in the penultimate sentence in such second grammatical paragraph: "and pay to Lessor the Balance Due along with all other amounts due and owing hereunder".

31. Option to Remarket. The second grammatical paragraph of Section 41.6

is hereby deleted and replaced with the following:

Lessee's effective exercise and consummation of the Remarketing Option shall be subject to the due and timely fulfillment of each of the following provisions, the failure of any of which shall render the Remarketing Option and Lessee's exercise thereof null and void, in which event, Lessee shall be obligated on the Expiration Date to pay to Lessor the Balance Due (and all other accrued amounts) and perform its obligations under Section 41.2

and if the Expiration Date shall have occurred, this Lease shall automatically be deemed extended until five (5) Business Days after such Expiration Date and the purchase by Lessee under Section 41.2 and payment

of the Balance Due and all other amounts due and owing hereunder shall (and all other accrued amounts) be consummated on the fifth such Business Day.

Subparagraph I is hereby deleted and replaced with the following: "The Renovations shall have been completed in accordance with the requirements set forth at Section 21, and any Restoration (in the event of a Taking or any

casualty or other damage or destruction) shall be completed prior to Expiration Date."

In subparagraph J, the first reference to "Lessor Purchase Price" is hereby deleted and replaced with "Balance Due plus all other amounts due and owing hereunder", and the second reference thereto is hereby replaced with "Balance Due". The reference in clause (x) in such subparagraph J to \$12,763,323.00 is

hereby deleted and replaced with Twenty-Three Million Eight Hundred Forty-Two Thousand Six Hundred Twenty-Two Dollars (\$23,842,622.00).

The reference in subparagraph L to "Lessor Purchase Price" is hereby deleted and replaced with "Balance Due and all other amounts due and owing hereunder".

The parenthetical and succeeding phrase "within ten (10) business days" in subparagraph M is hereby deleted and replaced with the following: "(and Lessee shall be obligated to purchase the Leased Property and pay to the Lessor the Balance Due together with all other amounts due and owing hereunder pursuant to Section 41.2) within five (5) business days".

The following sentence is hereby added after the last sentence in Section 41: "Lessee shall pay to Lessor each amount due pursuant to this Section 41 by -----

no later than 12:00 Noon (Los Angeles time) on the date such payment is due and payable."

32. Transaction Expenses. The following subsection is hereby added to -----
Section 51 after the end of clause (iv) thereof

but prior to the period (and the word "and" at the end of clause (iii) thereof

is hereby deleted):

"; and

(v) The out-of-pocket expenses incurred by Lender in connection with the negotiation, preparation, execution, delivery and perfection of the loan documents entered into between Lender and Lessor pursuant to which Lessor finances a portion of its obligations hereunder or otherwise refinances its interest in this Lease, including, without limitation, all reasonable fees and disbursements of counsel to Lender."

33. The following Sections are hereby inserted after Section 51 (and the

subsequent Sections are hereby renumbered accordingly).

52. Additional Waivers. IN CONNECTION WITH THE TRANSACTIONS PROVIDED

FOR HEREIN AND AS FURTHER CONSIDERATION FOR LESSOR AGREEING TO ENTER INTO THIS SECOND AMENDMENT, LESSEE WAIVES, TO THE MAXIMUM EXTENT SUCH WAIVER IS PERMITTED BY LAW, ANY AND ALL DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE (S)(S) 1951.2, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2838, 2839, 2845, 2848, 2849 AND 2850, TO THE EXTENT APPLICABLE, CALIFORNIA CODE OF CIVIL PROCEDURE (S)(S) 580A, 580B, 580C, 580D AND 726, AND, TO THE EXTENT APPLICABLE, CHAPTER 2 OF PART IV, TITLE 14, OF THE CALIFORNIA CIVIL CODE.

53. Lessee Further Acknowledgments. Lessee has been represented by

legal and tax counsel, independent accountants and other professionals, each of which has been personally selected by Lessee, as Lessee has found necessary to consult concerning the consummation of the transactions contemplated in this Lease and the other Operative Agreements, and such representation has included an examination and analysis of Lessee's rights and obligations and the basis of all accounting, tax, financial and legal aspects and treatment under this Lease and the other Operative Agreements. With respect to the accounting, tax, financial and legal consequences of the transactions contemplated herein and in the Operative Agreements, Lessee is relying solely upon the advice of its own tax, accounting and legal advisors and upon its knowledge with respect thereto.

54. Certain Tax Matters. Without limiting the acknowledgements made by

Lessee at Section 53, Lessor and Lessee agree that, in accordance with

their intentions and the substance of the transactions contemplated hereby and to

the extent permitted by law, Lessee (and not Lessor) shall be treated as the owner of the Leased Property for Federal, state, and local income tax purposes. Lessee shall be entitled to take any deduction, credit allowance or other reporting, filing or other tax position consistent with such characterizations. Lessor shall not file any Federal, state or local income tax returns, reports or other statements in a manner which is inconsistent with the foregoing provisions of this Section 54.

55. Attorneys' Fees and Legal Expenses. If either party commences any

legal action or other proceeding to enforce any of the terms of this Lease or any of the Operative Documents to which Lessor and Lessee are a party, or because of any breach by the other party or dispute hereunder or thereunder, the successful or prevailing party shall be entitled to recover from the nonprevailing party all reasonable attorneys' fees and costs incurred in connection therewith, whether or not such controversy, claim or dispute is prosecuted to a final judgment.

B. AFFIRMATION OF STATUS OF ORIGINAL BUILDING LEASE

Except as amended by this Second Amendment, the Original Building Lease is unchanged; and, as amended by this Second Amendment, the Original Building Lease remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Second Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Tom R. Wagner

Name: Tom R. Wagner
Title: Vice President

By

Name:
Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE,
LTD., a Delaware corporation

By /s/ Marvin D. Burkett

Name: Marvin D. Burkett
Title: Sr. VP. CFO and Treasurer

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On December 17, 1993, before me, Rhonda Allerhand, personally appeared Tom R. Wagner, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Rhoda Allerhand

(Seal)

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On December 17, 1993, before me, Janis V. Cahill, personally appeared Marvin Burkett, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Janis V. Cahill

(Seal)

Mayer, Brown & Platt
350 South Grand Avenue
25th Floor
Los Angeles, California 90071-1563
Attention: Leslie T. Tedrow
(213) 229-9500

SECOND AMENDMENT TO LAND LEASE

THIS SECOND AMENDMENT TO LAND LEASE (this "Second Amendment") is entered

into as of December 17, 1993 (the "Execution Date"), by and between CIBC INC., a

Delaware corporation ("Lessor"), and AMD INTERNATIONAL SALES & SERVICE, LTD., a

Delaware corporation ("Lessee").

RECITALS

A. Pursuant to that certain Land Lease, by and between Lessor and Lessee dated as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550953 in the Official Records of the Recorder of Santa Clara County, California, as amended by that certain First Amendment to Land Lease, dated as of December 22, 1992 and recorded on January 5, 1993, as Instrument No. 11720033 in Official Records of the Recorder of Santa Clara County, California (such Land Lease, as so amended, is referred to herein as the "Original Land Lease"),

Lessor leases the Land described in Appendix 1 attached hereto to Lessee and Lessee leases the Land from Lessor.

B. Lessor and Lessee desire to amend the Original Land Lease to incorporate certain other changes and modifications that have been agreed to by Lessor and Lessee.

C. Concurrently herewith, Lessor and Lessee also are amending that certain Building Lease between Lessor and Lessee dated as of September 22, 1992 and recorded on September 22, 1992 as Instrument No. 11550954 in the Official Records of the Recorder of Santa Clara County, California, as amended by a certain First Amendment to Building Lease, dated as of December 22, 1992 and recorded on January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Lessor and Lessee hereby agree as follows (terms used by not defined herein shall have the meaning provided in the Original Land Lease):

A. MODIFICATIONS TO LAND LEASE

Lessor and Lessee hereby amend the Original Land Lease as follows, and all references in the Original Land Lease to "this Lease" or "the Lease" shall hereafter refer to said Original Land Lease as amended hereby:

1. Fixed Term. In Section 1.2, the Expiration Date is hereby changed to

December 22, 1995.

2. Lessor's Option to Renew. The following Section 1.3 is hereby

inserted after Section 1.2:

1.3. Lessor's Option to Renew. If Lessee has not delivered to Lessor a

written notice of Lessee's exercise of the Remarketing Option pursuant to
Section 41.6(A), Lessor may elect to renew the Fixed Term of this Lease for

an additional term of eight (8) years ending on the eighth anniversary date
of the Expiration Date by notifying Lessee in writing of such renewal at
least ninety (90) days, but not more than one hundred eighty (180) days,
prior to the Expiration Date. Such election shall be within the absolute
and sole discretion of Lessor, and nothing herein shall require Lessor to
renew or extend the Fixed Term of this Lease. Lessee acknowledges that
Lessor has not made any commitment, oral or written, to renew the Lease at
the end of the Fixed Term. Any such renewal shall be on the same terms and
conditions provided for in this Lease, or at the option of Lessor at the
then prevailing rates. In the event Lessor elects to extend the Fixed Term
as provided for above, Lessor shall also be required to extend the term of
the Building Lease for the same period. In connection with any such
renewal, Guarantor agrees to restate its Guaranty, in form and substance
mutually satisfactory to Lessor and to Guarantor, guaranteeing the Leases
during such renewal period. Nothing in this provision shall be construed to
limit Lessee's existing rights under this Lease, including Lessee's rights
to purchase the Land as provided for herein.

4. Definitions.

(a) The following definitions are hereby added to Section 2 in proper

alphabetical sequence:

Balance Due: means as of the date of determination an amount equal to

\$13,046,583.86 reduced by any Qualified Payments to the extent that such
application is permitted pursuant to the definition of Qualified Payments.

Consent Agreement: means the Construction Consent Agreement dated as

of December 22, 1992, by and between Lessor and Lessee.

Execution Date: the meaning specified in the preamble.

Lender: means Long-Term Credit Bank of Japan, Ltd., Los Angeles

Agency, and any other entity which provides financing to Lessor to
refinance its interests in this Lease.

LIBOR Office: means Lessor's office at 275 Battery Street, Suite 1840,

San Francisco, California, or such other office of Lessor as designated
from time to time by notice from Lessor to Lessee, whether or not outside
the United States, which shall be making or maintaining a loan with
reference to LIBO Rates.

Option Termination Date: the meaning specified in Section 41.1(b).

Purchase Option: the meaning specified in Section 41.1.

Qualified Payments: means all payments received by Lessor from time to

time during the term of this Lease from any party (1) under any casualty
insurance policy as a result of damage to the Land or the Building, (2) as
compensation for any restriction placed upon the use or development of the
Land or the Building or for the condemnation of the Land or the Building or
any portion of either thereof, (3) because of any final judgment, decree or
award for injury or damage to the Land or the Building, or as a result of
any settlement, agreed to by Lessor and Lessee in writing, of any claim by
Lessor for injury or damage to the Building or the Land, or (4) under any
title insurance policy or otherwise as a result of any title defect or
claimed title defect with respect to the Land or the Building, but only to
the extent that such payment compensates Lessor for such title defect
(excluding, for example, reimbursement of legal fees or other defense
costs); provided, however, that (x) in determining "Qualified Payments",
there shall be deducted all expenses and costs of every kind, type and
nature (including Taxes and attorneys' fees) incurred by Lessor with
respect to the collection of such payments or the defense or prosecution of

any claims, (y) "Qualified Payments" shall not include any payment to Lessor by Lender or a participant or Affiliate of or lender to Lessor that is made to compensate Lessor for Lender's or such the participant's or Affiliate's share of any costs, expenses, liabilities or losses which Lessor may incur as a result of any of the events described in the preceding Clauses (1) through (4) and (z) "Qualified Payments" shall not

include any payments received by Lessor that Lessor has paid to Lessee or any other person for the restoration or repair of the Land or the Building or that Lessor is holding as escrowed proceeds pursuant to Section 47. For

purposes of computing the total Qualified Payments paid to or received by Lessor as of any date, payments described in the preceding Clauses (1)

through (4) will be considered as escrowed proceeds pursuant to Section 47,

not Qualified Payments, until they are actually applied as Qualified Payments by Lessor, which will generally not occur until the first Installment Date which is at least three (3) Business Days after Lessor's receipt of the same; and provided further, that all insurance proceeds in connection with any damage to the Land or the Building as provided for in Section 19 hereof (or in Section 19 of the Building Lease) or condemnation

proceeds relating to a Taking as provided in Section 20 hereof (or in

Section 20 of the Building Lease) shall remain escrowed proceeds pursuant

to Section 47 hereof or in the Building Lease, as the case may be and shall

not be payable to Lessee nor reduce the Balance Due until and except as specifically provided for in Sections 19 and 20. All Qualified Payments

received by Lessor in connection with either the Land or the Building shall be first applied to reduce the "Balance Due" (as defined in the Building Lease) under and pursuant to the Building Lease; and Qualified Payments received by Lessor which are in excess of the "Balance Due" (as defined in the Building Lease) under the Building Lease shall be applied to the Balance Due hereunder.

Renovations: the meaning specified in the Building Lease.

Trustee: the meaning specified in Section 25.

(b) The definition of Building Lease is hereby deleted and replaced with

the following:

Building Lease: means that certain Building Lease entered into between

Lessor and Lessee on September 22, 1992 and recorded September 22, 1992 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11550954, as amended by that certain First Amendment to Building Lease dated as of December 22, 1992 and recorded

January 5, 1993 in the Official Records of the Recorder of Santa Clara County, California as Document No. 11720034, and as further amended by a certain Second Amendment to Building, dated as of the date hereof, pursuant to which Lessor financed the acquisition of certain improvements on the Land.

(c) The following definition is hereby deleted: AT&T Occupancy Agreement.

(d) In the definition of Business Day, the following is hereby inserted

immediately after "San Francisco, California" in the third line of such definition: ", Los Angeles, California".

(e) The definition of Guaranty is hereby deleted and replaced with the

following:

Guaranty: that certain Amended and Restated Guaranty, dated as of the

date hereof, made by Guarantor in favor of Lessor.

(f) In the definition of Legal Requirement, (i) the following is hereby

inserted immediately after the phrase "whether foreseen or unforeseen and whether ordinary or extraordinary": "(including, without limitation, any zoning or building laws or ordinances, any noise abatement, occupancy, or environmental protection laws or regulations, or any rules, regulations or orders of any governmental agency), or any building permit or any condition, privilege, license, easement, right-of-way, covenant, restriction or grant (whether or not of record)", and (ii) the following is hereby added in clause (b) immediately after the phrase "foregoing impose obligations on": "Lessor, or".

(g) In the definition of Lessee's Equipment, the following is hereby

inserted immediately after the phrase "installed on or at the Land by Lessee or any sublessee or assignee of Lessee, at its cost": "and not purchased with funds advanced by Lessor".

(h) The definition of Lessor Purchase Price is hereby deleted in its

entirety.

(i) The definition of Lessor's Review Charge is hereby deleted in its

entirety.

(j) The definition of LIBO Rate is hereby deleted and replaced with the

following:

LIBO Rate: means with respect to any Quarterly Period, an interest

rate per annum equal at all times during such Quarterly Period to the rate of interest per annum (rounded

upwards, if necessary, to the next 1/16 of 1%) at which deposits (in an amount equal to the Balance Due as of the first day of any Quarterly Period) in United States dollars in immediately available funds are offered or are available to Lessor's LIBOR Office in the eurodollar interbank market at 10:00 a.m. (Pacific Standard Time) two Business Days before the first day of such Quarterly Period for a three (3) month period; provided, however, that if Lessee shall notify Lessor not less than four (4) Business Days prior to the first day of any Quarterly Period (except the second Quarterly Period in which a six (6) month LIBO Rate is already in effect) that Lessee desires that the LIBO Rate for such Quarterly Period and the succeeding Quarterly Period be based on a six (6) month period, then the LIBO Rate with respect to such two (2) Quarterly Periods shall be an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal at all times during such two (2) Quarterly Periods to the rate of interest at which deposits (in an amount equal to the Balance Due as of the first day of the first of such two (2) Quarterly Periods) in United States dollars in immediately available funds are offered or are available to Lessor's LIBOR Office in the Eurobank interbank market at 10:00 a.m. (Pacific Standard Time) two (2) Business Days before the first day of the first of such two (2) Quarterly Periods for such six (6) month period. Lessee may not elect a six (6) month LIBO Rate with respect to any Quarterly Period expiring during the period beginning on the date hereof and ending on the first Installment Date after the earlier of (i) the Funding Termination Date (as that term is defined in the Building Lease), and (ii) the earliest date on which the Funded Amount equals the Maximum Advance Amount (as that term is defined in the Building Lease). If Lessor is unable to determine the LIBO Rate at any time, or Lessor shall determine that the introduction of any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful for Lessor to calculate rent based on the LIBO Rate, then the LIBO Rate for the applicable Quarterly Period shall be the Corporate Base Rate.

(k) The definition of LIBO Rent is hereby deleted and replaced with the

following:

LIBO Rent: as of an Installment Date means:

(a) with respect to the period beginning December 2, 1993 and ending December 21, 1993 (such period being a portion of the Quarterly Period beginning on September 22, 1993 and ending on December 21, 1993), an amount equal to \$30,124.92; and

(b) with respect to each Quarterly Period commencing after the date hereof, the Balance Due as of such Installment Date multiplied by an interest rate per annum equal at all times to the sum of (a) 1% plus (b) the rate obtained by dividing the LIBO Rate (or the Corporate Base Rate if required pursuant to the terms set forth under the definition of "LIBO Rate") by a percentage equal to 100% minus the LIBO Reserve Percentage, dividing the sum thereof by 360 and multiplying the result thereof by the number of actual days elapsed (including such Installment Date) in the Quarterly Period that includes such Installment Date.

As used herein, "LIBO Reserve Percentage" means the maximum reserve

percentage applicable to Lessor for such Quarterly Period (or if more than one such percentage is applicable during such period, the daily average of such percentages for those days in such period during which each such percentage is applicable) under applicable law, including, without limitation, regulations issued from time to time by the Federal Reserve Board, for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) with respect to liabilities or assets consisting of or including (x) eurocurrency liabilities in the amount of the above referenced portion of the Balance Due and having a maturity substantially the same as such Quarterly Period and (y) any other category of liabilities which includes deposits by reference to which the LIBO Rate is to be determined. Lessor shall submit a certificate to Lessee which shall set forth in reasonable detail the basis for, calculation of and the amount of LIBO Rent, which certificate shall be conclusive and binding for all purposes, absent manifest error.

(1) The definition of Operative Agreements is hereby deleted and replaced with the following:

Operative Agreements: (i) this Lease, (ii) the Building Lease, (iii) the Guaranty, (iv) that certain Purchase and Sale Agreement, dated as of April 15, 1992, between American Telephone and Telegraph Company, as seller, and Guarantor, as buyer, as amended by that certain First Amendment to Purchase and Sale Agreement dated as of August 10, 1992, and as further amended by that certain Second Amendment to Purchase and Sale Agreement dated as of September 17, 1992, (v) that certain Restated Hazardous Materials Undertaking and Unsecured Indemnity, dated as of the date hereof, by Lessee and Guarantor in favor of Lessor, (vi) that certain Assignment of Purchase and Sale Agreement dated as of September 21, 1992, made by Guarantor in favor of Lessor, (vii) that certain agreement, dated as of

September 21, 1992, between American Telephone and Telegraph Company and Lessee, (viii) that certain Consent to Assignment of Purchase and Sale Agreement, dated as of September 21, 1992, made by American Telephone and Telegraph Company in favor of Lessor and Guarantor, (ix) the Consent Agreement, (x) the Letter Agreement (as defined in the Building Lease), and (xi) any and all other documents executed by Lessee or Guarantor or any Affiliate of either thereof in connection with any of the foregoing.

(m) The term "Casualty Termination Price" is hereby changed to "Casualty Value Payment". All references in the Original Land Lease to "Casualty Termination Price" are hereby changed to "Casualty Value Payment".

(n) The term "Taking Termination Price" is hereby changed to "Taking Value Payment." All references in the Original Land Lease to "Taking Termination Price" are hereby changed to "Taking Value Payment".

(o) In the definition of Restoration, the phrase "of the Building Lease" is hereby inserted after "Section 8".

6. (a) Basic Rent. Section 3.1 is deleted in its entirety and replaced with the following language:

Basic Rent. Lessee will pay to Lessor Basic Rent by no later than 12:00 Noon (Los Angeles time) on each Installment Date. For purposes of this Lease, Basic Rent shall mean, as of an Installment Date, an amount equal to the sum of (i) LIBO Rent plus (ii) Capital Rent.

(b) Additional Rent. In Section 4, (i) the following is hereby inserted at the end of clause (a), immediately preceding clause (b): "including, without limitation, the amounts required to be paid by Lessee to Lessor pursuant to Section 41.6 (J)," and (ii) the reference to subdivision (b) of Section 25.1 in the parenthetical in the second sentence is hereby changed to subdivision (c) of Section 25.1. The following is hereby inserted at the end of Section 4:

"On April 22, 1994, Lessee shall pay (by check or other method of payment acceptable to Lessor and Lessee) to Lessor an amount equal to One Dollar (\$1.00), which amount shall be applied against the Balance Due as of such date. On May 22, 1994, Lessor shall pay (by check or other method of payment acceptable to Lessor and Lessee) to Lessee an amount equal to One Dollar (\$1.00), which amount shall be added to the Balance Due as of such date. The payments set forth in this grammatical paragraph of Section 4 shall not in any way

affect the calculation of Basic Rent or any other sums due under this Lease."

7. Net Lease; No Counterclaim, Abatement, etc. In Section 5, (i) the word

"fully" is hereby inserted preceding "net lease" in the first sentence, (ii) the
phrase ", including, without limitation, the construction or financing of any
improvements thereon including the Renovations" is hereby inserted at the end of
the first sentence after "thereof", and (iii) the phrase "or construction of
renovations upon" is hereby inserted in clause (g) after "use of".

8. Alterations. The text of Section 8 is hereby deleted and replaced with

the following:

Except as permitted under the Building Lease, Lessee shall not have
the right to make any improvements or additions (collectively, the
"Alterations") to the Land at any time during the term of this Lease.

9. Indemnification by Lessee. In Section 12, (i) the first sentence is

hereby revised to begin as follows: "Lessee will (to the fullest extent
permitted by law) defend, protect, indemnify and save harmless Lessor, CIBC, any
Assignee, any Lender and their respective successors, assigns, participants,
officers, employees . . .".

10. Payment of Taxes, etc. Section 14 is hereby modified as follows:

(a) Clause (a) is hereby deleted and replaced with the following:

(a) Lessee shall hold Lessor harmless against and shall pay,
prior to delinquency, whether or not payable directly by Lessee or
Lessor or subject to withholding at the source: (i) all governmental
taxes, assessments, levies, fees, water and sewer rents and charges,
property taxes, licenses, permit fees and all other governmental
charges, general and special, ordinary and extraordinary, foreseen and
unforeseen, and all charges for utility or communications services,
which, at any time prior to or during the term of this Lease, (A) are
imposed or levied upon, assessed against or measured by (1) the Land
or the value thereof, or the revenues, rents, issues, income, awards,
proceeds or profits thereof, (2) any Basic Rent, Additional Rent or
other sum payable hereunder or (3) this Lease or the leasehold estate
hereby created or (B) arise in respect of the occupancy, operation,
possession, leasing, subleasing, construction, repair, rebuilding or
use of

the Land; (ii) all transfer, sales, recording, value added, use and similar taxes at any time levied, assessed or payable on account of the acquisition, occupancy, operation, possession, leasing, subleasing, construction, repair, rebuilding or use of the Land; (iii) all taxes, assessments, levies, charges, fees, rents or payments in lieu of, or as a substitute for, those payments referred to in clauses (i) and (ii) above or any part thereof, whether or not expressly so designated; and (iv) all other taxes imposed on, with respect to, or in connection with the Operative Agreements and the transactions contemplated thereby, including any sale of the Land pursuant to Section 41 (all of the foregoing being referred to collectively as

"Taxes"). The foregoing requirements of this Section 14(a) are subject

to Lessee's rights under Section 17 hereof. If any such Taxes may

legally be paid in installments, Lessee may pay such Taxes in the installments due; provided, however, that in such event, Lessee shall pay all remaining installments (whether or not then due) prior to the expiration of this Lease or upon termination of this Lease, except if such expiration occurs as a result of Lessee purchasing the Land pursuant to Section 41 hereof.

(b) In clause (b), item (iii) is hereby deleted, and item (iv) shall

now become item (iii).

12. Permitted Contests. In Section 17, insert the following in the first

sentence after the phrase "suppliers or vendors or lien therefor,": "or the claims of any other Person affecting the Land or the Building (or any part thereof) or any Lien therefor,"

13. Risks To Be Insured. In Section 18.1, the reference in clause (x) to

Lessor Purchase Price is hereby changed to Balance Due.

14. Total Destruction. In Section 19.3, all references to the term

"Casualty Termination Price" are hereby changed to "Casualty Value Payment". All references to "Lessor Purchase Price" are hereby changed to "Balance Due".

15. Total Taking. In Section 20.3, all references to "Taking Termination

Price" are hereby changed to "Taking Value Payment". All references to "Lessor Purchase Price" are hereby changed to "Balance Due".

16. Application of Awards. In Section 20.4, the phrase in clause (iii):

"Lessor and shall be applied to reduce the Lessor Purchase Price" is hereby changed to "Lessor as Qualified

Payments and shall be applied to reduce the Balance Due (to the extent so provided under the definition of 'Qualified Payments')." In Clause (b), the phrase "payment of the purchase price" is hereby changed to "the Taking Value Payment".

17. Right of Lessor to Perform Lessee's Covenants, Etc. In Section 23, -----
the following is inserted immediately after the phrase "perform any act" in the first sentence: "(including without limitation completion of the Renovations)."

18. Assignments, Subleases, Etc. by Lessee. In Section 24.1, the second -----
sentence shall end "operation of law or otherwise"; and the remainder of such sentence is hereby deleted.

20. Trustee; Power of Sale. In Section 26, all references to "Lessor -----
Purchase Price" are hereby changed to "Balance Due." The reference to "Continental Lawyers Title Company" in Section 26 is hereby changed to "Lawyers -----
Title Insurance Company."

21. Further Assurance for Lessee's Obligations. All references in Section -----
27 to the "Lessor Purchase Price" are hereby changed to the "Balance Due".
- - -

22. End of Lease Term. In Section 37, the phrase "and subject to the -----
Obligations of Lessee as provided for at Section 41" is hereby inserted after "termination of this Lease" in the first sentence.

23. Purchase and Remarketing of Land. In Section 41, the phrase "payment -----
of the Balance Due and the" is hereby inserted immediately preceding the phrase "purchase and sale".

24. Lessee's Option to Purchase. Section 41.1(a) is hereby deleted and -----
replaced with the following:

41.1 Lessee's Option to Purchase. (a) Subject to the terms and -----
conditions and provisions set forth in this Section 41.1, Lessee shall have the option (the "Purchase Option"), to be exercised as set forth below at -----
any time on or before the Option Termination Date (as hereinafter defined), to purchase from Lessor at any time during the Fixed Term Lessor's interest in the Land. Such option must be exercised by written notice to Lessor, which exercise shall be irrevocable; and such exercise notice will specify the closing date, which must occur on an Installment Date, for Lessee's purchase of the Land, which date shall not be more than sixty (60) days following Lessor's receipt of such notice but in no event later than the Expiration Date, and the closing of the conveyance of the Land shall occur on such date. In such event, subject to the provisions set forth in this Section 41, on such closing date, Lessor shall -----

convey to Lessee, and Lessee shall purchase from Lessor, Lessor's interest in the Land. The purchase price to be paid by Lessee for the Land shall be an amount equal to the Balance Due as of the closing date of Lessee's purchase of the Land. As a condition to Lessor's obligations hereunder, Lessee shall also pay to Lessor all Basic Rent, Additional Rent and other amounts that may have accrued as of such date.

25. Purchase. Section 41.2 is hereby deleted and replaced with the following:

41.2 Expiration Date Obligation to Pay and Purchase. Unless Lessee shall have exercised the Purchase Option, then, subject to the terms, conditions and provisions set forth in this Section 41, Lessee shall be required to purchase all of Lessor's interest in the Land and pay to Lessor the Balance Due as of the Expiration Date along with all accrued Basic Rent, Additional Rent and other amounts then due. Upon receipt of such amount, Lessee shall be deemed to have purchased from Lessor, and Lessor shall convey to Lessee, on the Expiration Date all of Lessor's interest in the Land. Lessee acknowledges that under Section 41 of the Building Lease, Lessee shall be obligated to pay the Balance Due (as defined in the Building Lease) under the Building Lease and purchase the Building simultaneously with the purchase of the Land. Lessee may designate, in a notice given to Lessor not less than ten (10) days prior to the closing of such purchase (time being of the essence), a transferee to whom the conveyance shall be made (if other than to Lessee), in which case such conveyance shall (subject to the terms and conditions set forth herein) be made to such designee; provided, however, that such designation of a transferee shall not cause Lessee to be released, fully or partially, from any of its obligations under this Lease, including without limitation its obligation to pay the Balance Due on the Expiration Date and all other accrued amounts.

26. Acceleration of Purchase Obligation. Section 41.3 is hereby deleted and replaced with the following:

41.3 Acceleration of Expiration Date Obligation. Lessee shall be obligated to purchase Lessor's interest in the Land and pay to Lessor the Balance Due along with all amounts which have accrued and are due and payable hereunder immediately upon the occurrence of any Event of Default specified in clauses (k) or (l) of Section 25.1. Further, notwithstanding anything contained herein to the contrary, at any time upon the occurrence and during the continuance of an Event of Default, if Lessor gives Lessee a notice

under Section 25.2(a) (i) terminating Lessee's right of possession (for

purposes of this Section 41 such notice being referred to as a "Purchase

Acceleration Notice"), Lessee shall be obligated to purchase Lessor's

interest in the Land and to pay to Lessor the Balance Due along with all
amounts which have accrued and are payable hereunder on the date which is
ten (10) business days following Lessee's receipt of such Purchase
Acceleration Notice. If Lessee's obligations under this Section 41.3 take
place on a date other than an Installment Date, Basic Rent shall be
prorated to such date. Lessee acknowledges that its receipt of a Purchase
Acceleration Notice under this Section 41.3 shall also constitute a receipt

by Lessee of a Purchase Acceleration Notice under the Building Lease. The
Lessor's right to terminate the Purchase Option pursuant to Section 41.1

and to accelerate the purchase of the Lessor's interest in the Land are
independent of each other, and notwithstanding anything in Section 41.1 to

the contrary, unless the Option Termination Date shall have first occurred,
the Purchase Option shall terminate and be of no further force or effect on
the date that any Purchase Acceleration Notice is given.

If Lessee fails to purchase Lessor's interest in the Land and pay the
Balance Due along with all other amounts as provided for in the preceding
paragraph on the tenth (10th) Business Day following Lessee's receipt of
the Purchase Acceleration Notice, then, Lessor shall be free to sell the
Land to another Person and upon any such subsequent sale to any other
Person by Lessor of Lessor's interest in the Land, Lessor shall be entitled
to recover from Lessee, and Lessee shall upon demand pay to Lessor, an
amount equal to (i) the Balance Due, plus (ii) the amount of all Basic

Rent, Additional Rent and other sums payable hereunder to and including the
date of such demand (including, without limitation, Breakage Amounts and
all costs and expenses incurred by Lessor in effectuating its remedies and
making such sale or sales), minus (iii) the amount of all consideration (on

a present value basis determined by the application of a discount factor
(per annum) equal to five percent (5%) to the extent such consideration is
not cash), received by Lessor in connection with such sale.

27. Determination of the Purchase Price. In Section 41.4, (a) such

Section shall hereafter be entitled "Breakage"; (b) the first grammatical

paragraph is hereby deleted; (c) the remainder of said Section is hereby deleted
and replaced with the following:

In addition to all other amounts owed to Lessor hereunder, if Lessee's
payment of the Balance Due and

purchase of Lessor's interest in the Land occurs on a date other than the LIBO Last Day (defined below), and if the LIBO Rate for the three (3) month period commencing on the date on which the Balance Due is paid is less than the LIBO Rate in effect during the Quarterly Period in which such payment occurs, then Lessee shall pay to Lessor on such date as an additional component of the Balance Due, the Breakage Amount (defined below). If Lessee's payment of the Balance Due occurs when a six (6) month LIBO Rate is in effect and on a date other than the second Installment Date of such period, the Breakage Amount shall be an amount equal to the present value of the difference between (A) the portion of the Basic Rent payments for

the two (2) Quarterly Periods for which such six (6) month LIBO Rate applies (prorated for the number of days in the period beginning on the date of such purchase and ending on the second Installment Date occurring in such six (6) month period with respect to which such six (6) month LIBO Rate applies), and (B) an amount equal to what the portion of the Basic Rent for such two Quarterly Periods (prorated for the number of days in the period beginning on the date on which such purchase occurs and ending on the second Installment Date occurring in such six (6) month period with respect to which such six (6) month LIBO Rate applies) would have been had the Basic Rent for such two (2) Quarterly Periods been calculated using the three (3) month LIBO Rate in effect on the date of such purchase. If Lessee's payment of the Balance Due occurs when a three (3) month LIBO Rate is in effect on other than the last day of a Quarterly Period, the Breakage Amount shall be an amount equal to the present value of the difference

between (A) the portion of the Basic Rent payment for such Quarterly Period in which such purchase occurs (prorated for the number of days during the period beginning on the date of such purchase and ending on Installment Date at the end of such Quarterly Period) and (B) an amount equal to what the portion of the Basic Rent payment for such Quarterly Period (prorated for the number of days in the period beginning on the date of such purchase and ending on the Installment Date at the end of such Quarterly period) would have been had the Basic Rent for such Quarterly Period been calculated using a three (3) month LIBO Rate in effect on the date of such purchase. In either case, such difference shall be discounted at a rate of 5% per annum. If any statute or rule of law shall validly limit the amount due under this Section 41.4 to less than the amount above agreed upon,

Lessor or Assignee shall be entitled to the maximum amount allowable under such statute or rule of law.

28. Purchase Procedure. In Section 41.5, (a) the phrase "purchase price

therefor" in the first paragraph is hereby deleted and replaced with "Balance Due (and all other amounts due

and owing hereunder)"; (b) in the second grammatical paragraph, the first sentence shall begin as follows: "If Lessee shall purchase Lessor's interest in the Land pursuant to Section 41.1(b) or if Lessee's obligation to pay the

Balance Due and purchase the Land is accelerated pursuant to Section 41.3,

Lessee shall deliver the Balance Due to Lessor together with ..."; and (c) the following is hereby inserted at the end of the parenthetical in the penultimate sentence in such second grammatical paragraph: "and pay to Lessor the Balance Due along with all other amounts due and owing hereunder".

29. Option to Remarket. The second grammatical paragraph of Section 41.6

is hereby deleted and replaced with the following:

Lessee's effective exercise and consummation of the Remarketing Option shall be subject to the due and timely fulfillment of each of the following provisions, the failure of any of which shall render the Remarketing Option and Lessee's exercise thereof null and void, in which event, Lessee shall be obligated on the Expiration Date to pay to Lessor the Balance Due (and all other accrued amounts) and perform its obligations under Section 41.2

and if the Expiration Date shall have occurred, this Lease shall automatically be deemed extended until five (5) Business Days after such Expiration Date and the purchase by Lessee under Section 41.2 and payment

of the Balance Due and all other amounts due and owing hereunder shall (and all other accrued amounts) be consummated on the fifth such Business Day.

In subparagraph J, the first reference to "Lessor Purchase Price" is hereby deleted and replaced with "Balance Due plus all other amounts due and owing hereunder", and the second reference thereto is hereby replaced with "Balance Due".

The reference in subparagraph L to "Lessor Purchase Price" is hereby deleted and replaced with "Balance Due and all other amounts due and owing hereunder".

The parenthetical and succeeding phrase "within ten (10) business days" in subparagraph M is hereby deleted and replaced with the following: "(and Lessee shall be obligated to purchase the Land and pay to Lessor the Balance Due together with all other amounts due and owing hereunder pursuant to Section

41.2) within five (5) business days".

The following sentence is hereby added after the last sentence in Section

41: "Lessee shall pay to Lessor each amount due pursuant to this Section 41 by

no later than 12:00 Noon (Los Angeles time) on the date such payment is due and payable."

30. The following Sections are hereby inserted after Section 50 (and the

subsequent Sections are hereby renumbered accordingly).

51. Additional Waivers. IN CONNECTION WITH THE TRANSACTIONS PROVIDED

FOR HEREIN AND AS FURTHER CONSIDERATION FOR LESSOR AGREEING TO ENTER INTO THIS SECOND AMENDMENT LESSEE WAIVES TO THE MAXIMUM EXTENT SUCH WAIVER IS PERMITTED BY LAW, ANY AND ALL DEFENSES ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE (S)(S) 1951.2, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2838, 2839, 2845, 2848, 2849, AND 2850 TO THE EXTENT APPLICABLE, CALIFORNIA CODE OF CIVIL PROCEDURE (S)(S) 580A, 580B, 580C, 580D AND 726, AND, TO THE EXTENT APPLICABLE, CHAPTER 2, TITLE 14, PART IV OF THE CALIFORNIA CIVIL CODE.

52. Lessee Further Acknowledgments. Lessee has been represented by

legal and tax counsel, independent accountants and other professionals, each of which has been personally selected by Lessee, as Lessee has found necessary to consult concerning the consummation of the transactions contemplated in this Lease and the other Operative Agreements, and such representation has included an examination and analysis of Lessee's rights and obligations and the basis of all accounting, tax, financial and legal aspects and treatment under this Lease and the other Operative Agreements. With respect to the accounting, tax, financial and legal consequences of the transactions contemplated herein and in the Operative Agreements, Lessee is relying solely upon the advice of its own tax, accounting and legal advisors and upon its knowledge with respect thereto.

53. Certain Tax Matters. Without limiting the acknowledgements made by

Lessee at Section 52, Lessor and Lessee agree that, in accordance with

their intentions and the substance of the transactions contemplated hereby and to the extent permitted by law, Lessee (and not Lessor) shall be treated as the owner of the Land for Federal, state, and local income tax purposes. Lessee shall be entitled to take any deduction, credit allowance or other reporting, filing or other tax position consistent with such characterizations. Lessor shall not file any Federal, state or local income tax returns, reports or other statements in a manner which is inconsistent with the foregoing provisions of this Section 53.

54. Attorneys' Fees and Legal Expenses. If either party commences any

legal action or other proceeding to enforce any of the terms of this Lease or any of the Operative Documents to which Lessor and Lessee are a party,

or because of any breach by the other party or dispute hereunder or thereunder, the successful or prevailing party shall be entitled to recover from the nonprevailing party all reasonable attorneys' fees and costs incurred in connection therewith, whether or not such controversy, claim or dispute is prosecuted to a final judgment.

B. AFFIRMATION OF STATUS OF ORIGINAL LAND LEASE

Except as amended by this Second Amendment, the Original Land Lease is unchanged; and, as amended by this Second Amendment, the Original Land Lease remains in full force and effect.

IN WITNESS WHEREOF, all parties hereto have caused this Second Amendment to be duly executed as of the date first set forth above.

LESSOR: CIBC INC., a Delaware corporation

By /s/ Tom R. Wagner

Name: Tom R. Wagner
Title: Vice President

By _____

Name:
Title:

LESSEE: AMD INTERNATIONAL SALES & SERVICE,
LTD., a Delaware corporation

By /s/ Marvin D. Burkett

Name: Marvin Burkett
Title: Sr. VP, CFO and Treasurer

ACKNOWLEDGEMENT

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN FRANCISCO)

On December 17, 1993, before me, Rhoda Allerhand, personally appeared Tom R. Wagner, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Rhoda Allerhand

(Seal)

STATE OF CALIFORNIA)
) ss
COUNTY OF SANTA CLARA)

On December 17, 1993, before me, Janis V. Cahill, personally appeared Marvin Burkett, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature: /s/ Janis V. Cahill

(Seal)

EXHIBIT 10.30

ADVANCED MICRO DEVICES
EXECUTIVE SAVINGS PLAN

(AMENDMENT AND RESTATEMENT EFFECTIVE AS OF AUGUST 1, 1993)

ADVANCED MICRO DEVICES
EXECUTIVE SAVINGS PLAN

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ADVANCED MICRO DEVICES
EXECUTIVE SAVINGS PLAN
(AMENDMENT AND RESTATEMENT EFFECTIVE AS OF AUGUST 1, 1993)

WHEREAS, ADVANCED MICRO DEVICES, INC. (the "Company") has established the Advanced Micro Devices Executive Savings Plan (the "Plan") effective as of August 1, 1993;

WHEREAS, it is desirable to amend and restate the Plan;

NOW, THEREFORE, the Plan is hereby amended in its entirety and restated, effective as of August 1, 1993, as follows:

ARTICLE I
TITLE AND DEFINITIONS

1.1 Title.

This Plan shall be known as the Advanced Micro Devices Executive Savings Plan.

1.2 Definitions.

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

"Account" or "Accounts" shall mean a Participant's Deferral Account and/or Company Matching Account.

"Beneficiary" means the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant and filed with the Committee in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. If there is no valid Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate (which shall include either the Participant's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant's estate duly appointed and acting in that capacity within 90 days after the Participant's death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits

specified hereunder. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

"Board of Directors" or "Board" shall mean the Board of Directors of the Company.

"Bonus" shall mean any incentive compensation, excluding commissions, payable to a Participant in addition to the Participant's salary.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Retirement Savings Plan Administrative Committee.

"Company" shall mean Advanced Micro Devices, any successor corporation and each corporation which is a member of a controlled group of corporations (within the meaning of Section 1563(a) of the Code, determined without regard to Section 1563(a)(4) and (e)(3)(C) thereof and by substituting the phrase "at least 50 percent" for the phrase "at least 80 percent" each time it appears in Section 1563(a)(1) of which Advanced Micro Devices is a component member.

"Company Matching Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with an amount equal to 50% of a Participant's Salary Deferrals (subject to certain limitations) and interest pursuant to Section 4.2.

"Compensation" shall mean the Salary, commissions and Bonus that the Participant is entitled to for services rendered to the Company.

"Deferral Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Participant's Salary and/or commissions that he elects to defer, (2) the portion of

the Participant's Bonus that he elects to defer, and (3) interest pursuant to Section 4.1.

"Effective Date" shall mean August 1, 1993.

"Election Date" shall mean December 15 or such earlier date as is specified by the Committee and communicated to the Participant with at least thirty (30) days advance notice.

"Eligible Employee" shall mean each employee of the Company who is at or above the level of director.

"Fiscal Year" shall mean the fiscal year of the Company.

"Fund" or "Funds" shall mean one or more of the mutual funds or contracts selected by the Committee pursuant to Section 3.2(b).

"Initial Election Period" for an Eligible Employee shall mean the 30-day period following the later of July 31, 1993 or the date the employee becomes an Eligible Employee.

"Interest Rate" shall mean, for each Fund, an amount equal to the gross rate of gain or loss on the assets of such Fund during the month (1) reduced by administrative and investment fees charged to investors in such Fund during the month and (2) further reduced by one-twelfth (1/12th) of one percentage point.

"Loan Account" shall mean the bookkeeping account maintained by the Committee for each Participant who obtains a hardship loan from the Committee in accordance with Article VII that is credited with (1) an amount equal to the amount of the loan and (2) interest pursuant to Section 7.1(d).

"Participant" shall mean any Eligible Employee who elects to defer Compensation in accordance with Section 3.1.

"Payment Eligibility Date" shall mean the first day of the month following the end of the fiscal quarter following the fiscal quarter in which a Participant terminates employment or dies.

"Plan" shall mean the Advanced Micro Devices Executive Savings Plan set forth herein, now in effect, or as amended from time to time.

"Plan Year" shall mean the 12 consecutive month period beginning on January 1 each year, except that the first Plan Year shall be a short Plan Year beginning on August 1, 1993 and ending on December 31, 1993.

"Salary" shall mean the Participant's base pay.

"Tax Adjustment Factor" shall mean a number, determined by the Committee, which is equal to one minus the sum of (1) the highest marginal federal personal income tax rate then in effect and (2) the effective highest marginal state income tax rate in the state in which the Participant resides, net after the effect of the deduction for such state income tax for federal income tax purposes.

ARTICLE II
PARTICIPATION

2.1 Participation.

An Eligible Employee shall become a Participant in the Plan by electing to defer all or a portion of his or her Compensation in accordance with Section 3.1.

ARTICLE III
DEFERRAL ELECTIONS

3.1 Elections to Defer Compensation.

(a) General Rule. The amount of Compensation which an Eligible

Employee may elect to defer is as follows:

(1) Any percentage of Salary up to 50%, provided that such Eligible Employee's Salary is not reduced to an amount less than the Social Security wage base for the plan year; plus

(2) Any percentage or dollar amount of Bonus and commissions up to 100%.

(b) Initial Election. Each Eligible Employee may elect to defer

Compensation by filing with the Committee an election, on a form provided by the Committee, no later than the last day of his or her Initial Election Period. An election to defer Compensation during an Initial Election Period shall be irrevocable and shall be effective with respect to Salary and commissions earned during the first pay period beginning after the later of August 1, 1993, or the date of the election, and to each Bonus the amount of which first becomes fixed and determinable after the date of the election; provided, however, that, effective as of January 1, 1995, the initial election will apply to any Bonus payable for a Fiscal Year, or for a performance period ending with the close of a Fiscal Year, only if such election is made on or before June 30 of such Fiscal Year.

(c) Elections other than Elections during the Initial Election

Period. Any Eligible Employee who fails to elect to defer Compensation during

his or her Initial Election Period may subsequently become a Participant, and any Eligible Employee who

has terminated a prior Salary, commissions or Bonus deferral election may elect to again defer Salary, commissions or Bonuses or any combination thereof, by filing an appropriate election, on a form provided by the Committee, to defer Compensation. An election to defer Salary and/or commissions must be filed on or before the Election Date and will be effective for Salary and/or commissions earned during pay periods beginning after the following December 25. An election to defer a portion of each Bonus for a Fiscal Year must be filed on or before the Election Date preceding the date the Bonus first becomes fixed and determinable; provided, however, that, effective as of January 1, 1995, an election to defer a Bonus for a Fiscal Year, or for a performance period ending with the close of a Fiscal Year, must be made on or before June 30 of such Fiscal Year.

(d) Duration of Salary Deferral Election. Any Salary deferral

election made under paragraph (b) or paragraph (c) of this Section 3.1 shall remain in effect, notwithstanding any change in the Participant's Salary, until changed or terminated in accordance with the terms of this paragraph (d); provided, however, that such election shall terminate for Salary or commissions paid while the Participant is not an Eligible Employee. A Participant may increase, decrease or terminate his or her Salary and/or commission deferral election, effective for Salary and/or commissions earned during pay periods beginning after any December 25, by filing a new election, in accordance with the terms of this Section 3.1, with the Committee on or before the preceding Election Date.

(e) Duration of Bonus Deferral Election. Any Bonus deferral election

made under paragraph (b) or paragraph (c) of this Section 3.1 shall be irrevocable and shall apply only to the Bonus or Bonuses payable with respect to services performed during the Fiscal Year or the performance period ending with the close of such Fiscal Year, for which the election is made. For each subsequent Fiscal Year, or performance period ending with the close of any subsequent Fiscal Year, an Eligible Employee may make a new election to defer a percentage of each of his or her Bonuses for that Fiscal Year. Such election shall be on forms provided by the Committee and shall be made on or before the Election Date of the Fiscal Year preceding the Fiscal Year in which the Bonus otherwise would be paid. Notwithstanding the foregoing, effective as of January 1, 1995, the election to defer a Bonus for a Fiscal Year, or for a performance period ending with the close of a Fiscal Year, must be made on or before June 30 of such Fiscal Year.

3.2 Investment Elections.

(a) At the time of making the deferral elections described in Section 3.1, the Participant shall designate, on a form provided by the Committee, which of the types of mutual funds or contracts the Participant's Accounts will be deemed to be invested in for purposes of determining the amount of earnings

to be credited to those Accounts. In making the designation pursuant to this Section 3.2, the Participant may specify that all or any 10% multiple of the aggregate of his Accounts be deemed to be invested in one or more of the types of mutual funds or contracts available. Effective as of the beginning of any calendar quarter, a Participant may change the designation made under this Section 3.2 by filing an election, on a form provided by the Committee, at least thirty (30) calendar days prior to the beginning of such quarter. If a Participant fails to elect a type of fund under this Section 3.2, he or she shall be deemed to have elected the Fund determined by the Committee to most closely approximate a money market fund.

(b) Although the Participant may designate the type of mutual funds

in paragraph (a) above, the Committee shall select from time to time, in its sole discretion, a commercially available fund or contract of each of the available types to be the Funds. The Interest Rate of each such commercially available fund or contract shall be used to determine the amount of earnings to be credited to Participants' Accounts under Article IV.

ARTICLE IV
PARTICIPANT ACCOUNTS

4.1 Deferral Account.

The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be further divided into separate subaccounts ("mutual fund subaccounts"), each of which corresponds to a mutual fund or contract elected by the Participant pursuant to Section 3.2(a). A Participant's Deferral Account shall be credited as follows:

(a) As of the last day of each month, the Committee shall credit the mutual fund subaccounts of the Participant's Deferral Account with an amount equal to Salary and/or commissions deferred by the Participant during each pay period ending in that month in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Salary and/or commissions that the Participant has elected to be deemed to be invested in a certain type of mutual fund shall be credited to the mutual fund subaccount corresponding to that mutual fund;

(b) As of the last day of the month in which the Bonus or partial Bonus would have been paid, the Committee shall credit the mutual fund subaccounts of the Participant's Deferral Account with an amount equal to the portion of the Bonus deferred by the Participant for such Plan Year in accordance with the Participant's election under Section 3.2(a); that is, the portion of the

Participant's deferred Bonus that the Participant has elected to be deemed to be invested in a particular type of mutual fund shall be credited to the mutual fund subaccount corresponding to that mutual fund; and

(c) As of the last day of each month, each mutual fund subaccount of a Participant's Deferral Account shall be credited with earnings in an amount equal to that determined by multiplying the balance credited to such mutual fund subaccount as of the last day of the preceding month by the Interest Rate for the corresponding Fund selected by the Company pursuant to Section 3.2(b).

4.2 Company Matching Account.

The Committee shall establish and maintain a Company Matching Account for each Participant under the Plan. Each Participant's Company Matching Account shall be further divided into separate mutual fund subaccounts corresponding to the type of mutual fund or contract elected by the Participant pursuant to Section 3.2(a). A Participant's Company Matching Account shall be credited as follows:

(a) As of the last day of each Plan Year, the Committee shall credit the mutual fund subaccounts of the Participant's Company Matching Account with an amount equal to 50% of the amount of the Salary deferred by the Participant during each pay period ending in that Plan Year (the "Company Matching Amount") in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Company Matching Amount which the Participant elected to be deemed to be invested in a certain type of mutual fund shall be credited to the corresponding mutual fund subaccount. Notwithstanding the foregoing, in no event shall the Company Matching Amount for a Plan Year, when combined with the maximum Company Matching Contribution which the Participant could have received under the Advanced Micro Devices, Inc. Retirement Savings Plan for the same year (assuming deferrals at the maximum permissible rate), exceed 1.5% of the Participant's Salary during such Plan Year.

(b) As of the last day of each month, each mutual fund subaccount of a Participant's Company Matching Account shall be credited with earnings in an amount equal to that determined by multiplying the balance credited to such mutual fund subaccount as of the last day of the preceding month by the Interest Rate for the corresponding Fund selected by the Company pursuant to Section 3.2(b).

ARTICLE V
VESTING

5.1 Deferral Account.

A Participant's Deferral Account shall at all times be 100% vested.

5.2 Company Matching Account.

A Participant's Company Matching Account shall at all times be 100% vested.

ARTICLE VI
DISTRIBUTIONS

6.1 Amount and Time of Distribution.

Each Participant (or, in the case of his or her death, the Participant's Beneficiary) shall be entitled to receive a distribution of benefits under this Plan as soon as practicable following his or her Payment Eligibility Date. The amount payable to a Participant shall be the sum of the amount credited to his or her Deferral Account and Company Matching Account as of his or her Payment Eligibility Date. No amount credited to a Participant's Loan Account established under Article VII shall be distributed to the Participant, but such amount shall instead be forfeited, as provided in paragraph 7.1(f). If a Participant's account becomes payable and the Company after a reasonable search and a period of three (3) years from the Participant's Payment Eligibility Date cannot locate the Participant (or, if the Participant's Beneficiary is entitled to payment, such beneficiary), the Participant's Accounts shall be forfeited to the Company.

6.2 Form of Distribution.

(a) Lump Sum. The form of the distribution of benefits to a Participant (or his or her Beneficiary) shall be a cash lump sum payment.

(b) Installments.

(1) Notwithstanding subsection (a) above, a Participant may elect that his or her benefits be paid in substantially equal annual installments over three to ten years provided that his or her election is filed with the Committee at least two years prior to the date his or her employment with the Company terminates and provided further that the amount of the first annual installment (determined by dividing the account balance by the number of installments elected) would be in an amount at least equal to \$20,000.

(2) The first annual installment shall be paid within 90 days following the end of the Plan Year during which the Participant's employment with the Company terminates. Subsequent installments shall be paid on the annual anniversaries of the first installment payment.

(3) Notwithstanding anything contained in Sections 4.1(c) or 4.2(b) to the contrary, beginning with the month following the month in which the Participant's employment with the Company terminates and continuing until all amounts credited to his or her Accounts have been distributed, the Participant's Accounts will be credited with interest, as of the end of each month, at the rate determined by the Committee from time to time, which rate shall be either (1) the rate of return of a professionally managed fixed income fund for such month or (2) one-twelfth of the annual prime rate of interest declared by Bank of America, N.A., Wells Fargo Bank, N.A. or First Interstate Bank of California and in effect on the first day of such month.

6.3 Termination of Participation -----

The Company reserves the unilateral right to terminate or restrict a Participant's participation at any time, and distribute all amounts due to such Participant.

ARTICLE VII PARTICIPANT LOANS

7.1 Hardship Loans to Participants. -----

(a) Subject to the approval of the Committee and guidelines promulgated by the Committee, each Participant may borrow from the Company in order to meet a financial hardship to the Participant resulting from (1) an illness or accident of the Participant or a dependent of the Participant, (2) loss of the Participant's property due to casualty or (3) other similar circumstances arising as a result of events beyond the control of the Participant. Each loan made pursuant to this Section 7.1 shall be evidenced by a note from the Participant on a form provided by the Committee. Such note shall bear interest at a rate equal to that necessary to avoid imputed interest under Sections 7872 and 1274(d) of the Code and have such other terms as the Committee shall determine.

(b) The Committee may make a loan under this Section 7.1 only if the amount of the loans outstanding does not exceed the amount required to meet the immediate financial need created by such hardship and does not exceed 65% of the combined balance of the Participant's Deferral Account and Loan Account as of the first day of the month next following the Committee's acceptance of the Participant's written application for a hardship loan.

(c) The Committee shall, upon making a loan to a Participant, establish and maintain a Loan Account for the Participant. The Committee shall debit the mutual fund subaccounts maintained under the Participant's Deferral Account on a pro-rata basis or on such other basis as the Committee deems appropriate or desirable and shall credit the Participant's Loan Account in an amount equal to the amount of the loan. The amount credited to a Participant's Loan Account shall not be deemed to be invested as directed by the Participant under Section 3.2(a) but shall be deemed to be invested in the note given to the Company by the Participant under this Section 7.1.

(d) As of the last day of each month, the Participant's Loan Account will be credited with interest for the period since the last day of the preceding month, calculated on the balance of the Loan Account as of such date, at the rate of interest on the note as specified in paragraph (a) above.

(e) Upon any payment of principal and/or interest on a loan made pursuant to this Section 7.1, the Committee shall debit the Participant's Loan Account and shall credit the mutual fund subaccounts maintained under the Participant's Deferral Account with the amount of such payment on a pro-rata basis or on such other basis as the Committee deems appropriate or desirable.

(f) On a Participant's Payment Eligibility Date or, if earlier, the date on which the first annual installment payment is due to a Participant, any outstanding balance in the Participant's Loan Account shall be reduced to zero, and the obligation to repay the hardship loan shall be cancelled.

ARTICLE VIII
ADMINISTRATION

8.1 Committee Action.

The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.

8.2 Powers and Duties of the Committee.

(a) The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of

the Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(1) To determine all questions relating to the eligibility of employees to participate;

(2) To select the funds or contracts to be the Funds in accordance with Section 3.2(b) hereof;

(3) To construe and interpret the terms and provisions of this Plan;

(4) To compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;

(5) To maintain all records that may be necessary for the administration of the Plan;

(6) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(7) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof; and

(8) To appoint a plan administrator or, any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe.

8.3 Construction and Interpretation.

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

8.4 Information.

To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the Compensation of all Participants, their death or other cause of termination, and such other pertinent facts as the Committee may require.

8.5 Compensation, Expenses and Indemnity.

(a) The members of the Committee shall serve without compensation for their services hereunder.

(b) The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

(c) To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

8.6 Quarterly Statements.

Under procedures established by the Committee, a Participant shall receive a statement with respect to such Participant's Accounts as soon as practicable following the end of each calendar quarter.

ARTICLE IX
MISCELLANEOUS

9.1 Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

9.2 Restriction Against Assignment.

The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

9.3 Withholding.

There shall be deducted from each payment made under the Plan all taxes which are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any payment by the amount of cash sufficient to provide the amount of said taxes.

9.4 Amendment, Modification, Suspension or Termination.

The Company may amend, modify, suspend or terminate the Plan in whole or in part, except that no amendment, modification, suspension or termination shall reduce any amounts then allocated previously to a Participant's Accounts. In the event that this Plan is terminated, the amounts credited to a Participant's Deferral Account and Company Matching Account shall be distributed to the Participant or, in the event of his or her death, to his or her Beneficiary in a lump sum within thirty (30) days following the date of termination.

9.5 Governing Law.

This Plan shall be construed, governed and administered in accordance with the laws of the State of California.

9.6 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.7 Headings, etc. Not Part of Agreement.

Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

9.8 Limitation on Participants' Rights.

Participation in this Plan shall not give any Eligible Employee the right to be retained in the Company's employ or any right or interest in the Plan other than as herein provided. The Company reserves the right to dismiss any Eligible Employee without any liability for any claim against the Company, except to the extent provided herein.

ARTICLE X
BENEFIT OFFSET

10.1 Offset for Certain Benefits Payable Under Split-Dollar Life Insurance

Policies.

(a) Notwithstanding anything contained herein to the contrary, any benefits payable under this Plan shall be offset by the value of benefits received by the Participants under certain life insurance policies as set forth in this Section. Participants in this Plan may own life insurance policies (the "Policies") purchased on their behalf by the Company. The exercise of ownership rights under these Policies by each Participant is, however, subject to certain conditions (set forth in a "Split-Dollar Life Insurance Agreement" between each Participant and the Company pursuant to which the Company holds a security interest on the Policy) and, if the Participant fails to meet the conditions set forth in the Split-Dollar Life Insurance Agreement, the Company may exercise its security interest in the Policy and cause the Participant to lose certain benefits under the Policy. In the event that a Participant satisfies the conditions specified in Section 5 of the Split-Dollar Life Insurance Agreement, so that the Participant becomes entitled to exercise rights under that section free from the Company's security interest, or the Company's security interest is otherwise released for a reason other than the Participant's death, the value of those benefits shall constitute an offset to any benefits otherwise payable under this Plan. This offset (the "Offset Value") shall be equal to the value of benefits payable under the Split-Dollar Life Insurance Agreement, that is, the cash surrender value of the Policy. The Offset Value shall then be compared to the Participant's Accounts, and the amounts credited to the Accounts shall be reduced, but not to less than zero, by the Offset Value; provided, however, that any portion of the Accounts which is attributable to Compensation deferred during Plan Years in which the Company did not pay premiums on the Policy shall not be reduced by the Offset Value, and the Committee shall maintain subaccounts of a Participant's Accounts to the extent necessary to determine that portion of each Account

which is subject to offset and the portion which is not subject to offset. The offset shall first be applied to the Participant's Company Matching Account and then to the Participant's Deferral Account.

(b) If the Policy in subsection (a) is not on the life of the Participant and the insured dies prior to distribution of benefits under this Plan, then the value of the benefits received by the Participant under the Policy will offset the Participant's Accounts under this Plan to the extent provided in this subsection (b). This offset ("Offset Value") shall be equal to the amount of death benefit payable to the Participant divided by the Tax Adjustment Factor. This Offset Value shall then be compared to the Participant's Accounts, and the amounts credited to the Accounts shall be reduced, but not to be less than zero, by the Offset Value; provided, however, that any portion of the Accounts which is attributable to Compensation deferred during Plan Years in which the Company did not pay premiums on the Policy shall not be reduced by the Offset Value. The offset shall first be applied to the Participant's Company Matching Account and then to the Participant's Deferral Account.

(c) The reduction described in Section 10.1(a) shall be made as of the date on which the Participant becomes entitled to exercise rights under the Policy free of the Company's security interest, and the reduction described in Section 10.1(b) shall be made as of the date on which the Participant receives the death proceeds.

(d) In the event of an offset as described herein, any election to receive distribution of the amounts credited to a Participant's Accounts in the form of installments shall be deemed to be revoked, and any benefits which are or become payable under this Plan after such offset shall be paid in a lump sum as soon as practicable following the Participant's Payment Eligibility Date.

IN WITNESS WHEREOF, the Company has caused this Executive Savings Plan to be executed by its duly authorized officers on this ____ day of _____, 19__.

ADVANCED MICRO DEVICES, INC.

By _____
Stanley Winvick
Senior Vice President,
Human Resources

By _____
Marvin D. Burkett
Senior Vice President
and Chief Financial Officer

SPLIT-DOLLAR LIFE INSURANCE AGREEMENT

This Agreement is entered into as of _____, 19__ by and between Advanced Micro Devices, Inc. (the "Company") and _____ ("Employee") in reference to the following facts:

1. Employee is a valued employee of _____.
2. The Company has simultaneously with the execution of this Agreement caused The Manufacturers Life Insurance Company of America (the "Insurance Company") to issue policy number _____ (the "Policy") on the life of Employee. The first annual premium has been paid by the Company as of the date of this Agreement.
3. For purposes of this Agreement, the Company and its subsidiaries shall constitute the "Employer." For this purpose, a subsidiary is a corporation of which the Company owns, directly or indirectly, more than 50% of such corporation's outstanding securities. If Employee is employed by a corporation which, as a result of a sale or other corporate reorganization, ceases to be a subsidiary, such sale or other corporate reorganization shall be treated as a termination of Employee by Employer without Cause (as defined in Section 8) unless immediately following the event and without any break in employment the Employee remains employed by the Company or another corporation which is a subsidiary.

NOW THEREFORE, in consideration of the facts set forth above and the various promises and covenants set forth below, the parties to this Agreement agree as follows:

1. Ownership of Policy.

The Company acknowledges that Employee is the owner of the Policy and that Employee is entitled to exercise all of his or her ownership rights granted by the terms of the Policy, except to the extent that the power of the Employee to exercise those rights is specifically limited by this Agreement. Except as so limited, it is the expressed intention of the parties to reserve to Employee all rights in and to the Policy granted to its owner by the terms thereof, including, but not limited to, the right to change the beneficiary of that portion of the proceeds to which the Employee is entitled under Section 4 of the Agreement and the right to exercise settlement options.

2. The Company's Security Interest.

The Company's security interest in the Policy is conditioned upon its satisfactorily performing all of the covenants under this Agreement. Each period covered by any individual premium payment described in Section 3 shall be considered a discrete extension of the Company's security interest in the Policy. The Company shall not have nor exercise any right in and to the Policy which could, in any way, endanger, defeat, or impair any of the rights of Employee in the Policy, including by way of illustration any right to collect the proceeds of the Policy in excess of the amount due the Company as provided in this Agreement and in the Policy. The only rights in and to the Policy granted to the Company in this Agreement shall be limited to the Company's security interest in and to the cash value of the Policy, as defined herein, and a portion of the death benefit of the Policy as hereinafter provided (the "Security Interest"). The Company shall not assign any of its Security Interest in the Policy to anyone other than Employee.

3. Premium payments.

So long as Employee is employed by the Employer and the Company's Security Interest has not been released, the Company agrees to pay an annual premium on the Policy on or before the last day of each "Policy Year" (as such term is used in the Policy) in an amount equal to the sum of (a) the compensation deferred by Employee under the Advanced Micro Devices Executive Savings Plan (the "Plan") during the pay periods ending during such Policy Year plus (b) the "cost of insurance" (as defined in the Policy) for the excess, if any, of (i) the death benefit required under Section 4 hereof (determined in compliance with the 7-pay test set forth in Section 7702A of the Code) over (ii) the minimum death benefit (determined in compliance with such 7-pay test) which could be provided by that portion of the accumulated premiums actually paid under the Policy which were paid pursuant to clause (a) of this sentence. The premium payment shall be transmitted directly by the Company to the Insurance Company. Consistent with the preceding sentences, prior to the release of the Company's Security Interest in the Policy, Employee and the Company agree that the Company shall from time to time designate one or more individuals (the "Designee"), who may be officers of the Company, who shall be entitled to adjust the death benefit under the Policy and to direct the investments under the Policy; provided, however, that the Designee may only increase, but not decrease, the death benefit in effect on the date that the Policy is issued; provided further, that the Designee may only direct the investments under the Policies in funds offered by the Insurance Company under the Policy. During the period of time that this Agreement is in effect, Employee irrevocably agrees that all dividends paid on the Policy shall be applied to purchase from the Insurance Company additional paid up life insurance on the life of Employee.

4. Death of Employee while employed by Employer.

(a) If Employee dies prior to termination of employment with Employer and prior to his or her Security Release Date (as defined in Section 10 below), Employee's designated beneficiary shall be entitled to receive as a death benefit an amount equal to three times the Employee's annual base salary at the time of death, subject to a maximum benefit of Two Million Dollars (\$2,000,000). The amount described in the preceding sentence shall be paid from the proceeds of the Policy; to the extent such amount exceeds such proceeds, the difference shall be paid from any other source that the Company may designate, which may be either another life insurance policy on the life of Employee or the general assets of the Company. To the extent that the death benefit under the Policy exceeds such amount, the balance of the death benefit shall be payable to the Company. The designation of the beneficiaries under the Policy shall be in accordance with this Section.

(b) Employee agrees that, during the period of this Agreement, Employee will obtain and provide to the Company and/or the Insurance Company the written consent of the spouse of the Employee, in the form attached hereto as Exhibit C, to any designation by Employee of anyone other than the Employee's spouse as the beneficiary to receive the benefits under this Section 4.

5. Employee's attaining his or her Security Release Date or termination of

Employee's employment on account of a Qualifying Termination.

(a) By making timely payment of the premiums described in Section 3, the Company may renew its Security Interest in the Policy for the period commencing with the due date of such payment until the later of (1) the due date of the next payment described in Section 3, or (2) the date that Employee attains his or her Security Release Date or terminates employment with the Employer on account of a Qualifying Termination (either of which events described in this clause 2 is referred to herein as a "Qualifying Event"). The Company may not extend its Security Interest in the Policy under the Collateral Security Assignment Agreement attached as Exhibit A after the occurrence of a Qualifying Event. After such Qualifying Event, Employee shall be entitled to exercise all of his or her ownership rights in the Policy without any limitation and this Agreement and its accompanying Collateral Security Assignment Agreement shall no longer constitute a restriction on Employee's rights.

(b) Notwithstanding paragraph (a), the Company shall continue to have its Security Interest in the Policy, to the extent required to satisfy its withholding obligations as described in Section 12 and to recover any amounts owed by Employee as described in paragraph (c) below.

(c) Employee agrees that if, at the time of the occurrence of a Qualifying Event, Employee has any outstanding balances on any loans made by the Company to Employee, then, unless Employee otherwise pays such outstanding balances, Employee shall cause, either by withdrawing from or borrowing on a non-recourse basis against the Policy, to be transferred to the Company, that portion of the cash value of the Policy which is equal to the sum of the outstanding balances on all such loans.

6. Termination of an Employee for a reason other than a Qualifying

Termination.

If the employment of Employee with Employer is terminated prior to his or her Security Release Date for a reason other than a Qualifying Termination (as described below), Employee shall cause, either by withdrawing from or borrowing against the Policy, on a nonrecourse basis, to be transferred to the Company an amount equal to the maximum amount that may then be obtained under the Policy. In the event that the amount that can be withdrawn from or borrowed against the Policy is less than the cash surrender value of the Policy, the Company shall withhold from other compensation payable to Employee the amount of such difference unless Employee has previously transferred to the Company an amount equal to such difference. In no event shall Employee's voluntary resignation prior to attaining his or her Security Release Date (as such concept is further defined below) ever constitute a Qualifying Termination, except in certain situations following a Change in Control (see Section 9).

7. Definition of a Qualifying Termination.

A Qualifying Termination is either of the following events: the termination of Employee by Employer for any reason other than "Cause," as described in Section 8; or the termination of Employee after a Change in Control under the circumstances described in Section 9(a). Both of these concepts are further defined below.

8. Qualifying Termination because Employee is terminated for a reason other

than "Cause".

For purposes of this Section, "Cause" shall mean (1) an act or acts of dishonesty or moral turpitude (including but not limited to conviction of a felony) taken by Employee; (2) Employee's willful failure to substantially perform Employee's duties where such willful failure results in demonstrable material injury and damage to the Employer; (3) Employee's misrepresentation or concealment of a material fact for the purpose of securing employment with the Employer; or (4) performance by Employee which is substantially below the standard of performance which can reasonably be expected from an individual occupying Employee's position or Employee's substantially failing to meet performance objectives (such as

performance objectives relating to profit) which have been previously agreed to between Employee and Employer.

9. Qualifying Termination on account of a Change in Control.

(a) A Qualifying Termination shall be treated as occurring on account of a "Change in Control" (as defined below) if within six (6) months prior to or 36 months following such Change in Control, either (1) Employee's employment with the Employer is terminated without "Cause" (as defined in Section 8) or (2) Employee terminates his or her employment with the Employer for "Good Reason" (as defined in subsection (c) below).

(b) For purposes of this Section, a "Change in Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or in response to any other form or report to the Securities and Exchange Commission or any stock exchange on which the Company's shares are listed which requires the reporting of a change of control. In addition, a Change of Control shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing more than 20% of the combined voting power of the Company's then outstanding securities; or (ii) in any two-year period, individuals who were members of the Board of Directors (the "Board") at the beginning of such period plus each new director whose election or nomination for election was approved by at least two-thirds of the directors in office immediately prior to such election or nomination, cease for any reason to constitute at least a majority of the Board; or (iii) a majority of the members of the Board in office prior to the happening of any event and who are still in office after such event, determines in its sole discretion within one year after such event, that as a result of such event there has been a Change of Control. Notwithstanding the foregoing definition, "Change of Control" shall exclude the acquisition of securities representing more than 20% of the combined voting power of the Company by the Company, any of its wholly-owned subsidiaries, or any trustee or other fiduciary holding securities of the Company under an employee benefit plan now or hereafter established by the Company. As used herein, the term "beneficial owner" shall have the same meaning as under Section 13(d) of the Exchange Act and related case law.

(c) For purposes of this Section, "Good Reason" shall mean the occurrence of one of the following events without Employee's consent:

- (1) An adverse and significant change in the Employee's position, duties, responsibilities, or status with the Employer, or a change in Employee's office location to a point which is more than 30 miles from his or her office location prior to the Change in Control.
- (2) A reduction by the Employer in Employee's base salary or incentive compensation opportunity not agreed to by Employee; and
- (3) The taking of any action by the Employer to eliminate benefit plans without providing substitutes therefor, to reduce benefits thereunder or to substantially diminish the aggregate value of incentive awards or other fringe benefits.

(d) A termination of employment by Employee shall be for Good Reason if one of the occurrences specified in paragraph (c) shall have occurred, notwithstanding that Employee may have other reasons for terminating employment, including employment by another employer which Employee desires to accept.

10. Employee's attaining his or her Security Release Date.

(a) Employee's "Security Release Date" shall mean the later of: (i) the date which is two years following the date on which the Company receives from Employee a completed notice in the form attached hereto as Exhibit B (ii) the date specified in such notice as the Security Release Date; provided that Employee continues to be employed by Employer until such date. Notwithstanding the preceding sentence, Employee may elect, by completing a notice in the form attached hereto as Exhibit D, that his or her Security Release Date be later than the date selected in accordance with the preceding sentence, so long as such election is filed with the Company at least two years prior to the date which would otherwise constitute his or her Security Release Date. For example, if Employee originally selects January 1, 1998 as his or her Security Release Date, he or she may elect at any time prior to January 1, 1996 that his or her Security Release Date be postponed. Each election to postpone a Security Release Date, once filed with the Company shall be irrevocable with regard to said election. Employee is entitled to make a maximum of two elections to postpone his or her initial Security Release Date under this Agreement.

(b) Employee shall attain his or her Security Release Date upon becoming disabled while employed by the Employer. Employee

shall be considered "disabled" at the time that the Administrator (as defined in Section 13(a) below) determines, based upon competent medical advice, that an Employee is incapable of rendering substantial services to the Employer by reason of mental or physical disability.

(c) The Company's Security Interest in the Policy is contingent upon the timely payment of premiums under Section 3 of this Agreement. Each period covered by any individual premium payment shall be considered an independent extension of the Company's Security Interest in the Policy. In the event that the Company waives its rights by reason of failure to make payments under Section 3 of this Agreement, Employee shall immediately attain his or her Security Release Date. The Company's failure to extend its rights in no way affects the Company's duties and obligations under this Agreement.

11. Limitation on Employee's rights prior to a Qualifying Event.

In order to protect the Company's Security Interest and notwithstanding any other provisions in this Agreement, prior to a Qualifying Event, Employee agrees that he or she will not modify the death benefit under the Policy, borrow against the Policy, assign the Policy, direct the investment of the cash surrender value of the Policy, or obtain any portion of the cash value of the Policy. Notwithstanding the preceding sentence, if Section 6 applies to a termination, Employee may borrow or withdraw from the Policy, so long as the borrowing or withdrawal request is submitted to the Insurance Company along with a directive that the borrowed or withdrawn amount be transferred directly to the Company.

12. Tax Withholding.

It is recognized by the parties that the rights of Employee in the Policy (as modified by the Agreement) may cause Employee to be treated under certain circumstances as in receipt of gross income. These circumstances may also impose upon the Company an obligation to deduct and withhold federal, state or local taxes. Unless Employee otherwise provides the Company the amounts it is required to withhold, Employee shall cause, either by withdrawing from or borrowing on a nonrecourse basis against the Policy, to be transferred to the Company that portion of the cash value of the Policy which is equal to the amount of any federal, state or local taxes required to be withheld.

13. Disputes.

(a) The Compensation Committee of the Board of Directors of the Company (the "Administrator") shall administer this Agreement. The Administrator (either directly or through its designees) will have power and authority to interpret, construe,

and administer this Agreement (for the purpose of this section, the Agreement shall include the Collateral Security Assignment Agreement); provided that, the Administrator's authority to interpret this Agreement shall not cause the Administrator's decisions in this regard to be entitled to a deferential standard of review in the event that Employee or his or her beneficiary seeks review of the Administrator's decision as described below.

(b) Neither the Administrator, its designee nor its advisors, shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Agreement.

(c) Because it is agreed that time will be of the essence in determining whether any payments are due to Employee or his or her beneficiary under this Agreement, Employee or his or her beneficiary may, if he or she desires, submit any claim for payment under this Agreement or dispute regarding the interpretation of this Agreement to arbitration. This right to select arbitration shall be solely that of Employee or his or her beneficiary and Employee or his or her beneficiary may decide whether or not to arbitrate in his or her discretion. The "right to select arbitration" is not mandatory on Employee or his or her beneficiary and Employee or his or her beneficiary may choose in lieu thereof to bring an action in an appropriate civil court. Once an arbitration is commenced, however, it may not be discontinued without the mutual consent of both parties to the arbitration. During the lifetime of the Employee only he or she can use the arbitration procedure set forth in this section.

(d) Any claim for arbitration may be submitted as follows: if Employee or his or her beneficiary disagrees with the Administrator regarding the interpretation of this Agreement and the claim is finally denied by the Administrator in whole or in part, such claim may be filed in writing with an arbitrator of Employee's or beneficiary's choice who is selected by the method described in the next four sentences. The first step of the selection shall consist of Employee or his or her beneficiary submitting a list of five potential arbitrators to the Administrator. Each of the five arbitrators must be either (1) a member of the National Academy of Arbitrators located in the State of California or (2) a retired California Superior Court or Appellate Court judge. Within one week after receipt of the list, the Administrator shall select one of the five arbitrators as the arbitrator for the dispute in question. If the Administrator fails to select an arbitrator in a timely manner, Employee or his or her beneficiary shall then designate one of the five arbitrators as the arbitrator for the dispute in question.

(e) The arbitration hearing shall be held within seven days (or as soon thereafter as possible) after the picking of the arbitrator. No continuance of said hearing shall be allowed without the mutual consent of Employee or his or her beneficiary

and the Administrator. Absence from or nonparticipation at the hearing by either party shall not prevent the issuance of an award. Hearing procedures which will expedite the hearing may be ordered at the arbitrator's discretion, and the arbitrator may close the hearing in his or her sole discretion when he or she decides he or she has heard sufficient evidence to satisfy issuance of an award.

(f) The arbitrator's award shall be rendered as expeditiously as possible and in no event later than one week after the close of the hearing. In the event the arbitrator finds that the Company has breached this Agreement, he or she shall order the Company to immediately take the necessary steps to remedy the breach. The award of the arbitrator shall be final and binding upon the parties. The award may be enforced in any appropriate court as soon as possible after its rendition. If an action is brought to confirm the award, both the Company and Employee agree that no appeal shall be taken by either party from any decision rendered in such action.

(g) Solely for purposes of determining the allocation of the costs described in this subsection, the Administrator will be considered the prevailing party in a dispute if the arbitrator determines (1) that the Company has not breached this Agreement and (2) the claim by Employee or his or her beneficiary was not made in good faith. Otherwise, Employee or his or her beneficiary will be considered the prevailing party. In the event that the Company is the prevailing party, the fee of the arbitrator and all necessary expenses of the hearing (excluding any attorneys' fees incurred by the Company) including stenographic reporter, if employed, shall be paid by the other party. In the event that Employee or his or her beneficiary is the prevailing party, the fee of the arbitrator and all necessary expenses of the hearing (including

all attorneys' fees incurred by Employee or his or her beneficiary in pursuing his or her claim), including the fees of a stenographic reporter if employed, shall be paid by the Company.

14. Collateral Security Assignment of Policy to the Company.

In consideration of the promises contained herein, the Employee has contemporaneously herewith granted the Security Interest in the Policy to the Company as collateral, under the form of Collateral Security Assignment attached hereto as Exhibit A, which Collateral Security Assignment gives the Company the limited power to enforce its rights to recover the cash value of the Policy under the circumstances defined herein, or a portion of the death benefit thereof. The Company's Security Interest in the Policy shall be specifically limited to the rights set forth above in this Agreement, notwithstanding the provisions of any other documents including the Policy. Employee agrees to execute

any notice prepared by the Company requesting a withdrawal or non-recourse loan in an amount equal to the amount to which the Company is entitled under Sections 5, 6 or 12 of this Agreement.

15. Employee's beneficiary rights and security interest.

(a) The Company and Employee intend that in no event shall the Company have any power or interest related to the Policy or its proceeds, except as provided herein and in the Collateral Security Assignment. In the event that the Company ever receives or may be deemed to have received any right or interest in the Policy or its proceeds beyond the limited rights described herein and in the Collateral Security Assignment, such right or interest shall be held in trust for the benefit of Employee and be held separate from the property of the Company.

(b) In order to further protect the rights of the Employee, the Company agrees that its rights to the Policy and proceeds thereof shall serve as security for the Company's obligations as provided in this Agreement to Employee. The Company grants to Employee a security interest in and collaterally assigns to Employee any and all rights the Company has in the Policy, and products and proceeds thereof whether now existing or hereafter arising pursuant to the provisions of the Policy, this Agreement, the Collateral Security Assignment or otherwise, to secure any and all obligations owed by the Company to Employee under this Agreement. In no event shall this provision be interpreted to reduce Employee's rights to the Policy or expand in any way the rights or benefits of the Company under this Agreement, the Policy or the Collateral Security Assignment. This security interest granted to Employee from the Company shall automatically expire and be deemed waived if Employee terminates employment with Employer prior to a Qualifying Event. Nothing in this provision shall prevent the Company from receiving its share of the death benefits under the Policy as provided in Section 4 of this Agreement.

16. Amendment of Agreement.

Except as provided in a written instrument signed by the Company and Employee, this Agreement may not be cancelled, amended, altered, or modified.

17. Notice under Agreement.

Any notice, consent, or demand required or permitted to be given under the provisions of this Agreement by one party to another shall be in writing, signed by the party giving or making it, and may be given either by delivering it to such other party personally or by mailing it, by United States

Certified mail, postage prepaid, to such party, addressed to its last known address as shown on the records of the Company. The date of such mailing shall be deemed the date of such mailed notice, consent, or demand.

18. Binding Agreement.

This Agreement shall bind the parties hereto and their respective successors, heirs, executor, administrators, and transferees, and any Policy beneficiary.

19. Controlling law and characterization of Agreement.

(a) To the extent not governed by federal law, this Agreement and the right to the parties hereunder shall be controlled by the laws of the State of California.

(b) If this Agreement is considered a "plan" under the Employee Retirement Income Security Act of 1974 (ERISA), both the Company and Employee acknowledge and agree that for all purposes the Agreement shall be treated as a "welfare plan" within the meaning of section 3(1) of ERISA and that any rights that might arise under ERISA if this Agreement were treated as a "pension plan" within the meaning of Section 3(2) of ERISA are hereby expressly waived. Consistent with the preceding sentence, Employee further acknowledges that his or her rights to the Policy and the release of the Company's Security Interest are strictly limited to those rights set forth in this Agreement. In furtherance of this acknowledgement and in consideration of the Company's payment of the initial premiums for this Policy, Employee voluntarily and irrevocably relinquishes and waives any additional rights in the Policy or any different restrictions on the release of the Company's Security Interest that he or she might otherwise argue to exist under either state, federal, or other law. Employee further agrees that he or she will not argue in any judicial or arbitration proceeding that any such additional rights or different restrictions exist. Similarly, the Company acknowledges that its Security Interest is strictly limited as set forth in this Agreement and voluntarily and irrevocably relinquishes and waives any additional interest or different interest or advantages that the Company would have or enjoy if the Agreement were not treated as a "welfare plan" within the meaning of Section 3(1) of ERISA.

20. The Company and Employee agree to execute any and all documents necessary to effectuate the terms of this Agreement.

EMPLOYEE

ADVANCED MICRO DEVICES, INC.

By: _____

Its _____

EXHIBIT A

COLLATERAL SECURITY ASSIGNMENT AGREEMENT

This Collateral Security Assignment is made and entered into effective as of _____, 19__, by the undersigned as the owner (the "Owner") of Life Insurance Policy Number _____ (the "Policy") issued by The Manufacturers Life Insurance Company of America (the "Insurer") upon the life of Owner and by Advanced Micro Devices, Inc. a _____ corporation (the "Assignee").

WHEREAS, the Owner is a valued employee of Assignee or a subsidiary of Assignee, and the Assignee wishes to retain him or her in its or its subsidiary's employ; and

WHEREAS, to encourage the Owner's continued employment, the Assignee wishes to pay premiums on the Policy, as more specifically provided for in that certain Split-Dollar Life Insurance Agreement dated as of _____, 19__, and entered into between the Owner and the Assignee as such agreement may be hereafter amended or modified (the "Agreement") (unless otherwise indicated the terms herein shall have the definitions ascribed thereto in the Agreement);

WHEREAS, in consideration of the Assignee agreeing to make the premium payments, the Owner agrees to grant the Assignee a security interest in the Policy as collateral security; and

WHEREAS, the Owner and Assignee intend that the Assignee have no greater interest in the Policy than that prescribed herein and in the Agreement and that if the Assignee ever obtains any right or interest in the Policy or the proceeds thereof, except as provided herein and in the Agreement, such right or interest shall be held in trust for the Owner to satisfy the obligations of Assignee to Owner under the Agreement and the Assignee additionally agrees that its rights to the Policy shall serve as security for its obligations to the Owner under the Agreement;

NOW, THEREFORE, the Owner hereby assigns, transfers and sets over to the Assignee for security the following specific rights in the Policy, subject to the following terms, agreements and conditions:

1. This Collateral Security Assignment is made, and the Policy is to be held, as collateral security for all liabilities of the Owner to the Assignee pursuant to the terms of the Agreement, whether now existing or hereafter arising (the "Secured Obligations"). The Secured Obligations include: (i) the obligation of the Owner to transfer an amount equal to the entire cash value in the event that the Owner terminates employment with Employer for a reason other than a Qualifying Termination and before attaining his or her Security Release Date; (ii) the obligation of the Owner to pay an amount of cash to Assignee or transfer to Assignee that portion of the cash value which is equal to any federal, state or local taxes that Assignee may be required

to withhold and collect (as set forth in Section 12 of the Agreement); and (iii) the obligation of the Owner to pay an amount of cash to the Company or transfer to the Company that portion of the cash surrender value of the Policy which is equal to the sum of the outstanding balances on any loans made by Assignee to the Owner in the event of a Qualifying Event (as set forth in Section 5(c) of the Agreement; and (iv) the obligation of the Owner to name the Assignee as beneficiary for a portion of the death benefit under the Policy in the event of the death of the insured prior to Owner's termination of employment with Employer in accordance with Section 4 of the Agreement.

2. The Owner hereby grants to Assignee a security interest in and collaterally assigns to Assignee the Policy and the cash value to secure the Secured Obligations. However, the Assignee's interest in the Policy shall be strictly limited to:

(a) The right to be paid the Assignee's portion of the death benefit in the event of the death of the Owner prior to Owner's termination of employment with Employer in accordance with Section 4 of the Agreement;

(b) The right to receive an amount equal to the entire cash value of the Policy (which right may be realized by Assignee's receiving a portion of the death benefit under the Policy or Owner's causing such amount to be transferred to Assignee (through withdrawing from or borrowing against the Policy), in accordance with the terms of the Agreement) if the Owner terminates employment with Employer for a reason other than a Qualifying Termination (unless he or she has previously attained his or her Security Release Date);

(c) The right to receive an amount equal to the sum of the outstanding balances on any loans made by Assignee to the Owner in the event of a Qualifying Event (as set forth in Section 5(c) of the Agreement); and

(d) The right to receive an amount equal to any federal, state or local taxes that Assignee may be required to withhold and collect (as set forth in Section 12 of the Agreement).

3. (a) Owner shall retain all incidents of ownership in the Policy, and may exercise such incidents of ownership except as otherwise limited by the Agreement and hereunder. The Insurer is only authorized to recognize (and is fully protected in recognizing) the exercise of any ownership rights by Owner if the Insurer determines that the Assignee has been given notice of Owner's purported exercise of ownership rights in compliance with the provisions of Section 3(b) hereof and as of the date thirty days after such notice is given, the Insurer has not received written notification from the Assignee of Assignee's objection to such exercise; provided that, the designation of the beneficiary to receive the death benefits not otherwise payable to Assignee pursuant to Section 4 of the Agreement may be changed by the Owner without prior

notification of Assignee. The Insurer shall not be responsible to ensure that the actions of the Owner conform to the Agreement.

(b) Assignee hereby acknowledges that for purposes of this Collateral Security Assignment, Assignee shall be conclusively deemed to have been properly notified of Owner's purported exercise of his or her ownership rights as of the third business day following either of the following events: (1) Owner mails written notice of such exercise to Assignee by United States certified mail, postage paid, at the address below and provides the Insurer with a copy of such notice and a copy of the certified mail receipt or (2) the Insurer mails written notice of such exercise to Assignee by regular United States mail, postage paid, at the address set forth below:

Advanced Micro Devices, Inc.
One AMD Place
M/S 181
Sunnyvale, California 94088

Attn: Corporate Compensation Manager

The foregoing address shall be the appropriate address for such notices to be sent unless and until the receipt by both Owner and the Insurer of a written notice from Assignee of a change in such address.

(c) Notwithstanding the foregoing, Owner and Assignee hereby agree that, until Assignee's security interest in the Policy is released, Assignee shall from time to time designate one or more individuals (the "Designee"), who may be officers of Assignee, who shall be entitled to adjust the death benefit under the Policy and to direct the investments under the Policy; provided, however, that the Designee may only increase, but not decrease, the death benefit in effect on the date that the Policy is issued; provided further, that the Designee may only direct the investments under the Policy in funds offered by the Insurer under the Policy. Assignee shall notify the Insurer in writing of the identity of the Designee and any changes in the identity of the Designee. Until Assignee's security interest in the Policy is released, no other party may adjust the death benefit or direct the investments under the Policy without the consent of the Assignee and the Owner.

4. If the Policy is in the possession of the Assignee, the Assignee shall, upon request, forward the Policy to the Insurer without unreasonable delay for endorsement of any designation or change of beneficiary or the exercise of any other right reserved by the Owner.

5.(a) Assignee shall be entitled to exercise its rights under the Agreement by delivering a written notice to Insurer, executed by the Assignee and the Owner or the Owner's beneficiary, requesting either (1) a withdrawal or nonrecourse policy

loan equal to the amount to which Assignee is entitled under Sections 5, 6 or 12 of the Agreement and transfer of such withdrawn or borrowed amount to Assignee or (2) the payment to the Assignee of that portion of the death benefit under the Policy to which the Assignee is entitled under Section 4 of the Agreement. So long as the notice is also signed by Owner or his or her beneficiary, Insurer shall pay or loan the specified amounts to Assignee without the need for any additional documentation.

(b) Upon receipt of a properly executed notice complying with the requirements of subsection (a) above, the Insurer is hereby authorized to recognize the Assignee's claims to rights hereunder without the need for any additional documentation and without investigating (1) the reason for such action taken by the Assignee; (2) the validity or the amount of any of the liabilities of the Owner to the Assignee under the Agreement; (3) the existence of any default therein; (4) the giving of any notice required herein; or (5) the application to be made by the Assignee of any amounts to be paid to the Assignee. The receipt of the Assignee for any sums received by it shall be a full discharge and release therefor to the Insurer.

6. Upon the full payment of the liabilities of the Owner to the Assignee pursuant to the Agreement, the Assignee shall execute an appropriate release of this Collateral Security Assignment.

7. The Assignee shall have the right to request of the Insurer and/or the Owner notice of any action taken with respect to the Policy by the Owner.

8. (a) The Assignee and the Owner intend that in no event shall the Assignee have any power or interest related to the Policy or its proceeds, except as provided herein and in the Agreement, notwithstanding the provisions of any other documents including the Policy. In the event that the Assignee ever receives or may be deemed to have received any right or interest beyond the limited rights described herein and in the Agreement, such right or interest shall be held in trust for the benefit of the Owner and be held separate from the property of the Assignee.

(b) In order to further protect the rights of the Owner, the Assignee agrees that its rights to the Policy and proceeds thereof shall serve as security for the Assignee's obligations to the Owner as provided in the Agreement. Assignee hereby grants to Owner a security interest in and collaterally assigns to Owner any and all rights it has in the Policy, and products and proceeds thereof, whether now existing or hereafter arising pursuant to the provisions of the Policy, the Agreement, this Collateral Security Assignment or otherwise, to secure Assignee's obligations ("Assignee Obligations") to Owner under the Agreement, whether now existing or hereafter arising. The Assignee Obligations include all obligations owed by the

EXHIBIT B

SPLIT-DOLLAR LIFE INSURANCE SECURITY RELEASE NOTICE

Pursuant to the Split-Dollar Life Insurance Agreement entered into between Advanced Micro Devices, Inc. ("the Company") and me as of _____, 199__ (the "Agreement"), I hereby notify the Company that I request to be released on _____, ____ ("Security Release Date") from the Company's collateral security interest in Policy Number _____ issued by The Manufacturers Life Insurance Company of America. I understand that my Security Release Date must be at least two years from the date the Company receives this Notice. I also understand that my Security Release Date may be changed no more than twice, and then only to a later date, not an earlier date, and that any change in my Security Release Date must be made at least two years before the date that would otherwise be my Security Release Date. I further understand that in order for the Company's collateral security interest to be released on my Security Release Date, I must continue to be employed by the Employer (as defined in the Agreement) until such date.

Participant

Date: _____

Received by the Company on _____

by _____

EXHIBIT C

SPOUSAL CONSENT TO DESIGNATION OF NONSPOUSAL BENEFICIARY

My spouse is _____. I hereby consent to the designation made by my spouse of _____ as the beneficiary (subject to any rights collaterally assigned to Advanced Micro Devices, Inc.) under Life Insurance Policy No. _____ which Advanced Micro Devices, Inc. has caused The Manufacturers Life Insurance Company of America to issue to him/her. I also understand that this consent is valid only with respect to the naming of the beneficiary indicated above and that the designation of any other beneficiary will not be valid unless I consent in writing to such designation.

This consent is being voluntarily given, and no undue influence or coercion has been exercised in connection with my consent to the designation made by my spouse of the beneficiary named above rather than myself as the beneficiary under the Split-Dollar Life Insurance Policy.

Spouse's Signature

Print Spouse's Name

Date: _____

EXHIBIT D

NOTICE TO POSTPONE SPLIT-DOLLAR LIFE INSURANCE SECURITY RELEASE DATE

First Election to Postpone Security Release Date

Pursuant to the Split-Dollar Life Insurance Agreement entered into between Advanced Micro Devices (the "Company") and me as of _____ (the "Agreement"), I hereby notify the Company that I request to postpone my initial Security Release Date from _____, _____ until _____, _____ ("Security Release Date"). I understand that this first election to postpone must be received by the Company at least two years prior to the date which would otherwise constitute my Security Release Date. I further understand that in order for the Company's collateral security interest to be released on my Security Release Date as postponed, I must continue to be employed by the Company or one of its subsidiaries until such date.

Participant Date

Received by Advanced Micro Devices

on _____ By _____

Second Election to Postpone Security Release Date.

Pursuant to the Split-Dollar Life Insurance Agreement entered into between Advanced Micro Devices (the "Company") and me as of _____ (the "Agreement"), I hereby notify the Company that I request to further postpone by Security Release Date from _____, _____ until _____, _____. I understand that this second election to postpone must be received by the Company at least two years prior to the date which would otherwise constitute my Security Release Date. I further understand that in order for the Company's collateral security interest to be released on my Security Release Date as postponed, I must continue to be employed by the Company or one of its subsidiaries until such date.

Participant Date

Received by Advanced Micro Devices

on _____ By _____

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN DELETED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

COMPAQ COMPUTER CORPORATION/ADVANCED MICRO DEVICES, INC.
AGREEMENT

This Agreement ("Agreement"), effective as of January 1, 1994 (Effective Date), is made by Compaq Computer Corporation ("Compaq") and Advanced Micro Devices, Inc. ("AMD"). The terms and conditions contained in this Agreement shall govern the purchase and sale of Product specified on purchase orders issued by Compaq. For purposes of this Agreement, Product shall mean any current or future microprocessors that are Microsoft Windows Compatible and any Microsoft Windows Compatible follow-ons thereto that AMD either currently makes available or plans to make available to any of its customers. Microprocessors that are Microsoft Windows Compatible shall include AMD's current 80X86 microprocessor family, and/or future derivatives thereof, including any future derivative microprocessors that are based on a similar architecture. Product shall not include any of AMD's custom or customer specific products (Custom Products). Custom Products shall mean product that: (i) contains significant functional differences from Product sold by AMD, and (ii) is sold to only one customer.

1. INTENT AND ROAD MAP MEETINGS

- A. Compaq intends to enter into a long-term relationship with AMD. As such, AMD is willing to cooperate with Compaq to further mutual long-term goals by sharing Product road map and technology directions. During the term of this Agreement, the parties agree to meet at least on a quarterly basis to review AMD's Product road map (excluding Custom Products) and technology directions (Road Map Meeting). The topics discussed shall include Product specifications, anticipated prices, existing and planned capacity, projected schedules and availability dates. Compaq shall provide feedback to AMD regarding those items in AMD's Product road map which may be of interest to Compaq based on Compaq's product plans. Compaq may disclose to AMD those products in Compaq's road map which Compaq believes will pertain to AMD's Products. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] On an ongoing basis, Compaq may provide AMD with input on the specifications of AMD's future Products.

Compaq also expects that AMD will cooperate to achieve Compaq's long-term program goals such as shortening Product lead-times, increasing volume flexibility, achieving Just-in-Time delivery at all of Compaq's manufacturing sites, achieving ongoing cost reductions and specific quality goals, and continuous quality improvement.

- B. Unless expressly stated otherwise for a particular Product, this Agreement is not a requirements contract and does not obligate Compaq to purchase any minimum quantity of Product but only establishes the terms and conditions for such purchases if and when they occur.

2. PURCHASE ORDERS

- A. Compaq will purchase Products only by issuing purchase orders ("Order or Orders") to AMD. Orders shall contain such things as quantity, price, desired delivery date, part number, and revision level. Compaq shall make commercially reasonable efforts to send written confirmation (except by mutual agreement) of Orders within one (1) week after issuance. AMD shall sign and return the acknowledgment copy of the Order within five (5)

days after receipt. If AMD fails to return the acknowledgment, AMD will be deemed to have accepted any Order which conforms with the terms of this Agreement. Acceptance by AMD is limited to the terms of Compaq's offer as contained in this Agreement and the Order. No additional or different provisions proposed by AMD shall apply unless expressly agreed to in writing by Compaq. Compaq hereby gives notice of its objection to any additional or different terms.

- B. AMD agrees that all Compaq sites, and subsidiaries, wherever located, shall be entitled to make purchases under this Agreement. In addition, at Compaq's request, AMD agrees to drop ship Product to Compaq's subcontractors.

3. EARLY PRODUCTION PRODUCT AND TESTING

AMD agrees to provide Compaq with prototypes and early production samples of Product for all new Products that Compaq notifies AMD it wishes to receive. AMD shall use reasonable efforts to provide such prototypes and samples to Compaq as soon as they become available, and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. Compaq will use reasonable efforts to evaluate and test such prototypes and early production samples of Product received from AMD and provide AMD with feedback regarding Compaq's test results.

4. TERM OF AGREEMENT

- A. The term of this Agreement shall be for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] (Term), commencing on the Effective Date, unless extended pursuant to Section 4.B. or 4.C. below.

- B. The Term of this Agreement may be [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE] extended for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]:

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

- C. This Agreement shall be automatically renewed at the conclusion of the Term for successive [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] periods unless one of the parties indicates by written notice to the other party not less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] prior to the end of the Term that it does not intend to renew the Agreement. Notwithstanding the foregoing, the Agreement shall remain in full force and effect and shall be applicable to any Order(s) issued by Compaq to AMD during the Term of this Agreement until any and all obligations of the parties under such Order(s) have been fulfilled.

5. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] PRODUCT & NEW CAPACITY
- A. AMD shall offer for purchase by Compaq all new Products that AMD markets or intends to market. AMD agrees that Compaq shall have the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] made available by AMD, except for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] that are equivalent in form, fit, function and performance to products from other third party suppliers and such third party suppliers' products are used in computer systems which are generally available in the marketplace ("Equivalent Products"). For each Product that Compaq [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], AMD agrees that each such Product will include any similar Product which does not have significant functional or performance differences.
- B. The parties agree to negotiate a separate agreement for any co-developed product, and any exclusivity benefits desired by Compaq will be as set forth in such separate agreement.
- C. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

For Equivalent Product, Compaq will be entitled, for a period of six (6) months following first production shipment of such Equivalent Product, [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].
- D. If, at any time during the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of a particular Product, a third party ships a product such that AMD's Product now can be classified as an Equivalent Product, then AMD may, at its option, and upon written notice to Compaq, immediately terminate Compaq's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for that particular Product, except that Compaq shall be entitled to the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for a period of six (6) months from the date that Compaq's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].
- E. AMD shall notify Compaq if and when AMD builds or obtains new or additional production capacity so that Compaq may, at its option elect to forecast (as shown in Exhibit A) and/or order more Product.
6. PRICING
- A. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] days prior to the end of the then-current quarter, Compaq and AMD shall meet to review pricing for the following quarter (Pricing Meeting). At the Pricing Meeting, Compaq and AMD shall agree on the price for Product

for the following quarter, subject to the conditions specified in this Section 6. In addition, Compaq and AMD will, by mutual agreement, review and update Buyer's forecast and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] as shown in Exhibit A.

- B. Prices shall include all charges such as packaging, packing, crating, storage, forwarding agent or brokerage fees, document fees and duties. Prices shall also include any and all sales, use, excise and similar taxes. Compaq shall not accept Product at any price above that indicated on the Order.
- C. AMD acknowledges that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], AMD represents that, subject to this Section 6, the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]:

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

- D. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- E. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

AMD may, upon reasonable notice to Compaq, appoint an independent auditor to review Compaq's records to determine if Compaq has [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] as specified herein. Compaq shall allow such independent auditor access to all applicable records of Compaq for the purpose of conducting such audit. The independent auditor shall only report to AMD whether Compaq has [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], as the case may be.

- F. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- G. Compaq may, upon reasonable notice to AMD, appoint an independent auditor to review AMD's records to determine if Compaq is receiving pricing as agreed to hereunder and that AMD is complying with the terms of this Agreement. AMD shall allow such independent auditor access to all applicable records of AMD for the purpose of conducting such audit. The independent auditor shall only report to Compaq whether AMD is complying with the terms of this Agreement.
- H. Compaq shall be entitled to purchase Product from AMD at an Effective Price [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] equal to the lesser of: (i) the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

- I. AMD shall maintain a vigorous cost reduction program to ensure that pricing is competitive at all times. In the event that Compaq does not consider AMD's pricing aggressive relative to the market, Compaq shall have the right to request an immediate meeting with AMD to renegotiate pricing.
- J. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].
- K. AMD may wish to obtain additional capacity from one or more foundries, and it may be necessary, as part of AMD's agreement with such foundries, for AMD to permit the foundries to internally consume certain quantities of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Product which is the same or similar to Product that Compaq is entitled to purchase. Compaq agrees that AMD may permit such foundries to internally consume up to 135,000 units of Product per year (aggregate for all foundries) without any requirement by AMD to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] pursuant to Section 6.C above because of AMD's arrangements with such foundries.

In the event that AMD's arrangements with such foundries permits such foundries to internally consume Product in quantities greater than 135,000 in 1994, Compaq shall be entitled to purchase from AMD an amount equal to the quantities above 135,000 per year that such foundries are internally consuming, at [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. If Compaq is not purchasing Products comparable to those that the foundries are consuming internally, Compaq will be eligible for a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the nearest comparable Product.

In the event that AMD's arrangement with such foundries permits such foundries to internally consume Product in quantities greater than 135,000 in 1995 and 1996, Compaq shall be entitled to purchase from AMD: (i) an amount equal to the quantities above 135,000 per year and less than 270,000 per year that such foundries are internally consuming at a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Compaq is otherwise [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

- L. As specified in Section 7.E. below and Exhibit D, AMD agrees to have certain backup capacity available to Compaq for quantities over and above forecasted quantities as specified in Exhibit A. In the event that Compaq utilizes the backup capacity, the following prices apply. For the first [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Product purchased from the backup capacity [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].
- M. Compaq agrees that Product purchased under this Agreement will be incorporated into Compaq's products except that Compaq may sell Product to its distributors and end-users for use as replacement parts, upgrades parts and/or spare parts.
- N. AMD agrees that Compaq will be [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] relative to any

of it's other customers with respect to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

7. DELIVERY

- A. Compaq's Order shall state delivery dates for Product delivery by AMD on the committed date and shall be considered to be of equal importance as quality and price in meeting Compaq's requirements. Delivery performance shall be measured by on-dock date at Compaq's specified ship-to location. AMD represents and warrants that it will use its best efforts to at all times meet the delivery dates for Products on the committed delivery date.
- B. All sales are F.O.B. Point of Shipment. Title and risk of loss shall pass to Compaq upon AMD's delivery of Product purchased hereunder to carrier authorized by Compaq.
- C. If AMD delivers Product more than three (3) days in advance of the specified delivery date, Compaq may either return such Product at AMD's risk and expense for subsequent delivery on the specified delivery date or retain such material and make payment when it would have been due based on the specified delivery date.
- D. Changes to delivery dates may only be made by Compaq's authorized purchasing representatives. All other schedule changes are at AMD's risk. Compaq may, without cost or liability, issue change requests for Product quantities and schedule dates in accordance with the Flexibility Agreement attached as Exhibit D ("Flexibility Agreement"). Written confirmation will be sent by AMD to Compaq within two (2) work days of receiving such change request, and Compaq shall provide a confirming Order change within ten (10) working days of receiving AMD's confirmation.
- E. In addition, AMD agrees to have available backup capacity as specified in Exhibit D. The quarterly backup capacity quantities specified in Exhibit D represent Compaq's backup requirements for each quarter. The amounts listed for each quarter may be divided equally over the thirteen (13) weeks in the particular quarter. AMD agrees to supply such quantities in the quarter indicated upon eight (8) weeks written notice from Compaq of the need for the particular Product. In the event that Compaq does not need the backup capacity indicated above for a particular Product and quarter, Compaq will lose that backup capacity. In the event that AMD is unable to supply the backup capacity for a particular Product and quarter, Compaq may increase the backup capacity on another Product by the amount that AMD is unable to supply. Compaq and AMD shall update the quarterly backup capacity amounts on a rolling quarterly basis through 4Q95. Unless otherwise agreed to in writing, the backup capacity amounts for 1995 shall be a minimum of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] per quarter.
- F. AMD shall notify Compaq in writing immediately if AMD has knowledge of any impending material shortage, labor dispute, or other event which could result in any change to the agreed delivery plan.
- G. In the event that Product scheduled for delivery is more than one (1) business day late, Compaq may request such Product to be shipped and delivered via a different mode of transportation. In such event, AMD agrees to pay or reimburse Compaq for all transportation charges in excess of the normal charges. Compaq agrees to discuss with AMD mutually acceptable alternatives that might be available for securing substitute for Product. Compaq agrees to attempt, with AMD's assistance, and as time allows, to obtain

Product from AMD's authorized distributors at no additional charge to Compaq. Compaq also agrees to make reasonable attempts to adjust orders placed with other third party vendors and/or adjust Compaq production schedules before incurring additional procurement costs. If Compaq cannot obtain Product in a timely fashion from AMD or AMD's authorized distributors, then, Compaq may purchase substitute for Product elsewhere. Without affecting other remedies Compaq may have, Compaq may [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

8. PACKING, MARKING, AND SHIPPING INSTRUCTIONS

- A. All Product shall be prepared and packed in a commercially reasonable manner so as to secure the lowest transportation rates and meet carrier's requirements or those set forth in the Product specification attached as Exhibit B ("Specification").
- B. Each shipping container shall be marked to show Compaq's Order number, part number, revision level, lot number, and quantity contained therein. A packing list showing the Order number shall be included in each container.
- C. AMD agrees to standardize the count multiples used in shipments so that Compaq can verify the quantity of each shipment.

9. QUALITY

- A. AMD agrees to use its best efforts to deliver defect-free materials to Compaq at all times. AMD shall establish and/or maintain a quality improvement plan acceptable to Compaq. AMD's Quality Improvement Plan is attached to this Agreement as Exhibit C ("Quality Plan").
- B. At Compaq's request, AMD will facilitate on-site visits and inspections by Compaq. Such inspections shall take place during normal business hours at AMD's facilities. AMD shall, as far as reasonably practicable, assist Compaq's personnel in the conduct of this inspection. Compaq's inspections shall in no way relieve AMD of its obligation to deliver conforming Product or waive Compaq's right of inspection and acceptance at the time the Products are delivered.
- C. AMD agrees to provide relevant outgoing inspection, quality, and reliability data upon Compaq's request.
- D. AMD agrees to conform to the revision level stated on Compaq's Order.
- E. AMD agrees to advise Compaq of any changes to process, materials, or sources of supply and ensure that such changes do not compromise specifications, quality, or reliability of Products ordered by Compaq.

10. INSPECTION AND ACCEPTANCE

- A. Products purchased pursuant to this Agreement shall be subject to inspection and test by Compaq at all times and places, including the period of manufacture or development. Unless otherwise specified in the Order, final inspection and acceptance of Product by Compaq shall be at Compaq's facilities. Compaq reserves the right to reject Product which does not conform to the specifications, drawings, samples or other descriptions

specified by Compaq. Compaq shall contact AMD to discuss mutually acceptable remedies for defective or non-conforming Product provided however that, ultimately, Compaq may, at its option, either return defective or non-conforming Product for full credit of the purchase price plus any transportation charges paid by Compaq, or require prompt correction or replacement of defective or non-conforming Product, which rights shall be in addition to such other rights as Compaq may have in law or under any other agreement. Return to AMD of any non-conforming or defective Product shall be at AMD's expense and no replacements shall be made unless specified by Compaq. Product required to be corrected or replaced shall be subject to the same inspection and warranty provisions of this Agreement as Product originally delivered under any Order.

- B. In the event Compaq returns Product back to AMD for correction or replacement, AMD shall use its best efforts to repair or replace all defective Product within five (5) days of receipt of such Product. AMD will issue a "Return Material Authorization" within twenty-four (24) hours of receipt of notification by Compaq of defective Product. AMD shall bear all risk and costs such as, material, sorting (provided Compaq notifies AMD of the anticipated sorting costs) and shipping to and from Compaq's facilities. If Compaq incurs any such costs, it may either receive them directly from AMD or set-off via a credit note any amounts due to AMD. AMD agrees to provide failure analysis of rejected material within five (5) days after receipt of such rejected materials. AMD will also provide a written corrective action report addressing the steps that will be taken to eliminate the cause of the problem.
- C. Upon notification of rejection, Compaq will advise AMD of the reason for rejection.

11. WARRANTY

- A. AMD warrants that title to all Products delivered to Compaq under this Agreement shall be free and clear of all liens, encumbrances, security interests or other claims and that for a period of three (3) years from date of acceptance of material by Compaq, all Product shall be free from defects in material, workmanship, and design. AMD further warrants that all Product shall conform to applicable specifications, drawings, samples, and descriptions referred to in this Agreement. The warranty for replaced Product will be the same as the original Product.
- B. Defective material discovered during Compaq's manufacturing or assembly processes are not considered to be a warranty repair and shall be corrected in accordance with Section 10.B.
- C. AMD agrees that in case of epidemic failure (greater than 2% failure for the same cause in any six (6) month period), AMD shall provide correction or replacement in accordance with Section 10.B.
- D. Except as expressly provided in this Section 11 and Section 19, no warranties, express or implied, statutory or otherwise, are made with respect to the Product delivered by AMD to Compaq under this Agreement.
- E. Compaq's obligations under this Section shall be as follows: (i) Compaq shall notify AMD either in writing or orally of defects or non-conformity in any unit of Product for which Compaq wishes to make a warranty claim; (ii) Compaq will obtain authorization from AMD to return such Product; (iii) such Product will be returned to AMD, transportation costs paid by AMD, F.O.B. Point of Shipment, in accordance with AMD's customer Product return guidelines; and (iv) AMD's examination of returned Product must disclose to AMD's

satisfaction that such alleged defect or non-conformity actually existed and was not caused by negligence, misuse, improper installation, accident, or unauthorized repair.

- F. Except as set forth specifically in Section 19, this warranty is in lieu of all other warranties, expressed or implied, including the implied warranty of fitness for a particular purpose, the implied warranty of merchantability and of all other warranty obligations or liabilities on AMD's part and it neither assumes nor authorizes any other person to assume for AMD any other liabilities. The foregoing constitutes Compaq's sole and exclusive remedy for the furnishing of defective or non-conforming Product.

12. PAYMENT AND SET-OFF

- A. Compaq shall issue payment for Product delivered by AMD under individual Orders. Terms of payment shall be net [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] days from the date of AMD's invoice, provided that Product has been received by Compaq. Payment of invoices shall not constitute final acceptance of the Product. Invoices and shall be subject to adjustment for errors, shortages, and defects.
- B. Amounts owed to Compaq due to rejections of Product or discrepancies on paid invoices will be, at Compaq's option, fully credited against future invoices payable by AMD's receipt of a debit memo, or other written request for payment from Compaq.
- C. Unless otherwise specified in Exhibit A or agreed to in writing by the parties, payment shall be in U.S. dollars.

13. CHANGES

- A. Compaq may from time to time change the specifications for the Products, and AMD agrees to make best efforts to comply with such changes. If such changes result in a change in AMD's costs or in the time for performance, an adjustment in price and time for performance will be made by the parties in writing, provided, however, that AMD shall request such an adjustment within ten (10) days of receipt by AMD of the notice of such changes.
- B. No changes shall be made by AMD in the form, fit, or function of Products purchased hereunder without AMD providing Compaq at least ninety (90) days prior written notice, or as soon as possible if AMD is not reasonably able to provide ninety (90) days prior notice.

14. TERMINATION FOR CAUSE

- A. AMD may terminate this Agreement and/or any Order issued hereunder at any time by written notice in the event Compaq:
1. Fails to comply with any material provision of this Agreement or any Order issued hereunder, and, in the case of a breach which is capable of remedy, fails to remedy same within thirty (30) days of notification of said breach; or
 2. Becomes insolvent or makes an assignment for the benefit of creditors, or a receiver or similar officer is appointed to take charge of all or a part of Compaq's assets and such condition is not cured within thirty (30) days; or

3. Assigns or attempts to assign, or subcontracts or attempts to subcontract, any or all of its rights or obligations under this Agreement or any Orders issued hereunder to a third party without AMD's prior written approval, which approval shall not be unreasonably withheld.
- B. Compaq may terminate this Agreement and/or any Order issued hereunder at any time by written notice in the event AMD:
1. Fails to comply with any material provision of this Agreement or any Order issued hereunder, and in the case of a breach which is capable of remedy, fails to remedy same within thirty (30) days of notification of said breach, or
 2. Becomes insolvent or makes an assignment for the benefit of creditors, or a receiver or similar officer is appointed to take charge of all or a part of AMD's assets and such condition is not cured within thirty (30) days, or
 3. Assigns or attempts to assign, or subcontracts or attempts to subcontract, any or all of its rights or obligations under this Agreement or any Orders issued hereunder to a third party without Compaq's prior written approval.
- C. Upon termination of the Agreement and/or any Order issued hereunder:
1. Compaq shall have the option to purchase any materials or work in progress which AMD may have purchased or processed for the fulfillment of any Order at AMD's cost plus a reasonable amount for any value already added by AMD,
 2. Compaq shall have no liability beyond payment for any balance due for Products delivered by AMD before notice of termination.

15. LIMITATION OF LIABILITY

- A. EXCEPT FOR A BREACH OF SECTION 19, 25 OR 26 OF THIS AGREEMENT, NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, UNLIQUIDATED INVENTORY, ETC.), INCIDENTAL, INDIRECT, SPECIAL, ECONOMIC, OR PUNITIVE DAMAGES EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

16. FORCE MAJEURE

- A. Neither party shall be liable for its failure to perform any of its obligations hereunder during any period in which such performance is delayed by fire, flood, war, embargo, riot or the intervention of any government authority ("Force Majeure"), provided that the party suffering such delay immediately notifies the other party of the delay. If, however, AMD's performance is delayed for reasons set forth above for a cumulative period of fourteen (14) calendar days or more, Compaq, notwithstanding any other provision of this Agreement to the contrary, may terminate this Agreement and/or any Order issued hereunder by notice to AMD. In the event of such termination, Compaq's sole liability hereunder will be for the payment to AMD of any balance due and owing for conforming Product delivered by AMD prior to AMD's notification of delay to Compaq. In the event the parties do not terminate this Agreement and/or Order due to a Force Majeure, the time for performance or cure will be extended for a period equal to the duration of the Force Majeure.

17. PRODUCT NOTICES

- A. Any notice given under this Agreement shall be in writing and will be effective when delivered personally or deposited in the mail, postage prepaid and addressed to the parties at their respective addresses set forth below, or at any new address subsequently designated in writing by either party to the other:

If to AMD:

Advanced Micro Devices, Inc.
20333 SH 249
Suite 525
Houston, TX
ATTN: Sales Manager

If to Compaq:

COMPAQ COMPUTER
CORPORATION
P.O. Box 692000
77070 MS070202
Houston, TX 77269-2000
ATTN.: Ken Chen

with a copy to:

Advanced Micro Devices, Inc.
One AMD Place
Mail Stop 68
Sunnyvale, CA 94088-3456
ATTN: Legal Department

with a copy to:

COMPAQ COMPUTER
CORPORATION
P.O. Box 692000
MS060803
Houston, TX 77269-2000
ATTN.:Legal Department

18. COMPLIANCE WITH LAWS

- A. All Product supplied and work performed under this Agreement shall comply with all applicable laws and regulations in effect. In particular, AMD agrees that its performance under this Agreement shall comply with all laws governing its relationship with its employees, agents or subcontractors and with the chlorofluorocarbon labeling requirements of the U.S. Clean Air Act of 1990. Upon request, AMD agrees to certify compliance with such applicable laws and regulations.

19. INTELLECTUAL PROPERTY WARRANTY AND INDEMNITY

- A. AMD warrants that, to the best of its knowledge and belief, the Products do not infringe any patent [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], copyright, mask work right, trademark, trade secret or any other intellectual property rights (collectively referred to as "IPR") of any third party. AMD further warrants that to the best of its knowledge and belief, Compaq's use of the Products for its intended purpose (including but not limited to combinations of said Products with other devices or elements) do not infringe any IPR of any third party. The parties recognize that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] which are currently pending resolution before a court.
- B. Except as limited elsewhere in this Section 19, AMD warrants that it will defend, at its expense, any claim, suit or proceeding ("legal action") brought against Compaq alleging either, (i) infringement by the Product of any IPR of a third party; and/or (ii) infringement by Compaq's use of the Product for its intended purpose (including but not limited to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]). AMD further warrants that it will indemnify

and hold Compaq harmless from any and all costs, expenses and damages suffered by Compaq in connection with legal action, resulting from a claim against Compaq [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of (i) infringement by the Product of any IPR of any third party; and/or (ii) infringement by Compaq's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] use of the Product for its intended purpose (including but not limited to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]), provided AMD is promptly notified in writing of such legal action and given the option to take sole control, at AMD's expense, of the defense of such legal action including any settlement negotiations.

In addition to the above, AMD warrants that it will assist and reimburse Compaq in the amount equal to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in the defense of any legal action brought against Compaq alleging infringement by Compaq's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] use of the Product for its intended purpose (including but not limited to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of any IPR of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]). AMD further warrants that it will indemnify Compaq and hold Compaq harmless from [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of any costs, expenses and damages suffered by Compaq in connection with legal action, resulting from a claim against Compaq [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of infringement by Compaq's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] use of Product for its intended purpose (including but not limited to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of any IPR [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]). AMD shall not be liable to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], however, for any costs, expenses or damages from such legal action relating to or resulting from Compaq's use of products obtained from vendors other than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. Compaq agrees to promptly notify AMD in writing of such legal action. The parties agree that Compaq shall have sole control of the defense of such legal action including any settlement negotiations. Compaq may not enter into any settlement of such legal action without the prior written consent of AMD, which consent shall not be unreasonably withheld. Compaq agrees to keep AMD informed of the status of such defense, including, but not limited to, the expenses associated with such defense.

- C. Without prejudice to the foregoing warranty and indemnity, in case any of the Products are held to constitute such infringement and the use of such Product(s) is enjoined, AMD shall at its discretion and expense, either (i) procure for Compaq the right to continue using the Product, (ii) modify such Product so that it becomes non-infringing without adversely affecting Compaq's specifications or requiring changes in the circuitry of Compaq's equipment where such Product is used and provide Compaq with such non-infringing Products in exchange for the infringing Products or if (i) or (ii) are not possible, then (iii)

remove such Product and refund the purchase price and transportation costs of such Products and reimburse Compaq for its reasonable expenses incurred in procuring substitute product.

- D. No rights to Compaq's or AMD's trademarks, trade names or brand names are conferred, either expressly or by implication.
- E. AMD represents and warrants that it will not assert any claim or action against Compaq or its customers that Compaq's or its customers' use of Product for its intended purpose infringes any IPR of AMD, and AMD hereby grants Compaq and its customers, mediate and immediate, an immunity from any such claim or action.
- F. Except for the rights specifically set forth elsewhere in Section 19 and Section 20, the sale of Products by AMD does not convey any license by implication, estoppel, or otherwise, under any patent claims covering combinations of said Products with other devices or elements, or the process or method of making such Products.
- G. Compaq shall defend, at its expense, AMD from any claims resulting from compliance of Products with Compaq's designs or custom specifications that are implemented by AMD as specified by Compaq if such Compaq specified implementation resulted in the claim of infringement of any patent, copyright, trademark, or other proprietary right of a third party, and shall pay all costs and damages awarded against AMD provided that Compaq is promptly notified in writing and given authority, information and assistance (at Compaq's expense) for the defense and compromise of same with counsel of Compaq's choice. The foregoing states the entire liability of Compaq for infringement of patent, copyright, trademark, or other proprietary rights of a third party. The foregoing obligation shall only apply to such Product that is sold to Compaq and shall not apply to any of such Product that AMD may sell to any of its other customers. In addition, the foregoing shall not apply to situations where the Compaq specified implementation was a result of AMD's failure to provide Product that has full Microsoft Windows Compatibility and Socket Compatibility.
- H. If, as a result of and in the performance of AMD's obligations under this Section 19, AMD's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] such that AMD determines that it is no longer [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], then AMD may [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] by giving written notice to Compaq [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] prior to the date of termination, provided that such notice may be given no earlier than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] following the Effective Date of this Agreement.

20. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- A. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
- B. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
21. SPARES AVAILABILITY
- A. Except where AMD has discontinued manufacture of Product as specified below in Section 21.B, AMD shall make available for purchase by Compaq replacement Products ("Spares"). Spares shall be available for purchase at least [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] after delivery of the last shipment of such Product. Spares shall be of the latest revision.
- B. AMD shall provide Compaq at least six (6) months written notice ("Notice Period") that the manufacture of any Product will be discontinued by AMD. Compaq may place Orders for such Product during the Notice Period at prices set forth in this Agreement, and AMD shall deliver Product against such Orders even if the Notice Period extends beyond the Term of this Agreement. Compaq must take final delivery of this Product within [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the initial formal notification.
22. CAPACITY PLANNING
- A. AMD agrees to review forecasts provided by Compaq and advise Compaq if AMD anticipates that he will be unable to achieve the requested volumes. Compaq's volume forecasts will be provided to AMD in accordance with Exhibit A. AMD may from time to time request Compaq to review Compaq's forecast and advise of any changes.
23. GRATUITIES
- A. Each party represents that it has not offered nor given and will not offer nor give any employee, agent, or representative of the other party any gratuity with a view toward securing any business from the other party or influencing such person with respect to the business between the parties.
24. INSURANCE AND STATUTORY OBLIGATIONS
- A. If AMD's work under this Agreement or Orders issued hereunder require access by AMD to any of Compaq's premises or the premises of any of Compaq's customers or any location where Compaq conducts business, or with material or equipment furnished by Compaq, AMD shall take all necessary precautions to prevent the occurrence of any injury to persons or property during the progress of such work and except to the extent that such injury is due solely and directly to Compaq's acts or negligence, AMD shall indemnify Compaq against all loss which may result in any way from any act or negligence of AMD, its employees, servants, agents or subcontractors, and AMD shall maintain such insurance as shall protect Compaq from said risks and from any statutory liabilities whatsoever arising therefrom and shall provide evidence of such insurance to Compaq upon request.

25. INDEMNIFICATION

AMD agrees to protect, defend, indemnify and save Compaq harmless from all sums, costs and expense which Compaq may incur or be obliged to pay as a result of any and all loss, expense, damage, liability, claims, demands, either at law or in equity, of every nature whatsoever in favor of any person, including both AMD's and Compaq's employees, resulting from any personal injury or death caused by the use of any Product sold to Compaq by AMD hereunder, but AMD shall be so liable only to the extent required by applicable law and only where such claims, expenses, damages, or demands are held by a court of law to be the result of Products provided by AMD hereunder.

26. CONFIDENTIAL INFORMATION

- A. Each party recognizes that it may have previously entered or will in the future enter into various agreements with the other party which obligates it to maintain as confidential certain information disclosed to it by the other party. To the extent that such information or any further confidential information (collectively referred to hereinafter as "Information") is disclosed in furtherance of this Agreement or any Order issued hereunder, such Information shall be so disclosed pursuant to the minimum terms and conditions listed below; provided, however, such minimum terms and conditions listed below shall in no way relieve the parties from any obligation or modify such obligations previously agreed to in such other agreements. Both parties agree that this Agreement and such other agreements shall hereafter be considered as coterminous, and shall expire no earlier than the date of expiration or termination of this Agreement.
- B. Information disclosed that is considered in good faith by the disclosing party as confidential and/or proprietary shall be clearly marked as "Confidential" or "Proprietary". Information not easily marked, including information orally disclosed, shall be summarized in writing and designated confidential by the disclosing party within thirty (30) days of its disclosure.
- C. Both parties agree that the party receiving Information will maintain such Information in confidence for a period of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] from the date of disclosure of such Information.
- D. Each party shall protect the other party's Information to the same extent that it protects its own confidential and proprietary information and shall take all reasonable precautions to prevent unauthorized disclosure to third parties.
- E. The parties acknowledge that the unauthorized disclosure of such Information will cause irreparable harm. Accordingly, the parties agree that the injured party shall have the right to seek immediate injunctive relief enjoining such unauthorized disclosure.
- F. This provision shall not apply to information (1) known to the receiving party at the time of receipt from the other party, (2) generally known or available to the public through no act or failure to act by the receiving party, (3) furnished to third parties by the disclosing party without restriction or disclosure, (4) furnished to the receiving party by a third party as a matter of right and without restriction on disclosure, or (5) that is independently developed by the recipient.

G. Immediately upon termination of this Agreement or at the request of the other party, each of the parties shall promptly return all materials in its possession containing Information of the other party.

27. COUNTRY OF ORIGIN

- A. For each Product purchased under this Agreement, AMD shall furnish Compaq with country of origin (manufacture), by quantity and part number (Compaq's and AMD's) if necessary.
- B. AMD agrees to provide necessary export documents and to facilitate export of Product. AMD further agrees to assist Compaq's import of Product as reasonably requested by Compaq.

28. PROPERTY FURNISHED BY BUYER

- A. Any tools, drawings, specifications, or other materials furnished by Compaq for use by AMD in its performance under this Agreement or any Order issued hereunder shall be identified and shall remain the property of Compaq and shall be used by AMD only in its performance hereunder. Such property shall be delivered, upon request, to destination specified by Compaq in good condition, except for normal wear and tear.

29. GENERAL

- A. Any obligations and duties which by their nature extend beyond the expiration or earlier termination of this Agreement shall survive any such expiration or termination and remain in effect.
- B. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable, such provision shall be enforced to the fullest extent permitted by applicable law and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
- C. No action, except those regarding claims by third parties, or claims with respect to patents, copyrights, trademarks or trade names or the unauthorized disclosure of Confidential Information, regardless of form, arising out of this Agreement may be brought by either party more than two (2) years after the cause of action has arisen, or, in the case of non-payment, more than two (2) years from the date the payment was due.
- D. Any waiver of any kind by a party of a breach of this Agreement must be in writing, shall be effective only to the extent set forth in such writing and shall not operate or be construed as a waiver of any subsequent breach. Any delay or omission in exercising any right, power or remedy pursuant to a breach or default by a party shall not impair any right, power or remedy which either party may have with respect to a future breach or default.
- E. Each party hereby gives its assurance to the other party that it shall not export, re-export or otherwise disclose, directly or indirectly, technical data received from the other party or the direct product of such technical data to any person or destination when such export, re-export or disclosure is prohibited by the laws of the United States or regulations of a Department of the United States.

- F. The parties have requested that this Agreement and the documents relating hereto be drawn up in the English language.
- G. This Agreement is confidential to both parties. Neither party shall disclose the existence of this Agreement to the public or any third party without the prior written approval of both parties. Any public announcements or press releases which relate to or reference this Agreement require the prior written approval of both parties.
- H. The entire Agreement between the parties is incorporated in this Agreement and Appendices attached hereto, and it supersedes all prior discussions and agreements between the parties relating to the subject matter hereof. This Agreement can be modified only by a written amendment duly signed by persons authorized to sign agreements on behalf of both parties, and shall not be supplemented or modified by any course of dealing or trade usage. Variance from the terms and conditions of this Agreement in any Order, or other written notification from AMD or Compaq will be of no effect.
- I. The construction, validity, and performance of this Agreement and any Order issued under it shall be governed by the laws of the state of Texas, U.S.A.

IN WITNESS WHEREOF, THE AUTHORIZED REPRESENTATIVES OF THE PARTIES HAVE EXECUTED THIS AGREEMENT.

For Compaq

For AMD

/s/ Eckhard Pfeiffer 1/26/94

/s/ W.J. Sanders III 1/24/94

Signature (date)

Signature (date)

Eckhard Pfeiffer

W.J. Sanders III

Name

Name

President and CEO

Chairman and CEO

Title

Title

EXHIBIT A

FORECAST & [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH
THE SECURITIES AND EXCHANGE COMMISSION]

I. FORECAST

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]	1Q94	2Q94	3Q94	4Q94	Total
--	------	------	------	------	-------

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION]

Total

Product Requirements:

1. Compaq and AMD will work together to ensure mutually agreeable conversions [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] functionality and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] functionality on all [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. It is expected that [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] shall be [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and have [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

2. Full Microsoft Windows Compatibility and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

3. All DX microprocessors above [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] require [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] write back cache.

II. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION]

Int. Core	Ext. Bus	1Q94	2Q94	Jly-Aug	Sep-Dec
-----------	----------	------	------	---------	---------

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION]

** AMD reserves the right to ship Sept.-Dec. production of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] quantities in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] provided sufficient notice is given to Compaq.

EXHIBIT B
SPECIFICATION

AMD agrees that all Product shall conform to the applicable specification for the Product. Compaq shall provide AMD with the applicable specification and part number for the Product prior to issuing Orders for such Product.

EXHIBIT C
QUALITY AGREEMENT

AMD and Compaq will work together to ensure that AMD's quality process is capable of mass production of Product in accordance with Compaq's World Class Supplier Process (W.C.S.P.) specification, to assure cost, delivery and flexibility.

EXHIBIT D

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] AGREEMENT

I. PURCHASE ORDERS [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

The following changes to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] on existing purchase orders may be made without cost or liability to Compaq.

NUMBER OF WEEKS PRIOR [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]	% INCREASE			% DECREASE		
	1H94	2H94	1995 & after	1H94	2H94	1995 & after

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

II. [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] REQUIREMENTS:

1Q94	2Q94	3Q94	4Q94	Total
------	------	------	------	-------

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

* Applies only to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] no later than the following calendar quarter.

EXHIBIT 10.36

FOUNDRY AGREEMENT
BETWEEN
DIGITAL EQUIPMENT CORPORATION
AND
ADVANCED MICRO DEVICES, INC.

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN DELETED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

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FOUNDRY AGREEMENT

This Foundry Agreement, together with the Exhibits referenced herein and attached hereto ("Agreement") is between Digital Equipment Corporation, a Massachusetts corporation having a principal place of business of 146 Main Street, Maynard, Massachusetts, 01754 and all of its majority owned subsidiaries ("DIGITAL") and Advanced Micro Devices, Inc., a Delaware corporation having a principal place of business at 901 Thompson Place, P.O. Box 3453, Sunnyvale, California, 94088-3453 and all of its majority owned subsidiaries ("AMD").

WHEREAS, AMD has developed certain technology relating to microprocessors; and

WHEREAS, DIGITAL is, among other things, in the business of designing, developing, manufacturing and selling computer systems and associated software, and components thereof, including semiconductor integrated circuits; and

WHEREAS, DIGITAL has also developed manufacturing processes, capabilities and foundry capabilities to produce silicon wafers containing integrated circuit die for microprocessors designed and laid out by other parties, such as AMD; and

WHEREAS, DIGITAL and AMD desire to enter into this Agreement for the manufacture by DIGITAL of microprocessor wafers containing AMD microprocessor technology for AMD;

IN CONSIDERATION of the mutual promises in this Agreement, the parties agree as follows:

SECTION 1 - DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below:

1.1 DEVICE shall mean a fully qualified, semiconductor integrated circuit, embodying a specific unique design provided to DIGITAL by AMD which corresponds to an AMD microprocessor product and which has successfully completed Product Qualification. The different types and speed classes of microprocessors to be produced under this Agreement are set forth in Exhibit A as amended from time to time.

1.2 INTELLECTUAL PROPERTY RIGHTS shall mean all PATENTS, TRADE SECRETS, COPYRIGHTS, MASK WORKS RIGHTS AND KNOW-HOW which have been, or will be, acquired or otherwise secured by either party before or during the TERM of this Agreement, throughout the world:

1.2.1 PATENTS shall mean all right, title and interest in and to all Letters Patent and applications for Letters Patent, Industrial Models, Industrial Designs, Petty Patents, Patents of Importation, Utility Models, Certificates of Invention, and other indicia of invention ownership, including any such rights granted upon any reissue, division, continuation or continuation-in-part applications now or hereafter filed; and

1.2.2 TRADE SECRETS shall mean all right, title and interest in and to all trade secret rights arising under the common law, state law, federal law or the laws of any foreign country; and

1.2.3 MASK WORKS RIGHTS shall mean all right, title and interest in and to all MASK WORKS as MASK WORKS are defined in Section 901(a) (2) of the Semiconductor Chip Protection Act of 1984.

1.2.4 COPYRIGHT RIGHTS shall mean all right, title and interest in and to all copyright rights and all other literary property and author rights; and

1.2.5 KNOW-HOW shall mean all right, title and interest in and to all know-how and show-how.

1.3 LOT shall mean twenty four (24) WAFER starts.

1.4 WAFER shall mean the six inch (6") diameter or six inch (6") diameter equivalent silicon wafers produced by DIGITAL for AMD.

1.5 QUALIFIED PROCESS(ES) shall mean DIGITAL's CMOS process(es), with modification, if any, made by DIGITAL with the mutual agreement of the parties, which has been demonstrated to meet the objective reliability and quality specifications referred to as AMD process qualification specification as set forth in Exhibit C.

1.6 PRODUCT QUALIFICATION shall mean the determination that DEVICES manufactured in the QUALIFIED PROCESS(ES) meet the objective criteria and specification for the DEVICE as specified in AMD's PRODUCT QUALIFICATION specification set forth in Exhibit C.

1.7 MASK WORK shall mean any mask set or work created and produced by or for DIGITAL and utilized in the fabrication of a DEVICE, and shall include both physical mask works, e.g., reticles, and any electronic form of a mask work, originally created by DIGITAL from information, data bases or the like provided by AMD to DIGITAL in the TECHNOLOGY PACKAGE.

1.8 AMD DEVICE SPECIFICATION shall mean the document which shall define the specific function, electrical, timing, mechanical, environmental, reliability and other requirements of a DEVICE.

1.9 TERM shall mean the period of time during which this Agreement is in effect. Such period shall commence upon the execution of this Agreement by both parties.

1.10 SEMICONDUCTOR CHIP PROTECTION LAW(S) shall mean the Semiconductor Chip Protection Act of 1984 in the United States and any associated regulations and any amendments or revisions to such law or regulations, or any corresponding law and regulations in a country other than the United States.

1.11 PREQUALIFICATION DEVICE shall mean a DEVICE produced by DIGITAL on the line upon which it intends to produce the DEVICE, but prior to final qualification of

the DEVICE. A PREQUALIFICATION DEVICE must meet all of the requirements of the applicable requirements of the applicable AMD GENERAL SPECIFICATION, with the exception of environmental and reliability requirements and other requirements which are being tested during qualification.

1.12 TECHNOLOGY PACKAGE shall mean (i) layout design data bases utilized for the creation of a DEVICE, (ii) DEVICE specific test programs/patterns for wafer functional and electrical test, (iii) DEVICE specific electrical and probe information, and (iv) logic/circuit schematics as the parties shall agree are necessary for DIGITAL to convert layout designs for fabrication in the QUALIFIED PROCESS(ES) and/or to complete any agreed upon design modifications, or alternatively a mechanism to verify electrical and logical correctness of the data base conversion and/or design modifications.

1.13 CONFIDENTIAL INFORMATION shall mean the confidential and proprietary information of either party marked as such and treated in accordance with the provisions of Section 13, CONFIDENTIAL INFORMATION.

1.14 PROTOTYPE shall mean a preliminary form of a DEVICE which is fabricated for the purpose of functional and electrical verification. A PROTOTYPE is not warranted for other than workmanship.

1.15 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] .

SECTION 2 - NATURE OF THIS AGREEMENT

2.1 This Agreement shall constitute the basic terms and conditions which can be used for the production of multiple DEVICES.

2.2 For each DEVICE transaction, as may occur, the parties will separately negotiate the schedules, terms, conditions, development processes and the like of an Exhibit A, an Exhibit B, and an Exhibit C, as appropriate. Each such Exhibit A, Exhibit B, and Exhibit C, as appropriate, shall, become amendments to this Agreement.

SECTION 3 - DEVELOPMENT PROCEDURE

3.1 DIGITAL, with such participation and cooperation from AMD as the parties shall agree is appropriate, and as set forth in the pertinent Exhibit B, shall produce an electronic data base from which physical MASK WORKS (reticles) for its fabrication process, can be produced, and shall produce or have produced on AMD's behalf such physical MASK WORKS (reticles). The process for DIGITAL to produce such MASK WORKS (and for AMD's participation in such process, if any) from the information in the TECHNOLOGY PACKAGE for a given DEVICE shall be defined in its appropriate Exhibit B. Exhibit B for each DEVICE shall define, (1) the specific elements of the TECHNOLOGY PACKAGE needed to be provided by AMD to DIGITAL, or access to the results of the utilization of which are needed to be provided by AMD to DIGITAL, to convert an AMD DEVICE electronic layout design data base to DIGITAL's fabrication process design rules and parameters, and fabricate PROTOTYPES and

PREQUALIFICATION DEVICES and DEVICES, (2) a set of Milestone events in the DIGITAL layout design development process, with assignments for which party or parties will be responsible for what steps in achieving each Milestone, (3) an indication of where such work will occur, and (4) the projected completion dates for each Milestone.

3.2 As proof of capability, DIGITAL will manufacture one LOT of each DEVICE using the process described in Exhibit B at a fee of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] on an expedited hot lot basis after AMD provides DIGITAL with the TECHNOLOGY PACKAGE. The LOT will be considered a noncommercial PROTOTYPE order.

3.2.1 AMD will inspect and test PROTOTYPES in accordance with a test program as part of the development process outlined in Exhibit B. AMD will provide DIGITAL with the results of such inspection and testing in writing, accepting or rejecting the PROTOTYPES within thirty (30) days after receipt of the PROTOTYPES by AMD. This PROTOTYPE development process will be repeated until AMD provides DIGITAL with approval of the PROTOTYPE or terminates development of the DEVICE corresponding to the PROTOTYPE because the parties determine that the DEVICE cannot be effectively produced on fabrication process.

3.3 DIGITAL shall modify DIGITAL's semiconductor fabrication process as necessary to enable DIGITAL to fabricate DEVICES, which meet the AMD specifications for such DEVICES.

3.4 DIGITAL shall provide specific design engineering services to incorporate [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] . AMD shall pay DIGITAL [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] within thirty (30) days of completion [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and delivery of a copy of the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] to AMD.

3.4.1 DIGITAL acknowledges that as between DIGITAL and AMD, AMD owns and shall retain all right, title and interest in and to all INTELLECTUAL PROPERTY RIGHTS in and to the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] upon which DIGITAL will incorporate [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] .

3.4.2 AMD acknowledges that as between DIGITAL and AMD, DIGITAL owns and shall retain all right, title and interest in and to all INTELLECTUAL PROPERTY RIGHTS in and to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

3.5 AMD will provide to DIGITAL such test programs and patterns, as shall be agreed upon by the parties are needed by DIGITAL to produce DEVICES, and as shall be listed in Exhibit B as part of the TECHNOLOGY PACKAGE.

3.6 While an employee of one party is on the premises of the other party in order to perform its obligations under this Agreement, such employee shall obey all reasonable personnel, safety and security policies and procedures of the other party. Each party hereby indemnifies and holds harmless the other party for any loss, damage or other award, arising from any suit, claim or cause of action resulting from any injury or harm, including loss of life, to such employee of the other party, other than that resulting from the gross negligence or willful or wanton act of any employee, officer, director, agent or other representative of the other party.

SECTION 4 - DEVICE QUALIFICATION

4.1 DIGITAL and AMD will agree upon a qualification plan for each DEVICE to be manufactured pursuant to this Agreement, and incorporated in Exhibit B, clearly specifying which party will be responsible for each part of the qualification plan. Such plan will be shown in Exhibit B and will address both QUALIFIED PROCESS(ES) and PRODUCT QUALIFICATION.

4.2 Qualification tests shall be performed in accordance with the qualification specifications as mutually agreed upon by the parties and as set forth in Exhibit C. AMD will notify DIGITAL in writing of such QUALIFIED PROCESS(ES) and PRODUCT QUALIFICATION or failure of such for each specific DEVICE. In case of failure of qualification, AMD shall notify DIGITAL in writing specifying the reasons for the failure of qualification of the specific DEVICE, and both parties shall faithfully cooperate in order to resolve problems causing the failure of qualification. AMD shall pay for one initial MASK WORKS and any sets required due to changes required by AMD. Any other MASK WORKS will be paid for by DIGITAL.

4.3 Upon acceptance by AMD of a DEVICE PROTOTYPE, DIGITAL shall run, upon request by AMD, a mutually agreed upon number of qualification engineering LOTS using the same reticle set as the accepted PROTOTYPE at a fee of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] per LOT. Any qualification engineering LOTS using reticle sets incorporating any design modifications will also be run at a fee of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] per LOT.

4.4 Prior to PRODUCT QUALIFICATION, AMD may stop production for any or all AMD DEVICES by providing written notice to DIGITAL. DIGITAL will stop production following completion of the process steps at which the appropriate WAFERS reside at the time of written notification. As long as the production is stopped at AMD's request, through no fault of DIGITAL, AMD will pay DIGITAL for all such WAFERS started prior to DIGITAL receiving the written notice. Prices for such work in progress (WIP) WAFERS will be prorated based on the stage of production, but in no event shall the price exceed the completed price as stated in the Section covering price. Upon payment, the WIP WAFERS will be delivered to AMD. The parties will work together to

determine the best course of stopping production in accordance with good manufacturing practice to prevent waste.

4.5 As part of the PRODUCT QUALIFICATION, DIGITAL and AMD shall agree upon parametric and process flow specifications prior to the production of DEVICES. DIGITAL will not modify the agreed upon specifications or routine process control steps without the prior written consent of AMD.

4.6 After approval of a PROTOTYPE, but before full qualification of the corresponding DEVICE, AMD may order from DIGITAL PREQUALIFICATION DEVICES, in anticipation of successful qualification of such DEVICE. Such orders shall be effected by a Purchase Order, which denominates the DEVICES being ordered as PREQUALIFICATION DEVICES.

SECTION 5 - PRODUCTION

5.1 DIGITAL will manufacture the DEVICES as WAFERS with tested die.

5.2 Upon successful completion of PRODUCT QUALIFICATION:

5.2.1 As part of the production ramp up, DIGITAL shall reserve for AMD a QUALIFIED PROCESS production capacity of at least the following DEVICE WAFER outs per week:

2Q94	3Q94	4Q94	1Q95	After 1Q95
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[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

5.2.2 Upon the achievement of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] WAFER outs per week as stated in Section 5.2.1 above, DIGITAL shall reserve for AMD a QUALIFIED PROCESS production capacity so as to be able to provide AMD with at least the following minimum good DEVICE die outs per year:

5.2.2.1 [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] good DEVICE die outs per year using the initial Mask Works; or

5.2.2.2 The equivalent to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] good DEVICE die outs per year as indicated by a change in the die size and defect density using Mask Works after the initial Mask Works.

5.2.3 AMD agrees to purchase, at a minimum, a number of WAFERS per week equal to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the manufacturing capacity reserved in Section 5.2.1 above provided the Acceptance Criteria of Exhibit D are met.

5.3 In the event AMD reduces its purchases to a level below that of Section 5.2.2, DIGITAL may reduce its reservation of manufacturing capacity to a level proportionate to the AMD purchase level. The purchase level shall be evaluated on a monthly basis. If, during any sixty (60) day period AMD does not purchase, on an average, at least [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] WAFERS per week, DIGITAL has the option to terminate this Agreement.

5.4 If die fail to meet parametric specifications, and in AMD's reasonable opinion such failure is deemed material, AMD may request that DIGITAL stop production. If DIGITAL is unable to correct such failures within a reasonable time not to exceed three (3) months, AMD may cancel orders for subsequent DEVICE production. AMD will notify DIGITAL in writing of its intention to cancel such orders for subsequent production and include any substantiating data.

5.5 AMD and DIGITAL will work together to install a mutually agreed upon Wafer Level Reliability (WLR) program. The results of the program will be used to monitor the process, identify problems, and make improvements.

5.6 AMD representatives shall be allowed to visit DIGITAL's manufacturing facility during normal working hours upon reasonable prior notice to DIGITAL. DIGITAL representatives shall be allowed to visit AMD's probe, assembly, and final test facilities upon reasonable prior notice.

5.7 At AMD's request, DIGITAL will allow AMD to perform periodic audits and operational reviews of DIGITAL's manufacturing facility. Such an audit will be subject to supervision by DIGITAL. The audit will encompass at a minimum Quality Systems, Document Control, Performance to Specifications, Statistical Process Control (SPC), Wafer Level Reliability (WLR), Calibration, and preventative maintenance. In no event shall the foregoing include detailed proprietary process recipes.

SECTION 6 - OWNERSHIP AND LICENSES

6.1 DIGITAL acknowledges and agrees that as between the parties AMD owns and shall retain all INTELLECTUAL PROPERTY RIGHTS in the TECHNOLOGY PACKAGE and AMD INFORMATION disclosed to DIGITAL. DIGITAL agrees the information and data contained in the TECHNOLOGY PACKAGE constitutes AMD CONFIDENTIAL INFORMATION to be treated in accordance with Section 12. AMD acknowledges and agrees that as between the parties, DIGITAL owns and shall retain all INTELLECTUAL PROPERTY RIGHTS in DIGITAL INFORMATION disclosed to AMD.

6.2 The physical medium (e.g., reticles, data bases, etc.) upon which reside all MASK WORKS generated by DIGITAL in its performance under this Agreement shall be the property of AMD. However, possession of those physical embodiments of the

MASK WORKS shall not be deemed to give DIGITAL any INTELLECTUAL PROPERTY RIGHTS in any of the contents of the TECHNOLOGY PACKAGE, even though such content may be fixed in such physical embodiments of such MASK WORKS. DIGITAL agrees that such physical embodiments of MASK WORKS created by DIGITAL in performance under this Agreement shall not be disclosed by DIGITAL to any third party, nor used or reproduced by DIGITAL for itself or any third party for any purpose during the TERM of this Agreement or thereafter, except that, pursuant to the licenses granted hereunder, DIGITAL may fabricate semiconductor integrated circuits utilizing such MASK WORKS solely for sale to AMD. Upon request from AMD, after the termination of this Agreement, unless otherwise provided herein, DIGITAL agrees at AMD's request to send to AMD or destroy such MASK WORKS and notify AMD in writing that such destruction has occurred, or, in the case of any backup, archive, or other copy of any electronic form of such MASK WORK, which DIGITAL is unable to send to AMD or destroy, without destruction of other data or information contained on the media containing such archive, backup, or other copy, DIGITAL agrees that it will not access or otherwise use such electronic form to produce physical MASK WORKS (e.g., reticles).

6.3 AMD hereby grants to DIGITAL an exclusive, worldwide, personal, irrevocable, nontransferable, fully paid-up, royalty free right and license, without the right to grant sublicenses to third parties, under all of AMD's rights to MASK WORKS, created by AMD or DIGITAL, to utilize any such MASK WORKS solely for the fabrication of DEVICES by DIGITAL solely for sale to AMD.

6.4 AMD hereby grants to DIGITAL a non-exclusive, worldwide, personal, irrevocable, nontransferable, fully paid-up, royalty free right and license, without the right to grant sublicenses to third parties, under all of AMD's INTELLECTUAL PROPERTY RIGHTS embodied in the TECHNOLOGY PACKAGE, solely for the purposes of making and selling DEVICES to AMD.

6.5 DIGITAL hereby grants to AMD a non-exclusive, worldwide, personal, irrevocable, nontransferable, fully paid-up, royalty free right and license, without the right to grant sublicenses to third parties under all of DIGITAL's INTELLECTUAL PROPERTY RIGHTS in QUALIFIED PROCESS(es) solely for the purposes of using and selling DEVICES manufactured by DIGITAL.

6.6 DIGITAL grants to AMD a nonexclusive, worldwide, personal, irrevocable, nontransferable, right and license, without the right to grant sublicenses to third parties, under all of DIGITAL's INTELLECTUAL PROPERTY RIGHTS in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] , to make, have made, use, sell or otherwise dispose of AMD products which incorporate [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] . AMD products include, without limitation, those products sold under the AMD name for which AMD is licensed to make, have made, use, sell, or otherwise dispose of. This license shall be considered to be fully paid-up if this Agreement is not terminated prior to its initial term. If the Agreement is terminated prior to its initial term and AMD continues to use DIGITAL's INTELLECTUAL PROPERTY RIGHTS in [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND

EXCHANGE COMMISSION] , the royalty for the license granted in this Section 6.6 shall be fully paid-up upon payment by AMD of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] , which shall become due and payable upon termination.

SECTION 7 - MASK WORKS RIGHTS

7.1 DIGITAL agrees that AMD is the owner of all MASK WORKS RIGHTS in MASK WORKS created by DIGITAL under this Agreement, including MASK WORKS rights under all SEMICONDUCTOR CHIP PROTECTION LAWS.

7.2 DIGITAL grants to AMD a non-exclusive, worldwide, personal, irrevocable, nontransferable, right and license, without the right to grant sublicenses to third parties, under all of DIGITAL's INTELLECTUAL PROPERTY RIGHTS in improvements or modifications made by DIGITAL to the MASK WORKS, data base tapes, or test tapes to make, have made, use, sell, or otherwise dispose of AMD products.

SECTION 8 - PURCHASE ORDERS AND FORECASTS

8.1 AMD shall issue rolling blanket purchase orders which estimate in detail the total volume of DEVICES required for six (6) months of production. All purchase orders and releases shall reference the DIGITAL assigned part number for the specific DEVICE to be supplied.

8.1.1 Purchase Orders issued by AMD shall contain a minimum of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of demand forecast by DEVICE type and die level part number with firm delivery dates and locations for the first [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], with the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] delivery dates and locations to be submitted on a monthly basis.

8.2 AMD shall submit a twelve (12) month rolling forecast, by month. This forecast shall be non-binding.

8.3 AMD may reschedule orders on a one time basis provided that DIGITAL receives notice of such rescheduling at least [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] prior to the originally scheduled date and provided that the rescheduled date is within [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the original shipment date.

8.4 AMD may not cancel any purchase orders for DEVICES or PREQUALIFICATION DEVICES once production has begun by DIGITAL. At any time, AMD may stop production for any or all AMD DEVICES by providing written notice to DIGITAL. DIGITAL will stop production following completion of the process steps at which the

appropriate WAFERS reside at the time of written notification. As long as the production is stopped at AMD's request, through no fault of DIGITAL, AMD will pay DIGITAL for all such WAFERS started prior to DIGITAL receiving the written notice. Prices for such work in progress (WIP) WAFERS will be prorated based on the stage of production, but in no event shall the price exceed the completed price as stated in the Section covering price. Upon payment, the WIP WAFERS will be delivered to AMD. The parties will work together to determine the best course of stopping production in accordance with good manufacturing practice to prevent waste.

SECTION 9 - PAYMENT

9.1 AMD will pay DIGITAL in accordance with the formula set forth in Exhibit E no later than thirty (30) days after invoice.

9.2 AMD shall keep reasonable and accurate business records from which it is possible to audit the payments pursuant to Section 9.1 remitted to DIGITAL pursuant to this Agreement. DIGITAL shall have the right, not more than once per twelve (12) month period during the TERM of this Agreement or thereafter following termination of this Agreement, at its own expense, and through a certified public accounting firm chosen by DIGITAL and reasonably acceptable to AMD, to examine such books and records for auditing the payments and fees due and owing under this Agreement. Such auditor shall report only the amount of payments payable for the period of the audit and such records shall be maintained for a period of two (2) years after the period the records record.

9.3 With each payment, AMD shall furnish DIGITAL with a payment report. Such payment report shall be duly certified by an authorized representative of AMD, specifying the total amount of payments due to DIGITAL. It is expressly understood and agreed by the parties that all computations relating to determination of the payments due shall be made in accordance with accounting principles as reflected in the practices of certified independent public accountants of international reputation. Each such report shall contain sufficient detail to verify the accuracy of the payments submitted hereunder. At a minimum, the payment report shall contain the numbers used for each factor in the payment calculation.

9.3.1 Payment reports shall be submitted to:

Digital Equipment Corporation
77 Reed Road
Hudson, MA 01749
Attn: Semiconductor Manufacturing Finance Manager

Digital Equipment Corporation
77 Reed Road
Hudson, MA 01749
Attn: Semiconductor Operations Marketing Manager

9.4 All other payments from AMD to DIGITAL are due and payable thirty (30) days from the date of invoice.

SECTION 10 - DELIVERY AND ACCEPTANCE

10.1 Unless otherwise provided herein, title, and liability and risk of loss or damage to the die and/or WAFERS shall pass to AMD upon DIGITAL's tender of delivery F.O.B. DIGITAL's plant of such die and/or WAFERS to a carrier which has been approved by AMD for shipment to AMD and any loss or damage thereafter shall not relieve AMD from any obligation hereunder. Delivery shall be made in installments as agreed by the parties. The date of any receipt issued by the carrier shall be conclusive proof of the date of such shipment or delivery to AMD.

10.2 Default or delay by DIGITAL in shipping or delivering the whole or any part or installment of the die and/or WAFERS under the purchase orders shall not affect any other portion thereof nor shall it affect any other purchase order between AMD and DIGITAL. If any delay in delivery by DIGITAL of an order or portion thereof, exceeds [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], AMD may cancel the corresponding order or portion without liability to AMD.

10.3 Purchase acceptance tests shall be performed by AMD as set forth in Exhibit D. If any die and/or WAFERS are not either accepted or rejected by AMD within [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of receipt of such die and/or WAFERS, then such shipments shall be deemed accepted.

10.4 WAFERS are to be provided to AMD with tested die accompanied by electrical test data and yield sort information. Copies of such information will be retained for one (1) year after the TERM hereof at which time AMD may obtain such information upon request. Shipping materials and methods are to be consistent with AMD's materials and methods.

SECTION 11 - TERM AND TERMINATION

11.1 The TERM of this Agreement shall be two (2) years from the date of its execution by both parties. The TERM hereof may be renewed for one (1) year by the mutual agreement of the parties.

11.2 In the event of any breach of this Agreement by either party hereto, if such breach is not corrected within sixty (60) days after written notice describing such breach, this Agreement may be terminated forthwith by further written notice to that effect from the party noticing the breach.

11.3 Either party hereto shall also have the right to terminate this Agreement forthwith by giving written notice of termination to the other party at any time, upon or after:

- 11.3.1 the filing by such other party of a petition in bankruptcy or insolvency; or
- 11.3.2 any adjudication that such other party is bankrupt or insolvent; or

- 11.3.3 the filing by such other party of any legal action or document seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency; or
- 11.3.4 the appointment of a receiver for all or substantially all of the property of such other party; or
- 11.3.5 the making by such other party of any assignment for the benefit of creditors; or
- 11.3.6 the institution of any proceedings for the liquidation or winding up of such other party's business or for the termination of its corporate charter; or
- 11.3.7 the majority ownership or the controlling entity of the other party is changed.

11.4 Termination shall not rescind any payment which has been made or which has become due and owing prior to the date of such termination, nor shall it relieve any party of any obligation for performance or payment due and owing which has accrued prior to the date of termination, unless a remedy for such non-performance or non-payment is otherwise provided for in this Agreement. The rights and obligations of the parties under Sections 6, 7, 9, 11.4, 12, 13, and 23 shall survive termination for any reason.

11.5 DIGITAL and AMD agree to discuss potential cooperation in design, process, and manufacturing as an addition to this Agreement or another agreement as appropriate.

SECTION 12 - WARRANTY AND INDEMNITY

12.1 DIGITAL warrants any DEVICES delivered hereunder will meet the AMD DEVICE SPECIFICATION and shall be free from defects in material and workmanship, under normal use and service, from the time of shipment to AMD through a period of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. If during such warranty period (i) DIGITAL is notified promptly in writing upon discovery of any defect or nonconformance in the DEVICE, including a detailed description of the defect or nonconformance; (ii) samples of such DEVICES are returned to DIGITAL pursuant to a DIGITAL Return Material Authorization (RMA); (iii) DIGITAL's examination of such DEVICES discloses that such DEVICES are defective or nonconforming, and such defects or nonconformance are not caused by accident, abuse, misuse, neglect, improper installation, repair or alteration by someone other than DIGITAL, improper testing or use contrary to any instructions issued by DIGITAL within a reasonable time, DIGITAL shall, at DIGITAL's sole option, either replace or credit AMD for such DEVICES. This warranty extends to AMD only and may be invoked by AMD only for itself or its customers. DIGITAL will not issue RMAs to, or accept warranty returns directly from, customers or users of AMD's products. Prior to the return of any DEVICES by AMD, AMD shall afford DIGITAL the opportunity to inspect such DEVICES at AMD's location.

12.2 In the event of a dispute as to conformance, at DIGITAL's request, AMD shall provide an agreed upon number of Data-Logged samples to DIGITAL.

12.3 The foregoing warranty constitutes DIGITAL's exclusive liability, and the exclusive remedy of AMD, for any breach of warranty of the DEVICES. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE EXPRESSLY DISCLAIMED.

12.4 AMD shall indemnify, defend, and hold DIGITAL harmless against all expenses, damages, costs, or other losses to DIGITAL contained in the judgment or settlement of any suit or proceeding brought against DIGITAL for infringement of copyright, patent, trademark or other INTELLECTUAL PROPERTY RIGHTS arising from (i) compliance with AMD's design, specifications, processes or DEVICE related instructions, in designing and/or producing DEVICES or (ii) sale to AMD of such DEVICES. AMD will defend at its own expense, including reasonable attorney's fees, any suit or proceeding brought against DIGITAL alleging any such infringement, provided that DIGITAL (i) gives AMD immediate notice of any such suit or proceeding and permits AMD through counsel of its own choice, reasonably acceptable to DIGITAL, to defend such suit or proceeding and (ii) gives AMD all needed information, assistance and authority, including the right to settle such suit or proceeding on such terms as AMD deems acceptable, at AMD expense, necessary for AMD to defend any such suit or proceeding.

12.5 Except as provided for in Section 12.4, and limited to copyright, patent, trademark or other INTELLECTUAL PROPERTY RIGHTS held or used by DIGITAL in the process of providing foundry services, to AMD under this Agreement, DIGITAL shall indemnify, defend, and hold harmless against all expenses, damages, costs, or other losses to AMD contained in the judgment or settlement of any suit or proceeding brought against AMD for infringement of copyright, patent, trademark or other INTELLECTUAL PROPERTY RIGHTS arising from AMD's purchase, sale, or use of die, WAFERS or DEVICES manufactured by DIGITAL. DIGITAL will defend at its own expense, including reasonable attorney's fees, any suit or proceeding brought against AMD alleging any such infringement, provided that AMD (i) gives DIGITAL immediate notice of any such suit or proceeding and permits DIGITAL through counsel of its own choice, reasonably acceptable to AMD, to defend such suit or proceeding and (ii) gives DIGITAL all needed information, assistance and authority, including the right to settle such suit or proceeding on such terms as DIGITAL deems acceptable, at DIGITAL's expense, necessary for DIGITAL to defend any such suit or proceeding. Additionally, if use of die, WAFERS, or DEVICES is enjoined or ceases in accordance with a settlement of any suit or proceeding, DIGITAL will, at its expense, procure for AMD the right to continue using and selling the previously delivered die, WAFERS, or DEVICES or modify them to become noninfringing, or if the first two options are not reasonably available, to refund the purchase price for such previously delivered die, WAFERS, or DEVICES. This indemnification obligation by DIGITAL shall not apply if the alleged infringement is based upon the combination of the DIGITAL process with AMD design, specifications, processes or DEVICE related instructions where the asserted

infringement would not exist but for such AMD design, specifications, processes or DEVICE related instructions.

12.6 In the event of a ruling by any court that AMD does not have the license rights necessary for AMD to have a DEVICE manufactured by DIGITAL for AMD, DIGITAL shall have the option to immediately terminate its manufacture of any DEVICE impacted by such ruling. If a party in good faith believes that an adverse decision in current litigation imposes too great of a business risk to continue this Agreement, such party may terminate this Agreement in its entirety. This option shall apply even if AMD is not enjoined from operating under such disputed license while the matter is on appeal. In the event of a termination under the terms of this Section, AMD shall pay DIGITAL for any DEVICES already ordered by AMD and in the process of production as provided for in Section 8.4.

12.7 AMD warrants to the best of its knowledge that AMD has the right to contract with DIGITAL to have DIGITAL manufacture DEVICES for AMD.

SECTION 13 - CONFIDENTIALITY

13.1 DIGITAL and AMD have developed and will develop certain confidential information, ("INFORMATION" or "CONFIDENTIAL INFORMATION") including, by way of example, described in Exhibit A. Both party's exchange of INFORMATION is for the sole purpose of performance under this Agreement.

13.2 Unless otherwise agreed upon by the parties as to the length of time for maintaining confidentiality as to a particular item of INFORMATION, for a period of seven (7) years from the date of disclosure, Recipient shall maintain in confidence Discloser's INFORMATION, provided that it (a) is clearly marked with Discloser's name and "Confidential", "Proprietary" or the substantial equivalent and the date of disclosure; and (b) if orally disclosed, is summarized in writing or corporeal form and is clearly marked with Discloser's name and "Confidential", "Proprietary" or the substantial equivalent and the date of disclosure and delivered to Recipient within thirty (30) days thereafter. Upon delivery of INFORMATION so marked (or such summary in the case of oral disclosure), Discloser, at its option, may furnish to the receiving party an acknowledgment of receipt of such INFORMATION (or such summary) which contains the identity, media, and disclosure date of each separate tangible item of such INFORMATION (or such summary) and a place for Recipient's signature acknowledging such receipt. Recipient shall, within ten (10) working days of receipt of such acknowledgment, either sign the acknowledgment and return it to Discloser, or indicate in writing that the acknowledgment cannot be so signed and returned due to the inaccuracy of the identification of each or any of such items of INFORMATION (or such summary). In the event that Discloser discloses INFORMATION which is agreed by the parties to be subject to a requirement of confidentiality for more than seven (7) years, it shall be Discloser's responsibility to include in the above noted marking, the period of time different from seven (7) years. The date of disclosure shall be deemed to be no earlier than the date of the execution of this Agreement, or, the date of the creation of the corporeal form of the INFORMATION, if clearly shown on the face of such corporeal form or any physical or electronic image generated from such corporeal form of the INFORMATION. During the confidentiality period of INFORMATION

disclosed by Discloser, Recipient agrees that Recipient may disclose such INFORMATION only to Recipient's employees having a need to know such INFORMATION for performance of this Agreement, that Recipient shall use the same degree of care to avoid disclosure of INFORMATION as it employs with respect to its own confidential/proprietary information, using at least a reasonable standard of care, and that Recipient shall notify its employees who receive such INFORMATION of the obligations hereunder.

13.3 Discloser shall prevent Recipient from being exposed to third party confidential information which is in Discloser's possession.

13.4 Recipient shall have no obligation as to Discloser's INFORMATION that (a) is known to Recipient at the time of disclosure; or (b) is independently developed by Recipient, provided Recipient can show that such development was accomplished by or on behalf of Recipient without the use of or any reference to such INFORMATION; or (c) becomes known to Recipient from another source without confidentiality restriction on subsequent disclosure or use; or (d) is or becomes part of the public domain through no wrongful act of Recipient; or (e) is disclosed with the prior written approval of Discloser; or (f) is disclosed pursuant to any judicial or governmental request, requirement or order; provided that Recipient takes reasonable steps to give Discloser sufficient prior notice in order to contest such request, requirement or order; or (g) is furnished to a third party by Discloser without similar confidentiality restriction on the third party.

13.5 Title to all tangible forms of Discloser's INFORMATION and any copies thereof shall be and remain with Discloser. Recipient shall not copy or reproduce in whole or in part any such INFORMATION without written approval of Discloser, except as is necessary to fulfill the purposes of this Agreement. Upon written request or termination of this Agreement, all such tangible forms of such INFORMATION, with the exception of an archive copy to be used solely for complying with Recipient's obligations hereunder, shall be promptly returned to Discloser or destroyed at Discloser's option.

13.6 Recipient shall not remove any proprietary, copyright, semiconductor chip protection, trade secret, or other legend ("Proprietary Rights Legend") from any form of Discloser's INFORMATION. Recipient, when reasonably possible and at Discloser's expense, will add to such INFORMATION any Proprietary Rights Legend (or modify same) which Discloser deems necessary to protect its INTELLECTUAL PROPERTY RIGHTS and requests in writing to be so added or modified.

13.7 The confidentiality obligations under this Section 13 shall survive termination of this Agreement.

13.8 No rights or obligations other than expressly recited herein are to be implied solely from the transfer and/or receipt of INFORMATION. Nothing except that expressly stated herein shall affect either party's present or prospective rights under any country's patent, copyright or mask works rights laws, or be construed as granting any license under any present or future patent or copyright rights or mask works rights, or application therefor, or preclude marketing an product unless such marketing constitutes unauthorized use and/or disclosure of INFORMATION.

13.9 Consistent with other provisions herein, each party assures that it will not knowingly, without obtaining prior authorization from the U.S. Dept. of Commerce, Office of Export Administration, transmit directly or indirectly the technical data received pursuant hereto or the immediate product (including technical data to Afghanistan, People's Republic of China, or any Country Group Q, S, W, Y, or Z country specified in Supplement No.1 to Part 370 U.S. Dept. of Commerce Export Administration Regulations.

13.10 Each party shall insure, to the extent that it employs any sub-contractor to perform any of its obligations under this Agreement, and in the performance thereof, such sub-contractor needs to have access to the INFORMATION of the other party, that a confidentiality agreement is in place between the one party and the sub-contractor of that one party, which obligates the sub-contractor to protect the INFORMATION of the other party at least to the same degree that the one party is so obligated under this Agreement.

SECTION 14 - FORCE MAJEURE

14.1 Neither party to this Agreement shall be liable for its failure to perform any of its obligations hereunder during any period in which such performance is delayed by fire, drought, earthquake, floods, war, embargo, strike, riot, or other causes beyond the reasonable control of either party, or the intervention of any government authority, provided that the party suffering such delay immediately notifies the other party of the delay and diligently works to end such delay.

SECTION 15 - PARTIAL INVALIDITY

15.1 If any provision of this Agreement is held to be ineffective, unenforceable or illegal for any reason, such decision shall not affect the validity or enforceability of any or all of the remaining portions hereof, provided that the economic equity of the parties under this Agreement is not substantially affected thereby and provided further that the parties shall negotiate in good faith with respect to alternative or modified provisions which will accomplish the objectives of this Agreement consistent with applicable law.

SECTION 16 - NOTICES

16.1 Except as otherwise expressly provided herein, any notice which may be or is required to be given under this Agreement shall be written or telegraphic, and any written notices shall be sent by telephonic facsimile machine (e.g., FAX) or by registered mail or certified mail, postage prepaid, return receipt requested. Any telephonic facsimile machine notice must be followed within five (5) working days by an original of the facsimile, and any telegraphic notice must be followed within five (5) working days by written notice. All such notices shall be deemed to have been given when such notice is received. Any notice given hereunder shall be in writing and addressed as follows:

If to DIGITAL:

Digital Equipment Corporation
Semiconductor Operations Group
77 Reed Road
Hudson, MA 01749
Attn: Semiconductor Operations Group Manager

With a copy to:

Digital Equipment Corporation
Law Department
111 Powdermill Road
Maynard, MA 01754
Attn: Semiconductor Operations Counsel

If to AMD:

Advanced Micro Devices, Inc.
901 Thompson Place
P.O. Box 3453
Sunnyvale, CA 94088-3453
Attn: General Counsel

Either party hereto may change its address by a notice given to the other party in the manner set forth above.

SECTION 17 - NON-WAIVER

17.1 No waiver by either party, expressed or implied, of any right or remedy or cause of action resulting from a breach of any term, condition or obligation of this Agreement by the other party shall be construed as a waiver of any right or remedy or cause of action for any subsequent breach of that term, condition or obligation or of any other term, condition or obligation of this Agreement of the same or different nature.

SECTION 18 - NON-ASSIGNABILITY/TRANSFERABILITY

Neither this Agreement nor any right, obligation, or interest hereunder is assignable or otherwise transferrable by either party without the prior written consent of the other party.

SECTION 19 - SECTION HEADINGS

19.1 Section headings are for convenience purposes only and shall not affect the interpretation of this Agreement.

SECTION 20 - GOVERNING LAW

20.1 This Agreement, and any Purchase Orders issued hereunder, and the rights and obligations of the parties hereto shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, without regard to its law as to conflicts of laws.

SECTION 21 - PUBLICITY

21.1 Neither party will disclose to any third party and/or otherwise publicly announce the existence of or terms and conditions of this Agreement without the prior written consent of the other party. However, the parties will issue a public announcement and a mutually agreed to press release upon execution of this Agreement and contemplate that there will be occasions when public announcements will be mutually agreed to be made by the parties, together or separately, concerning the existence of, aspects of and/or the progress of the parties under this Agreement.

SECTION 22 - ENTIRE AGREEMENT

22.1 The terms and conditions contained herein constitute the entire agreement between the parties and shall supersede all previous communications, either oral or written, between the parties with respect to the foundry relationship for DEVICES, set forth in this Agreement. No oral explanation or oral information by either party hereto shall alter the meaning or interpretation of this Agreement. No amendment, modification, alteration, addition or change in the terms hereof, or addition of new Exhibits, shall be binding on either party unless reduced to writing and duly executed by authorized representatives of all the parties hereto.

SECTION 23 - LIMITATION OF LIABILITY

23.1 In no event will either party be subject to any indirect, special, incidental or consequential damages resulting from its performance or failure to perform under this Agreement, or the furnishing, performance, or use of any goods or services sold pursuant hereto, whether due to a breach of contract, breach of warranty, negligence or otherwise.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of this day 4 of Feb , 1994.

DIGITAL EQUIPMENT CORPORATION

ADVANCED MICRO DEVICES, INC.

/s/ R.E. Caldwell

/s/ Gene Conner

Signature

Signature

R.E. Caldwell

Gene Conner

Printed Name

Printed Name

V.P. Semiconductor OPS

Sr. Vice President

Title

Title

2/4/94

Feb. 4, 1994

Date

Date

EXHIBIT A
DEVICES AND DEVICE SPECIFICATIONS

DEVICES

- - - - -

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

DEVICE SPECIFICATIONS

- - - - -

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXHIBIT B

SECTION 1: DEVICE TRANSFER AND QUALIFICATION PLAN

SECTION 2: DEVICE TECHNOLOGY PACKAGE

SECTION 1: Device Transfer and Qualification Plan

The Device Transfer and Qualification Plan is defined by the "Macallan Project Plan". The project plan will be updated and tracked by the joint AMD-DIGITAL start-up team.

SECTION 2: Device Technology Package

As a part of the start-up of AM486 manufacturing at DIGITAL, AMD will transfer to DIGITAL certain information necessary for the manufacturing of the product at DIGITAL. This information is considered proprietary and is to be used exclusively in the manufacture of AM486 product for AMD. AMD will transfer to DIGITAL information to the following:

- Product design rules
- Product CD targets
- Product Database including schematic database and all labels
- Database fracturing detail
- Product test patterns
- Product test programs at source level, and documentation
- Probe Card specifications

EXHIBIT C
QUALIFIED PROCESS (ES) SPECIFICATION
PRODUCT QUALIFICATION SPECIFICATION

The process and product qualification requirements are described in the following AMD controlled documents:

--Fab Process Technology Qualification Specification # 00.021.2 Revision D

--Product Reliability Qualification Specification # 00.021.4 Revision A

EXHIBIT D

WAFER ACCEPTANCE CRITERIA

DIGITAL will be manufacturing sorted die for AMD. The Acceptance Criteria for the die will be based on three criteria. The criteria will be Wafer Electrical Test (WET), Wafer Sort Yield, and Die Visual Quality.

A. WET criteria will be based on the measurements of DIGITAL test structures

prior to wafer sort. All test structures will reside on nine sites per wafer. The test structure minimum, maximum, and target will be defined and agreed upon by the parties and be incorporated by reference in this Exhibit

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the wafers will be tested at WET. If a test is outside of the minimum - maximum range, that will constitute a failure at that site. If there are greater than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] failures on a wafer for the same test, the wafer will be considered as failing the WET criteria. If the wafer is outside the WET range due to engineering tests, it will be accepted; if it is outside the range due to processing issues, then it will be a candidate for scrap. The final decision on scrap will be made by the joint AMD-DIGITAL disposition review process.

B. The Wafer Sort Criteria will initially be set such that any wafers with a

yield of less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and any lots with an average yield of less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] (for the lot size of those wafers entering sort--accounting for fab yield and WET rejection) will be scrapped. (Changes in die size can trigger a review of these initial scrap limits if requested by DIGITAL). Recognizing that product reliability is heavily dependent on defect levels, these scrap limits will be reviewed by AMD and DIGITAL on a semi-annual basis and adjusted upward as yield improves. New limits should be set based on

yield data from the latest six (6) months of production.

The lot-scrap limit should be set at the greater of the following (Use the distribution of lot-yield averages for items (2) and (3)):

- (1) the present lot-scrap limit,
- (2) [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] -standard deviations less than the mean, or

- (3) the lower [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] point of the distribution (point where [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of all lots pass).

The wafer-scrap limit should be set at the greater of the following (Use the distribution of wafer yields for items (2) and (3) after removing scrapped lots from the distribution):

- (1) The present wafer-scrap limit,
- (2) [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]-standard deviations less than the mean (excluding lot scraps, or
- (3) the lower [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] point of the distribution (excluding lot scraps), (point where [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of all wafers pass).

DIGITAL has the option to request a material review for disposition with AMD of any scrap material.

C. Die Visual criteria will be based on AMD Product Assurance Outgoing

Inspection specification #306-005, or as modified by mutual agreement of the parties. DIGITAL has the option on any questionable material, that does not meet the inspection criteria, to request a joint disposition review by AMD and DIGITAL.

EXHIBIT E
PAYMENT CALCULATION

As per Section 9.1, AMD will pay DIGITAL for DEVICES according to the following formula:

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXHIBIT F

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

EXHIBIT 10.37

FOUNDRY AGREEMENT

BETWEEN

ADVANCED MICRO DEVICES, INC.

AND

TAIWAN SEMICONDUCTOR MANUFACTURING CORPORATION, LTD.

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN
DELETED AND FILED SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT.

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FOUNDRY AGREEMENT

THIS AGREEMENT (Agreement) is between Taiwan Semiconductor Manufacturing Corporation (TSMC), a Taiwanese corporation having its principal office at No. 121, Park Avenue 3, Science Based Industrial Park, Hsin-chu, Taiwan, and Advanced Micro Devices, Inc. (AMD), a Delaware U.S.A. corporation having its principal office at One AMD Place, Sunnyvale, California 94088-3453.

WHEREAS, AMD has developed certain technology relating to microprocessors and other logic;

WHEREAS, TSMC has developed manufacturing processes, capabilities and foundry capabilities to produce silicon wafers based upon the operational criteria and process technology provided by others; and

WHEREAS, TSMC and AMD desire to enter into this Foundry Agreement for the manufacture by TSMC of microprocessor and other logic wafers containing AMD technology.

IN CONSIDERATION of mutual promises in this Agreement, the parties agree as follows:

1. DEFINITIONS

1.1 "Die" means good silicon die produced according to the Qualification Requirements by TSMC for AMD using the Qualified Process. The Die are to be provided to AMD as Wafers with tested die.

1.2 "Wafer" means the six inch (6") diameter and eight inch (8") diameter wafers produced by TSMC for AMD using the Qualified Process. Where only six inch (6") or eight inch (8") wafers are referred to, they will be respectively specified as 6" or 8" Wafers.

1.3 "Products" means the different types of microprocessors or other logic to be produced from Die manufactured under this Agreement as set forth in Exhibit A (1.3) as amended from time to time by the mutual consent of the parties.

1.4 "Qualification Plan" means the steps to be taken to meet the objective reliability and quality specifications referred to as AMD Specification 00-021 as set forth in Exhibit B (1.4, 1.7, 1.8).

1.5 "Qualification" means the determination that the Die meet the Qualification Requirements in accordance with the Qualification Plan.

1.6 "Qualified Process" means the 0.5 micron or smaller AMD manufacturing process which will include AMD proprietary technology including, but not limited to, AMD's chemical mechanical polishing (CMP) process, with modifications made with the mutual agreement of the parties. The Qualified Process may be amended from time to time by the mutual consent of the parties.

1.7 "Qualification Requirements" means the criteria and specification the die must pass to be accepted by AMD, as set forth in Exhibit B (1.4, 1.7, 1.8).

1.8 "Transfer Documentation" means the topographical design rules, parametric specifications, and process information for the Qualified Process, as set forth in Exhibit B (1.4, 1.7, 1.8).

1.9 "Reserved Production Capacity" means the maximum capability to produce Wafers which TSMC will allocate to AMD and guaranteed to produce at AMD's request as set forth in Exhibit C (1.9).

1.10 "Confidential Information" means the provisions of this Agreement and the previously transferred and to be transferred information related to Wafer production, Products and test under this Agreement including all exhibits, and information including but not limited to technical information, database tapes, specifications, test tapes, masks and supporting documentation provided either orally, in writing, or in machine readable format and masks or reticles generated by or for TSMC using AMD database tapes; provided that all such information other than masks or reticles, is marked "Confidential" or similarly, or, if oral, identified as confidential at the time of disclosure and described in writing within thirty (30) days thereafter. Notwithstanding the foregoing, Confidential Information does not include information generally available to the public, information independently developed or known by the receiving party without reference to information disclosed hereunder, information rightfully received from a third party without confidentiality obligations, or information authorized in writing for release by the disclosing party hereunder.

2. PROCESS TECHNOLOGY

2.1 AMD will transfer to TSMC for the Qualified Process [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] as more fully described in the Transfer [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

2.2 TSMC agrees that it will manufacture exclusively for AMD [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or smaller devices which are capable of running an [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] or [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] compatible instruction set for a period beginning on the Effective Date and ending on [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. This manufacturing exclusivity, however, does not apply to any manufacturing activity where TSMC uses its own process that does not include AMD's CMP process or any other AMD proprietary technology.

2.3 AMD grants to TSMC a personal, nonexclusive, irrevocable, nontransferable, right and license, without the right to grant sublicenses to third parties, to use the Qualified Process

relevant process information to make, use, and sell products of third parties except as provided in Section 2.2.

2.4 AMD will provide the initial mask set for each version or the initial mask for the mask set for each revision requested by AMD of each Product. TSMC will provide any subsequent mask set for each version or any mask set for each revision requested by TSMC. Such mask sets or variations thereof shall only be used for AMD.

2.5 Upon mutual agreement of the parties, production may be started prior to completion of full Qualification.

2.6 Die delivered for Qualification must meet all Qualification Requirements as set forth in Exhibits B (1.4, 1.7, 1.8). Quarterly progress reports will be provided by TSMC on its progress towards Qualification of the Qualified Process.

2.6.1 If TSMC successfully completes Qualification, then, upon written notice from AMD of successful completion, TSMC will proceed to manufacture and deliver Die at a rate which is agreed upon by TSMC and AMD in accordance with Section 3.2.

2.6.2 If TSMC fails Qualification, such failure shall not be considered a breach of this Agreement, and:

2.6.2.1 If TSMC is at fault or neither party is at fault, TSMC shall provide AMD with new Die at TSMC's expense within sixty (60) days after notification in writing by AMD of TSMC's failure to pass Qualification and shall repeat the process of Section 2.6 until TSMC successfully completes Qualification or AMD notifies TSMC it is terminating this Agreement after at least two unsuccessful attempts at Qualification which are the fault of TSMC. If AMD terminates this Agreement under this Section 2.6.2.1, the manufacturing exclusivity under Section 2.2 shall continue until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], and the license to TSMC under Section 2.3 shall be suspended until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

2.6.2.2 If AMD is at fault, TSMC shall provide AMD with new Die at AMD's request and expense within sixty (60) days after notification in writing by AMD of TSMC's failure to pass Qualification and shall repeat the process of Section 2.6 until TSMC successfully completes Qualification or either party notifies the other it is terminating this Agreement after at least two unsuccessful attempts at Qualification which are the fault of AMD. If this Agreement is terminated under this Section 2.6.2.2, the manufacturing exclusivity under Section 2.2 shall continue until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], but the license to TSMC under Section 2.3 shall continue unabated.

2.6.3 The target date for completion of Qualification is June 31, 1995. TSMC will make its best effort to complete Qualification by August 31, 1995. Time is of the essence for AMD so that, if TSMC fails to complete Qualification by October 31, 1995, and AMD is not at fault, the

purchase minimum of Section 3.2.2 will be reduced to levels determined by AMD upon notice from AMD or this Agreement shall immediately terminate upon notice from AMD with no further opportunity for TSMC to complete Qualification. If AMD terminates this Agreement under this Section 2.6.3, the manufacturing exclusivity under Section 2.2 shall continue until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], and the license to TSMC under Section 2.3 shall be suspended until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

2.7 Before Qualification, TSMC and AMD will agree upon parametric and process flow specifications which will be finalized before TSMC begins production. TSMC will not modify agreed upon specifications or routine process control steps in any way without the prior written consent of AMD.

2.8 TSMC agrees that it will transfer the 0.5 micron Qualified Process to the 8" wafer production line currently under construction in a timely fashion. AMD will provide reasonable support for the transfer.

3. PRODUCTION

3.1 Using the Qualified Process, TSMC will manufacture the Products as Wafers with tested Die.

3.2 As soon as a process becomes a Qualified Process:

3.2.1 TSMC will reserve for AMD the Reserved Production Capacity on the Qualified Process.

3.2.1.1 The initial Reserved Production Capacity will become firm only when the Products are released for production and will ramp up as follows:

Month After Release	Rate (Wafers/Week)
-----	-----
1st	[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
2nd	[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
3rd	[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

3.2.1.2 Except for the production increases agreed to and provided for in Exhibit C (1.9) Reserved Production Capacity, any requested increase in production volumes by AMD shall be no more than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] Wafers/week in any ninety (90) day period upon ninety (90) days notice from AMD up to the Reserved Production Capacity unless otherwise agreed to by TSMC.

3.2.2 AMD will purchase a minimum number of Wafers/week equal to [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] percent ([CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] %) of TSMC's Reserved Production Capacity specified in the above Section 3.2.1 and in Exhibit C (1.9), provided: (i) the yield of Die per Wafer is at least [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] percent ([CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] %); and (ii) the Product can be sold with [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] . If requested by TSMC, AMD will provide reasonable and sufficient evidence of its [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] for the Product to the extent it is permitted to do so if the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] given in 3.2.2 (ii).

3.2.3 If the Die cannot be sold to AMD to produce a [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] greater than provided in Section 3.2.2 for a particular Product and TSMC cannot thenceforward [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of such Die to AMD to meet AMD's [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION], the number of Wafers allocated to such Product shall thenceforward be subtracted from the minimum. If particular Wafers are rejected, the minimum is reduced by the number of rejected Wafers. If TSMC does not produce the number of Wafers allocated to a particular Product type, the minimum is reduced by that amount.

3.3 Actual orders shall be provided to TSMC by AMD as outlined in Exhibit D (3.3).

3.4 TSMC will purchase testing equipment (Testers) to meet AMD forecast demands. If the Testers are not used for three (3) months and there is not forecast use for the next three (3) months, at TSMC's written request, AMD shall purchase the Testers from TSMC for their depreciated value.

3.5 If AMD determines that modifications to the Products or the Qualification Requirements are required, including modifications to mask tooling, process or testing, TSMC agrees to make such modifications within a reasonable period of time after notification in writing by AMD. The

parties will negotiate and mutually agree upon any adjustments to the price and delivery schedules as well as charges for retooling costs if warranted by such modifications.

3.6 If Die fail to meet the Qualification Requirements, and in AMD's reasonable opinion such failure appears material, AMD may request TSMC to stop production. If TSMC is unable to correct such failures within a reasonable time not to exceed three (3) months, AMD may cancel orders for such production. AMD will notify TSMC in writing of its intention to suspend or cancel such orders and will include any substantiating data. AMD will not be liable for any charges for suspension or cancellation of such orders, provided such cancellation was warranted under the circumstances.

3.7 The Wafers with tested Die are to be provided to AMD test specifications and methodology. AMD will provide information regarding testing, equipment, and methods and will allow the use of AMD test tapes.

3.8 AMD may stop production for any or all AMD Products by giving notice to TSMC. TSMC will stop production following completion of the process steps at which the appropriate Wafers reside at the time of notification. As long as the production is stopped without fault of TSMC, AMD will pay TSMC for all such Wafers started prior to TSMC receiving such notice. Prices for such work-in-progress (WIP) Wafers will be equitably prorated based on the stage of production of the Wafers. In no event will the WIP Wafer price exceed the completed Wafer price as given in Section 8.1. Upon payment, the WIP will become the property of AMD and will be delivered to AMD immediately upon request. The parties will mutually agree as to the best course of stopping production in accordance with good manufacturing practice to prevent waste. This Section 3.8 will not affect AMD's minimum purchase commitment of Section 3.2.2.

3.9 TSMC agrees it will migrate AMD's Die to 8" Wafers during the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

4. ON-SITE INSPECTION AND VENDOR INFORMATION

4.1 AMD representatives shall be allowed to visit TSMC's manufacturing facility during normal working hours upon reasonable notice to TSMC.

4.2 At AMD's request, TSMC will allow AMD to perform an audit of TSMC's manufacturing facility for the purpose of verifying proper production of AMD Products. TSMC will provide AMD with process control information, including but not limited to: process and electrical test yield results, current process specifications and conformance to specifications; calibration schedules and logs for equipment; environmental monitor information for air, gases and DI water; documentation of operator traceability information, and TSMC's trouble reports; all to be in accordance with the Qualification Requirements .

5. TERM AND TERMINATION

5.1 The Term of this Agreement shall extend until December 31, 1997 and may be renewed for subsequent one (1) year periods by the mutual agreement of the parties. The parties will discuss renewals of this Agreement at least six (6) months prior to the expiration of each Term.

5.2 In the event of any breach of this Agreement by either party hereto, if such breach is not corrected within sixty (60) days after written notice describing such breach, this Agreement may be immediately terminated by further written notice to that effect from the party noticing the breach. Termination of this Agreement shall be in addition to any other rights and remedies which may be available to the terminating party in law or in equity by reason of the other party's breach such as the following:

5.2.1 If the Agreement is terminated for AMD's breach, the restriction on exclusivity in Section 2.2 will terminate.

5.2.2 If the Agreement is terminated for TSMC's breach of Section 2.2, 2.3, 1.9, 3.1, 3.2.1, 6.1, 6.3 or 6.4, the restriction on exclusivity in Section 2.2 shall remain in effect for the period specified and the license of Section 2.3 will terminate.

5.2.3 If the Agreement is terminated for TSMC's breach other than Section 5.2.2, the manufacturing exclusivity under Section 2.2 shall continue until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and the license to TSMC under Section 2.3 shall be suspended until [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION].

5.3 Either party hereto shall also have the right to terminate this Agreement forthwith by giving written notice of termination to the other party at any time, upon or after:

5.3.1 the filing by such other party of a petition in bankruptcy or insolvency; or

5.3.2 any adjudication that such other party is bankrupt or insolvent; or

5.3.3 the filing by such other party of any legal action or document seeking reorganization, readjustment or arrangement of its business under any law relating to bankruptcy or insolvency; or

5.3.4 the appointment of a receiver for all or substantially all of the property of such other party; or

5.3.5 the making by such other party of any assignment for the benefit of creditors; or

5.3.6 the institution of any proceedings for the liquidation or winding up of such other party's business or for the termination of its corporate charter; or

5.3.7 the majority ownership or the controlling entity of the other party is changed.

6. CONFIDENTIAL INFORMATION

6.1 Except for the provisions of Section 2.2 and 2.3, TSMC and AMD agree that Confidential Information of the other will be used by them solely for the purpose of setting up the Qualified Process at TSMC and will not be disclosed to any third party without the prior written permission of the party who owns the information. The Confidential Information will only be disclosed to employees who have a need to know the Confidential Information and who have signed agreements to maintain the Confidential Information confidential.

6.2 Upon termination of this Agreement for breach, the receiving party must upon the request of the disclosing party (i) return to the other party or certify to the destruction of the original and all copies of any Confidential Information and (ii) at the disclosing party's request have one of its officers certify in writing that it will not make any further use of such Confidential Information and specifically will not manufacture or have manufactured for it any product incorporating Confidential Information.

6.3 These confidentiality provisions shall survive the termination of this Agreement for a period of five (5) years from the expiration of the Term of this Agreement.

6.4 All Confidential Information and any copies thereof are and will remain the property of the disclosing party. Any masks generated by TSMC from AMD database tapes shall be the property of AMD, will be returned to AMD upon AMD's request, and will be used only to produce Die, Wafers, or Products for AMD. All rights to improvements or modifications made by TSMC to the database tapes or test tapes are hereby assigned to AMD. No marketing or other rights are conveyed to TSMC by AMD under this Agreement.

7. WARRANTY/ACCEPTANCE TESTING

7.1 TSMC warrants that Die and/or Wafers delivered hereunder will meet the applicable specifications and shall be free from defects in material and workmanship under normal use and service for eighteen (18) months from shipment from TSMC. If, during such period (i) TSMC is notified promptly in writing upon discovery of any defect in the Die and/or Wafers, including a detailed description of such defect; (ii) samples of such Die and/or Wafers are returned to TSMC; and (iii) TSMC's examination of such Die and/or Wafers discloses that such Die and/or Wafers are defective and such defects are not caused by accident, abuse, misuse, neglect, improper installation, repair or alteration by someone other than TSMC, improper testing or use contrary to any instructions issued by TSMC or AMD, within a reasonable time, TSMC shall, at TSMC's sole option, either replace or credit AMD for such Die and/or Wafers. TSMC shall return any Die and/or Wafers replaced under this warranty to AMD transportation prepaid. The foregoing warranty constitutes TSMC's exclusive liability, and the exclusive remedy of AMD, for any breach of any warranty or other nonconformity of the Die and/or Wafers. Prior to any return of Die and/or Wafers by AMD pursuant to this Section, AMD shall afford TSMC the opportunity to inspect such Die and/or Wafers at AMD's location, and any such Die and/or Wafers so inspected shall not be returned to TSMC without its prior written consent. THIS WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF

MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WHICH ARE HEREBY EXPRESSLY DISCLAIMED.

7.2 TSMC shall immediately advise AMD whenever TSMC has reason to believe that Die and/or Wafers may not conform to the applicable specifications.

7.3 AMD may carry out reliability monitor testing of Die and/or Wafers at AMD facilities. Acceptance tests shall be performed under conditions as described in the Qualification Plan. If any Die and/or Wafers are not either accepted or rejected by AMD within thirty (30) days of receipt of such Die and/or Wafers, then such shipments of Die and/or Wafers shall be deemed accepted.

7.4 AMD may test Die and/or Wafers provided by TSMC and provide data to TSMC for the sole purpose of allowing TSMC to monitor its production in a timely manner. When Die and/or Wafer requirements increase to a level to be mutually determined by the parties, AMD will modify at its expense its test tapes for installation on a tester purchased by TSMC for the sole purpose of allowing TSMC to monitor its production.

8. PRICES/PAYMENT

8.1 AMD will purchase Die from TSMC at prices not to exceed those set forth [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in the Price Table of Exhibit E (8.1). The Price Table will be updated annually at least six (6) months prior to the end of each calendar year with the mutual consent of the parties. If AMD deems it necessary to change test procedures or go to smaller than 0.5 micron manufacturing processes, then the price agreed upon in this Section 8.1 will be adjusted up or down in relation to the decrease or increase, respectively, of good Die on a Wafer.

8.2 Methods for packing, shipment, and other procedural issues are to be decided by mutual agreement after further discussions between the parties. Wafers are to be provided to AMD with tested Die accompanied by electrical test data and yield sort information. Copies of such information will be retained for two (2) years after the Term hereof at which time AMD may obtain such information upon request.

8.3 All prices are quoted in U.S. Dollars and all payments will be made in U.S. Dollars. AMD will be invoiced by TSMC upon delivery of Product and AMD agrees to pay all invoices net thirty (30) days.

8.4 The prices specified in the Price Table are exclusive of any shipping or packaging costs or sales or use tax, customs duty or impost, excise tax based on gross revenue or any similar tax or charge which might be levied as a result of the production, sale or shipment of any Wafers to AMD. AMD agrees to pay any such costs and taxes (except for taxes based on the net income of TSMC) which shall be separately stated in TSMC's invoices. TSMC shall pay any such taxes directly and AMD shall promptly reimburse TSMC in the amount thereof upon presentation by TSMC of evidence of payment. If a certificate of exemption or similar document or proceeding is to be made in order to exempt the sale from sales or use tax liability, AMD will obtain and pursue

such certificate, document or proceeding and present to TSMC evidence of such exemption satisfactory to TSMC no later than thirty (30) days prior to shipment.

9. DELIVERY

9.1 Unless otherwise provided herein, title and liability for risk of loss or damage to the Die and/or Wafers shall pass to AMD upon TSMC's tender of delivery of such Die and/or Wafers to a carrier which has been approved by AMD for shipment to AMD and any loss or damage thereafter shall not relieve AMD from any obligation hereunder. Delivery shall be F.O.B. TSMC Taiwan and shall be made in installments as agreed to by the parties in Section 3.3. The date of any receipt issued by the carrier shall be conclusive proof of the date of such shipment or delivery to AMD.

9.2 Default or delay by TSMC in shipping or delivering the whole or any part or installment of the Die and/or Wafers under the purchase orders shall not effect any other portion thereof nor shall it affect any other purchase order between AMD and TSMC. If any delay in delivery by TSMC of an order or portion thereof, exceeds sixty (60) days, AMD may cancel the corresponding order or portion without liability to AMD. Both parties shall have the right to delay or cancel shipments if either company is under an injunction issued by a court of competent jurisdiction which prevents such shipments.

9.3 TSMC will deliver Wafers to AMD F.O.B. Taiwan as requested by AMD. Title and risk of loss will pass upon such delivery of Wafers. TSMC will package all such Wafers for secure shipment according to good manufacturing practices in consideration of the method of shipment chosen.

10. INDEMNIFICATION

10.1 AMD will, at its own expense, indemnify and hold TSMC harmless from and against any expense or loss resulting from any infringement of any patent, trademark, copyright or mask work right to the extent arising from TSMC making Die and/or Wafers for AMD in compliance with any of AMD designs, specifications, process or instructions. AMD will defend at its own expense, any suit or proceeding brought against TSMC alleging any such infringement or infringement based on TSMC manufacturing Die and/or Wafers for AMD, provided that TSMC (i) gives AMD immediate notice of any such suit or proceeding and permits AMD through counsel of its choice, to defend such suit, and, (ii) gives AMD all needed information, assistance and authority, at AMD expense, necessary for AMD to defend any such suit or proceeding.

10.2 Except as provided for in the previous Section; TSMC shall, at its own expense, indemnify and hold AMD harmless from and against any expense or loss resulting from infringement of any patent, trademark, copyright or mask work right to the extent arising from the process used by TSMC to manufacture Die or Wafers and shall defend at its own expense any suit or proceeding brought against AMD alleging any such infringement, provided that AMD (i) gives TSMC immediate notice of any such suit or proceeding and permits TSMC through counsel of its choice, to defend such suit, and (ii) gives TSMC all needed information, assistance and authority, at TSMC's expense, necessary for TSMC to defend any such suit or proceeding. If use or sale of the Die or Wafers is enjoined, TSMC will, at its expense, procure for AMD the right to continue

using and selling the previously delivered Die or Wafers or modify them to become noninfringing, or refund the purchase price for such previously delivered Die or Wafers.

10.3 IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT, OR THE FURNISHING, PERFORMANCE, OR USE OF ANY GOODS OR SERVICES SOLD PURSUANT HERETO, WHETHER DUE TO A BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHERWISE. ALL IMPLIED WARRANTIES, WHETHER OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE ARE EXPRESSLY DISCLAIMED.

10.4 AMD and TSMC warrant and represent to the best of their knowledge that each has the right to enter into this Agreement and each portion of it to have TSMC manufacture Products for AMD. If either party becomes aware of a change to its continuing warranty and representation obligation under this Section, it shall so notify the other party and allow the other party an option exercisable within thirty (30) days of such notice to terminate this Agreement upon further thirty (30) days notice.

11. GENERAL

11.1 Neither party shall be in breach hereunder for any failure to perform due to causes beyond its reasonable control, including but not limited to acts of God, war, riot, embargoes, labor stoppages, acts of civil or military authorities, fire, floods, earthquakes or accidents, provided that the party suffering such delay immediately notifies the other party of the delay and diligently works to end such delay.

11.2 TSMC will comply fully with the Export Administration Regulations of the U.S. Department of Commerce as they may be in force from time to time and specifically will not transmit, directly or indirectly, any "technical information" acquired hereunder, or any direct product of such information to Afghanistan, the Peoples Republic of China, or any "Q, S, W, Y, or Z" country, as such Terms are defined in such Regulations.

11.3 Both parties agree that the details connected with this Agreement will not be published or disclosed without the other party's written permission. However, the parties may by mutual agreement issue a public announcement and contemplate that thereafter there will be occasions when public announcements will be mutually agreed to between the parties concerning the existence of and/or the progress of the parties under this Agreement.

11.4 The relationship of each party to the other under this Agreement shall be that of an independent contractor, fully responsible and liable for its own activities under this Agreement. Neither party shall hold itself out as having authority to bind legally the other without the other party's prior written permission. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of and be binding upon the parties, their successors, administrators, heirs and assigns.

11.5 If any of the provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement, but rather the entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of AMD and TSMC shall be construed and enforced accordingly. This Agreement will be governed by the laws of the State of California, U.S.A., and the parties agree they will be subject to the personal jurisdiction of and litigation concerning this Agreement shall be brought in courts located in the State of California, U.S.A.

11.6 All notices required or permitted to be given hereunder shall be in writing by first class, certified or registered airmail, postage prepaid or by telex or telefax, if confirmed or acknowledged, to the address specified below or to such changed address as may have been previously specified in writing by the addressed party:

If to TSMC:

Taiwan Semiconductor Manufacturing Corporation
No. 121, Park Avenue 3
Science Based Industrial Park
Hsin-chu, Taiwan
Republic of China
Attention: General Counsel

If to AMD:

Advanced Micro Devices, Inc.
One AMD Place
P.O. Box 3453
Sunnyvale, California 94088-3453
U.S.A.
Attention: General Counsel

Each such notice or other communication shall for all purposes hereunder be treated as effective or as having been given as follows: (i) if delivered in person, when delivered; (ii) if sent by airmail, at the earlier of its receipt or at 5 p.m., local time of the recipient, on the seventh (7th) day after deposit in a regularly maintained receptacle for the deposition of airmail; and (iii) if sent by recognized courier service, on the date shown in the written confirmation of delivery issued by such delivery service. Either party may change the address and/or addressee(s) to whom notice must be given by giving appropriate written notice at least seven (7) days prior to the date the change becomes effective.

11.7 This Agreement and its Exhibits A through E set forth the entire understanding between AMD and TSMC with respect to the subject matter hereof and merges all prior agreements, dealings, and negotiations. The provisions of this Agreement shall govern any sales contract between the parties for the sale and purchase of the Products. Any terms or conditions printed on the face or the reverse side of the AMD purchase order sheet and/or the TSMC acknowledgement form shall not be part of this Agreement nor shall they constitute the terms and conditions of the sales contract for the Products even in case such AMD purchase order sheet or TSMC's

acknowledgement form is signed and returned by TSMC to AMD or AMD to TSMC, unless both parties hereto expressly agree in writing to include any such terms or conditions in this Agreement or the Exhibits. No modification, alteration or amendment shall be effective unless in writing and signed by both parties. No waiver of any breach shall be held to be a waiver of any other or subsequent breach.

IN WITNESS WHEREOF, THE PARTIES HAVE HAD THEIR DULY AUTHORIZED REPRESENTATIVES EXECUTE THIS AGREEMENT IN DUPLICATE ORIGINALS TO HAVE AN EFFECTIVE DATE ON THE LAST DATE SUBSCRIBED BELOW OR _____.

Taiwan Semiconductor Manufacturing Corporation Advanced Micro Devices, Inc.

By: /s/ D.W. Brooks

By: /s/ Gene Conner

Title: President

Title: Sr. V.P.

Date: 9/18/94

Date: Sept. 18, 1994

EXHIBIT A (1.3)

PRODUCTS

Products:

- - - - -

Am486

Product Specifications:

- - - - -

Refer to the Am486 product family Data Sheets.

QUALIFICATION REQUIREMENTS AND PLAN

I. QUALIFICATION REQUIREMENTS:

1. The process and product qualification requirements are described in the following AMD controlled documents:

--Fab Process Technology Qualification Specification # 00.021.2 Revision D

--Product Reliability Qualification Specification # 00.021.4 Revision A

2. TSMC will be manufacturing sorted die for AMD. The Acceptance Criteria for the die will be based on three criteria. The criteria will be Wafer Electrical Test (WET), Wafer Sort Yield, and Die Visual Quality.

A. WET criteria will be based on the measurements of TSMC test structures

prior to wafer sort. All test structures will reside on nine sites per wafer. The test structure minimum, maximum, and target will be defined and agreed upon by the parties and be incorporated by reference in this Exhibit.

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the wafers will be tested at WET. If a test is outside of the minimum - maximum range, that will constitute a failure at that site. If there are greater than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] failures out of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] WET site tests on a wafer for the same test, the wafer will be considered as failing the WET criteria. If the wafer is outside the WET range due to engineering tests, it will be accepted; if it is outside the range due to processing issues, then it will be a candidate for scrap. The final decision on scrap will be made by the joint AMD-TSMC disposition review process.

B. The Wafer Sort Criteria will initially be set such that any wafers with a

yield of less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and any lots with an average yield of less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] (for the lot size of those wafers entering sort--accounting for fab yield and WET rejection) will be scrapped. (Changes in die size can trigger a review of these initial scrap limits if requested by TSMC). Recognizing that product reliability is heavily dependent on defect levels, these scrap limits will be reviewed by AMD and TSMC on a semi-annual basis and adjusted upward as yield improves. New limits should be set based on

yield data from the latest six (6) months of production.

The lot-scrap limit should be set at the greater of the following (Use the distribution of lot-yield averages for items (2) and (3)):

- (1) the present lot-scrap limit,
- (2) [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] -standard deviations less than the mean, or
- (3) the lower [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] point of the distribution (point where [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of all lots pass).

The wafer-scrap limit should be set at the greater of the following (Use the distribution of wafer yields for items (2) and (3) after removing scrapped lots from the distribution):

- (1) The present wafer-scrap limit,
- (2) [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] -standard deviations less than the mean (excluding lot scraps, or
- (3) the lower [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] point of the distribution (excluding lot scraps), (point where [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of all wafers pass).

TSMC has the option to request a material review for disposition with AMD of any scrap material.

C. Die Visual criteria will be based on AMD Product Assurance Outgoing

Inspection specification #306-005, or as modified by mutual agreement of the parties. TSMC has the option on any questionable material, that does not meet the inspection criteria, to request a joint disposition review by AMD and TSMC.

II. QUALIFICATION PLAN

The Qualification Plan is defined by AMD's 002 Plan, which describes the Transfer Documentation for the topographical design rules and parametric specifications. The project plan will be updated and tracked by the joint AMD-TSMC start-up team.

EXHIBIT C (1.9)

RESERVED PRODUCTION CAPACITY ***

Quarter	[CONFIDENTIAL INFORMATION OMITTED AND ----- FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
3Q95	[CONFIDENTIAL INFORMATION OMITTED AND
4Q95	FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]
1Q96	[CONFIDENTIAL INFORMATION OMITTED AND
2Q96	FILED SEPARATELY WITH THE SECURITIES AND
3Q96	EXCHANGE COMMISSION]
4Q96	
1Q97	
2Q97	
3Q97	
4Q97	

*The first three (3) months of production will be as set forth in Section 3.2.1.1 based on the date of Qualification; for the fourth month and beyond, the Reserved Production Capacity will be as set forth on this page.

**Production will be transferred from 6" to 8" Wafers during the [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]. The [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] will have a production of 6" and 8" Wafers with the output being [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in 2Q96 and [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] in 3Q96.

***Starting June 1, 1995, AMD will provide TSMC an intermediate forecast (Reforecasted Reserve Capacity) up to the Reserved Production Capacity every 6 months for the next 12 months. TSMC is obligated to supply the Reforecasted Reserve Capacity. For the first six months, AMD will purchase a minimum of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the Reforecasted Reserve Capacity. For the second six months, AMD will purchase a minimum of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] of the Reforecasted Reserve Capacity.

****The Reserved Production Capacity will be ramped down at a rate of [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] per quarter starting as early as 2Q97 or as late as the beginning of 4Q97. TSMC will provide the capacity as required to implement the ramp down plan.

EXHIBIT D (3.3)

ACTUAL ORDERS

- A. Logistics:
1. Shipment - Date of transfer to AMD designated freight forwarder "DHL".
 2. Weekly shipment cut off time is Sunday midnight.
 3. Linear weekly shipments, if possible.
 4. AMD will guarantee inventory (WIP) required to achieve [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] commitment. No delivery behind schedule more than 1 week will be accepted.
 5. AMD will provide die orders using TSMC six (6) month Net Die per Wafer (NDW) forecast.
 6. CVP will be measured on weekly basis.
 7. TSMC to provide AMD with production capacity limitation by wafers and die limitation by product. This information to be provided monthly with the six (6) month demand forecast.
 8. The TSMC WIP report is to cover rolling five (5) month periods.
- B. Orders:
1. 1st and 2nd months order firm with detailed mix.
 2. 3rd month volume will be firm and mix change rate to be less than [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]% per week, AMD will define the mix by Wednesday 12:01 p.m. Pacific Standard Time (PST) of each week.
 3. Confirmation is automatic from TSMC San Jose to AMD.
 4. The order volume variance allowed is: 90 days--10%, 120 days--20%.
- C. Testing:
1. Mix change to be made only at wafer starts (10 weeks in advance).
 2. AMD will guarantee testing support. If AMD fails and TSMC misses committed deliveries, then the delivery will be rescheduled based on available test time.
 3. Line stoppage for mask change will be handled the same as (2).

EXHIBIT E (8.1)

PRICE TABLE

Die Prices:

[CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION]

Prices are [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] . Prices for [CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION] .

EXHIBIT 10.38

FORM OF
INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of January ____, 1995 by and between ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), and _____ ("Indemnitee").

WHEREAS, the Company and Indemnitee recognize the difficulty of obtaining directors' and officers' liability insurance that fully and adequately covers directors and officers for their acts and omissions on behalf of the Company and its subsidiaries;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting officers and directors to expensive litigation risks;

WHEREAS, Indemnitee does not regard the current protection available as adequate under the present circumstances, and Indemnitee and other officers and directors of the Company may not be willing to continue to serve as officers and directors without additional protection; and

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve as officers and directors of the Company and to indemnify its officers and directors so as to provide them with the maximum protection permitted by law.

NOW, THEREFORE, the Company and Indemnitee hereby agree as follows:

1. Indemnification.

(a) Third-Party Proceedings. The Company shall indemnify Indemnitee if

Indemnitee is or was a party or is threatened to be made a party to threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer or director or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement (if such settlement is approved in advance by the Company, which approval shall not be unreasonably withheld) actually and reasonably incurred by Indemnitee in connection with such action, suit or proceeding unless the Company shall establish, in accordance with the procedures described in Section 3(c), below, that Indemnitee did not act in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, had reasonable cause to believe Indemnitee's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo

contendere or its equivalent, shall not, of itself, create a

presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, had reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. The Company shall

indemnify Indemnitee if Indemnitee was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company or any subsidiary of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was a director, officer, employee or agent of the Company, or any subsidiary of the Company, by reason of any action or inaction on the part of Indemnitee while an officer or director or by reason of the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including reasonable attorneys' fees) and amounts paid in settlement actually and reasonably incurred by Indemnitee in connection with the defense or settlement of such action or suit if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and except that no indemnification shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

(c) Mandatory Payment of Expenses. To the extent that Indemnitee has

been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Subsections (a) and (b) of this Section 1 or the defense of any claim, issue or matter therein, Indemnitee shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee in connection therewith.

(d) Good Faith Defined. For the purposes of any determination under

this Section 1, Indemnitee shall be deemed to have acted or refrained from acting in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe Indemnitee's action or forbearance from acting was unlawful, if Indemnitee's action, or forbearance as the case may be, is based on the records or books of account of the Company or other enterprise, or on information supplied to Indemnitee by the officers of the Company or other enterprise in the course of their duties, or on the advice of legal counsel for the Company or other enterprise or on information or records given or reports made to the Company or other enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or other enterprise. The term "other enterprise" as used in this Section 1 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer or employee. The provisions of this Section 1(d) shall not be deemed to be exclusive or to limit in any way the circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in Section 1.

2. Agreement to Serve. In consideration of the protection afforded by

this Agreement, if Indemnitee is a director of the Company he agrees to serve at least for the balance of the current term as a director and not to resign voluntarily during such period without the written consent of a majority of the Board of Directors. If Indemnitee is an officer of the Company not serving under an employment contract, he agrees to serve in such capacity at least for the balance of the current fiscal year of the Company and not to resign voluntarily during such period without the written consent of a majority of the Board of Directors. Following the applicable period set forth above, Indemnitee agrees to continue to serve in such capacity at the will of the Company (or under separate agreement, if such agreement exists) so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the By-laws of the Company or any subsidiary of the Company or until such time as he tenders his resignation in writing. Nothing contained in this Agreement is intended to create in Indemnitee any right to continued employment or directorship, whether during or after such fiscal year.

3. Expenses; Indemnification Procedure.

(a) Advancement of Expenses. The Company shall advance all expenses

incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any civil or criminal action, suit or proceeding referenced in Section 1(a) or (b) hereof. Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that Indemnitee is not entitled to be indemnified by the Company as authorized hereby. The advances to be made hereunder shall be paid by the Company to Indemnitee within twenty (20) days following delivery of a written request therefor by Indemnitee to the Company.

(b) Notice/Cooperation by Indemnitee. Indemnitee shall, as a

condition precedent to his right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to Advanced Micro Devices, Inc., One AMD Place, Sunnyvale, California 94088 (Attn: Legal Department) (or such other address as the Company shall designate in writing to Indemnitee). Notice shall be deemed received on the third business day after the date postmarked if sent by domestic certified or registered mail, properly addressed; otherwise notice shall be deemed received when such notice shall actually be received by the Company. In addition, Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(c) Procedure. Any indemnification and advances provided for in

Section 1 and this Section 3 shall be made no later than forty-five (45) days after receipt of the written request of Indemnitee. If a claim under this Agreement, under any statute, or under any provision of the Company's Certificate of Incorporation or By-laws providing for indemnification, is not paid in full by the Company within forty-five (45) days after a written request for payment thereof has first been received by the Company, Indemnitee may, but need not, at any time thereafter bring an action against the Company to recover the unpaid amount of the claim and, subject to Section 13 of this Agreement, Indemnitee shall also be entitled to be paid for the expenses (including attorneys' fees) of bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any action, suit or proceeding in

advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Company to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Company and Indemnitee shall be entitled to receive interim payments of expenses pursuant to Subsection 3(a) unless and until such defense may be finally adjudicated by court order or judgment from which no further right of appeal exists. It is the parties' intention that if the Company contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be for the court to decide, and neither the failure of the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct required by applicable law, nor an actual determination by the Company (including its Board of Directors, any committee or subgroup of the Board of Directors, independent legal counsel, or its stockholders) that Indemnitee has not met such applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct.

(d) Notice to Insurers. If, at the time of the receipt of a notice of

a claim pursuant to Section 3(b) hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(e) Relationship to Other Sources. Indemnitee shall not be required

to exercise any rights against any other parties (for example, under any insurance policy purchased by the Company, Indemnitee or any other person or entity) before Indemnitee enforces this Agreement. Nevertheless, to the extent that the Company actually indemnifies Indemnitee or advances expenses, the Company shall be entitled to enforce any such rights which Indemnitee may have against third parties to recover amounts with respect to which the Company's payments were made. Indemnitee shall assist the Company in enforcing those rights if the Company pays Indemnitee's reasonable costs and expenses of doing so.

(f) Selection of Counsel. In the event the Company shall be obligated

under Section 3(a) hereof to pay the expenses of any proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that (i) Indemnitee shall have the right to employ his counsel in any such proceeding at Indemnitee's expense; and (ii) if (A) the employment of counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or (C) the Company shall not, in fact, have employed counsel to

assume the defense of such proceeding, the reasonable fees and expenses of Indemnitee's counsel shall be at the expense of the Company.

4. Additional Indemnification Rights; Nonexclusivity.

(a) Scope. Notwithstanding any other provision of this Agreement, the

Company hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the other provisions of this Agreement, the Company's Certificate of Incorporation, the Company's By-laws or by statute. In the event of any change, after the date of this Agreement, in any applicable law, statute, or rule which expands the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes shall be, ipso facto, within the

purview of Indemnitee's rights and Company's obligations, under this Agreement. In the event of any change in any applicable law, statute or rule which narrows the right of a Delaware corporation to indemnify a member of its board of directors or an officer, such changes, to the extent not otherwise required by such law, statute or rule to be applied to this Agreement shall have no effect on this Agreement or the parties' rights and obligations hereunder.

(b) Nonexclusivity. The indemnification provided by this Agreement

shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's Certificate of Incorporation, its By-laws, any agreement, any vote of stockholders or disinterested directors, the General Corporation Law of the State of Delaware, or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he may have ceased to serve in such capacity at the time of any action, suit or other covered proceeding.

5. Partial Indemnification. If Indemnitee is entitled under any provision

of this Agreement to indemnification by the Company for some or a portion of the expenses, judgments, fines or penalties actually or reasonably incurred by him in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceeding, but not for the total amount thereof, the Company shall indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

6. Mutual Acknowledgement. Both the Company and Indemnitee acknowledge

that in certain instances, federal law or public policy may override applicable state law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company has undertaken and may be required again in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

7. Directors' and Officers' Liability Insurance. The Company shall, from

time to time, make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the directors and officers of the Company with coverage for losses from wrongful acts, or to ensure the

Company's performance of its indemnification obligations under this Agreement. Among other considerations, the Company will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. In all policies of directors' and officers' liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company's directors, if Indemnitee is a director; or of the Company's officers, if Indemnitee is not a director of the Company but is an officer. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain such insurance if the Company determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a parent or subsidiary of the Company.

8. Severability. Nothing in this Agreement is intended to require or

shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. The provisions of this Agreement shall be severable as provided in this Section 8. If this Agreement or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify Indemnitee to the full extent permitted by any applicable portion of this Agreement that shall not have been invalidated, and the balance of this Agreement not so invalidated shall be enforceable in accordance with its terms .

9. Exceptions. Any other provision herein to the contrary

notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Claims Initiated by Indemnitee. To indemnify or advance expenses

to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Section 145 of the Delaware General Corporation Law, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors finds it to be appropriate;

(b) Lack of Good Faith. To indemnify Indemnitee for any expenses

incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such proceeding was not made in good faith or was frivolous;

(c) Insured Claims. To indemnify Indemnitee for expenses or

liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of directors' and officers' liability insurance maintained by the Company.

(d) Claims Under Section 16(b). To indemnify Indemnitee for expenses

or the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute.

10. Construction of Certain Phrases.

(a) For purposes of this Agreement, references to the "Company" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agent, so that if Indemnitee is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(b) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes or penalties assessed on Indemnitee with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

11. Counterparts. This Agreement may be executed in one or more

counterparts, each of which shall constitute an original.

12. Successors and Assigns. This Agreement shall be binding upon the

Company and its successors and assigns, and shall inure to the benefit of Indemnitee and Indemnitee's estate, heirs, legal representatives and assigns.

13. Attorneys' Fees. In the event that any action is instituted by

Indemnitee under this Agreement to enforce or interpret any of the terms hereof, Indemnitee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that each of the material assertions made by Indemnitee as a basis for such action was not made in good faith or was frivolous. In the event of an action instituted by or in the name of the Company under this Agreement or to enforce or interpret any of the terms of this Agreement, Indemnitee shall be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by Indemnitee in defense of such action (including with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action the court determines that each of Indemnitee's material defenses to such action was made in bad faith or was frivolous.

14. Notice. All notices, requests, demands and other communications under

this Agreement shall be in writing and shall be deemed duly given (i) if
delivered by hand and receipted for by the party addressee, on the date of such
receipt, or (ii) if mailed by domestic certified or registered mail with postage
prepaid on the third business day after the date postmarked. Addresses for
notice to either party are as shown on the signature page of this Agreement, or
as subsequently modified by written notice.

15. Choice of Law. This Agreement shall be governed by and its provisions

construed in accordance with the laws of the State of Delaware, as applied to
contracts between Delaware residents entered into and to be performed entirely
within Delaware.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of
the date first above written.

ADVANCED MICRO DEVICES, INC.

By:

(Name)
(Title)

One AMD Place
Sunnyvale, California 94088

AGREED TO AND ACCEPTED:

INDEMNITEE:

(Name)

(Address)

=====

TERM LOAN AGREEMENT

Dated as of January 5, 1995

among

ADVANCED MICRO DEVICES, INC.,

ABN AMRO BANK N.V.,
as Administrative Agent,

ABN AMRO BANK, N.V.
and
CIBC INC.,
as Co-Arrangers,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

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TERM LOAN AGREEMENT

This TERM LOAN AGREEMENT is entered into as of January 5, 1995, among ADVANCED MICRO DEVICES, INC. a Delaware corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), ABN AMRO BANK N.V., as administrative agent for the Banks, ABN AMRO BANK N.V. and CIBC Inc., as co-arrangers.

The Company has requested the Banks to make term loans to the Company in an aggregate principal amount of up to \$150,000,000. The Banks are willing to make such loans to the Company upon the terms and subject to the conditions set forth in this Agreement.

Accordingly, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. In addition to the terms defined elsewhere in this Agreement, the following terms have the following meanings:

"ABN" means ABN AMRO Bank N.V.

"Acquiree" has the meaning specified in Section 7.4(d).

"Acquisition" means any transaction or series of related

transactions for the purpose of or resulting in (a) the acquisition, directly or indirectly, of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition, directly or indirectly, of in excess of 50% of the capital stock, partnership interests or equity of any Person or otherwise causing any Person to become a Subsidiary of the Company, or (c) a merger or consolidation or any other combination by the Company or any Subsidiary of the Company with another Person (other than a Person that is a Subsidiary of the Company) provided that the Company or the Company's Subsidiary is the surviving entity.

"Administrative Agent" means ABN AMRO Bank N.V. in its capacity as administrative agent for the Banks

hereunder, and any successor agent arising under Section 9.9.

"Administrative Agent's Payment Office" means the address for

payments set forth on the signature page hereto in relation to the
Administrative Agent or such other address as the Administrative Agent may
from time to time specify in accordance with Section 10.2.

"Affiliate" means, as to any Person, any other Person which,

directly or indirectly, is in control of, is controlled by, or is under
common control with, such Person. A Person shall be deemed to control
another Person if the controlling Person possesses, directly or indirectly,
the power to direct or cause the direction of the management and policies
of the other Person, whether through the ownership of voting securities, by
contract or otherwise. Without limitation, any director, executive officer
or beneficial owner of 5% or more of the equity of a Person shall for the
purposes of this Agreement, be deemed to control the other Person. In no
event shall any Bank be deemed an "Affiliate" of the Company or any
Subsidiary of the Company.

"Agent-Related Persons" has the meaning specified in Section 9.3.

"Aggregate Commitment" means the combined Commitments of the Banks

in the amount of One Hundred Fifty Million Dollars (\$150,000,000), as such
amount may be reduced from time to time pursuant to this Agreement.

"Agreement" means this Term Loan Agreement, as amended,

supplemented or modified from time to time.

"Assignee" has the meaning specified in subsection 10.8(a).

"Assignment and Acceptance" has the meaning specified in subsection

10.8(a).

"Attorney Costs" means and includes all fees and disbursements of

any law firm or other external counsel, the allocated cost of internal
legal services and all disbursements of internal counsel.

"Bank Affiliate" means a Person engaged primarily in the business

of commercial banking and that is a Subsidiary of a Bank, or a Subsidiary
of a Person of which a Bank is also a Subsidiary, or a Person of which a
Bank is a Subsidiary.

"Banks" has the meaning specified in the introductory clause

hereto.

"Base Rate" means the higher of:

(a) the Prime Commercial Lending Rate of ABN as announced from time to time by ABN at its Chicago office; and

(b) one-half percent per annum above the latest Federal Funds Rate.

Any change in the Prime Commercial Lending Rate announced by ABN shall take effect at the opening of business on the day specified in the public announcement of such change.

"Base Rate Loan" means a Loan that bears interest based on the Base

Rate.

"Borrowing" means a borrowing hereunder consisting of Loans made to

the Company on the same day by the Banks pursuant to Article II.

"Business Day" means any day other than a Saturday, Sunday or other

day on which commercial banks in New York City or San Francisco are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

"Capital Adequacy Regulation" means any guideline, request or

directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Lease Obligations" means all monetary obligations of the

Company or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, is classified as a capital lease.

"Cash Equivalents" means:

(a) securities issued or fully guaranteed or insured by the United States Government or any agency thereof having maturities of not more than 12 months from the date of acquisition;

(b) certificates of deposit, time deposits, Eurodollar time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances, having in each case a tenor of not more than 12 months, issued by any Bank, or by any U.S. commercial bank or any branch or agency of a non-U.S. bank licensed to conduct business in the U.S. having combined capital and surplus of not less than \$100,000,000 whose short term securities are rated at least A-1 by S&P or at least P-1 by Moody's;

(c) taxable and tax exempt commercial paper of an issuer rated at least A-1 by S&P or at least P-1 by Moody's and in either case having a tenor of not more than 270 days;

(d) medium term notes of an issuer rated at least AA by S&P or at least Aa2 by Moody's and having a remaining term of not more than 12 months after the date of acquisition by the Company or its Subsidiaries;

(e) municipal notes and bonds which are rated at least SP-1 or AA by S&P or at least MIG-2 or Aa by Moody's with tenors of not more than 12 months;

(f) investments in taxable or tax-exempt money market funds with assets greater than \$500,000,000 and whose assets have average maturities less than or equal to 180 days and are rated at least A-1 by S&P or at least P-1 by Moody's; or

(g) money market preferred instruments of an issuer rated at least A-1 by S&P or at least P-1 by Moody's with tenors of not more than 12 months.

"CERCLA" has the meaning specified in the definition of

"Environmental Laws."

"Change in Control" means the direct or indirect acquisition by any

person (as such term is used in Section 13(d) and Section 14(d)(2) of the Exchange Act), or related persons constituting a group (as such term is used in Rule 13d-5 under the Exchange Act), of

(i) beneficial ownership of issued and outstanding shares of voting stock of the Company, the result of which acquisition is that such person or such group possesses in excess of 20% of the combined voting power of all then-issued and outstanding voting stock of the Company, or

(ii) the power to elect, appoint, or cause the election or appointment of at least a majority of the members of the Board of Directors.

"CIBC Inc." means CIBC Inc., a Delaware corporation.

"CIBC Guaranty" means the Amended and Restated Guaranty dated as of

December 17, 1993, by the Company in favor of CIBC Inc., as amended.

"CIBC Leases" means the Land Lease dated as of September 22, 1992,

as amended by the First Amendment to Land Lease dated as of December 22, 1992 and by Second Amendment to Land Lease dated as of December 17, 1993, and the Building Lease dated as of September 22, 1992, as amended by the First Amendment to Building Lease dated as of December 22, 1992 and by Second Amendment to Building Lease dated as of December 17, 1993, both of which are between CIBC Inc. as Lessor and AMD International Sales & Service, Ltd. as Lessee.

"Co-Agent" means Bank of America National Trust and Savings

Association in its capacity as co-agent for the Banks hereunder, and any successor co-agent.

"Co-Arrangers" means ABN AMRO Bank N.V. and CIBC Inc.

"Code" means the Internal Revenue Code of 1986, as amended from

time to time, and any regulations promulgated thereunder.

"Commitment" with respect to each Bank, has the meaning specified

in Section 2.1.

"Commitment Percentage" means, as to any Bank, the percentage

equivalent of such Bank's Commitment divided by the Aggregate Commitment.

"Consolidated Current Liabilities" means, as of any date of

determination, all amounts which would, in accordance with GAAP, be included under current liabilities on a consolidated balance sheet of the Company and its Subsidiaries, but in any event including all outstanding revolving credit loans under the Amended and Restated Credit Agreement dated as of September 21, 1994 among the Company, Bank of America National Trust and Savings Association, as Agent, The First National Bank of Boston, as Co-Agent, and the other financial institutions party thereto, as amended, extended, replaced or otherwise modified from time to time (the "BofA Agreement"), and all other outstanding advances

under any revolving credit arrangement in effect after termination of the BofA Agreement.

"Consolidated Tangible Net Worth" means, at any time of

determination, in respect of the Company and its Subsidiaries, determined on a consolidated basis, total assets (exclusive of goodwill, licensing agreements, patents, trademarks, trade names, organization expense, treasury stock, unamortized debt discount and premium, deferred charges and other like intangibles) less total liabilities (including accrued and deferred income taxes and Subordinated Debt), at such time.

"Contractual Obligations" means, as to any Person, any obligation

of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its Property is bound.

"Controlled Group" means the Company and all Persons (whether or

not incorporated) under common control or treated as a single employer with the Company pursuant to Section 414(b), (c), (m) or (o) of the Code.

"Conversion Date" means any date on which the Company elects to

convert a Base Rate Loan to an Offshore Rate Loan; or an Offshore Rate Loan to a Base Rate Loan.

"Convertible Exchangeable Preferred Repurchase Program" means the

repurchase or redemption by the Company of Convertible Exchangeable Preferred Stock in consideration for the issuance of shares of common stock of the Company or the payment of cash by the Company; provided, however,

that no payment of cash shall be made by the Company on account of such repurchase or redemption, unless:

(a) the Company has entered into a firm standby arrangement with an underwriting firm of national repute whereunder such underwriting firm is obligated, subject to customary conditions and termination events, to purchase common stock from the Company at a price and in an amount sufficient to fund the repurchase or redemption of the Convertible Exchangeable Preferred Stock, which standby arrangement shall be used by the Company to the maximum possible extent to fund such repurchase or redemption of Convertible Exchangeable Preferred Stock;

(b) after giving effect to any such payment, there does not exist any Default or Event of Default; and

(c) all such payments are made no later than September 21, 1995.

"Convertible Exchangeable Preferred Stock" means the Company's

\$30.00 Convertible Exchangeable Preferred Shares, par value \$0.10 per share, outstanding as of April 12, 1994.

"Default" means any event or circumstance which, with the giving of

notice, the lapse of time, or both, would (if not cured or otherwise remedied) constitute an Event of Default.

"Dollars", "dollars" and "\$" each mean lawful money of the United

States.

"Domestic Lending Office" means, with respect to each Bank, the

office of that Bank designated as such in the signature pages hereto or such other office of the Bank as it may from time to time specify to the Company and the Administrative Agent.

"Eligible Assignee" means (i) a commercial bank organized under the

laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the United States; and (iii) any Bank Affiliate acting through a branch or agency in the United States.

"Environmental Claims" means all claims, however asserted, by any

Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law or for release or injury to the environment or threat to public health, personal injury (including sickness, disease or death), property damage, natural resources damage, or otherwise alleging liability or responsibility for damages (punitive or otherwise), cleanup, removal, remedial or response costs, restitution, civil or criminal penalties, injunctive relief, or other type of relief, resulting from or based upon (a) the presence, placement, discharge, emission or release (including intentional and unintentional, negligent and non-negligent,

sudden or non-sudden, accidental or non-accidental placement, spills, leaks, discharges, emissions or releases) of any Hazardous Material at, in, or from Property, whether or not owned by the Company, or (b) any other circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means all federal, state or local laws,

statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters; including the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Emergency Planning and Community Right-to-Know Act, the California Hazardous Waste Control Law, the California Solid Waste Management, Resource, Recovery and Recycling Act, the California Water Code and the California Health and Safety Code.

"ERISA" means the Employee Retirement Income Security Act of 1974,

as amended from time to time, and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not

incorporated) under common control with the Company within the meaning of Section 414(b), 414(c) or 414(m) of the Code.

"ERISA Event" means (a) a Reportable Event with respect to a

Qualified Plan or a Multiemployer Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Qualified Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a) (2) of ERISA); (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a plan amendment as a termination under Section 4041 or 4041A of ERISA or the commencement of proceedings by the PBGC to terminate a Qualified Plan or Multiemployer Plan subject to Title IV of ERISA; (e) a failure by the Company or any member of the Controlled Group to make required contributions to a Qualified Plan or Multiemployer Plan; (f) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Qualified

Plan or Multiemployer Plan; (g) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate; (h) an application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code with respect to any Plan; (i) a non-exempt prohibited transaction occurs with respect to any Plan for which the Company or any Subsidiary of the Company may be directly or indirectly liable; or (j) a violation of the applicable requirements of Section 404 or 405 of ERISA or the exclusive benefit rule under Section 401(a) of the Code by any fiduciary or disqualified person with respect to any Plan for which the Company or any member of the Controlled Group may be directly or indirectly liable.

"Eurodollar Reserve Percentage" means the maximum reserve

requirement percentage (including any ordinary, supplemental, marginal and emergency reserves), if any, as determined by the Administrative Agent, then applicable under Regulation D in respect of Eurocurrency funding (currently referred to as "Eurocurrency Liabilities") of a member bank in the Federal Reserve System with deposits exceeding \$1,000,000,000.

"Event of Default" means any of the events or circumstances

specified in Section 8.1.

"Exchange Act" means the Securities and Exchange Act of 1934, and

regulations promulgated thereunder.

"Federal Funds Rate" means, for any day, the rate set forth in the

weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Administrative Agent.

"Federal Reserve Board" means the Board of Governors of the Federal

Reserve System or any successor thereof.

"Fee Letter" has the meaning specified in subsection 2.8(c).

"Fixed Charge Coverage Ratio" means, determined as of the last day

of any fiscal quarter for the Company and its Subsidiaries, determined on a consolidated basis, the ratio of (a) the sum of interest expense, operating lease expense and pre-tax income for the then-ending fiscal quarter and the three fiscal quarters immediately preceding such quarter, to (b) the sum of (i) interest expense and operating lease expense for the same four fiscal quarter period, plus (ii) the average of the current portion of long-term debt (as determined in accordance with GAAP) as of the end of each of the four fiscal quarters in such four fiscal quarter period.

"Funding Date" means the date of the making of the initial Loans.

"GAAP" means generally accepted accounting principles set forth

from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such other entity as may be in general use by significant segments of the U.S. accounting profession, which are applicable to the circumstances as of the date of determination.

"Governmental Authority" means any nation or government, any state

or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Guaranty Obligation" means, as applied to any Person, any direct

or indirect liability of that Person with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (the "primary obligor"), including any obligation of that Person, whether or not contingent, (a) to purchase, repurchase or otherwise acquire such primary obligations or any property constituting direct or indirect security therefor, or (b) to advance or provide funds (i) for the payment or discharge of any such primary obligation, or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or

financial condition of the primary obligor, or (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminate, the maximum reasonably anticipated liability in respect thereof.

"Hazardous Materials" means all those substances which are

regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

"Indebtedness" of any Person means without duplication, (a) all

indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services; (c) all reimbursement obligations with respect to surety bonds, letters of credit, bankers' acceptances and similar instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all Capital Lease Obligations; (g) all net obligations with respect to Rate Contracts; (h) all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above.

"Indemnified Person" has the meaning specified in Section 10.5.

"Indemnified Liabilities" has the meaning specified in Section

10.5.

"Indenture" means the Indenture dated as of March 25, 1987, between

the Company and The Bank of New York as in effect on September 21, 1994.

"Insolvency Proceeding" means (a) any case, action or proceeding

before any court or other Governmental Authority relating to bankruptcy,
reorganization, insolvency, liquidation, receivership, dissolution,
winding-up or relief of debtors, or (b) any general assignment for the
benefit of creditors, composition, marshalling of assets for creditors or
other, similar arrangement in respect of its creditors generally or any
substantial portion of its creditors; in each case (a) and (b) undertaken
under U.S. Federal, State or foreign law.

"Interest Payment Date" means, with respect to any Offshore Rate

Loan, the last day of each Interest Period applicable to such Loan and,
with respect to Base Rate Loans, the last Business Day of each calendar
quarter and each date a Base Rate Loan is converted into an Offshore Rate
Loan; provided, however, that if any Interest Period for an Offshore Rate

Loan exceeds three months, the date which falls three months after the
beginning of such Interest Period shall also be an "Interest Payment Date".

"Interest Period" means, with respect to any Offshore Rate Loan,

the period commencing on the Business Day the Loan is disbursed or
continued or on the Conversion Date on which the Loan is converted to the
Offshore Rate Loan and ending on the date one, two, three or six months
thereafter, as selected by the Company in its notice of borrowing pursuant
to Section 2.3 or in its Notice of Conversion/Continuation;

provided that:

(i) if any Interest Period would otherwise end on a day which
is not a Business Day, that Interest Period shall be extended to
the next succeeding Business Day, unless the result of such
extension would be to carry such Interest Period into another
calendar month, in which event such Interest Period shall end on
the immediately preceding Business Day;

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the date that is four years after the Funding Date.

"Investments" has the meaning specified in Section 7.4.

"Lending Office" means, with respect to any Bank, the office or

offices of such Bank specified as its "Lending Office" or "Domestic Lending Office" or "Offshore Lending Office", as the case may be, beneath its name on the signature pages hereto, or such other office or offices of such Bank as it may from time to time specify to the Company and the Administrative Agent.

"Leverage Ratio" means, at any time, the ratio of total

consolidated liabilities to Consolidated Tangible Net Worth at that time.

"LIBOR" means, for any Interest Period, with respect to Offshore

Rate Loans comprising part of the same Borrowing, a rate per annum equal to the arithmetic mean (rounded upwards if necessary to the nearest 1/16 of one percent) of the rates per annum appearing on Telerate Page 3750 (or any successor publication) on the second Business Day prior to the commencement of such Interest Period at or about 11:00 a.m. (London time) (for delivery on the first day of such Interest Period) for a term comparable to such Interest Period and in an amount approximately equal to the amount of the Offshore Rate Loan to be made or funded by the Administrative Agent as part of such Borrowing. If for any reason rates are not available as provided in the preceding sentence, the rate to be used shall be the rate per annum at which Dollar deposits are offered to the Administrative Agent in the London interbank eurodollar currency market on the second Business Day prior to the commencement of such Interest Period at or about 11:00 a.m. (London time) for delivery on the first day of such Interest Period and in an amount approximately equal to the amount of the Offshore Rate Loan to be made or funded by the Administrative Agent as part of such Borrowing.

"Lien" means any mortgage, deed of trust, pledge, hypothecation,

assignment, charge or deposit arrangement,

encumbrance, lien (statutory or other) or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease Obligation, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the UCC or any comparable law), and any contingent or other agreement to provide any of the foregoing.

"Loan" has the meaning specified in Section 2.1, and may be an

Offshore Rate Loan or a Base Rate Loan.

"Loan Documents" means this Agreement, any Notes, the Fee Letter

and all documents and/or instruments executed and delivered to the Administrative Agent or any of the Banks in connection herewith or therewith.

"Long Term Investments" means those investments described below,

provided that such investments shall have maturities of greater than one year, but not longer than three years:

(a) securities issued or fully guaranteed or fully insured by the United States government or any agency thereof and backed by the full faith and credit of the United States;

(b) certificates of deposit, time deposits, eurodollar time deposits, repurchase agreements, or banker's acceptances that are issued by either one of the 30 largest (in assets) banks in the United States or by one of the 100 largest (in assets) banks in the world whose long term securities are rated at least AA by S&P or at least Aa2 by Moody's;

(c) commercial paper and money market preferred instruments of an issuer rated at least A-1 by S&P or at least P-1 by Moody's;

(d) investments in taxable or tax-exempt money market funds with assets greater than \$500,000,000 and whose assets have average maturities less than or equal to 12 months; and which are rated at least AA by S&P or at least Aa2 by Moody's; and

(e) municipal notes and bonds which are rated at least AA by S&P or at least Aa2 by Moody's.

"Majority Banks" means, at any time, Banks having at least 66-2/3%

of the then aggregate unpaid principal amount of the Loans or, for any
period in which no Loans are outstanding, Banks having at least 66-2/3% of
the aggregate Commitments.

"Margin Stock" means "margin stock" as such term is defined in

Regulation G, T, U or X of the Federal Reserve Board.

"Material Adverse Effect" means a material adverse change in, or a

material adverse effect upon, any of (a) the operations, business,
properties or condition (financial or otherwise) of the Company or the
Company and its Subsidiaries taken as a whole; (b) the ability of the
Company to perform under any Loan Document and avoid any Event of Default;
or (c) the legality, validity, binding effect or enforceability of any Loan
Document.

"Material Subsidiary" means, at any time, any Subsidiary of the

Company (a) listed on Schedule 1.1 hereto, or (b) having at such time

either (i) total (gross) revenues for the preceding four fiscal quarters in
excess of 5% of gross revenue for the Company and its Subsidiaries on a
consolidated basis, or (ii) total assets, as of the last day of the
preceding quarter, having a net book value in excess of 5% of total assets
for the Company and its Subsidiaries on a consolidated basis, in each case,
based upon the Company's most recent annual or quarterly financial
statements delivered to the Administrative Agent pursuant to Section 6.1.

"Moody's" means Moody's Investors Service, Inc. and any successor

thereto that is a nationally recognized rating agency.

"Multiemployer Plan" means a "multiemployer plan" (within the

meaning of Section 4001(a)(3) of ERISA) and to which any member of the
Controlled Group makes, is making, or is obligated to make contributions
or, during the preceding three calendar years, has made, or been obligated
to make, contributions.

"Net Proceeds" means, with respect to a sale of equity securities,

the gross proceeds thereof reduced by all reasonable out-of-pocket costs
and expenses paid or incurred by the Company directly in connection
therewith, including underwriter's commissions or discounts, registration
and filing fees, legal and accounting fees, and printing costs, all as
determined in accordance with GAAP.

"Note" means a promissory note executed by the Company in favor of

a Bank pursuant to subsection 2.2, in substantially the form of Exhibit A.

"Notice of Conversion/Continuation" means a notice given by the

Company to the Administrative Agent pursuant to Section 2.4, in
substantially the form of Exhibit B.

"Notice of Lien" means any "notice of lien" or similar document

intended to be filed or recorded with any court, registry, recorder's
office, central filing office or other Governmental Authority for the
purpose of evidencing, creating, perfecting or preserving the priority of a
Lien securing obligations owing to a Governmental Authority.

"Obligations" means all Loans, and other Indebtedness, advances,

debts, liabilities, obligations, covenants and duties owing by the Company
to any Bank, the Administrative Agent, or any other Person required to be
indemnified under any Loan Document, of any kind or nature, arising under
this Agreement or under any other Loan Document; present or future, whether
or not evidenced by any note, guaranty or other instrument, whether or not
for the payment of money, whether arising by reason of an extension of
credit, loan, guaranty, indemnification or in any other manner, whether
direct or indirect (including those acquired by assignment), absolute or
contingent, due or to become due, now existing or hereafter arising and
however acquired.

"Offshore Lending Office" means with respect to each Bank, the

office of such Bank designated as such in the signature pages hereto or
such other office of such Bank as such Bank may from time to time specify
to the Company and the Administrative Agent.

"Offshore Rate" means for each Interest Period the rate per annum

(rounded upward, if necessary, to the nearest 1/16 of 1%) determined by the
Administrative Agent pursuant to the following formula:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{\text{-----}} - \text{Eurodollar Reserve Percentage}$$

The Offshore Rate shall be adjusted automatically as of the effective date
of any change in the Eurodollar Reserve Percentage.

"Offshore Rate Loan" means any Loan that bears interest at a rate

determined with reference to the Offshore Rate.

"Offshore Subsidiary" means any Subsidiary of the Company

incorporated or otherwise organized under the laws of a jurisdiction other
than one of the 50 states of the United States or the District of Columbia.

"Ordinary Course of Business" means, in respect of any transaction

involving the Company or any Subsidiary of the Company, the ordinary course
of such Person's business substantially consistent with past practice.

"Organization Documents" means, for any corporation, the

certificate or articles of incorporation, the bylaws, any certificate of
determination or instrument relating to the rights of preferred
shareholders, and all applicable resolutions of the board of directors (or
any committee thereof) of such corporation.

"Other Taxes" has the meaning specified in subsection 3.1(b).

"PBGCC" means the Pension Benefit Guaranty Corporation or any entity

succeeding to any or all of its functions under ERISA.

"Participant" has the meaning specified in subsection 10.8(d).

"Permitted Liens" has the meaning specified in Section 7.1.

"Person" means an individual, partnership, corporation, business

trust, joint stock company, trust, unincorporated association, joint
venture or Governmental Authority.

"Plan" means an employee benefit plan (as defined in Section 3(3)

of ERISA) which the Company or any member of the Controlled Group sponsors
or maintains or to which the Company or any member of the Controlled Group
makes, is making or is obligated to make contributions, and includes any
Multiemployer Plan or Qualified Plan.

"Property" means any estate or interest in any kind of property or

asset, whether real, personal or mixed, and whether tangible or intangible.

"Qualified Plan" means a pension plan (as defined in Section 3(2)

of ERISA) intended to be tax-qualified under Section 401(a) of the Code and
which any member of the Controlled Group sponsors, maintains, or to which
it makes, is making or is obligated to make contributions, or in the

case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding period covering at least five (5) plan years, but excluding any Multiemployer Plan.

"Rate Contracts" means interest rate and currency swap agreements,

cap, floor and collar agreements, interest rate insurance, currency spot and forward contracts and other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates.

"Receivable" means an account (as such term is defined in the

California UCC) owned by the Company which has arisen in the ordinary course of the business of the Company from the sale of inventory or the provision of services by the Company in the normal course of business and all moneys due or to become due, and all rights and claims arising thereunder and all rights related thereto, including those assertable against other Persons in addition to the obligor.

"Reportable Event" means, as to any Plan, (a) any of the events set

forth in Section 4043 (b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC, (b) a withdrawal from a Plan described in Section 4063 of ERISA, or (c) a cessation of operations described in Section 4062 (e) of ERISA.

"Requirement of Law" means, as to any Person, any law (statutory or

common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

"Responsible Officer" means the chief executive officer or the

president of the Company, or any other officer having substantially the same authority and responsibility or, with respect to financial matters, the chief financial officer or the treasurer of the Company, or any other officer having substantially the same authority and responsibility.

"S&P" means Standard & Poor's Rating Group of Standard & Poor's

Corporation and any successor thereto that is a nationally recognized rating agency.

"SEC" means the Securities and Exchange Commission, or any

successor thereto.

"Subordinated Debt" means any Indebtedness of the Company that,

pursuant to the instrument evidencing or governing such Indebtedness, is
subordinate in right of payment to the Obligations.

"Subsidiary" of a Person means any corporation, association,

partnership, joint venture or other business entity of which more than 50%
of the voting stock or other equity interests (in the case of Persons other
than corporations), is owned or controlled directly or indirectly by the
Person, or one or more of the Subsidiaries of the Person, or a combination
thereof.

"Taxes" has the meaning specified in subsection 3.1(a).

"Transferee" has the meaning specified in subsection 10.8(e).

"UCC" means the Uniform Commercial Code as in effect in any

jurisdiction.

"Unfunded Pension Liabilities" means the excess of a Plan's benefit

liabilities under Section 4001(a)(16) of ERISA, over the current value of
that Plan's assets, determined in accordance with the assumptions used by
the Plan's actuaries for funding the Plan pursuant to section 412 for the
applicable plan year.

"United States" and "U.S." each means the United States of America.

"Wholly Owned Subsidiary" means any corporation in which (other

than directors' qualifying shares required by law and other than other
shares of a de minimis amount issued to and held by others for the benefit
of the Company or another wholly owned subsidiary) 100% of the capital
stock of each class having ordinary voting power, and 100% of the capital
stock of every other class, in each case, at the time as of which any
determination is being made, is owned, beneficially and of record, by the
Company, or by one or more of the other Wholly Owned Subsidiaries, or both.

"Withdrawal Liabilities" means, as of any determination date, the

aggregate amount of the liabilities, if any, pursuant to Section 4201 of
ERISA if the Controlled Group made a complete withdrawal from all
Multiemployer Plans and any increase in contributions pursuant to Section
4243 of ERISA.

1.2 Other Definitional Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all

terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC shall have the meanings therein described.

(b) The Agreement. The words "hereof", "herein", "hereunder" and

words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement; and section, schedule and exhibit references are to this Agreement unless otherwise specified.

(c) Certain Common Terms.

(i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) The term "pro rata" means ratably in accordance with the respective Commitment Percentages.

(d) Performance; Time. Whenever any performance obligation

hereunder (other than a payment obligation) shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including". If any provision of this Agreement refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all means, direct or indirect, of taking, or not taking, such action.

(e) Contracts. Unless otherwise expressly provided herein,

references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation are to be

construed as including all statutory and regulatory

provisions which by their terms consolidate, amend or replace the statute or regulation.

(g) Captions. The captions and headings of this Agreement are for -----
convenience of reference only and shall not affect the construction of this Agreement.

(h) Independence of Provisions. The parties acknowledge that this -----
Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

1.3 Accounting Principles. -----

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE LOANS -----

2.1 Term Loans. Each Bank severally agrees, on the terms and -----
conditions hereinafter set forth, to make a single term loan (each a "Loan" and, collectively, the "Loans") to the Company on the Funding Date in a principal amount equal to such Bank's Commitment Percentage times the amount of the Borrowing on the Funding Date, but not exceeding the amount set forth opposite such Bank's name in Schedule 2.1 under the heading "Commitment" (such amount as -----
the same may be reduced as a result of one or more assignments pursuant to Section 10.8, the Bank's "Commitment"). Any amount of the Loans repaid may not be reborrowed. The Funding Date shall be January 5, 1995 (or such later date on or before January 13, 1995 as may be agreed in writing by the Company and the Administrative Agent), provided that all conditions precedent set forth in Article 4 with respect to the making of the initial Loans are satisfied or waived by all Banks.

2.2 Loan Accounts; Notes.

(a) The Loan made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Administrative Agent and each Bank shall be conclusive absent manifest error as to the amount of the Loan made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loan. In case of a discrepancy between the entries in the Administrative Agent's books and any Bank's books, such Bank's books shall constitute prima facie evidence of the accuracy of the information so recorded.

(b) As additional evidence of the Indebtedness of the Company to each Bank resulting from the Loan made by such Bank, the Company shall execute and deliver for the account of each Bank pursuant to Article IV a Note, dated the Funding Date, in the principal amount of the Loan made by such Bank on the Funding Date. Each Bank shall endorse on the schedules annexed to its Note the date, amount and maturity of the Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each Bank is irrevocably authorized by the Company to endorse its Note and each Bank's record shall be prima facie evidence of the accuracy of the information so recorded; provided,

however, that the failure of a Bank to make, or an error in making, a notation

thereon with respect to its Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.3 Procedure for Borrowing.

(a) The Borrowing to be made on the Funding Date shall be made upon the irrevocable written notice (including notice via facsimile confirmed immediately by a telephone call) of the Company, which notice must be received by the Administrative Agent, not later than 10:00 a.m. (San Francisco time), (i) three Business Days prior to the Funding Date, in the case of Offshore Rate Loans, and (ii) one Business Day before the Funding Date, in the case of Base Rate Loans, specifying:

(A) the amount of the Borrowing, which shall be in an aggregate minimum principal amount of Five Million dollars (\$5,000,000) or any multiple of One Million dollars (\$1,000,000) in excess thereof;

(B) the requested borrowing date, which shall be a Business Day; and

(C) whether the borrowing is to be comprised of Offshore Rate Loans or Base Rate Loans; and

(D) if the Borrowing is to be comprised of Offshore Rate Loans, the duration of the Interest Period applicable to the Loans included in such Borrowing. If the notice of borrowing shall fail to specify the duration of the Interest Period, the Interest Period for such Loans shall be three months.

(b) Upon receipt of such notice of borrowing, the Administrative Agent will promptly notify each Bank thereof and of the amount of such Bank's Commitment Percentage of the Borrowing.

(c) Each Bank will make the amount of its Commitment Percentage of the Borrowing available to the Administrative Agent for the account of the Company at the Administrative Agent's Payment Office by 11:00 a.m. (San Francisco time) on the borrowing date requested by the Company in funds immediately available to the Administrative Agent. Unless any applicable condition specified in Article IV has not been satisfied, the proceeds of all such Loans will then be made available to the Company by the Administrative Agent at such office by crediting the account of the Company on the books of ABN with the aggregate of the amounts made available to the Administrative Agent by the Banks and in like funds as received by the Administrative Agent.

2.4 Conversion and Continuation Elections.

(a) The Company may upon irrevocable written notice to the Administrative Agent in accordance with subsection 2.4(b):

(i) elect to convert on any Business Day any Base Rate Loans (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Offshore Rate Loans;

(ii) elect to convert on any Interest Payment Date any Offshore Rate Loans maturing on such Interest Payment Date (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Base Rate Loans; or

(iii) elect to renew on any Interest Payment Date any Offshore Rate Loans maturing on such Interest Payment Date (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if the aggregate amount of Offshore Rate Loans shall have been
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reduced, by payment, prepayment, or conversion of part thereof to be less than \$1,000,000, the Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Company to continue such Loans as Offshore Rate Loans shall terminate.

(b) The Company shall deliver a Notice of Conversion/Continuation (including delivery via facsimile confirmed immediately by a telephone call), to be received by the Administrative Agent not later than 9:00 a.m. (San Francisco time) at least (i) three Business Days in advance of the Conversion Date or continuation date, if the Loans are to be converted into or continued as Offshore Rate Loans; and (ii) on the Conversion Date or continuation date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion Date or continuation date;

(B) the aggregate amount of Loans to be converted or renewed;

(C) the nature of the proposed conversion or continuation; and

(D) the duration of the requested Interest Period, if the Loans are to be converted into or continued as Offshore Rate Loans.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Company has failed to select a new Interest Period to be applicable to such Offshore Rate Loans, or if any Default or Event of Default shall then exist, the Company shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

(d) Upon receipt of a Notice of Conversion/ Continuation, the Administrative Agent will promptly notify each Bank thereof, or, if (i) the Company has failed to select a new Interest Period or (ii) the Administrative Agent has received notice of a Default or Event of Default pursuant to Section 9.5, the Administrative Agent will promptly notify each Bank of the details of any automatic conversion.

(e) All conversions and continuations shall be made pro rata by each Bank according to the respective outstanding principal amounts of the Loans with respect to which the Notice of Conversion/Continuation was given.

(f) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Company may not elect to have a Loan converted into or continued as an Offshore Rate Loan.

(g) Notwithstanding any other provision contained in this Agreement, unless consented to by the Administrative Agent in its sole discretion, after giving effect to any conversion or continuation of any Loans, there shall not be more than six different Interest Periods in effect.

2.5 Optional Prepayments. Subject to Section 3.4, the Company may, at any time or from time to time, upon at least three Business Days' written notice to the Administrative Agent with respect to Offshore Rate Loans, or one Business Day's written notice (prior to 9:00 a.m. San Francisco time) to the Administrative Agent with respect to Base Rate Loans, ratably prepay Loans in whole or in part, in amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and whether such prepayment is of Base Rate Loans or Offshore Rate Loans, or any combination thereof. Such notice shall not thereafter be revocable by the Company and the Administrative Agent will promptly notify each Bank thereof and of such Bank's Commitment Percentage of such prepayment. If such notice is given, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid and the amounts required pursuant to Section 3.4.

2.6 Repayment.

(a) The Company shall repay to the Banks the aggregate principal amount of the Loans in full on the fourth anniversary of the Funding Date.

(b) The Company shall repay the unpaid principal amount of all Loans, together with all accrued and unpaid interest, and all other amounts owing or payable hereunder, together with amounts owing under Section 3.4, immediately upon the occurrence of any Change in Control.

2.7 Interest.

(a) The Company shall pay interest on the unpaid principal amount of each Loan from the date of such Loan until the maturity thereof, at the following rates:

(i) during such periods as such Loan is a Base Rate Loan, at a rate per annum equal at all times to the Base Rate; and

(ii) during such periods as such Loan is an Offshore Rate Loan, at a rate per annum equal at all times during each Interest Period for such Offshore Rate Loan to the Offshore Rate for such Interest Period plus

1.125%.

(b) Interest on each Loan shall be payable in arrears on each Interest Payment Date. Interest shall also be payable on the date of any prepayment of Loans for the portion of the Loans so prepaid and upon payment (including prepayment) in full thereof and, during the existence of any Event of Default, interest shall be payable on demand.

(c) If any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any of the other Loan Documents, is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Company agrees to pay interest on such unpaid principal or other amount, from the date such amount becomes due until the date such amount is paid in full, and after as well as before any entry of judgment thereon, payable on demand, at a rate per annum equal to the Base Rate plus 2%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company hereunder shall be subject to the limitation that payments of interest shall not be required, for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the respective Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest which may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.8 Fees.

(a) Administration Fee. In consideration of the Administrative

Agent's efforts in administering this facility, the Company shall pay to the Administrative Agent for the Administrative Agent's own account an administration fee in the amount and at the times set forth in the letter agreement between the Company and the Administrative Agent (the "Fee Letter").

(b) Other Fees. The Company shall pay to the Administrative Agent for

the Administrative Agent's own account, and to CIBC Inc. for CIBC Inc.'s own account, such other fees, and in such amounts, as set forth in letter agreements between

the Administrative Agent and CIBC Inc., respectively, and the Company.

2.9 Computation of Fees and Interest.

(a) All computations of interest payable in respect of Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest under this Agreement shall be made on the basis of a 360-day year and actual days elapsed, which results in more interest being paid than if computed on the basis of a 365-day year. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) The Administrative Agent will, with reasonable promptness, notify the Company and the Banks of each determination of an Offshore Rate, provided

that any failure to do so shall not relieve the Company of any liability hereunder or provide any basis for any claim by the Company or any Bank against the Administrative Agent.

(c) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Company and the Banks in the absence of manifest error.

2.10 Payments by the Company.

(a) All payments (including prepayments) to be made by the Company on account of principal, interest, fees and other amounts required hereunder shall be made without set-off or counterclaim and shall, except as otherwise expressly provided herein, be made to the Administrative Agent for the ratable account of the Banks at the Administrative Agent's Payment Office, in dollars and in immediately available funds, no later than 10:00 a.m. (San Francisco time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its Commitment Percentage (or other applicable share as expressly provided herein) of such principal, interest, fees or other amounts, in like funds as received. Any payment which is received by the Administrative Agent later than 10:00 a.m. (San Francisco time) shall be deemed to have been received on the immediately succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of

interest or fees, as the case may be; subject to the provisions set forth in the definition of "Interest Period" herein.

(c) Unless the Administrative Agent shall have received notice from the Company prior to the date on which any payment is due to the Banks hereunder that the Company will not make such payment in full, the Administrative Agent may assume that the Company has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company shall not have made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate as in effect for each such day.

2.11 Payments by the Banks to the Administrative Agent.

(a) Unless the Administrative Agent shall have received notice from a Bank on the Funding Date that such Bank will not make available to the Administrative Agent for the account of the Company the amount of that Bank's Commitment Percentage of the Borrowing, the Administrative Agent may assume that each Bank has made such amount available to the Administrative Agent in immediately available funds by 11:00 a.m. (San Francisco time) on the Funding Date and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds by 11:00 a.m. (San Francisco time) and the Administrative Agent in such circumstances has made available to the Company such amount, that Bank shall on the next Business Day following the Funding Date make such amount available to the Administrative Agent, together with interest at the Federal Funds Rate for and determined as of each day during such period. A certificate of the Administrative Agent submitted to any Bank with respect to amounts owing under this subsection 2.11(a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the next Business Day following the Funding Date, the Administrative Agent shall notify the Company of such failure to fund and, upon demand by the Administrative Agent, the Company shall pay such amount to the Administrative Agent for the Administrative Agent's account,

together with interest thereon for each day elapsed since the Funding Date, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

(b) The failure of any Bank to make any Loan on the Funding Date shall not relieve any other Bank of any obligation hereunder to make a Loan on the Funding Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on the Funding Date.

2.12 Sharing of Payments, etc. If, other than as expressly contemplated

elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Commitment Percentage of payments on account of the Loans obtained by all the Banks, such Bank shall forthwith (a) notify the Administrative Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is

thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid thereto together with an amount equal to such paying Bank's Commitment Percentage (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank pursuant to this Section 2.12 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.9) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error), of participations purchased pursuant to this Section 2.12 and will in each case notify the Banks following any such purchases.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY -----

3.1 Taxes. -----

(a) Subject to subsection 3.1(g), any and all payments by the Company to each Bank or the Administrative Agent under this Agreement shall be made free and clear of, and without

deduction or withholding for, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Administrative Agent, such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction or any political subdivision thereof under the laws of which such Bank or the Administrative Agent, as the case may be, is organized or maintains a Lending Office (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes").

(b) In addition, the Company shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents (hereinafter referred to as "Other Taxes").

(c) Subject to subsection 3.1(g), the Company shall indemnify and hold harmless each Bank and the Administrative Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 3.1) paid by the Bank or the Administrative Agent and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, and relating to the transactions contemplated hereby, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days from the date the Bank or the Administrative Agent makes written demand therefor.

(d) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Administrative Agent, then, subject to subsection 3.1(g):

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section 3.1) such Bank or the Administrative Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank, or the Administrative Agent for the account of such Bank, at the time the sum payable is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed. Such additional amounts required to be paid to such Bank shall be computed by a formula,

$$y = \frac{(w) (t) (i)}{1-w-t}$$

where the terms are defined as follows:

y = amount of additional payment;

w = rate of Taxes or Other Taxes imposed with respect to the sum payable;

t = combined U.S. federal and state income and franchise tax rate applicable to the Bank; and

i = amount of the sum payable with respect to which such Taxes or Other Taxes are imposed.

(e) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Administrative Agent.

(f) Each Bank which is a foreign person (i.e., a person other than a United States person for United States Federal income tax purposes) agrees that:

(i) it shall, no later than the Funding Date (or, in the case of a Bank which becomes a party hereto pursuant to Section 10.7 after the Funding Date, the date upon which the Bank becomes a party hereto) deliver to the Company through the Administrative Agent two accurate and complete signed originals of Internal Revenue Service Form 4224 or any successor thereto ("Form 4224"), or two accurate and complete signed originals of Internal Revenue Service Form 1001 or any successor thereto ("Form 1001"), as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of

principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(ii) if at any time the Bank makes any changes necessitating a new form, it shall with reasonable promptness deliver to the Company through the Administrative Agent in replacement for, or in addition to, the forms previously delivered by it hereunder, two accurate and complete signed originals of Form 4224; or two accurate and complete signed originals of Form 1001, as appropriate, in each case indicating that the Bank is on the date of delivery thereof entitled to receive payments of principal, interest and fees under this Agreement free from withholding of United States Federal income tax;

(iii) it shall, before or promptly after the occurrence of any event (including the passing of time but excluding any event mentioned in (ii) above) requiring a change in or renewal of the most recent Form 4224 or Form 1001 previously delivered by such Bank, deliver to the Company through the Administrative Agent two accurate and complete original signed copies of Form 4224 or Form 1001 in replacement for the forms previously delivered by the Bank; and

(iv) it shall, promptly upon the Company's reasonable request to that effect, deliver to the Company such other forms or similar documentation as may be required from time to time by any applicable law, treaty, rule or regulation in order to establish such Bank's tax status for withholding purposes.

(g) The Company will not be required to pay any additional amounts in respect of United States Federal income tax pursuant to subsection 3.1(d) to any Bank for the account of any Lending Office of such Bank:

(i) if the obligation to pay such additional amounts would not have arisen but for a failure by such Bank to comply with its obligations under subsection 3.1(f) in respect of such Lending Office;

(ii) if such Bank shall have delivered to the Company a Form 4224 in respect of such Lending Office pursuant to subsection 3.1(f), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or in the official interpretation of such law or regulations by any governmental authority

charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 4224; or

(iii) if the Bank shall have delivered to the Company a Form 1001 in respect of such Lending Office pursuant to subsection 3.1(f), and such Bank shall not at any time be entitled to exemption from deduction or withholding of United States Federal income tax in respect of payments by the Company hereunder for the account of such Lending Office for any reason other than a change in United States law or regulations or any applicable tax treaty or regulations or in the official interpretation of any such law, treaty or regulations by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) after the date of delivery of such Form 1001.

(h) If, at any time, the Company requests any Bank to deliver any forms or other documentation pursuant to subsection 3.1(f)(iv), then the Company shall, on demand of such Bank through the Administrative Agent, reimburse such Bank for any costs and expenses (including Attorney Costs) reasonably incurred by such Bank in the preparation or delivery of such forms or other documentation.

(i) If the Company is required to pay additional amounts to any Bank or the Administrative Agent pursuant to subsection 3.1(d), then such Bank shall use its reasonable best efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

(j) If any Bank or the Administrative Agent receives any refund from any taxing authority of any Tax or Other Tax as to which the Company has indemnified such Bank or the Administrative Agent (as the case may be) under subsection (c) of this Section, or as to which the Company has made payment under subsection 3.1(d)(iii), due to a mistake in its assessment, then such Bank or the Administrative Agent (as the case may be) will promptly notify the Company of such refund and will reimburse the Company to the extent of such refund or the amount of payment or indemnification made by the Company, whichever is less.

3.2 Illegality.

(a) If any Bank shall determine that the introduction of any Requirement of Law or any change therein or in the interpretation or administration thereof has made it

unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Administrative Agent, the obligation of the Bank to make Offshore Rate Loans shall be suspended until the Bank shall have notified the Administrative Agent and the Company that the circumstances giving rise to such determination no longer exists.

(b) If a Bank shall determine that it is unlawful to maintain any Offshore Rate Loan, the Company shall prepay in full all Offshore Rate Loans of the Bank then outstanding, together with interest accrued thereon, either on the last day of the Interest Period thereof if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loans, together with any amounts required to be paid in connection therewith pursuant to Section 3.4.

(c) If the Company is required to prepay any Offshore Rate Loan immediately as provided in subsection 3.2(b), then concurrently with such prepayment, the Company shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

3.3 Increased Costs and Reduction of Return.

(a) If any Bank shall determine that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans, then the Company shall be liable for, and shall from time to time, upon demand therefor by such Bank (with a copy of such demand to the Administrative Agent), pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank, with any Capital Adequacy Regulation; affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration

such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its loans, credits or obligations under this Agreement, then, upon demand of such Bank (with a copy to the Administrative Agent), the Company shall immediately pay to the Banks from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase.

3.4 Funding Losses. The Company agreed to reimburse each Bank and to -----
hold each Bank harmless from any loss, cost or expense which the Bank may sustain or incur as a consequence of:

(a) any failure of the Company to make any payment or prepayment of principal of any Offshore Rate Loan (including payments pursuant to subsection 2.6(b) or payments made after an acceleration thereof);

(b) any failure of the Company to borrow, continue or convert a Loan after the Company has given (or is deemed to have given) a notice of borrowing pursuant to Section 2.3 or a Notice of Conversion/Continuation;

(c) any failure of the Company to make any prepayment after the Company has given a notice in accordance with Section 2.5;

(d) any prepayment of an Offshore Rate Loan on a day which is not the last day of the Interest Period with respect thereto; or

(e) any conversion of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the respective Interest Period pursuant to Section 2.4;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. Solely for purposes of calculating amounts payable by the Company to the Banks under this Section 3.4, each Offshore Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the interbank rate used in determining the Offshore Rate for such Offshore Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded.

3.5 Inability to Determine Rates. If the Majority Banks shall have -----
determined that for any reason adequate and reasonable

means do not exist for ascertaining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan or that the Offshore Rate applicable pursuant to subsection 2.7(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Administrative Agent will forthwith give notice of such determination to the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans hereunder shall be suspended until the Administrative Agent upon the instruction of the Majority Banks revokes such notice in writing. Upon receipt of such notice, the Company may revoke any notice of borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such notice, the Banks shall make, convert or continue the Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans.

3.6 Certificates of Banks. Any Bank claiming reimbursement or

compensation pursuant to this Article III shall deliver to the Company (with a copy to the Administrative Agent) a certificate setting forth in reasonable detail the amount payable to the Bank hereunder and such certificate shall be conclusive and binding on the Company in the absence of manifest error.

3.7 Survival. The agreements and obligations of the Company in this

Article III shall survive the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT -----

4.1 Effective Date; Conditions to Funding Date. This Agreement shall

be effective when executed by the Company, the Administrative Agent and each of the Banks. The obligation of each Bank to make its Loan hereunder is subject to the condition that the Administrative Agent shall have received on or before the Funding Date all of the following, in form and substance satisfactory to the Administrative Agent, each Bank and their respective counsel and in sufficient copies (except for the Notes) for each Bank:

(a) Term Loan Agreement. This Agreement, executed by the Company,

the Administrative Agent and each of the Banks;

(b) Notes. A Note, executed by the Company in favor of each Bank

and dated the Funding Date;

(c) Notice of Borrowing. The notice of borrowing specified in

Section 2.3;

(d) Resolutions: Incumbency. Each of the following:

(i) copies of the resolutions of the board of directors of the Company approving and authorizing the execution, delivery and performance by the Company of this Agreement and the other Loan Documents to be delivered hereunder, and authorizing the borrowing of the Loans, certified as of the Funding Date by the Secretary or an Assistant Secretary of the Company; and

(ii) a certificate of the Secretary or Assistant Secretary of the Company, certifying as of the Funding Date the names and true signatures of the officers of the Company authorized to execute and deliver, as applicable, this Agreement, and all other Loan Documents to be delivered hereunder;

(e) Certificate of Incorporation; By-laws and Good Standing. Each

of the following documents:

(i) the articles or certificate of incorporation of the Company as in effect on the Funding Date, certified by the Secretary of State of the state of incorporation of the Company as of a recent date and by the Secretary or Assistant Secretary of the Company as of the Funding Date and the bylaws of the Company as in effect on the Funding Date, certified by the Secretary or Assistant Secretary of the Company as of the Funding Date; and

(ii) a good standing certificate for the Company from the Secretary of State of its state of incorporation and each state where the Company is qualified to do business as a foreign corporation as of a recent date, together with bring-down certificate by telex or telefacsimile for the states of California, Delaware and Texas, dated January 5, 1995;

(f) Legal Opinion. An opinion of Bronson, Bronson & McKinnon, counsel

to the Company, dated the Funding Date and addressed to the Administrative Agent and the Banks, substantially in the form of Exhibit F;

(g) Payment of Fees. The Company shall have paid all costs, accrued

and unpaid fees and expenses to the extent then due and payable on the Funding Date, together with Attorney Costs to the extent invoiced prior to or on the Funding Date, together with such additional amounts of Attorney Costs as shall constitute a reasonable estimate of Attorney Costs incurred or to

be incurred through the closing proceedings, provided that such estimate shall not thereafter preclude final settling of accounts between the Company and the Administrative Agent; including any such costs, fees and expenses arising under or referenced in Sections 2.8, 3.1 and 10.4.

(h) Certificate. A certificate signed by a Responsible Officer,

dated as of the Funding Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the Borrowing; and

(iii) there has occurred since September 25, 1994, no event or circumstance that reasonably could be expected to have a Material Adverse Effect;

(i) Financial Statements. A certified copy of financial statements of

the Company and its Subsidiaries referred to in Section 5.11; and

(j) Other Documents. Such other approvals, opinions or documents as

the Administrative Agent or any Bank may reasonably request.

4.2 Conditions to Making, Conversion or Continuation of Loans. The

obligation of each Bank to make, convert or continue any Loan hereunder (including its initial Loan) is subject to the satisfaction of the following conditions precedent on the Funding Date or the relevant date of conversion or continuation:

(a) Notice of Conversion/Continuation. In the case of a conversion or

continuation, the Administrative Agent shall have received on or before the date of conversion or continuation, the Notice of Conversion/Continuation, pursuant to Section 2.4;

(b) Continuation of Representations and Warranties. The

representations and warranties made by the Company contained in Article V shall be true and correct on and as of the Funding Date, with the same effect as if made on and as of the Funding Date (except to the extent such representations and warranties expressly refer to an earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist

or shall result from such borrowing, conversion or continuation.

Each Notice of Conversion/Continuation submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice and as of the date of each conversion or continuation relating thereto, that the conditions in this Section 4.2 relevant to the conversion or continuation are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Administrative Agent and each Bank that as of the Funding Date:

5.1 Corporate Existence and Power. The Company and each of its

Material Subsidiaries:

(a) if a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on its business and to execute, deliver, and perform its obligations under, the Loan Documents;

(c) is duly qualified as a foreign corporation, licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification; and

(d) is in compliance with all Requirements of Law; except, in each case referred to in clause (c) or clause (d), to the extent that the failure to do so could not have a Material Adverse Effect.

5.2 Corporate Authorization; No Contravention. The execution, delivery

and performance by the Company of this Agreement and each other Loan Document to which it is party, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's Organization Documents;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any

Governmental Authority to which the Company or its Property is subject; or

(c) violate any Requirement of Law.

5.3 Governmental Authorization. No approval, consent, exemption,

authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

5.4 Binding Effect. This Agreement and each other Loan Document to

which the Company is a party constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.5 Litigation. Except as specifically disclosed in Schedule 5.5,

there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective Properties which:

(a) purport to affect or pertain to this Agreement, or any other Loan Document, or any of the transactions contemplated hereby or thereby; or

(b) if determined adversely to the Company, or its Subsidiaries, would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery and performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.6 No Default. No Default or Event of Default exists or would result

from the incurring of any Obligations by the Company. Neither the Company nor any of its Subsidiaries is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

5.7 ERISA Compliance.

(a) Schedule 5.7 lists all Plans and separately identifies Plans

intended to be Qualified Plans and Multiemployer Plans.

(b) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state law, including all requirements under the Code or ERISA for filing reports (which are true and correct in all material respects as of the date filed), and benefits have been paid in accordance with the provisions of the Plan.

(c) Each Qualified Plan and Multiemployer Plan has been determined by the IRS to qualify under Section 401 of the Code, and the trusts created thereunder have been determined to be exempt from tax under the provisions of Section 501 of the Code, and to the best knowledge of the Company nothing has occurred which would cause the loss of such qualification or tax-exempt status.

(d) Except as specifically disclosed in Schedule 5.7, there is no

outstanding liability under Title IV of ERISA with respect to any Plan maintained or sponsored by the Company or any ERISA Affiliate, nor with respect to any Plan to which the Company or any ERISA Affiliate contributes or is obligated to contribute.

(e) Except as specifically disclosed in Schedule 5.7, no Plan subject

to Title IV of ERISA has any Unfunded Pension Liability.

(f) Except as specifically disclosed in Schedule 5.7, no member of the

Controlled Group has ever represented, promised or contracted (whether in oral or written form) to any current or former employee (either individually or to employees as a group) that such current or former employee(s) would be provided, at any cost to any member of the Controlled Group, with life insurance or employee welfare plan benefits (within the meaning of section 3(1) of ERISA) following retirement or termination of employment. To the extent that any member of the Controlled Group has made any such representation, promise or contract, such member has expressly reserved the right to amend or terminate such life insurance or employee welfare plan benefits with respect to claims not yet incurred.

(g) All members of the Controlled Group have complied in all material respects with the notice and continuation coverage requirements of Section 4980B of the Code.

(h) Except as specifically disclosed in Schedule 5.7, no ERISA Event

has occurred or is reasonably expected to occur with respect to any Plan.

(i) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, other than routine claims for benefits in the usual and ordinary course, asserted or instituted against (i) any Plan maintained or sponsored by the Company or its assets, (ii) any member of the Controlled Group with respect to any Qualified Plan, or (iii) any fiduciary with respect to any Plan for which the Company may be directly or indirectly liable, through indemnification obligations or otherwise.

(j) Except as specifically disclosed in Schedule 5.7, neither the

Company nor any ERISA Affiliate has incurred nor reasonably expects to incur (i) any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan or (ii) any liability under Title IV of ERISA (other than premiums due and not delinquent under Section 4007 of ERISA) with respect to a Plan.

(k) Except as specifically disclosed in Schedule 5.7, neither the

Company nor any ERISA Affiliate has transferred any Unfunded Pension Liability to a Person other than the Company or an ERISA Affiliate or otherwise engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(l) No member of the Controlled Group has engaged, directly or indirectly, in a non-exempt prohibited transaction (as defined in Section 4975 of the Code or Section 406 of ERISA) in connection with any Plan which has a reasonable likelihood of having a Material Adverse Effect.

5.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans are

intended to be and shall be used solely for the purposes set forth in and permitted by Section 6.11, and are intended to be and shall be used in compliance with Section 7.6.

5.9 Title to Properties. The Company and each of its Material

Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real Property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. The Property of the Company and its Material Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its subsidiaries have filed all Federal and

other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their Properties, income or assets otherwise due and payable except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP and no Notice of Lien has been filed or recorded. There is no proposed tax assessment against the Company or any of its Subsidiaries which would, if the assessment were made, have a Material Adverse Effect.

5.11 Financial Condition.

(a) The unaudited consolidated statements of financial condition of the Company and its Subsidiaries for the period ended September 25, 1994, and the related consolidated statements of operations, shareholders' equity and cash flows for the fiscal quarter ended on that date:

(i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein;

(ii) are complete, accurate and fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby; and

(iii) except as specifically disclosed in Schedule 5.11, show

all material indebtedness and other liabilities, direct or contingent of the Company and its consolidated Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and contingent obligations.

(b) Except as specifically disclosed in the Company's Form 10-Q filed with the SEC for the fiscal quarter ending September 25, 1994, since September 25, 1994, there has been no event or circumstances that reasonably could be expected to have a Material Adverse Effect.

5.12 Environmental Matters.

(a) Except as specifically disclosed in Schedule 5.12, the on-going

operations of the Company and each of its Subsidiaries comply in all respects with all Environmental Laws, except such non-compliance which would not (if enforced in accordance with applicable law) result in liability in excess of \$50,000,000 in the aggregate.

(b) To the best knowledge of the Company after diligent inquiry and investigation, and except as specifically disclosed in Schedule 5.12, the

Company and each of its Subsidiaries has obtained all licenses, permits, authorizations and registrations required under any Environmental Law ("Environmental Permits") and necessary for its ordinary course operations, all such Environmental Permits are in good standing, and the Company and each of its Subsidiaries is in compliance with all material terms and conditions of such Environmental Permits.

(c) Except as specifically disclosed in Schedule 5.12, none of the

Company, its Subsidiaries, their Property or operations is subject to any outstanding written order from or agreement with any Governmental Authority nor subject to any judicial or docketed administrative proceeding, respecting any Environmental Law, Environmental Claim or Hazardous Material.

(d) Except as specifically disclosed in Schedule 5.12, there are no

Hazardous Materials or other conditions or circumstances existing with respect to any Property, or arising from operations prior to the Funding Date, of the Company or any of its Subsidiaries that would reasonably be expected to give rise to Environmental Claims with a potential liability of the Company and its Subsidiaries in excess of \$50,000,000 in the aggregate for any such condition, circumstance or Property. In addition, to the best knowledge of the Company after diligent inquiry and investigation, (i) neither the Company nor any of its Subsidiaries has any underground storage tanks (x) that are not properly registered or permitted under applicable Environmental Laws, or (y) that are leaking or discharging Hazardous Materials off-site, and (ii) the Company and its Subsidiaries have notified all of their employees of the existence, if any, of any health hazard arising from the conditions of their employment and have met all notification requirements under Title III of CERCLA and all other Environmental Laws.

5.13 Regulated Entities. None of the Company, any Person controlling

the Company, or any Subsidiary of the Company, is (a) an "Investment Company" within the meaning of the Investment Company Act of 1940; or (b) subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 No Burdensome Restrictions. Neither the Company nor any of its

Subsidiaries is a party to or bound by any Contractual Obligation, or subject to any charter or corporate restriction, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

5.15 Labor Relations. There are no strikes, lockouts or other labor

disputes against the Company or any of its Subsidiaries, or, to the best of the Company's knowledge, threatened against or affecting the Company or any of its Subsidiaries, and no significant unfair labor practice complaint is pending against the Company or any of its Subsidiaries or, to the best knowledge of the Company, threatened against any of them before any Governmental Authority.

5.16 Copyrights, Patents, Trademarks and Licenses, etc. The Company or

its Material Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names; copyrights, franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed by the Company or any of its Subsidiaries infringes upon any rights held by any other Person; except as specifically disclosed in Schedule 5.5, no claim or litigation regarding any of

the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Company, proposed, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

5.17 Subsidiaries. The Company has no Subsidiaries other than those

specifically disclosed in part (a) of Schedule 5.17 hereto and has no, equity

investments in excess of \$500,000 in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 5.17.

5.18 Capitalization. The authorized, issued and outstanding capital

stock of the Company (including securities convertible into or exchangeable for capital stock of the Company), and any outstanding Subordinated Debt are as set forth in Schedule 5.18 hereto.

5.19 Insurance. The Properties of the Company and its Subsidiaries are

insured with insurance companies which the Company reasonably believes are financially sound and reputable, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar Properties in localities where the Company or such Subsidiary operates.

5.20 Full Disclosure. None of the representations or warranties made by

the Company or any of its Subsidiaries in the Loan Documents as of the date such representations and warranties

are made or deemed made, and none of the statements contained in each exhibit, report, statement or certificate furnished by or on behalf of the Company or any of its Subsidiaries in connection with the Loan Documents, contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading.

ARTICLE VI

AFFIRMATIVE COVENANTS

The Company covenants and agrees that, so long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.1 Financial Statements. The Company shall deliver to the

Administrative Agent in form and detail satisfactory to the Administrative Agent and the Banks, with sufficient copies for each Bank which the Administrative Agent shall promptly forward to the Banks:

(a) as soon as available, but not later than 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company as at the end of such year and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous year, and accompanied by the opinion of Ernst & Young or another nationally recognized independent public accounting firm which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the independent auditor of any material portion of the Company's or any Subsidiary's records;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each year a copy of the unaudited consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, together with comparative year-to-date figures for all preceding quarters in such year, and certified by an appropriate Responsible Officer as being complete and correct and fairly

presenting, in accordance with GAAP, the financial position and the results of operations of the Company and the Subsidiaries;

(c) not later than 45 days after the end of each of the first three fiscal quarters of each year, a copy of the unaudited consolidating balance sheets of the Company and each of its Subsidiaries, and the related consolidating statements of income, shareholders' equity and cash flow for such quarter, all certified by an appropriate Responsible Officer of the Company as having been used (with changes there to undertaken in good faith and in the ordinary course of preparation of financial statements and which are not, individually or in the aggregate, material) in connection with the preparation of the financial statements referred to in paragraph (b) of this Section 6.1; and

(d) not later than 90 days after the end of each fiscal year, an unaudited consolidating balance sheet of the Company and each of its Subsidiaries as at the end of such fiscal year and the related consolidating statements of income, stockholders' equity and cash flows for such fiscal year, all in reasonable detail certified by an appropriate Responsible Officer as having been used (with changes thereto undertaken in good faith and in the ordinary course of preparation of financial statements and which are not, individually or in the aggregate, material) in connection with the preparation of the financial statements referred to in paragraph (a) of this Section 6.1.

6.2 Certificates; Other Information. The Company shall furnish to the

Administrative Agent, with sufficient copies for each Bank which the
Administrative Agent shall promptly forward to the Banks:

(a) concurrently with the delivery of the financial statements referred to in subsection 6.1(a) above, a letter in form and substance satisfactory to the Majority Banks from the independent certified public accountants reporting on such financial statements stating that the Banks are entitled to rely on the information contained in the financial statements provided;

(b) concurrently with the delivery of the financial statements referred to in subsections 6.1(a), (b) and (c) above, a certificate of a Responsible Officer in the form of Exhibit C (i) stating that, to the best of

such officer's knowledge, the Company, during such period, has observed or performed all of its covenants and other agreements, and satisfied every condition contained in this Agreement to be observed, performed or satisfied by it, and that such officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate, and (ii) showing in detail the calculations

supporting such statement in respect of Sections 7.10, 7.11, 7.12 and 7.13;

(c) within 10 days after the same are sent, copies of all financial statements and reports which the Company sends to its shareholders, and promptly, but in any event within 10 days after the same are filed, copies of all financial statements and regular, periodical or special reports (including Forms 10-K, 10-Q and 8-K) which the Company may make to, or file with, the Securities and Exchange Commission or any successor or similar Governmental Authority;

(d) concurrently with the delivery of the financial statements referred to in subsections 6.1(a), (b) and (c) above, a list identifying any Investment, or commitment to make an Investment, made in the fiscal quarter most recently ended in an amount exceeding \$10,000,000 in any Subsidiary or joint venture (in corporate or partnership form) in which the Company or any of its Subsidiaries is or will be a shareholder or partner; and

(e) promptly, such additional financial and other information as the Administrative Agent, at the request of any Bank, may from time to time reasonably request.

6.3 Notices. The Company shall promptly notify the Administrative

Agent and each Bank:

(a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that foreseeably will become a Default or Event of Default;

(b) of (i) any breach or non-performance of, or any default under, any Contractual Obligation of the Company or any of its Subsidiaries which could result in a Material Adverse Effect; and (ii) any dispute, litigation, investigation, proceeding or suspension which may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority other than as disclosed on Schedule 5.5 attached hereto;

(c) of the commencement of, or any material development in, any litigation or proceeding affecting the Company or any Subsidiary (i) in which the amount of damages claimed is \$25,000,000 (or its equivalent in another currency or currencies) or more, (ii) in which injunctive or similar relief is sought and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect, or (iii) in which the relief sought is an injunction or other stay of the performance of this Agreement or any Loan Document;

(d) upon, but in no event later than 10 days after, becoming aware of (i) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened against the Company or any Subsidiary or any of their Properties pursuant to any applicable Environmental Laws, (ii) all other Environmental Claims, and (iii) any environmental or similar condition on any real property adjoining or in the vicinity of the property of the Company or any Subsidiary that could, based on the information which has come to the attention of the Company, reasonably be anticipated to cause such property or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of such property under any Environmental Laws;

(e) of any other litigation or proceeding affecting the Company or any of its Subsidiaries which the Company would be required to report to the SEC pursuant to the Exchange Act, within four days after reporting the same to the SEC;

(f) of any of the following ERISA events affecting the Company or any member of its Controlled Group (but in no event more than 10 days after such event), together with a copy of any notice with respect to such event that may be required to be filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Company or any member or its Controlled Group with respect to such event:

(i) an ERISA Event;

(ii) the adoption of any new Plan that is subject to Title IV of ERISA or section 412 of the Code by any member of the Controlled Group;

(iii) the adoption of any amendment to a Plan that is subject to Title IV of ERISA or section 412 of the Code, if such amendment results in a material increase in benefits or unfunded liabilities; or

(iv) the commencement of contributions by any member of the Controlled Group to any Plan that is subject to Title IV of ERISA or section 412 of the Code;

(g) any Material Adverse Effect subsequent to the date of the most recent audited financial statements of the Company delivered to the Banks pursuant to subsection 6.1(a);

(h) of any significant change in accounting policies or financial reporting practices or any other change required to be reported to the SEC;

(i) of any labor controversy resulting in or threatening to result in any strike, work stoppage, boycott, shutdown or ether labor disruption against or involving the Company or any of its Subsidiaries; and

(j) of any Change in Control, or the entry by the Company or any of its Subsidiaries, or by any other Person of which the Company becomes aware into any agreement, transaction or arrangement that is intended to, or would reasonably be expected to, result in a Change in Control.

Each notice pursuant to this Section shall be accompanied by a written statement by a Responsible Officer of the Company setting forth details of the occurrence referred to therein, the provisions of this Agreement affected, and stating what action the Company proposes to take with respect thereto. Each notice under subsection 6.3(a) shall describe with particularity the clause or provision of this Agreement or other Loan Document that has been breached or violated.

6.4 Preservation of Corporate Existence, etc. The Company shall and -----
shall cause each of its Subsidiaries to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation, except as permitted by Section 7.3(b);

(b) preserve and maintain in full force and effect all rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business except in connection with transactions expressly permitted by Section 7.3 and sales of assets expressly permitted by Section 7.2;

(c) use its reasonable efforts, in the Ordinary Course of Business, to preserve its operations and business organization and preserve the goodwill and business of the customers, suppliers and others having material business relations with it; and

(d) preserve or renew all of its registered trademarks, trade names and service marks, the non-preservation of which would reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property. The Company shall maintain, and shall -----
cause each of its Subsidiaries to maintain, and preserve all its Property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals

and replacements thereof except where the failure to do so would not have a Material Adverse Effect, except as permitted by Section 7.2. The Company shall use the standard of care typical in the industry in the operation of its facilities.

6.6 Insurance. The Company shall maintain, and shall cause each

Subsidiary to maintain, with independent insurers which the Company reasonably believes are financially sound and reputable, insurance with respect to its Properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

6.7 Payment of Obligations. The Company shall, and shall cause its

Subsidiaries to, pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its Property; and

(c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

6.8 Compliance with Laws. The Company shall comply, and shall cause

each of its Subsidiaries to comply, in all material respects with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor Standards Act), except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.9 Inspection of Property and Books and Records. The Company shall

maintain and shall cause each of its Subsidiaries to maintain, proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Company and such Subsidiaries. The Company shall permit, and shall cause each of its Subsidiaries to permit, representatives of the Administrative Agent or any Bank to visit and inspect any of their respective Properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts

therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Company and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, when an Event of Default exists the

Administrative Agent or any Bank may visit and inspect at the expense of the Company such Properties at any time during business hours and without advance notice.

6.10 Environmental Laws. The Company shall, and shall cause each of its

Subsidiaries to, conduct its operations and keep and maintain its Property in compliance with all Environmental Laws.

6.11 Use of Proceeds. The Company shall use the proceeds of the Loans

for working capital and other general corporate purposes not in contravention of any Requirement of Law.

ARTICLE VII

NEGATIVE COVENANTS -----

The Company hereby covenants and agrees that, so long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.1 Limitation on Liens. The Company shall not, and shall not suffer

or permit any of its Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its Property, whether now owned or hereafter acquired, other than the following ("Permitted Liens")

(a) any Lien existing on the Property of the Company or its
Subsidiaries on the date of this Agreement and set forth in Schedule 7.1

securing Indebtedness outstanding on such date;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.7, provided that no Notice of Lien has been filed or recorded;

(d) carriers', warehousemen's, mechanics', landlords',
materialmen's, repairmen's or other similar Liens arising in the Ordinary Course of Business which are not

delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the Property subject thereto;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the Property of the Company or any of its Subsidiaries securing (i) the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) obligations on surety and appeal bonds, and (iii) other obligations of a like nature; in each case, incurred in the Ordinary Course of Business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, provided that the enforcement of such Liens is effectively stayed;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the Ordinary Course of Business which do not in any case materially detract from the value of the Property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Subsidiaries on such Property;

(i) Liens on assets of corporations which become Subsidiaries after the date of this Agreement, provided, however, that such Liens existed at the

time the respective corporations became Subsidiaries and were not created in anticipation thereof;

(j) Purchase money security interests on any Property acquired or held by the Company or its Subsidiaries in the Ordinary Course of Business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such Property; provided that (i) any such Lien

attaches to such Property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the Property so acquired in such transaction, and (iii) the principal amount of the Indebtedness secured thereby does not exceed 100% of the cost of such Property; and

(k) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a

dedicated cash

collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the Federal Reserve Board, and (ii) such deposit account is not intended by the Company or any of its Subsidiaries to provide collateral to the depository institution.

7.2 Disposition of Assets. The Company shall not, and shall not suffer

or permit any of its Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or otherwise dispose of (whether in one or a series of transactions) any Property (including accounts and notes receivable (with or without recourse) and equipment sale-leaseback transactions) or enter into any agreement to do any of the foregoing, except:

(a) dispositions of inventory, or used, outmoded, worn-out or surplus equipment, all in the Ordinary Course of Business;

(b) the sale of equipment to the extent that such equipment is exchanged for credit against the purchase price of similar replacement equipment, or the proceeds of such sale are reasonably promptly applied to the purchase price of such replacement equipment; and

(c) dispositions not otherwise permitted hereunder which are made for fair market value; provided, that (i) at the time of any disposition, no

Default or Event of Default shall exist or shall result from such disposition, (ii) the aggregate sales price from any disposition pursuant to a sale-leaseback transaction shall be paid in cash, (iii) sale-leaseback transactions shall only be permitted with respect to real property and equipment, and (iv) the aggregate fair market value of all assets (excluding real property and equipment subject to sale-leaseback transactions) so sold by the Company and its Subsidiaries, together with all other sales under this subsection (c) since September 21, 1994, shall not exceed in the aggregate 20% of the Company's Consolidated Tangible Net Worth as calculated immediately prior to such disposition.

Notwithstanding subsection 7.2(c) above, the disposition of accounts receivable shall not be permitted.

7.3 Consolidations and Mergers. The Company shall not, and shall not

suffer or permit any of its Subsidiaries to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except:

(a) any Subsidiary of the Company may merge with the Company, provided that the Company shall be the continuing or surviving corporation, or with any one or more Subsidiaries of the Company, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation; and

(b) any Subsidiary of the Company may sell all or substantially all of its assets (upon voluntary liquidation or otherwise), to the Company or another Wholly-Owned Subsidiary of the Company.

7.4 Loans and Investments. The Company shall not purchase or acquire, -----
or suffer or permit any of its Subsidiaries to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, all or substantially all assets, or obligations or other securities of or any interest in, any Person, or make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of the Company (together, "Investments"), except for:

(a) Investments in Cash Equivalents;

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the Ordinary Course of Business;

(c) Investments (other than for the purpose of any Acquisition) by the Company in or to any of its Wholly-Owned Subsidiaries or by any of its Wholly-Owned Subsidiaries in or to another of the Company's Wholly-Owned Subsidiaries;

(d) Investments incurred in order to consummate Acquisitions otherwise permitted herein, provided that (i) the book value of such Investments -----

for the Company and its Subsidiaries on a consolidated basis, excluding value provided by the Company in the form of the Company's capital stock with regard to any single Acquisition shall not exceed at the time of such investment 10% of Consolidated Tangible Net Worth as calculated immediately prior to such Acquisition, (ii) such Acquisitions are of Persons or businesses in the Company's lines of business or provide vertical integration, (iii) such Acquisitions are undertaken in accordance with all applicable Requirements of Law, (iv) (x) if any Person or business so acquired (the "Acquiree") is subject to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of such Act, the prior, effective written consent of the board of directors or equivalent governing body of the Acquiree is obtained and delivered to the Administrative Agent, or (y) if the Acquiree does not meet the qualifications set forth in subclause

(x) of this clause (iv), the prior effective written consent of the board of directors or equivalent governing body and the percent of any and all classes of stock or other equity of such Acquiree the consent of which, notwithstanding any provisions in the Organization Documents of the Acquiree to the contrary, is required by applicable statute to consummate the Acquisition, is obtained and delivered to the Administrative Agent, and (v) such Acquisition shall not result in any Default or Event of Default; or

(e) Investments of not more than \$175,000,000 in Fujitsu-AMD Semiconductor Limited; or

(f) other Investments not described above and that are not prohibited elsewhere in this Agreement, to the extent such Investments are not used for purposes of any Acquisition and do not exceed at any one time the sum of (i) \$150,000,000; (ii) 50 percent of the after-tax earnings net of after-tax losses of the Company, cumulative from the date of this Agreement, as determined at the time of Investment; and (iii) the aggregate net cash proceeds received by the Company from the issuance or sale of its capital stock subsequent to the date hereof other than to a Subsidiary reduced by the aggregate cash purchase price paid by the Company in the Company's repurchases of capital stock subsequent to the date hereof.

7.5 Transactions with Affiliates. The Company shall not, and shall not

suffer or permit any of its Subsidiaries to, enter into any transaction with any Affiliate of the Company or of any such Subsidiary, except (a) as expressly permitted by this Agreement, or (b) in the Ordinary Course of Business or pursuant to the reasonable requirements of the business of the Company or such Subsidiary; in each case (a) and (b), upon fair and reasonable terms materially no less favorable to the Company or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Company or such Subsidiary; provided, however, that nothing in this Section 7.5 shall be deemed to prohibit transactions between the Company and any Subsidiary of the Company provided that such transactions are fair and reasonable to the Company.

7.6 Use of Proceeds. The Company shall not and shall not suffer or

permit any of its Subsidiaries to use any portion of the Loan proceeds, directly or indirectly, (i) to purchase or carry Margin Stock, (ii) to repay or otherwise refinance indebtedness of the Company or others incurred to purchase or carry Margin Stock, (iii) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (iv) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

7.7 Guaranty Obligations. The Company shall not, and shall not suffer

or permit any of its Subsidiaries to, create, incur, assume or suffer to exist
any Guaranty Obligations except:

(a) endorsements for collection or deposit in the Ordinary Course
of Business;

(b) Guaranty Obligations of the Company and its Subsidiaries
existing as of the date of this Agreement and listed on, and subject to the
maximum amounts specified in, Schedule 7.7;

(c) Guaranty Obligations of the Company of not more than
\$175,000,000 of Indebtedness of Fujitsu-AMD Semiconductor Limited; and

(d) in addition to Guaranty Obligations described in the preceding
clauses (a) through (c), Guaranty Obligations by the Company of the Indebtedness
of its Offshore Subsidiaries, up to \$75,000,000 in the aggregate at any time for
all such Offshore Subsidiaries combined.

7.8 Compliance with ERISA. The Company shall not, and shall not suffer

or permit any of its Subsidiaries to, (i) terminate any Plan subject to Title IV
of ERISA so as to result in any material (in the opinion of the Majority Banks)
liability to the Company or any ERISA Affiliate, (ii) permit to exist any ERISA
Event or any other event or condition, which presents the risk of a material (in
the opinion of the Majority Banks) liability to any member of the Controlled
Group, (iii) make a complete or partial withdrawal (within the meaning of ERISA
Section 4201) from any Multiemployer Plan so as to result in any material (in
the opinion of the Majority Banks) liability to the Company or any ERISA
Affiliate, (iv) enter into any new Plan or modify any existing Plan so as to
increase its obligations thereunder which could result in any material (in the
opinion of the Majority Banks) liability to any member of the Controlled Group,
or (v) permit the present value of all nonforfeitable accrued benefits under any
Plan (using the actuarial assumptions utilized by the PBGC upon termination of a
Plan) materially (in the opinion of the Majority Banks) to exceed the fair
market value of Plan assets allocable to such benefits, all determined as of the
most recent valuation date for each such Plan.

7.9 Restricted Payments.

(a) The Company shall not, and shall not suffer or permit any of
its Subsidiaries to, declare or make any dividend payment or other distribution
of assets, properties, cash, rights, obligations or securities on account of any
shares of any

class of its capital stock, or purchase, redeem or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, now or hereafter outstanding; except that the Company may, provided there exists both before and after giving effect thereto no Default or Event of Default:

(i) declare and make dividend payments or other distributions payable solely in its common stock;

(ii) purchase, redeem or otherwise acquire shares of its common stock or preferred stock, or warrants or options to acquire any such shares, to the extent that such transactions in the aggregate do not exceed (taking into account all such purchases, redemptions or acquisitions occurring since September 21, 1994) the sum of:

(A) the lesser of \$70,000,000 or the acquisition cost of 5,000,000 shares; and

(B) the extent to which the aggregate cash consideration, net of commissions and other out-of-pocket costs and expenses incurred in connection therewith, actually received by the Company from the issuance by the Company of shares of its common stock subsequent to September 21, 1994 exceeds the aggregate cash consideration used to acquire shares of Convertible Exchangeable Preferred Stock and its common stock, pursuant to this Section 7.9(a) (ii) since September 21, 1994;

provided that the Company promptly delivers to the Administrative Agent

upon any such purchase, redemption or other acquisition a certificate in the form of Exhibit D; and

(iii) declare or pay mandatory cash dividends to holders of preferred stock outstanding on September 21, 1994, provided, that, both before and immediately after giving effect to such proposed action, no Default or Event of Default exists or would exist;

(iv) purchase, redeem or otherwise acquire Convertible Exchangeable Preferred Stock pursuant to the Convertible Exchangeable Preferred Repurchase Program; and

(v) issue the Company's 6% Convertible Subordinated Debentures due 2012 in exchange for shares of the Company's Convertible Exchangeable Preferred Stock in accordance with the Certificate of the Powers, Designations, Preferences and Rights relating to such shares;

provided, however, that the foregoing restrictions shall not apply to any

distribution to, or purchase, redemption or other acquisition from, (x) the Company by a Wholly-Owned Subsidiary, or (y) any Wholly-Owned Subsidiary by a Wholly-Owned Subsidiary of such Subsidiary.

(b) The Company shall not prepay, redeem, defease (whether actually or in substance) or purchase in any manner (or deposit or set aside funds or securities for the purpose of the foregoing), or make any payment (other than for scheduled payments of interest due on the date of payment thereof, if such payment is permitted to be made pursuant to the terms of the documents evidencing or governing the applicable Subordinated Debt) in respect of, or establish any sinking fund, reserve or like set aside of funds or other property for the redemption, retirement or repayment of, any Subordinated Debt, or transfer any property in payment of or as security for the payment of, or violate the subordination terms of, any Subordinated Debt, or amend, modify or change in any manner the terms of any Subordinated Debt or any instrument, indenture or other document evidencing, governing or affecting the terms of any Subordinated Debt, if any such amendment, modification or change has or would have an adverse effect on the Administrative Agent's or any Bank's rights or remedies under any of the Loan Documents, or cause or permit any of its Subsidiaries to do any of the foregoing; provided, however, that the Company

may, provided that there exists both before and after giving effect thereto no Default or Event of Default, make sinking fund payments to provide for the redemption of the Company's 6% Convertible Subordinated Debentures Due 2012, issued in exchange for shares of the Company's Convertible Exchangeable Preferred Stock, in accordance with and to the extent required by Article XI of the Indenture.

7.10 Modified Quick Ratio. The Company shall not at any time suffer or

permit its ratio (determined on a consolidated basis) of (a) cash plus the value (valued in accordance with GAAP) of all Cash Equivalents and 75% of all Long Term Investments, other than Cash Equivalents or Long Term Investments subject to a Lien securing an obligation that is not a GAAP liability, plus the amount of Receivables, net of allowances for doubtful accounts, to (b) Consolidated Current Liabilities of the Company and its Subsidiaries, to be less than 1.10 to 1.00.

7.11 Minimum Tangible Net Worth. The Company shall not suffer or permit

its Consolidated Tangible Net Worth as of the end of any fiscal quarter to be less than \$1,300,000,000 plus (a) 75% of net income for the Company and its Subsidiaries computed from the first day of the Company's third fiscal quarter of 1994 through the end of such fiscal quarter for which the

determination is being made, determined quarterly on a consolidated basis and not reduced by any quarterly loss, plus (b) 100% of the Net Proceeds of any sale of capital stock of the Company by or for the account of the Company, occurring after September 21, 1994, plus (c) any increase in stockholders' equity resulting from the conversion of debt securities to equity securities after September 21, 1994.

7.12 Leverage Ratio. The Company shall not at any time suffer or permit its Leverage Ratio to be greater than 0.85 to 1.00.

7.13 Fixed Charge Coverage Ratio. The Company shall not at any time of determination suffer or permit its Fixed Charge Coverage Ratio to be less than 1.25 to 1.00.

7.14 Change in Business. The Company shall not, and shall not permit any of its Subsidiaries to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof.

7.15 Accounting Changes. The Company shall not, and shall not suffer or permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Company or of any of its consolidated Subsidiaries.

ARTICLE VIII

EVENTS OF DEFAULT

8.1 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within three days after the same shall become due, any interest, any fee or any other amount payable hereunder or pursuant to any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company or any of its Subsidiaries made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, any of its Subsidiaries, or their respective Responsible Officers, furnished at any time under this Agreement, or in or under any other Loan Document, shall prove to have been incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any

term, covenant or agreement contained in Sections 6.1, 6.2, 6.3, 6.9, 6.11 or
Article VII; or

(d) Other Defaults. The Company fails to perform or observe any

other term or covenant contained in this Agreement or any other Loan Document,
and such default shall continue unremedied for a period of 30 days after the
earlier of (i) the date upon which a Responsible Officer of the Company knew or
should have known of such failure or (ii) the date upon which written notice
thereof is given to the Company by the Administrative Agent or any Bank; or

(e) Cross-Default. (i) The Company or any of its Subsidiaries

fails to make any payment in respect of any Indebtedness or Guaranty Obligation
having an aggregate principal amount (including undrawn committed or available
amounts) of more than \$10,000,000 when due (whether by scheduled maturity,
required prepayment, acceleration, demand, or otherwise) and such failure
continues after the applicable grace or notice period, if any, specified in the
document relating thereto; (ii) the Company or any of its Subsidiaries fails to
perform or observe any other condition or covenant, or any other event shall
occur or condition exist, under any agreement or instrument relating to any such
Indebtedness or Guaranty Obligation, and such failure continues after the
applicable grace or notice period, if any, specified in the document relating
thereto as of the time of such failure, event or condition, if the effect of
such failure, event or condition is to cause, or to permit the holder or holders
of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a
trustee or agent on behalf of such holder or holders or beneficiary or
beneficiaries) to cause such Indebtedness to be declared to be due and payable
prior to its stated maturity, or such Guaranty Obligation to become payable or
cash collateral in respect thereof to be demanded; or (iii) there shall occur
any Deposit Event under (and as defined in) the CIBC Guaranty or any other event
shall occur or condition exist under the CIBC Guaranty or either of the CIBC
Leases as a result of which any amount becomes payable under the CIBC Guaranty;
or

(f) Bankruptcy or Insolvency. The Company or any of its

Subsidiaries (i) ceases or fails to be solvent, or generally fails to pay, or
admits in writing its inability to pay, its debts as they become due, subject to
applicable grace periods, if any, whether at stated maturity or otherwise; (ii)
voluntarily ceases to conduct its business in the ordinary course; (iii)
commences any Insolvency Proceeding with respect to itself; or (iv) takes any
action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency

Proceeding is commenced or filed against the Company or any Subsidiary of the Company, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any of its Subsidiaries' Properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company or any of its Subsidiaries admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any of its Subsidiaries acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its Property or business; or

(h) ERISA. (i) A member of the Controlled Group shall fail to pay

when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under a Multiemployer Plan; (ii) the Company or an ERISA Affiliate shall fail to satisfy its contribution requirements under Section 412(c) (11) of the Code, whether or not it has sought a waiver under Section 412(d) of the Code; (iii) in the case of an ERISA Event involving the withdrawal from a Plan of a "substantial employer" (as defined in Section 4001(a) (2) or Section 4062(e) of ERISA), the withdrawing employer's proportionate share of that Plan's Unfunded Pension Liabilities is more than five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (iv) in the case of an ERISA Event involving the complete or partial withdrawal from a Multiemployer Plan, the withdrawing employer has incurred a withdrawal liability in an aggregate amount exceeding five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (v) in the case of an ERISA Event not described in clause (iii) or (iv), the Unfunded Pension Liabilities of the relevant Plan or Plans exceed five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (vi) a Plan that is intended to be qualified under Section 401(a) of the Code shall lose its qualification, and the loss can reasonably be expected to impose on members of the Controlled Group liability (for additional taxes, to Plan participants, or otherwise) in the aggregate amount of five percent (5%) or more of the Company's Consolidated Tangible Net Worth at such time; (vii) the commencement or increase of contributions to, or the adoption of or the amendment of a Plan by, a member of the Controlled Group shall result in a net increase in unfunded liabilities to the Controlled Group in excess of five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (viii) any member

of the Controlled Group engages in or otherwise becomes liable for a non-exempt prohibited transaction and the initial tax or additional tax under section 4975 of the Code relating thereto might reasonably be expected to exceed five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (ix) a violation of section 404 or 405 of ERISA or the exclusive benefit rule under section 401(a) of the Code if such violation might reasonably be expected to expose a member or members of the Controlled Group to monetary liability in excess of five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; (x) any member of the Controlled Group is assessed a tax under section 4980B of the Code in excess of five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; or (xi) the occurrence of any combination of events listed in clauses (iii) through (x) that involves a potential liability, net increase in aggregate Unfunded Pension Liabilities, unfunded liabilities, or any combination thereof, in excess of five percent (5%) of the Company's Consolidated Tangible Net Worth at such time; or

(i) Monetary Judgments. One or more non-interlocutory judgments,

orders or decrees shall be entered against the Company or any of its Subsidiaries involving in the aggregate a liability (not fully covered by insurance where the availability of such insurance coverage is not in substantial dispute) as to any single or related series of transactions, incidents or conditions, of \$50,000,000 or more, and the same shall remain unvacated and unstayed pending appeal for a period of 30 days after the entry thereof; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or

decree shall be rendered against the Company or any of its Subsidiaries which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

8.2 Remedies. If any Event of Default occurs, the Administrative Agent

shall, at the request of, or may, with the consent of, the Majority Banks:

(a) declare the Commitment of each Bank to make Loans to be terminated, whereupon such Commitments shall forthwith be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, together with amounts owing under Section 3.4; without presentment, demand,

protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in paragraph

(f) or (g) above (in the case of clause (i) of paragraph (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent or any Bank.

8.3 Rights Not Exclusive. The rights provided for in this Agreement

and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising

8.4 Certain Financial Covenant Defaults. In the event that, after

taking into account any extraordinary charge to earnings taken or to be taken as of the end of any fiscal period of the Company (a "Charge"), and if solely by

virtue of such Charge, there would exist an Event of Default due to the breach of any of Sections 7.10, 7.11, 7.12 or 7.13 as of such fiscal period end date, such Event of Default shall be deemed to arise upon the earlier of (a) the date after such fiscal period end date on which the Company announces publicly it will take, is taking or has taken such Charge (including an announcement in the form of a statement in a report filed with the SEC) or, if such announcement is made prior to such fiscal period end date, the date that is such fiscal period end date, and (b) the date the Company delivers to the Administrative Agent its audited annual or unaudited quarterly financial statements in respect of such fiscal period reflecting such Charge as taken.

ARTICLE IX

THE ADMINISTRATIVE AGENT

9.1 Appointment and Authorization. Each Bank hereby irrevocably

appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan

Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent.

9.2 Delegation of Duties. The Administrative Agent may execute any of

its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.3 Liability of Administrative Agent. None of the Administrative

Agent or any successor agent arising under Section 9.9, together with their respective Affiliates, or any of their respective officers, directors, employees, agents, or attorneys-in-fact (collectively, the "Agent-Related Persons") shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the Properties, books or records of the Company or any of its Subsidiaries or Affiliates.

9.4 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, teletype, telex or telephone message, statement or

other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Sections 4.1 and 4.2, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to Bank, unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from the Bank prior to the Funding Date specifying its objection thereto and either such objection shall not have been withdrawn by notice to the Administrative Agent to that effect or the Bank shall not have made available to the Administrative Agent the Bank's ratable portion of the Borrowing made on the Funding Date.

9.5 Notice of Default. The Administrative Agent shall not be deemed to

have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Banks. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be requested by the Majority Banks in accordance with Article VIII; provided,

however, that unless and until the Administrative Agent shall have received any
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such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with

respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.6 Credit Decision. Each Bank expressly acknowledges that none of the

Agent-Related Persons has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries shall be deemed to constitute any representation or warranty by the Administrative Agent to any Bank. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated thereby, and made its own decision to enter into this Agreement and extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.7 Indemnification. The Banks shall indemnify upon demand the Agent-

Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), ratably from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind whatsoever which may at any time (including at any time following the repayment of the Loans) be imposed on, incurred by or asserted against any such Person any way relating to or arising out of this Agreement or any document contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by any such Person under or in connection with any of the foregoing; provided, however, that no Bank shall be liable for

the payment to the Agent-Related Persons of any portion of such liabilities, obligations, losses,

damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Company. Without limiting the generality of the foregoing, if the IRS or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify Administrative Agent fully for all amounts paid, directly or indirectly, by Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Administrative Agent under this subparagraph (c), together with all costs, expenses and attorneys' fees (including allocated costs for in-house legal services). The obligation of the Banks in this Section shall survive the payment of all Obligations hereunder.

9.8 Administrative Agent in Individual Capacity. ABN and its

Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though ABN were not the Administrative Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, ABN or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Administrative Agent shall be under no obligation to provide such information unless such information is expressly herein required to be furnished to the Banks by the Administrative Agent. With respect to its Loans, ABN shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Administrative Agent, and the terms "Bank" and "Banks" shall include ABN in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may, and

at the request of the Majority Banks shall, resign as Administrative Agent upon 30 days' notice to the Banks. If the Administrative Agent shall resign as Administrative Agent under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks. If no successor Administrative Agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent shall appoint, after consulting with the Banks and the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article IX and Sections 10.4 and 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as Administrative Agent by the date which is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

9.10 Co-Agents and Co-Arrangers. None of the Banks identified on the

facing page or signature pages of this Agreement as a "co-agent" or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified as a "co-agent" or "co-arranger" shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE X

MISCELLANEOUS

10.1 Amendments and Waivers. No amendment or waiver of any provision of

this Agreement or any other Loan Document, and no consent with respect to any departure by the Company there from, shall be effective unless the same shall be in writing and signed by the Majority Banks, and then such waiver shall be

effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall,

unless in writing and signed by all the Banks, do any of the following:

(a) increase or extend the Commitment of any Bank, or reinstate the Commitment of any Bank after it has been terminated under Section 8.2 hereof, or subject any Bank to any additional obligations;

(b) postpone or delay any date fixed for any payment of principal, interest, fees or other amounts due hereunder or under any Loan Document;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or of any fees or other amounts payable hereunder or under any Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which shall be required for the Banks or any of them to take any action hereunder; or

(e) waive or amend this Section 10.1 or Section 2.12 or change the definition of "Majority Banks";

and, provided further, that (i) no amendment, waiver or consent shall, unless in

writing and signed by the Administrative Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document, and (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.2 Notices.

(a) All notices, requests and other communications provided for hereunder shall be in writing (including, unless the context expressly otherwise provides, telegraphic, telex, facsimile transmission or cable communication) and mailed, telegraphed, telexed or delivered, (i) if to the Company, to its address specified on the signature pages hereof, (ii) if to any Bank, to its Domestic Lending Office, and (iii) if to the Administrative Agent, to its address specified on the signature pages hereof; or, as to the Company or the Administrative Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as to each other party, at such other address as shall be designated by such party in a written notice to the Company and the Administrative Agent.

(b) All such notices and communications shall, when transmitted by overnight delivery, telegraphed, telecopied by facsimile, telexed or cabled, be effective when delivered for overnight delivery or to the telegraph company, transmitted by telecopier, confirmed by telex answerback or delivered to the cable company, respectively, or if delivered, upon delivery, except that notices pursuant to Article II or VIII shall not be effective until actually received by the Administrative Agent.

(c) The Company acknowledges and agrees that any agreement of the Administrative Agent and the Banks at Article II herein to receive certain notices by telephone and facsimile is solely for the convenience and at the request of the Company. The Administrative Agent and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Company to give such notice and the Administrative Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Administrative Agent and the Banks in reliance upon such telephonic or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Administrative Agent and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Banks of a confirmation which is at variance with the terms understood by the Administrative Agent and the Banks to be contained in the telephonic or facsimile notice.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no

delay in exercising, on the part of the Administrative Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.4 Costs and Expenses. The Company shall, whether or not the

transactions contemplated hereby shall be consummated:

(a) pay or reimburse the Administrative Agent on demand for all costs and expenses incurred by the Administrative Agent and the Co-Arrangers in connection with the development, preparation, delivery, administration and execution of, and any amendment, supplement, waiver or modification to, this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including the reasonable Attorney Costs incurred by the Administrative Agent with respect thereto;

(b) pay or reimburse each Bank, the Administrative Agent and the Co-Arrangers on demand for all costs and expenses incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies (including in connection with any "workout" or restructuring regarding the Loans) under this Agreement, any other Loan Document, and any such other documents, including Attorney Costs incurred by the Administrative Agent and any Bank; and

(c) pay or reimburse the Administrative Agent on demand for all appraisal (including the allocated cost of internal appraisal services), audit, environmental inspection and review (including the allocated cost of such internal services), search and filing costs, fees and expenses, incurred or sustained by the Administrative Agent in connection with the matters referred to under paragraphs (a) and (b) of this Section.

10.5 Indemnity. Whether or not the transactions contemplated hereby are consummated:

(a) General Indemnity. The Company shall pay, indemnify, and hold each Bank, the Administrative Agent and each of their respective Affiliates, and the officers, directors, employees, counsel, agents and attorneys-in-fact of such Persons (each, an "Indemnified Person") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs) of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement and any other Loan Documents, the use or application of the proceeds of the Loans, or the transactions contemplated hereby and thereby, and with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person.

(b) Environmental Indemnity.

(i) The Company hereby agrees to indemnify, defend and hold harmless each Indemnified Person, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses or disbursements (including Attorney Costs and the allocated cost of internal environmental audit or review services), which may be incurred by or asserted

against such Indemnified Person in connection with or arising out of any pending or threatened investigation, litigation or proceeding, or any action taken by any Person, with respect to any Environmental Claim arising out of or related to any Property of the Company or any of its Subsidiaries. No action taken by legal counsel chosen by the Administrative Agent or any Bank in defending against any such investigation, litigation or proceeding or requested remedial, removal or response action shall vitiate or in any way impair the Company's obligation and duty hereunder to indemnify and hold harmless the Administrative Agent and each Bank.

(ii) In no event shall any site visit, observation, or testing by the Administrative Agent or any Bank be deemed a representation or warranty that Hazardous Materials are or are not present in, on, or under the site, or that there has been or shall be compliance with any Environmental Law. Neither the Company nor any other Person is entitled to rely on any site visit, observation, or testing by the Administrative Agent or any Bank. Neither the Administrative Agent nor any Bank owes any duty of care to protect the Company or any other Person against, or to inform the Company or any other party of, any Hazardous Materials or any other adverse condition affecting any site or Property. Neither the Administrative Agent nor any Bank shall be obligated to disclose to the Company or any other Person any report or findings made as a result of, or in connection with, any site visit, observation, or testing by the Administrative Agent or any Bank.

(c) Survival; Defense. The obligations in this Section 10.5 shall

survive payment of all other Obligations. At the election of any Indemnified Person, the Company shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Person's sole discretion, at the sole cost and expense of the Company. All amounts owing under this Section 10.5 shall be paid within 30 days after demand.

10.6 Marshalling; Payments Set Aside. Neither the Administrative Agent

nor the Banks shall be under any obligation to marshal any assets in favor of the Company or any other Person or against or in payment of any or all of the Obligations. To the extent that the Company makes a payment or payments to the Administrative Agent or the Banks, or the Administrative Agent or the Banks enforce their Liens or exercise their rights of set-off, and such payment or payments or the proceeds of such enforcement or set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other

party in connection with any Insolvency Proceeding, or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred and (b) each Bank severally agrees to pay to the Administrative Agent upon demand its pro rata share of any amount so recovered from or repaid by the Administrative Agent to the extent previously paid or transferred to such Bank by the Administrative Agent.

10.7 Successors and Assigns. The provisions of this Agreement shall be

binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent and each Bank.

10.8 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company (at all times other than during the existence of an Event of Default) and the Administrative Agent, which consent of the Company and the Administrative Agent shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Administrative Agent shall be required in connection with any assignment and delegation by a Bank to a Bank Affiliate of such Bank or to another existing Bank hereunder) (each an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in each case, in a minimum amount of \$10,000,000; provided, however,

that (i) the Company and the Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (A) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Administrative Agent by such Bank and the Assignee; and (B) such Bank and its Assignee shall have delivered to the Company and the Administrative Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance") and the processing fee described below.
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(b) From and after the date that the Administrative Agent notifies the assignor Bank that it has received an executed Assignment and Acceptance and payment by the assignor or assignee Bank of the processing fee of \$3,000, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder have

been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Immediately upon each Assignee's making its payment under the Assignment and Acceptance, this Agreement, shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more Eligible Assignees (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating

Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Administrative Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent as described in the first proviso to Section 10.1. In the case

of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Company hereunder shall be determined as if such Bank had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all non-public information identified as "confidential" or "secret" by the Company provided to it by the Company or any Subsidiary of the Company, or by the Administrative Agent on such Company's or Subsidiary's behalf, in connection with this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information for any purpose or in any manner other than pursuant to the terms contemplated by

this Agreement or in enforcement of this Agreement or the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of a disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, further, however, that any Bank

may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (G) as to any Bank, as expressly permitted under the terms of any other document or agreement regarding confidentiality to which the Company is party or is deemed party with such Bank; and (H) to such Bank's independent auditors and other professional advisors. Notwithstanding the foregoing, provided that, (X) with

respect to (B) and (D) above, unless such notice is prohibited by applicable law, regulation or court process, the Company shall be provided advance notice of the Bank's intention to disclose, although failure to provide such notice shall not restrict such Bank's right to disclose such information; and (Y), in the case of assignments, (1) the Company is notified as to the identity of each Assignee, except upon the occurrence of an Event of Default, in which case notification shall be unnecessary, (2) the Company authorizes each Bank to disclose to any Participant or Assignee (each, a "Transferee") and to any prospective Transferee, such financial and other information in such Bank's possession concerning the Company or its Subsidiaries which has been delivered to Administrative Agent or the Banks pursuant to this Agreement or which has been delivered to the Administrative Agent or the Banks by the Company in connection with the Banks' credit evaluation of the Company prior to entering into this Agreement, and (3) unless otherwise agreed by the Company, such Transferee agrees in writing to such Bank to keep such information confidential to the same extent required of the Banks hereunder.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and the Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the

Federal Reserve Board or U.S. Treasury Regulation 31 CFR (S)203.14 or any similar regulation, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

10.9 Set-off. In addition to any rights and remedies of the Banks

provided by law, if an Event of Default exists, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing to, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect

the validity of such set-off and application. The rights of each Bank under this Section 10.9 are in addition to the other rights and remedies (including other rights of set-off) which the Bank may have.

10.10 Automatic Debits of Fees. With respect to any fee payable to the

Administrative Agent or ABN under this Agreement, or any other cost or expense (including Attorney Costs) due and payable to the Administrative Agent or ABN under the Loan Documents, the Company hereby irrevocably authorizes ABN to debit any deposit account of the Company with ABN in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fees or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or other cost or expense then due, such debits will be reversed (in whole or in part, in ABN's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section 10.10 shall be deemed a set-off.

10.11 Notification of Addresses, Lending Offices, etc. Each Bank shall

notify the Administrative Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of its Offshore Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Administrative Agent shall reasonably request.

10.12 Counterparts. This Agreement may be executed by one or more of the

parties to this Agreement in any number of separate counterparts, each of which, when so executed, shall be

deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Company and the Administrative Agent.

10.13 Severability. The illegality or unenforceability of any provision

of this Agreement or any Loan Document required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any Loan Document required hereunder.

10.14 No Third Parties Benefitted. This Agreement is made and entered

into for the sole protection and legal benefit of the Company and its Subsidiaries, the Banks and the Administrative Agent, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. Neither the Administrative Agent nor any Bank shall have any obligation to any Person not a party to this Agreement or other Loan Documents.

10.15 Time. Time is of the essence as to each term or provision of this

Agreement and each of the other Loan Documents.

10.16 Governing Law and Jurisdiction.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA; PROVIDED THAT THE ADMINISTRATIVE AGENT AND THE BANKS AND THE COMPANY SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER

HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE COMPANY, THE ADMINISTRATIVE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY CALIFORNIA LAW.

10.17 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE

ADMINISTRATIVE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A

TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.18 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire Agreement and understanding among the Company, the Banks and the Administrative Agent, and supersedes all prior or contemporaneous Agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof, except for the fee letters referenced in Section 2.8.

10.19 Interpretation. This Agreement is the result of negotiations between and has been reviewed by counsel to the Administrative Agent, the Company and other parties, and is the product of all parties hereto. Accordingly, this Agreement and the other Loan Documents shall not be construed in favor of or against the Banks or the Administrative Agent merely because of

the Administrative Agent's or Banks' involvement in the preparation of such documents and agreements.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the date first above written.

THE COMPANY

ADVANCED MICRO DEVICES, INC.

By /s/ Marvin D. Burkett

Marvin D. Burkett
Senior Vice President and
Chief Financial Officer

Address:

1 AMD Place
Sunnyvale, CA 94086
Attn.: John Patterson
Fax No. (408) 749-7010

80.

THE ADMINISTRATIVE AGENT

ABN AMRO BANK, N.V.

By /s/ Robert N. Hartinger

Title: Group Vice President

By /s/Inga C. Laspin

Title: Corporate Banking Officer

Address:

335 Madison Avenue, 17th Floor
New York, NY 10017

Attn.: Linda Boardman
Fax No. (212) 682-0364

81.

THE CO-ARRANGERS

ABN AMRO BANK, N.V.

By /s/ Robert N. Hartinger

Title: Group Vice President

By /s/ Inga C. Laspin

Title: Corporate Banking Officer

Address:

101 California Street, Suite 4550
San Francisco, CA 94111-5812
Attn.: Robert N. Hartinger
Fax No. (415) 362-3524

CIBC Inc.

By /s/ Tom R. Wagner

Title: Vice President

Address:

275 Battery Street, Suite 1840
San Francisco, CA 94111
Attn.: Thomas R. Wagner
Fax No. (415) 399-5761

82.

THE BANKS

ABN AMRO BANK, N.V.

By /s/ Robert N. Hartinger

Title: Group Vice President

By /s/ Inga C. Laspin

Title: Corporate Banking Officer

Address:

101 California Street, Suite 4550
San Francisco, CA 94111-5812
Attn.: Robert N. Hartinger
Fax No. (415) 362-3524

83.

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION, as Co-Agent and
as a Bank

By /s/ Kevin McMahon

Title: Vice President

Address:

555 California Street, 41st Floor
San Francisco, CA 94104
Attn.: Kevin McMahon
Fax No. (415) 622-2514

84.

BANQUE NATIONALE DE PARIS

By /s/ Rafael C. Lumanlan, V.P.

Title: Vice President

By /s/ William J. La Herran

Title: Vice President

Address:

180 Montgomery Street
San Francisco, CA 94104

Attn.: Rafael Lumanlan
Fax No. (415) 296-8954

85.

CIBC INC.

By /s/ Tom R. Wagner

Title: Vice President

Address:

275 Battery Street, Suite 1840
San Francisco, CA 94111
Attn.: Thomas R. Wagner
Fax No. (415) 399-5761

86.

FIRST INTERSTATE BANK OF CALIFORNIA

By /s/ John P. Biestman

Title: Vice President

By /s/ Marianne Mitosinka

Title: Vice President

Address:

345 California Street, Suite 2300
San Francisco, CA 94104

Attn.: John P. Biestman
Fax No. (415) 773-7062

87.

FLEET BANK OF MASSACHUSETTS,
NATIONAL ASSOCIATION

By Thomas W. Davies

Title:

Address:

75 State Street
Boston, MA 02109
Attn.: Thomas W. Davies
Fax No. (617) 346-1633

88.

INDUSTRIAL BANK OF JAPAN

By Yoh Nakahara

Title: General Manager

Address:

555 California Street, Suite 1610
San Francisco, CA 94104
Attn.: Gregory Stewart
Fax No. (415) 982-1917

89.

THE NIPPON CREDIT BANK, LTD.

By Kiyofumi Ichikawa

Title: Vice President

Address:

550 S. Hope Street
Suite 2500
Los Angeles, CA 90071
Attn: Kiyofumi Ichikawa
Fax No. 213/628-1649

90.

Exhibit A

NOTE

U.S. \$ _____, California
Dated: _____, 1995

FOR VALUE RECEIVED, the undersigned, ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), HEREBY PROMISES TO PAY in lawful money of

the United States of America in same-day funds to the order of _____ (the "Bank"), on _____, 1999 the principal sum of _____ DOLLARS (U.S. \$ _____), together with interest thereon, as shown on the Schedule attached hereto and any continuation thereof.

The Company promises to pay interest on the unpaid principal amount of the Loan made to it by the Bank until such principal amount is paid in full, at such rates, and payable at such times, as are specified in the Loan Agreement (as defined below).

This Note (and the Schedule attached hereto) is one of the Notes referred to in, and is subject to and entitled to all of the benefits of, the Term Loan Agreement dated as of January 5, 1995 (as extended, renewed, amended or restated from time to time, the "Loan Agreement"), among the COMPANY, the

several financial institutions from time to time a party thereto (collectively, the "Banks"), ABN AMRO BANK N.V., as Administrative Agent, and ABN AMRO BANK N.V. and CIBC INC., as Co-Arrangers. Capitalized terms used herein and not otherwise defined shall have the terms specified in the Loan Agreement.

The Loan Agreement, among other things, contains provisions for acceleration by the Bank of the maturity hereof upon the happening of certain stated events.

The Company hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

SCHEDULE

Loans made to Advanced Micro Devices, Inc. under the Term Loan Agreement, dated as of January 5, 1995 (together with all amendments and other supplements or modifications, if any, from time to time hereafter made thereto), and payment of principal of such loans.

Notation Date	Amount of Loan	Type of Loan (Offshore or Base Rate)	Applicable Interest Rate	Applicable Interest Period	Made By
----	-----	-----	----	-----	-----

EXHIBIT B
NOTICE OF CONVERSION/CONTINUATION

Date: _____

To: ABN AMRO Bank N.V., as Administrative Agent for the several financial institutions from time to time party to the Term Loan Agreement dated as of January 5, 1995 (as extended, renewed, amended or restated from time to time, the "Loan Agreement") among Advanced Micro Devices, Inc., the several

financial institutions from time to time party thereto, ABN AMRO Bank N.V., as Administrative Agent and ABN AMRO BANK N.V. and CIBC INC., as Co-Arrangers

Ladies and Gentlemen:

The undersigned, ADVANCED MICRO DEVICES, INC. (the "Company"), refers

to the Loan Agreement, the terms defined therein being used herein as therein defined, and hereby gives you notice irrevocably, pursuant to Section 2.4 of the Loan Agreement, of the [conversion] [continuation] of the Offshore Rate Loans and/or Base Rate Loans specified herein, that:

1. The Business Day of the [conversion] [continuation] is _____, 19__.
2. The aggregate amount of the Loans to be [converted] [continued] is \$_____.
3. The Loans are to be [converted into] [continued as] [Offshore Rate] [Base Rate] Loans.
4. [If applicable:] The duration of the Interest Period for the Loans included in the [conversion] [continuation] shall be _____ months.

The undersigned hereby certifies that on the date hereof and on the date of the proposed [conversion] [continuation], before and after giving effect thereto and to the application of the proceeds therefrom, no Default or Event of Default has occurred and is continuing, or would result from such proposed [conversion] [continuation].

IN WITNESS WHEREOF, the undersigned has executed this Notice of Conversion/Continuation as of the date first set forth above.

ADVANCED MICRO DEVICES, INC.

By: _____

Title: _____

EXHIBIT C
COMPLIANCE CERTIFICATE

Pursuant to that certain Term Loan Agreement dated as of January 5, 1995 (as extended, renewed, amended or restated from time to time, the "Loan Agreement," the terms defined therein being used herein and in the Schedules

attached hereto as therein defined) among ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), the several financial institutions from

time to time party thereto, ABN AMRO Bank N.V., as Administrative Agent, and ABN AMRO BANK N.V. and CIBC INC., as Co-Arrangers, the undersigned _____, certifies that s/he is the Chief Financial Officer of the Company, and that, as such s/he is authorized to execute and deliver this Certificate, and that:

[Use this paragraph if this Certificate is delivered in connection with the financial statements required by subsection 6.1(a) of the Loan Agreement:]

1. Attached as Schedule C-2 hereto are the audited consolidated

balance sheet of the Company as of _____ 199_ and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year, which set forth a comparison with the previous year. The financial statements attached as Schedule C-2 are accompanied by the opinion of _____.

or

[Use these paragraphs if this Certificate is delivered in connection with the financial statements required by subsection 6.1(b) and (c) of the Loan Agreement:]

1. (a) Attached as Schedule C-2 hereto are the unaudited

consolidated balance sheet of the Company and its consolidated Subsidiaries and the related consolidated statements of income, shareholders' equity and cash flows, all for the fiscal quarter ended _____, 199_ and for the portion of the fiscal year ending on such day. The financial statements attached as Schedule C-2 are complete and correct and fairly present, in accordance with

GAAP, the financial position and results of operations of the Company and its Subsidiaries; provided, however, footnotes and other financial presentations

customarily presented only for audited year-end statements under GAAP are not included.

(b) Attached as Schedule C-3 hereto are the unaudited

consolidating balance sheets of the Company and each of its Subsidiaries, and
the related consolidating statements of income, shareholders' equity and cash
flow for the fiscal quarter ended _____ 199_. The financial statements
attached as Schedule C-3 are complete and correct and were used in connection

with the preparation of the unaudited financial statements attached as Schedule
C-2 hereto.

-- --

2. The Company has reviewed the terms of the Loan Agreement and the undersigned has made, or has caused to be made under his/her supervision, a review of the transactions entered into by the Company and its Subsidiaries during the accounting period covered by the attached financial statements which could affect the Company's or such Subsidiaries' compliance with such terms.

3. To the best of the undersigned's knowledge, the Company and its Subsidiaries, during such period, have observed, performed or satisfied all of the covenants and other agreements contained in the Loan Agreement to be observed, performed or satisfied by the Company or its Subsidiaries.

4. The examinations described in paragraph 2 above did not disclose, and the undersigned has obtained no knowledge of, any Default or Event of Default.

5. The financial covenant calculations and information contained on Schedule C-1 are in accordance with GAAP and are true and accurate on and as of -----
the date of this Certificate.

6. The Company has reviewed the terms of the CIBC Guaranty and the undersigned has made, or has caused to be made under his/her supervision, a review of the transactions entered into by the Company and its Subsidiaries during the accounting period covered by the attached financial statements which could affect the Company's or such Subsidiaries' compliance with such terms, and such examination did not disclose, and the undersigned has obtained no knowledge of, any Deposit Event as such term is defined in the CIBC Guaranty.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 199_

(signature)

Title: _____

SCHEDULE C-1

Except as otherwise provided, all amounts set forth below refer to the Company's consolidated financial statements for the [fiscal quarter] [fiscal year] ended _____, 199__.

1.	Modified Quick Ratio (Section 7.10)		

a.	The sum of:		
	i) cash	-----	
	ii) Cash Equivalents (other than those subject to a Lien securing a non-GAAP liability)	-----	
	iii) 75% of Long Term Investments (other than those subject to a Lien securing a non-GAAP liability)	-----	
	iv) Receivables (net of doubtful account allowance)	-----	
	Total		-----
b.	The sum of all Consolidated Current Liabilities (including all outstanding loans under the Amended and Restated Credit Agreement).		-----
c.	Required Ratio of 1(a) to 1(b)		1.10 to 1.00 ----- (minimum)
d.	Actual Ratio of 1(a) to 1(b)		-----
2.	Minimum Tangible Net Worth (Section 7.11)		

a.	The sum of:		
	i) \$1,300,000,000	\$1,300,000,000	
	ii) 75% of net income (without subtracting losses) earned in each fiscal quarter, commencing with the third fiscal quarter of 1994	-----	
	iii) 100% of Net Proceeds from any equity securities issued in each fiscal quarter, occurring after September 21, 1994	-----	
	iv) 100% of any increase in stockholders' equity resulting from the conversion of debt securities to equity securities, occurring after September 21, 1994	-----	
	Total		-----
b.	Actual Consolidated Tangible Net Worth:		
	Total assets		-----

	Less:goodwill, licensing agreements, patents, trademarks, trade names, organization expense, treasury stock, unamortized debt discount and premium, deferred charges and other like intangibles	-----	
	Less:total liabilities (including accrued and deferred income taxes and Subordinated Debt)	-----	
	Consolidated Tangible Net Worth		-----
c.	Difference between 2(a) and 2(b)		-----
3.	Leverage Ratio (Section 7.12)		-----
a.	Total consolidated liabilities (from 2(b))		-----
b.	Consolidated Tangible Net Worth (from 2(b))		-----
c.	Required Ratio of 3(a) to 3(b)		0.85 to 1.0

			(maximum)
d.	Actual Ratio 3(a) to 3(b)		-----
4.	Fixed Charge Coverage Ratio (Section 7.13)		-----
	(for the four consecutive fiscal quarter period ending on the last day of the last fiscal quarter covered in this Schedule C-1)		
a.	The sum of:		
	i) interest expense	-----	
	ii) operating lease expense	-----	
	iii) pre-tax income	-----	
	Total		-----
b.	The sum of:		
	i) interest expense	-----	
	ii) operating lease expense	-----	
	iii) the average current portion of long-term debt for each of the four quarters in such four fiscal quarter period	-----	
	Total		-----
c.	Required Ratio of 4(a) to 4(b)		1.25 to 1.0

			(minimum)
d.	Actual Ratio of 4(a) to 4(b)		-----

EXHIBIT D
SHARE ACQUISITION CERTIFICATE

Pursuant to that certain Term Loan Agreement dated as of January 5, 1995 (as extended, renewed, amended or restated from time to time, the "Loan Agreement," the terms defined therein being used herein as therein defined)

among ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), the

several financial institutions from time to time party thereto, ABN AMRO BANK N.V., as Administrative Agent, and ABN AMRO BANK N.V. and CIBC INC., as Co-Arrangers, the undersigned certifies that s/he is the _____ of the Company, and that, as such s/he is authorized to execute and deliver this Certificate, and that:

1. On _____, 199_, the Company [purchased] [redeemed] [acquired] [_____ shares of its [common] [preferred] stock] [warrants or options to acquire shares of its [common] [preferred] stock];

2. [\$_____] [state value, if other than cash] was given in exchange for such shares or rights to acquire such shares, which amount is not greater than the maximum sum permitted pursuant to Section 7.9(a)(ii) of the Loan Agreement; and

3. No Default or Event of Default has occurred and is continuing, or has resulted from the above-disclosed transaction.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, 199_.

By: _____

Title: _____

EXHIBIT E
ASSIGNMENT AND ACCEPTANCE

This ASSIGNMENT AND ACCEPTANCE (this "Agreement") dated as of _____, 199____ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

WHEREAS, the Assignor is party to that certain Term Loan Agreement dated as of January 5, 1995 among ADVANCED MICRO DEVICES, INC., a Delaware corporation (the "Company"), the financial institutions from time to time party thereto (including the Assignor, the "Banks"), ABN AMRO BANK N.V., as Administrative Agent, and ABN AMRO BANK N.V. and CIBC INC., as Co-Arrangers (as extended, renewed, amended or restated from time to time, the "Loan Agreement"). Terms defined in the Loan Agreement are used herein with the same meaning;

WHEREAS, as provided under the Loan Agreement, the Assignor has committed to make a loan (the "Loan") to the Company in the amount of _____ dollars (U.S.\$ _____) (the "Commitment");

WHEREAS, the Assignor has made a Loan in the principal amount of _____ United States dollars (U.S. \$ _____) to the Company; and

WHEREAS, the Assignor wishes to assign to the Assignee a ratable part of the rights and obligations of the Assignor under the Loan Agreement in respect of its outstanding Loan in an amount equal to _____ United States dollars (U.S.\$ _____) (the "Assigned Amount") on the terms

and subject to the conditions set forth herein, and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor on such terms and subject to such conditions;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreement contained herein, the parties hereto agree as follows:

1. Assignment and Acceptance.

(a) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignor hereby sells and assigns to Assignee, and the Assignee hereby purchases and assumes from the

Assignor, the Assigned Amount, which shall be equal to _____ percent
(_____ %) (the "Assignee's Percentage Share") of all of the Assignor's rights

and obligations under the Loan Agreement, including, without limitation, the Assignee's Percentage Share of any outstanding Loan. The assignment set forth in this Section 1(a) shall be without recourse to, or representation or warranty (except as expressly provided in this Agreement) by, the Assignor.

(b) With effect on and after the Effective Date, the Assignee shall be a party to the Loan Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Loan Agreement with a Commitment in an amount equal to the Assigned Amount. The Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Agreement are required to be performed by it as a Bank. It is the intent of the parties hereto that the Commitment of the Assignor shall, as of the Effective Date, be reduced by an amount equal to the Assigned Amount and the Assignor shall relinquish its rights and be released from its obligations under the Loan Agreement to the extent such obligations have been assumed by the Assignee. The Assignee hereby appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Agreement and the other Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto.

(c) After giving effect to the assignment and assumption, on the Effective Date the Assignee's Commitment will be _____ United States dollars (U.S.\$ _____).

2. Payments.

(a) As consideration for the sale, assignment and transfer contemplated in Section 1 hereof, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount equal to _____ United States dollars (U.S.\$ _____), representing the Assignee's Percentage Share of the principal amount of the Loan made, and currently owned, by the Assignor to the Company under the Loan Agreement and outstanding on the Effective Date.

(b) The Assignor further agrees to pay to the Administrative Agent a processing or transfer fee in the amount of \$3,000.

[(c) The Assignee agrees to pay to the Assignor a fee in an amount equal to _____ percent (_____ %) of all [interest, commissions and fees] paid by the Company to the Assignee under the Loan Agreement. Such fee shall be payable quarterly in

arrears on the last business day of each _____, _____, and _____, commencing on _____; provided, however, that such fee shall not be due and payable hereunder if the Company has not made a payment of [interest, commissions, fees] during such immediately preceding quarterly period. All payments to the Assignor pursuant to this Section 2(c) shall be made by wire transfer in immediately available funds to _____, Attention: _____ Account # _____, Reference: _____, or to such other person or place as the Assignor may designate in writing to the Assignee from time to time.]

(d) To the extent payment to be made by the Assignee pursuant to Section(s) 2(a) [or (c)] hereof are not made when due, the Assignor shall be entitled to recover such amount together with interest thereon at the Federal Funds Rate per annum accruing from the date such amounts were due.

3. Reallocation of Payments.

Any interest, commissions, fees and other payments accrued to but excluding the Effective Date with respect to the Loans and the Commitment, shall be for the account of the Assignor. Any interest, fees and other payments accrued on and after the Effective Date with respect to the Assigned Amount shall be for the account of the Assignee. Each of the Assignor and the Assignee agree that it will hold in trust for the other party any interest, commissions, fees and other amounts which it may receive to which the other party is entitled pursuant to the preceding sentences and pay to the other party any such amounts which it may receive promptly upon receipt. The Assignor and the Assignee's obligations to make the payments referred to in this Section 3 are non-assignable.

4. Independent Credit Decision.

The Assignee (i) acknowledges that it has received a copy of the Loan Agreement, together with copies of the financial statements referred to in Section 6.1 thereof, and such other documents and information as it has deemed appropriate to make its own independent credit and legal analysis and decision to enter into this agreement; and (ii) agrees that it will, independently and without reliance upon the Assignor, the Agent or any other Banks and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Loan Agreement.

5. Effective Date: [Notices]

[(a)] The effective date for this Agreement shall be _____
_____ (the "Effective Date"); provided, that the following

conditions precedent have been satisfied on or before the Effective Date:

(i) this Agreement shall be executed and delivered by the Assignor and the Assignee;

(ii) the requirements for an effective assignment by a Bank set forth in Section 10.8 of the Loan Agreement shall be satisfied with respect to the Assigned Amount;

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Agreement; and

(iv) the processing or transfer fee referred to in Section 2(b) shall have been paid to the Agent.

(b) Promptly following the execution of this Agreement, the Assignor shall deliver to the Agent for acceptance and recording by the Agent, the notices, agreements and other documents, and administrative details, as may be required under the Loan Agreement.

[6.] Administrative Agent.

[(a)] The Assignee hereby appoints and authorizes the Assignor to take such action as agent on its behalf and to exercise such powers under the Loan Agreement as are delegated to the Administrative Agent by the Banks pursuant to the terms of the Loan Agreement.

(b) The Assignee shall assume no duties or obligations held by the Assignor in its capacity as Agent under the Loan Agreement.]

[NOTE: SECTION 6 ONLY FOR ASSIGNMENTS BY ABN]

7. Withholding Tax.

If the Assignee is organized under the laws of any jurisdiction other than the United States or any state or other political subdivision thereof it agrees that it will furnish the Assignor, the Agent and the Company, concurrently with the execution of this Agreement, either U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 (wherein the Assignee claims entitlement to complete exemption from or reduced rate of U.S. federal withholding tax on all interest payments under the Loan Agreement), as well as Form W-8 or W-9, if applicable, provided, however, that the Assignee

shall not be required to deliver Form 4224 or 1001 under this Section 7 to the

extent that delivery of such form is not authorized by law. The Assignee agrees to comply with Section 3.1(f) of the Loan Agreement (if applicable).

8. Representations and Warranties.

(a) The Assignor represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any lien, security interest or other adverse claim; (ii) it is duly organized and existing and it has the full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement and to fulfill its obligations hereunder; (iii) no notices to, or consents, authorizations or approvals of, any person are required (other than already given or obtained) for its due execution, delivery and performance of this Agreement, and apart from any agreements or undertaking or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any person is required of it for such execution, delivery or performance; and (iv) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligations of the Assignor, enforceable against the Assignor in accordance with the terms hereof, except subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other instrument or document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of the Company or the performance or observance by the Company of any of its respective obligations under the Loan Agreement or any other instrument or document furnished in connection therewith.

(c) The Assignee represents and warrants that (i) it is duly organized and existing and it has full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any person are required (other than any already given or obtained)

5.

for its due execution, delivery and performance of this Agreement; and apart from any agreements or undertaking or filings required by the Loan Agreement, no further action by, or notice to, or filing with, any person is required of it for such execution, delivery or performance; (iii) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligations of the Assignee, enforceable against the Assignee in accordance with the terms hereof, except subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general equitable principles; and (iv) it is an Eligible Assignee.

9. Further Assurances.

The Assignor and the Assignee each hereby agrees to execute and deliver such other instruments, and take such other actions, as either party may reasonably request in connection with the transactions contemplated by this Agreement, including, without limitation, the delivery of any notices or other documents or instruments to the Company or the Agent which may be required in connection with the assignment and assumption contemplated hereby.

10. Indemnity.

The Assignee agrees to indemnify and hold harmless the Assignor against any and all losses, cost, expenses (including, without limitation, reasonable attorneys' fees and the allocated costs and expenses for in-house counsel) and liabilities incurred by the Assignor in connection with or arising in any manner from the non-performance by the Assignee of any obligation assumed by the Assignee under this Agreement.

11. Miscellaneous.

(a) Any amendment or waiver of any provision of this Agreement shall be in writing signed by the parties hereto. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver of any breach of the provisions of this Agreement and shall be without prejudice to any rights with respect to any other or further breach hereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) All communications among the parties or notices in connection herewith shall be in writing, hand-delivered, or sent by mail, telex or facsimile transmitter, addressed as follows: (i) if to the Assignor or the Assignee, at their respective

addresses set forth in the signature pages hereof and (ii) if to the Company or to the Agent, at their respective addresses set forth in the Loan Agreement or other documents or instruments. All such communications and notices shall be effective upon receipt.

(d) The Assignor and the Assignee shall each pay its own costs and expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement.

(e) The representations and warranties made herein shall survive the consummation of the transactions contemplated hereby.

(f) This Agreement shall be binding upon and inure to the benefit of the Assignor and the Assignee and their respective successors and assigns; provided, however, that no party shall assign its rights hereunder without the prior written consent of the other party and any purported assignment, absent such consent, shall be void. The preceding sentence shall not limit the right of the Assignee to assign or participate all or part of the Assignee's Percentage Share and the Assigned Amount and any outstanding Loans in the manner contemplated by the Loan Agreement.

(g) The Assignor may at any time or from time to time further ratably grant to others, to the extent not already assigned to Assignee, assignments or participations in Assignor's Commitment, and any outstanding Loans.

(h) This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(i) This Agreement shall be governed by, and construed in accordance with, the law of the State of California; provided that parties hereto shall retain all rights arising under federal law. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the State of California or of the United States for the Northern District of California, and by execution and delivery of this Agreement, each of the parties consents, for itself and in respect of its property, to the non-exclusive jurisdiction of those courts. Each of the parties irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of forum non

conveniens, which it may now or hereafter have to the bringing of any action or

- - - - -
proceeding in such jurisdiction in respect of this Agreement, the other Loan Documents or any document related hereto or thereto. The parties each waive personal service of

any summons, complaint or other process, which may be made by any other means permitted by California law.

(j) The parties each waive their respective rights to a trial by jury of any claim or cause of action based upon or arising out of or related to this Agreement, the Loan Agreement, the other Loan Documents, or the transactions contemplated hereby or thereby, in any action, proceeding or other litigation of any type brought by any of the parties against any other party or parties, whether with respect to contract claims, tort claims, or otherwise. The parties each agree that any such claim or cause of action shall be tried by a court trial without a jury. Without limiting the foregoing, the parties further agree that their respective right to a trial by jury is waived by operation of this section as to any action, counterclaim or other proceeding which seeks, in whole or in part, to challenge the validity or enforceability of this Agreement, the Loan Agreement or the other Loan Documents or any provision hereof or thereof. This waiver shall apply to any subsequent amendments, renewals, supplements or modifications to this Agreement, the Loan Agreement and the other Loan Documents.

(k) This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto, constitute the entire agreement and understanding between the parties hereto and supersede any and all prior agreements and understandings related to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail.

(l) Headings are for reference only and are to be ignored in interpreting this Agreement.

(m) The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

Assignor

By: _____

Title: _____

Address: _____

Assignor

By: _____

Title: _____

Address: _____

9.

Exhibit F
FORM OF LEGAL OPINION

ABN AMRO Bank N.V., as
Administrative Agent and
Co-Arranger
101 California Street, Suite 4550
San Francisco CA 94111

CIBC Inc., as Co-Arranger
275 Battery Street, Suite 1840
San Francisco CA 94111

The Banks Listed on Schedule A hereto

Ladies and Gentlemen:

We have acted as counsel for Advanced Micro Devices, Inc., a Delaware corporation (the "Company"), in connection with the execution and delivery of the Term Loan Agreement, dated as of January 5, 1995 (the "Agreement"), among the Company, ABN AMRO Bank N.V., as Administrative Agent (the "Agent"), ABN AMRO Bank N.V. and CIBC Inc., as Co-Arrangers (the "Co-Arrangers") and the financial institutions named on the signature pages thereto (the "Banks").

This opinion is provided pursuant to Section 4.1 of the Agreement. Capitalized terms not otherwise defined herein have the respective meanings set forth in the Agreement, except that the term Loan Documents, as used herein, means the Agreement, the Notes delivered by the Company pursuant to Sections 2.2(b) and 4.1(b) of the Agreement and the certificates provided by the Company pursuant to Sections 4.1(d), (e) and (h) of the Agreement.

We have examined executed copies of the Agreement and the other Loan Documents; certificates of public officials from the States of Delaware, California, Texas and various other states of the United States; the Certificate of Incorporation and By-laws of the Company, as amended to date; records of proceedings of the Board of Directors of the Company during or by which resolutions were adopted relating to matters covered by this opinion; and certificates of officers of the Company as to certain factual matters. The Company has certified to us in a Certificate

attached hereto as Exhibit A that the Company has no Contractual Obligation which is not listed in the Certificate and which is material to the Company as that term is defined in the Certificate. The Company has provided copies to us of the documentation relating to such Contractual Obligations, which documentation we have reviewed. In addition, we have made such other investigations as we have deemed necessary to enable us to express the opinions hereinafter set forth. We have assumed the genuineness of all signatures of persons signing the Agreement on behalf of parties thereto other than the Company, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

As used in this opinion, the expression "to the best of our knowledge after due investigation" means that, after an examination of documents in our files and documents made available to us by the Company and after inquiries of one or more officers of the Company which we believe are sufficient for the purpose of expressing the opinions contained herein, we find no reason to believe that the opinions expressed herein are factually incorrect; but beyond that, we have made no independent factual investigation for the purpose of rendering this opinion.

Based upon the foregoing, and further subject to the last three paragraphs of this letter, we hereby advise you that in our opinion:

1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the requisite corporate power and authority to own, lease, license and operate its Property, to conduct the business in which it is currently engaged, to execute, deliver and perform its obligations under the Agreement and the other Loan Documents to which it is a party and to borrow under the Agreement.

2. The Company is duly licensed and qualified to transact business as a foreign corporation under the laws of, and is in good standing in, each state of the United States where its ownership, lease, license or operation of Property or the conduct of its business requires such qualification, except to the extent that the failure to be so qualified would not, in the aggregate, materially adversely affect (i) the business, operations, Property or financial or other condition of the Company and its Subsidiaries on a consolidated basis, (ii) the ability of the Company to perform its obligations under the Agreement

or the other Loan Documents, or (iii) the rights of any party to the Agreement or the other Loan Documents.

3. Each of the Company's Material Subsidiaries is a corporation (or, in the case of AMD (Thailand) Ltd. and Advanced Micro Devices (Singapore) Pte. Ltd., a limited liability company and a private limited company, respectively) duly organized, validly existing and in good standing (where such concept is applicable) under the laws of the jurisdiction of its formation, and has the requisite corporate power and authority to own, lease, license and operate its Property, and to conduct its business in which it is currently engaged.

4. AMD International Sales & Service, Ltd., a Delaware Corporation, is duly licensed and qualified to transact business, and is in good standing, in the State of California. With the exception of the activities of AMD International Sales & Service, Ltd. in California, as to each Material Subsidiary, neither its ownership, lease, license or operation of Property nor the conduct of its business requires that such Material Subsidiary be licensed and qualified to transact business as a foreign corporation under the laws of any state of the United States, except to the extent that the failure to be so qualified would not, in the aggregate, materially adversely affect (i) the business, operations, Property or financial or other condition of the Company and its Subsidiaries on a consolidated basis, (ii) the ability of the Company to perform its obligations under the Agreement and the other Loan Documents to which it is a party, or (iii) the rights of any party to the Agreement or the other Loan Documents. AMD International Sales & Service, Ltd. is duly licensed and qualified to transact business, and is in good standing (to the extent such concept is applicable), in The Netherlands.

5. The Agreement, the borrowings proposed to be made thereunder and the other Loan Documents have been duly authorized by the Company and no further corporate action is required in connection therewith. The Agreement and the other Loan Documents to which the Company is a party have each been duly executed and delivered on behalf of the Company and each constitutes the legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

6. No consent, approval, authorization, registration or filing with any Governmental Authority or any trustee or holder of Indebtedness is required in connection with the execution, delivery or performance by the Company of the Agreement or the other Loan Documents to which it is a party or the borrowings proposed to be made under the Agreement.

7. The execution, delivery and performance by the Company of the Agreement and the other Loan Documents to which it is a party and the borrowings proposed to be made under the Agreement will not violate, contravene or result in a material breach of any Organization Document or Contractual Obligation of the Company listed on Exhibit A attached hereto or any Requirement of Law applicable to the Company or result in, or require, the creation or imposition of any Lien on any of its Property or revenues pursuant to such Requirement of Law or Contractual Obligation listed on Exhibit A attached hereto, except in favor of the Agent and Banks.

8. To the best of our knowledge after due investigation, except as set forth on Schedule 5.05 or Schedule 5.12 to the Agreement, no

litigation, investigation or proceedings of or before any court, arbitrator or other Governmental Authority is pending, threatened against or affecting the Company, any of its Material Subsidiaries or their respective Property or revenues, (i) the adverse determination of which could materially adversely affect the financial condition or results of operations of the Company and its Subsidiaries on a consolidated basis or the Company's ability to perform its obligations under the Agreement or the other Loan Documents to which it is a party or under any instrument or agreement required thereunder, or (ii) alleging violation of any federal, state, or local law, rule or regulation relating to hazardous or toxic materials, substances or wastes.

9. Neither the Company nor any of its Subsidiaries is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

10. To the best of our knowledge after due investigation, the Company has no Subsidiaries other than those set forth on Schedule 5.17 to the

Agreement.

11. Regulation U of the Board of Governors of the Federal Reserve System does not apply to the extension of credit under the Agreement.

Our opinion set forth in paragraph 5 above is subject to the qualification that the enforceability of the Agreement and the other Loan Documents to which the Company is a party and any instrument or agreement required thereunder to which the Company is a party may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights and by general equity principles, regardless of whether considered in a proceeding in equity or at law. We advise that a California court may not strictly enforce certain covenants in the Loan Documents or allow acceleration of any outstanding Loans if it concludes that such enforcement or acceleration would be unreasonable or violate the Banks' implied covenant of good faith and fair dealing under the then existing circumstances. We have assumed that the Banks are exempt lenders for the purposes of the usury laws of the State of California. Our opinion set forth in paragraph 7 above is based upon our assumption that the property which is and may become subject to the CIBC Leases is owned, for all purposes, by the Lessor and not by the Lessee or by the Company.

We are members of the Bar of the State of California, and we do not express any opinion herein concerning any law other than the law of the State of California, the federal law of the United States, the Delaware General Corporation Law and, in the case of paragraph 2 above, the laws of various other states regarding the qualification of foreign corporations to do business within those states. In the case of paragraph 3 above, we have relied entirely upon the opinions of Rodyk & Davidson; Baker & McKenzie; Carlsmith Ball Wichman Murray Case & Ichiki; Droste Rechtsanwälte; Konaka Toyama & Hosoya; Peter Huang & Associates; Taylor Joynson Garrett; and Morris, Nichols, Arsht & Tunnell. In the case of our opinion in paragraph 4 above concerning the qualification of AMD International Sales & Service, Ltd. in The Netherlands, we have relied entirely upon the opinion of Nauta Dutilh.

This letter has been furnished to you pursuant to Section 4.1 of the Agreement for your use in connection with the Agreement, and may be relied upon by the Agent, Co-Arrangers, Banks, Participants and Assignees. This letter may not be disclosed in whole or in part to any other person or relied upon for any other purpose or otherwise quoted or referred to without our prior written consent, except that you may furnish copies

hereof: (a) to your independent auditors and attorneys; (b) to any state or federal authority having regulatory jurisdiction over you; (c) pursuant to order or legal process of any court or government agency; and (d) in connection with any legal action to which you are a party arising out of the transactions provided for in the Agreement; provided, however, that you are authorized to

make disclosures coming within the scope of item (d), above, regardless of whether such disclosures would also come within the scope of any of items (a)-(c) as well, only if no later than five business days after each such disclosure you furnish written notice to us of such disclosure.

Very truly yours,

JGM:cr

Schedule A

ABN AMRO Bank N.V.

CIBC Inc.

Bank of America National
Trust and Savings Association

Banque Nationale de Paris

First Interstate Bank of California

Fleet Bank of Massachusetts,
National Association

Industrial Bank of Japan, Ltd.

The Nippon Credit Bank, Ltd.

Exhibit 11
ADVANCED MICRO DEVICES, INC.

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

Three Years Ended December 25, 1994
(Thousands except per share)

PRIMARY	1992	1993	1994
	-----	-----	-----
Weighted average number of common shares outstanding during the year	87,068	90,660	93,914
Incremental common shares attributable to shares issuable under employee stock plans (assuming proceeds would be used to purchase treasury stock)	4,315	4,448	3,596
	-----	-----	-----
Total shares	91,383	95,108	97,510
	=====	=====	=====
Net income:			
Amount applicable to common shares.....	\$234,661	\$218,431	\$294,916
Per share	\$2.57	\$2.30	\$3.02
FULLY DILUTED			
Weighted average number of common shares outstanding during the year	87,068	90,660	93,914
Incremental common shares attributable to shares issuable under employee stock plans (assuming proceeds would be used to purchase treasury stock)	4,551	4,547	3,802
Preferred stock	6,856	6,856	6,854
	-----	-----	-----
Total shares	98,475	102,063	104,570
	=====	=====	=====
Net income:			
Amount applicable to common shares	\$234,661	\$218,431	\$294,916
Preferred stock dividends	10,350	10,350	10,350
	-----	-----	-----
Net adjusted income	\$245,011	\$228,781	\$305,266
Per share	\$2.49	\$2.24	\$2.92

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Net sales of \$2.1 billion in 1994 rose by approximately 30 percent from 1993. This increase was primarily attributable to substantial growth in Am486(R) microprocessor sales.

1993 net sales increased by 9 percent from 1992, due to an increase in flash memory device sales and higher sales in most other product lines partially offset by a decline in Am386(R) microprocessor sales.

Revenues of Am486 microprocessors have grown significantly since its introduction in the second quarter of 1993. While average selling prices of Am486 products have declined due to competitive pressures, unit shipments have grown significantly. As a result, a significant portion of the company's 1994 revenues, profits, and margins were attributable to Am486 products. Price declines are anticipated to continue in 1995. The company anticipates that microprocessor revenues will continue to represent a significant portion of the company's sales, profits, and margins in 1995.

The future outlook for AMD's microprocessor business is highly dependent upon microprocessor market conditions, which are subject to price elasticity and changes in demand. The company anticipates that any growth in existing and future generation microprocessor products will depend on market demand and the company's ability to meet this demand.

Sales of flash memory devices decreased in 1994 from 1993 primarily due to pricing pressures caused by increased competition, and secondarily due to the company's inability to increase production due to limited capacity. The company plans to meet projected long-term demand for flash memory devices through a manufacturing joint venture, Fujitsu AMD Semiconductor Limited (FASL), which is presently scheduled to begin volume production in the second half of 1995.

EPROM sales increased in 1994 from 1993 mainly because of higher unit shipments in the first half of 1994. The company anticipates that EPROM sales may decline in 1995.

Sales of programmable logic devices (PLDs) decreased slightly in 1994 from 1993. While sales of CMOS PLDs grew from 1993, this growth did not offset the decline in bipolar PLD sales.

Revenues of communication products increased in 1994 from 1993. This increase was primarily attributable to growth in Ethernet products.

International sales grew in 1994 in all geographic regions as compared to 1993. Sales to international customers were approximately 55 percent of total sales in 1994, 54 percent in 1993, and 55 percent in 1992.

Gross margin was 54 percent in 1994 as compared to 52 percent in 1993, and 51 percent in 1992. The improvement in gross margin in 1994 was primarily attributable to increased sales from higher margin Am486 products. Gross margin is anticipated to decline in 1995, primarily due to pricing pressures particularly with respect to microprocessor products. Gross margin is also anticipated to decline due to products received from FASL, which are expected to be purchased at higher costs compared to similar products manufactured internally. The impact of gross margin declines, arising from purchases of products from FASL, may be partially offset by the company's share of income that may be generated by FASL, which is included in net income under the equity method of accounting.

Research and development expense for 1994 increased to \$280.0 million from \$262.8 million in 1993 and \$227.9 million in 1992. These increases were mainly due to higher spending in microprocessor development. The company anticipates that this trend will continue in 1995.

Marketing, general, and administrative expense increased from 1992 through 1994. These increases were primarily due to increased legal expenses related to litigations with Intel (which were settled in January, 1995) and microprocessor advertising expenses.

Operating expenses as a percentage of sales were on a downward trend from 1992 through 1994. However, operating expenses as a percentage of sales are anticipated to rise in 1995, primarily due to start-up costs and commencement of significant depreciation expenses related to Fab 25 and purchase of product from FASL, as well as pricing pressures, particularly with respect to microprocessor products.

On January 11, 1995, the company and Intel Corporation reached an agreement to settle all previously outstanding legal disputes between the two companies. The major terms of the settlement are: (1) AMD will have a fully paid-up, nonexclusive, world-wide, royalty-free, perpetual license to copy and distribute the microcode and control code in the Intel287(TM), Intel386(TM) and Intel486(TM) microprocessor product families. (2) AMD agreed that it has no right to copy any other Intel microcode including the Pentium(TM) Processor, the P6 microcode and the 486 of ICE (in-circuit emulation) microcode. (3) The companies agreed to negotiate a new patent cross-license agreement to become

effective January 1, 1996. (4) AMD agreed to pay Intel \$58 million in settlement of claims for past damages related to AMD's distribution of Am486 microprocessors containing Intel's 486 ICE microcode. As ordered in a 1992 arbitration between the companies, Intel will pay AMD approximately \$18 million in damages (which includes interest) awarded by the arbitrator for breach of contract and will not contest certain rights granted AMD in the arbitration. The company recorded both the ICE case damages and the arbitration award in 1994. (5) Intel and AMD will drop all cases against each other, including appeals, currently

ADVANCED MICRO DEVICES, INC. 7

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

pending in the courts. (6) AMD will have the right to use foundries for Am486 products containing Intel microcode for up to 20 percent of annual total unit shipments of Am486 microprocessors. (7) AMD and its customers will receive a license for Intel's "Crawford '338" patent, covering memory management. (8) The two companies agreed not to initiate legal action against one another for any activity occurring prior to January 6, 1995.

The company recorded a \$58 million litigation settlement in 1994 as a result of the forgoing settlement. Also, during 1994, interest income and other, net, included a net charge of approximately \$5 million resulting from the securities class action lawsuit and stockholders' derivative action settlements, and damages awarded to the company in the arbitration proceeding with Intel Corporation. Interest expense decreased in 1994 and 1993 as compared to 1992, mainly due to lower average outstanding debt and lower interest rates.

The income tax rate increased to approximately 33 percent in 1994 from 28 percent in 1993 and 10 percent in 1992. The higher tax rate in 1994 was primarily due to reduced benefits from low taxed foreign income and available tax credit carryforwards. The company anticipates that the income tax rate will be approximately 34 percent in 1995.

The company enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of the company's foreign net monetary asset position. In 1994, these hedging transactions were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally short-term in nature. The company believes its foreign exchange contracts do not subject the company to risk from exchange rate movements because gains and losses on these contracts are designed to offset losses and gains on the net monetary asset position being hedged. Net foreign currency gains and losses have not been material. As of December 25, 1994, the company had approximately \$33 million (notional amount) in foreign exchange forward contracts (see Notes 1, 2, and 3 to the Consolidated Financial Statements).

In 1994, approximately 15 percent of the company's net sales were denominated in foreign currencies. The company does not have sales denominated in local currencies in those countries which have highly inflationary economies. The impact on the company's operating results from changes in foreign currency rates individually and in the aggregate has not been material.

The company has engaged in interest rate swaps primarily to reduce its interest rate exposure by changing a portion of the company's interest rate exposure from a floating rate to a fixed rate basis. At the end of 1994, the net outstanding notional amount of interest rate swaps was \$40 million, which will mature in 1997. Gains and losses related to these interest rate swaps have been immaterial (see Notes 1, 2, and 3 to the Consolidated Financial Statements).

The company primarily addresses market risk by participating as an end-user in various derivative markets to manage its exposure to interest and foreign currency exchange rate fluctuations. The counterparties to the company's foreign exchange forward contracts, foreign currency options, and interest rate swaps consist of a number of major high credit quality international financial institutions. The company does not believe that there is significant risk of nonperformance by these counterparties because the company continually monitors the credit ratings of such counterparties and limits the financial exposure and the amount of agreements entered into with any one financial institution.

FACTORS THAT MAY AFFECT FUTURE RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The semiconductor industry is generally characterized by a highly competitive and rapidly changing environment in which operating results are often subject to the effects of new product introductions, manufacturing technology innovations, rapid fluctuations in product demand, and the ability to maintain and secure intellectual property rights. While the company attempts to identify and respond to these changes as soon as possible, the rapidity of their onset makes prediction of and reaction to such events an ongoing challenge.

The company believes that its future results of operations and financial condition could be impacted by any of the following factors: market acceptance and timing of new products; continued market acceptance of personal computer industry standards applicable to the company's products; trends in the personal computer marketplace; capacity constraints; intense price competition; interruption in procuring needed manufacturing materials; and changes in domestic and international economic conditions.

The company's microprocessor products, and more specifically the company's current generation of 486 microprocessors, have significantly contributed, and are expected to significantly contribute in 1995 to the company's revenues, margins and profits. The company's 486 microprocessors are re-engineered versions of 486 microprocessors originally developed by Intel, and contain and use, under license with Intel, its 486 microcode. The company's next generation superscalar RISC-based K86(TM) products are being designed to be Microsoft(R) Windows(R)-compatible and compete with Intel's post-486 generations of X86

microprocessors including the Pentium and the P6.

8 ADVANCED MICRO DEVICES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The company's K86 products will not be re-engineered versions of microprocessors developed by Intel, and pursuant to the settlement agreement with Intel the company does not have the right to use Intel microcodes in AMD product generations following the 486. There can be no assurance that the company will be able to introduce its K86 products in a timely manner to meet competition, that these microprocessors will not face severe price competition, or that superior competitive products will not be introduced. There can be no assurance that the K86 products will achieve market acceptance or desired operating results, including but not limited to profitability. Any such failure could adversely affect the company's future operations.

The company has entered into a number of licenses and cross-licenses relating to several of the company's products. As is common in the semiconductor industry, from time to time the company has been notified that it may be infringing other parties' patents or copyrights. While patent and copyright owners in such instances often express a willingness to resolve the dispute or grant a license, no assurance can be given that all necessary licenses will be honored or obtained on satisfactory terms, nor that the ultimate resolution of any material dispute concerning the company's present or future products will not have an adverse impact on the company's future results of operations or financial condition.

Due to the factors noted above, the company's future operations, financial condition, and stock price may be subject to volatility. In addition, an actual or anticipated shortfall in revenue, gross margins, or earnings from securities analysts' expectations could have an immediate adverse effect on the trading price of the company's common stock in any given period.

FINANCIAL CONDITION

Cash, cash equivalents, and short-term investments decreased by \$110.3 million from 1993 to 1994. This decrease was primarily attributable to investments in expanding manufacturing capacity both directly through additional property, plant, and equipment, and indirectly through the FASL joint venture. The company also paid \$34 million in settlement of a securities class action. The company plans to continue to make significant capital investments in 1995.

Working capital decreased by \$115.1 million from \$509.6 million in 1993 to \$394.5 million in 1994. This decrease was primarily due to lower cash, cash equivalents, and short-term investments resulting from capital acquisitions, and secondarily due to a liability recorded for the Intel settlement. The payment of this litigation liability is expected to be made in the first half of 1995.

In 1993, the company commenced construction of its 700,000 square-foot submicron semiconductor manufacturing complex in Austin, Texas. Known as Fab 25, the new facility is expected to cost approximately \$1.3 billion when fully equipped. The first phase of construction and initial equipment installation is expected to cost approximately \$700 million through 1995, of which approximately \$400 million was incurred through 1994. Volume production is presently scheduled to begin in late 1995.

The company and Fujitsu Limited are cooperating in building and operating an approximately \$800 million wafer fabrication facility in Aizu-Wakamatsu, Japan, through their joint venture (FASL). Each company will contribute equally toward funding and supporting FASL. AMD is expected to contribute approximately half of its share of funding in cash and may be required to guarantee third-party loans made to FASL for the remaining half. However, to the extent debt cannot be secured by FASL, AMD is required to contribute its portion in cash. The company is also required under the terms of the joint venture to contribute approximately one-half of any additional amounts as may be necessary to sustain FASL's operations. At the end of 1994, the company's total cash investment in FASL was \$142.3 million as compared to \$3.2 million at the end of 1993. The company anticipates that this investment will increase to approximately \$162 million by the end of 1995. Volume production is presently scheduled to commence in the second half of 1995.

The joint venture costs are denominated in yen and therefore are subject to change due to fluctuations of foreign exchange rates. Therefore, the company enters into foreign currency options to hedge its firm commitments relating to the company's FASL investment. The maturities of these currency options are generally less than six months. As of December 25, 1994, the company held approximately \$13 million (notional amount) in foreign currency options (see Notes 1, 2, and 3 to the Consolidated Financial Statements).

As of the end of 1994, the company had the following financing arrangements: unsecured committed bank lines of credit of \$250 million, unutilized; long-term secured equipment lease lines of \$110 million, of which \$107 million were utilized; and short-term, unsecured uncommitted bank credit in the amount of \$128 million, of which \$32 million was utilized. On January 5, 1995, the company obtained a \$150 million four-year term loan from a consortium of eight commercial banks.

The company's current capital plan and requirements are based on various product-mix, selling-price and unit-demand assumptions and are, therefore,

subject to revision due to future market conditions.

ADVANCED MICRO DEVICES, INC. 9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On May 25, 1994, the Securities and Exchange Commission declared effective the company's shelf registration statement covering up to \$400 million of its securities, which may be either debt securities, preferred stock, depositary shares representing fractions of shares of preferred stock, common stock, warrants to purchase common stock, or any combination of the foregoing which the company may offer from time to time in the future. The nature and terms of the securities will be established at the time of their sale. The company may offer the securities through underwriters to be named in the future, through agents or otherwise. The net proceeds of any offering will be used for general corporate purposes, which may include the reduction of outstanding indebtedness, working capital increases and capital expenditures. To date, the company has not offered or sold any securities registered under the \$400 million registration statement.

On February 10, 1995, the company called for redemption of all outstanding shares of its \$30.00 Convertible Exchangeable Preferred Stock (the "Preferred Shares") on March 13, 1995 (the "Redemption Date"); and pursuant to the provisions of a depositary agreement between the company and The First National Bank of Boston as Depositary, the Depositary called for redemption, on the Redemption Date, all of the outstanding Depositary Convertible Exchangeable Preferred Shares (the "Depositary Shares"), each representing one-tenth of a Preferred Share. The redemption price is \$50.90 per Depositary Share, plus \$.73 of accrued and unpaid dividends from December 15, 1994 to the Redemption Date.

Each group of ten Depositary Shares, representing one whole share of Preferred Stock, is convertible, at the option of the holders, into 19.873 shares of common stock of the company at any time prior to 5:00 p.m. Eastern Standard Time on the Redemption Date. No accrued dividends will be paid in respect of any Depositary Shares which are converted. If fewer than all of the outstanding Depositary Shares are properly surrendered for conversion, the company has arranged for Donaldson, Lufkin & Jenrette Securities Corporation and Salomon Brothers Inc. to purchase directly from the company up to such whole number of shares of common stock as would have been issuable upon the conversion of any Depositary Shares not surrendered for conversion. The proceeds from any such sale will be used by the company to redeem the Depositary Shares which are not surrendered for conversion.

The company believes that cash flows from operations and current cash balances, together with current and anticipated available long-term financing, will be sufficient to fund operations, capital investments, and research and development projects currently planned for the foreseeable future.

Am386 and Am486 are registered trademarks of Advanced Micro Devices, Inc.

K86 is a trademark of Advanced Micro Devices, Inc.

10 ADVANCED MICRO DEVICES, INC.

CONSOLIDATED STATEMENTS OF INCOME

Three years ended December 25, 1994
 (Thousands except per share amounts)

	1994	1993	1992
NET SALES	\$ 2,134,659	\$ 1,648,280	\$ 1,514,489
Expenses:			
Cost of sales	982,306	789,564	746,486
Research and development	279,984	262,802	227,860
Marketing, general, and administrative	359,230	290,861	270,198
	1,621,520	1,343,227	1,244,544
Operating income	513,139	305,053	269,945
Litigation settlement	(58,000)	-	-
Interest income and other, net	16,259	16,490	18,913
Interest expense	(1,844)	(2,910)	(17,227)
Income before income taxes and equity in joint venture	469,554	318,633	271,631
Provision for income taxes	153,703	89,218	26,620
Income before equity in joint venture	315,851	229,415	245,011
Equity in net income (loss) of joint venture	(10,585)	(634)	-
NET INCOME	305,266	228,781	245,011
Preferred stock dividends	10,350	10,350	10,350
NET INCOME APPLICABLE TO COMMON STOCKHOLDERS	\$ 294,916	\$ 218,431	\$ 234,661
NET INCOME PER COMMON SHARE:			
Primary	\$ 3.02	\$ 2.30	\$ 2.57
Fully diluted	\$ 2.92	\$ 2.24	\$ 2.49
Shares used in per share calculation:			
Primary	97,510	95,108	91,383
Fully diluted	104,570	102,063	98,475

See accompanying notes

CONSOLIDATED BALANCE SHEETS

December 25, 1994, and December 26, 1993

(Thousands except share and per share amounts)

	1994	1993
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 121,343	\$ 60,423
Short-term investments	256,511	427,775
	-----	-----
Total cash, cash equivalents, and short-term investments	377,854	488,198
Accounts receivable, net of allowance for doubtful accounts of \$10,319 in 1994 and \$7,492 in 1993	337,107	263,617
Inventories:		
Raw materials	21,604	15,371
Work-in-process	72,632	56,504
Finished goods	34,454	32,175
	-----	-----
Total inventories	128,690	104,050
Deferred income taxes	98,675	77,922
Prepaid expenses and other current assets	44,293	30,399
	-----	-----
Total current assets	986,619	964,186
Property, plant, and equipment:		
Land	28,820	26,272
Buildings and leasehold improvements	500,530	444,299
Equipment	1,442,787	1,335,251
Construction in progress	492,792	192,541
	-----	-----
Total property, plant, and equipment	2,464,929	1,998,363
Accumulated depreciation and amortization	(1,200,718)	(1,094,037)
	-----	-----
Property, plant, and equipment, net	1,264,211	904,326
Investment in joint venture	124,588	2,086
Other assets	70,284	58,633
	-----	-----
	\$ 2,445,702	\$ 1,929,231
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to banks	\$ 32,459	\$ 30,994
Accounts payable	149,122	127,151
Accrued compensation and benefits	104,526	81,860
Accrued liabilities	82,570	83,982
Litigation settlement	58,000	-
Income tax payable	53,795	34,991
Deferred income on shipments to distributors	83,800	74,436
Current portion of long-term debt and capital lease obligations	27,895	21,205
	-----	-----
Total current liabilities	592,167	454,619
Deferred income taxes	42,518	42,837
Long-term debt and capital lease obligations, less current portion	75,752	79,504
Commitments and contingencies	-	-
	-----	-----
Stockholders' equity:		
Capital stock:		
Serial preferred stock, par value \$.10; 1,000,000 shares authorized; 345,000 shares issued and 344,862 shares outstanding in 1994, and 345,000 shares issued and outstanding in 1993 (\$172,431 aggregate liquidation preference in 1994)	34	35
Common stock, par value \$.01; 250,000,000 shares authorized; 95,417,383 shares issued and outstanding in 1994, and 92,443,911 in 1993	956	926
Capital in excess of par value	698,673	619,733
Retained earnings	1,035,602	731,577
	-----	-----
Total stockholders' equity	1,735,265	1,352,271
	-----	-----
	\$ 2,445,702	\$ 1,929,231
	=====	=====

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three years ended December 25, 1994 (Thousands)	1994	1993	1992
Cash flows from operating activities:			
Net income	\$ 305,266	\$ 228,781	\$ 245,011
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	215,984	175,275	152,313
Litigation settlement	58,000	-	-
Net (gain) loss on sale of property, plant, and equipment	276	(2,943)	1,325
Write-down of property, plant, and equipment	2,230	366	222
Gain realized on available-for-sale securities	-	-	(10,689)
Compensation recognized under employee stock plans	1,971	1,313	3,039
Undistributed loss of joint venture	10,585	634	-
Changes in operating assets and liabilities:			
Net increase in receivables, inventories, prepaid expenses, and other assets	(114,566)	(57,269)	(2,471)
Net increase in deferred income taxes	(21,072)	(27,021)	(19,109)
Increase in income tax payable	61,910	70,502	13,386
Net increase in payables and accrued liabilities	52,589	69,750	16,212
Net cash provided by operating activities	573,173	459,388	399,239
Cash flows from investing activities:			
Purchase of property, plant, and equipment	(548,742)	(323,669)	(222,064)
Proceeds from sale of property, plant, and equipment	2,058	4,648	1,261
Proceeds from available-for-sale securities	-	-	21,263
Purchase of held-to-maturity debt securities	(1,245,167)	(715,487)	(594,801)
Proceeds from sale of held-to-maturity debt securities	1,416,431	566,773	432,590
Investment in joint venture	(139,175)	(3,160)	-
Net cash used in investing activities	(514,595)	(470,895)	(361,751)
Cash flows from financing activities:			
Proceeds from borrowings	42,025	10,238	8,898
Principal payments on borrowings	(68,898)	(22,386)	(153,094)
Proceeds from issuance of stock	39,565	42,401	15,145
Payments of preferred stock dividends	(10,350)	(10,350)	(10,350)
Net cash provided by (used in) financing activities	2,342	19,903	(139,401)
Net increase (decrease) in cash and cash equivalents	60,920	8,396	(101,913)
Cash and cash equivalents at beginning of year	60,423	52,027	153,940
Cash and cash equivalents at end of year	\$ 121,343	\$ 60,423	\$ 52,027
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest (net of amounts capitalized)	\$ 977	\$ 2,123	\$ 15,136
Income taxes	\$ 111,704	\$ 44,433	\$ 32,149
Non-cash financing activities:			
Equipment capital leases	\$ 34,202	\$ 64,512	\$ -

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 25, 1994, December 26, 1993, and December 27, 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fiscal year. Advanced Micro Devices' fiscal year ends on the last Sunday in December, which resulted in a 52-week year ended December 25, 1994. This compares with a 52-week fiscal year for 1993 and 1992, which ended on December 26 and 27, respectively.

Principles of consolidation. The consolidated financial statements include the accounts of Advanced Micro Devices, Inc. and its subsidiaries. Upon consolidation, all significant intercompany accounts and transactions are eliminated.

Foreign currency translation. The U.S. dollar is the functional currency for the company's wholly-owned foreign subsidiaries. Translation adjustments, resulting from the process of translating foreign currency financial statements into U.S. dollars, are included in operations. The functional currency of the company's unconsolidated joint venture is the Japanese yen. Translation adjustments relating to the translation of these statements have not been material, and therefore, are not included as a separate component of stockholders' equity.

Cash equivalents. Cash equivalents consist of financial instruments which are readily convertible to cash and have original maturities of three months or less at the time of acquisition.

Investments. Effective December 27, 1993, the company adopted the Statement of Financial Accounting Standards No. 115 (SFAS No. 115), "Accounting for Certain Instruments in Debt and Equity Securities." Accordingly, the company has classified its marketable debt and equity securities into held-to-maturity and available-for-sale categories. Securities classified as held-to-maturity are reported at amortized cost and available-for-sale securities are reported at fair market value with unrealized gains and losses included in retained earnings. Realized gains and losses and declines in value of securities judged to be other-than-temporary are included in interest income and other, net. Interest and dividends on all securities are included in interest income and other, net.

Investments with maturities between three and twelve months are considered short-term investments. Short-term investments consist of debt securities such as commercial paper, time deposits, certificates of deposit, bankers' acceptances, and marketable direct obligations of the United States Treasury.

Foreign exchange forward contracts. Foreign exchange forward contracts are used to hedge the company's net monetary asset positions in its foreign subsidiaries. Realized gains and losses from these hedges are included in operations. Premiums and discounts, if any, are amortized over the life of the contract and included in operations.

Foreign currency options. Foreign currency options are used to hedge firm commitments with respect to the company's joint venture investment (FASL). Realized gains and losses from these hedges are deferred and included in other assets or other liabilities, respectively. They are recognized in operations in the same period as the hedged transactions. Premiums and discounts, if any, are amortized over the life of the contract and included in operations.

Interest rate swaps. The company enters into interest rate swaps primarily to reduce its interest rate exposure by changing a portion of the company's interest rate exposure from a floating rate to a fixed rate basis.

The differential between fixed and floating rates to be paid or received is accrued and recognized as an adjustment to interest expense. Accordingly, the related amount payable to or receivable from counterparties is included in other current assets or accrued liabilities.

Additional disclosures regarding financial instruments, including SFAS No. 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments," are included in Notes 2 and 3 to the Consolidated Financial Statements.

Inventories. Inventories are stated principally at standard cost adjusted to approximate the lower of cost (first-in, first-out method) or market (net realizable value).

Property, plant, and equipment. Property, plant, and equipment is stated at cost. Depreciation and amortization are provided principally on the straight-line method for financial reporting purposes and on accelerated methods for tax purposes.

Investment in joint venture. In 1993, the company and Fujitsu Limited established a joint venture, Fujitsu AMD Semiconductor Limited (FASL). AMD's share of FASL is 49.95 percent and the investment is being accounted for under the equity method. In 1994, the amount invested in FASL was \$139.2 million, and the company's share of net loss during 1994 was \$10.6 million, offset by income tax savings of approximately \$5.7 million.

Pursuant to a cross-equity provision between AMD and Fujitsu Limited, the company purchased \$12.7 million of Fujitsu Limited shares, with certain resale restrictions. Under the same provision, Fujitsu Limited has purchased 2 million shares of AMD common stock, and is required to purchase an additional 2.5 million shares over the next several years, for a total investment not to exceed \$100 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred income on shipments to distributors. A portion of sales is made to distributors under terms allowing certain rights of return and price protection on unsold merchandise held by the distributors. These agreements can be canceled by either party upon written notice, at which time the company generally repurchases unsold inventory. Accordingly, recognition of sales to distributors and related gross profits are deferred until the merchandise is resold by the distributors.

Income taxes. Effective December 28, 1992, the company adopted Statement of Financial Accounting Standards No. 109 (SFAS No. 109), "Accounting for Income Taxes."

Net income per common share. Primary net income per common share is based upon weighted average common and dilutive common equivalent shares outstanding using the treasury stock method. Dilutive common equivalent shares include stock options and restricted stock. Fully diluted net income per common share is computed using the weighted average common and dilutive common equivalent shares outstanding, plus other dilutive shares outstanding which are not common equivalent shares. Other dilutive shares which are not common equivalent shares include convertible preferred stock.

Financial presentation. Certain prior year amounts on the Consolidated Financial Statements have been reclassified to conform to the 1994 presentation.

2. FINANCIAL INSTRUMENTS

Financial instruments with off-balance-sheet risk. As part of the company's asset and liability management, the company enters into various types of transactions that involve financial instruments with off-balance-sheet risk. These instruments are entered into in order to manage financial market risk, including interest rate and foreign exchange risk. The notional values, carrying amounts and fair values are tabled below.

Foreign exchange forward contracts. The company enters into foreign exchange forward contracts to buy and sell currencies as economic hedges of its net monetary asset positions in its foreign subsidiaries. The hedging transactions in 1994 were denominated in lira, yen, French franc, deutsche mark, and pound sterling. The maturities of these contracts are generally less than six months.

Foreign currency options. The joint venture (FASL) investments are denominated in yen, and therefore, are subject to exposure due to fluctuations in yen exchange rate. Thus, the company hedges its exposures on certain firm commitments relating to the FASL investment with foreign currency options denominated in yen. The maturities of these options are generally less than six months.

Interest rate swaps. The company engaged in interest rate swaps primarily to reduce its interest rate exposure on its building lease obligations. These interest rate swaps generally involve the payment of a fixed interest rate based on three to five year swap rates and the receipt of a floating interest rate based on six months LIBOR without exchanges of the underlying notional amounts. These interest rate swaps will mature in 1997.

Fair value of financial instruments with off-balance-sheet risk. The estimates of fair value were obtained using prevailing financial market information as of December 25, 1994. In certain instances where judgment is required in estimating fair value, price quotes were obtained from certain of the company's counterparty financial institutions.

(Thousands)	1994			1993		
	Notional amount	Carrying amount	Fair value	Notional amount	Carrying amount	Fair value
Interest rate instruments:						
Swaps	\$40,000	\$ (518)	\$228	\$40,000	\$ (1,122)	\$ (3,384)
Foreign exchange instruments:						
Foreign exchange						

forward contracts	32,651	536	536	37,341	22	22
Foreign currency options	12,662	-	(200)	-	-	-

Fair value of other financial instruments.

The carrying value of short-term debt approximates fair value due to its short-term maturity. The fair value for long-term debt was estimated using discounted cash flow analysis based on estimated interest rates for similar types of borrowing arrangements.

ADVANCED MICRO DEVICES, INC. 15

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The carrying amounts and estimated fair values of the company's other financial instruments are as follows:

(Thousands)	1994		1993	
	Carrying amount	Fair value	Carrying amount	Fair value
Short-term debt:				
Notes payable	\$ (32,459)	\$ (32,459)	\$ (30,994)	\$ (30,994)
Long-term debt	(20,810)	(20,132)	(23,494)	(24,321)

Securities held-to-maturity and available-for-sale.
The following is a summary of held-to-maturity securities as of December 25, 1994.

(Thousands)	Cost
Certificates of deposit	\$ 4,997
Security repurchase agreements	50,800
Commercial paper	24,760
Money market preferred stock	36,700
Other debt securities	1,672
Cash equivalents	118,929
Cash	2,414
Total cash and cash equivalents	\$121,343
Certificates of deposit	\$ 95,342
Corporate notes	101,850
Treasury notes	44,877
Commercial paper	14,442
Total short-term investments	\$256,511

Since held-to-maturity securities are short-term in nature, changes in market interest rates would not have a significant impact on fair value of these securities. These securities are carried at amortized cost which approximates fair value.

As of December 25, 1994, included in other assets, the company held \$9.4 million of available-for-sale equity securities with fair value of \$18.5 million. The net unrealized holding gain of \$9.1 million on these equity securities is included in retained earnings since it is immaterial.

As of December 25, 1994, the company did not own any securities classified as trading.

3. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the company to concentrations of credit risk consist primarily of cash equivalents, short-term investments, trade receivables and financial instruments used in hedging activities.

The company places its cash equivalents and short-term investments with high credit quality financial institutions and, by policy, limits the amount of credit exposure with any one financial institution. Investments in time deposits and certificates of deposit are acquired from banks having combined capital, surplus, and undistributed profits of not less than \$200 million. Investments in commercial paper of industrial firms and financial institutions are rated A1, P1 or better.

Concentrations of credit risk with respect to trade receivables are limited because a large number of geographically diverse customers make up the company's customer base, thus spreading the trade credit risk. The company controls credit risk through credit approvals, credit limits and monitoring procedures. The company performs in depth credit evaluations for all new customers and requires letters of credit, bank guarantees and advance payments, if deemed necessary. Bad debt expenses have not been material.

The counterparties to the agreements relating to the company's foreign exchange and interest rate instruments consist of a number of major high credit quality international financial institutions. The company does not believe that there is significant risk of nonperformance by these counterparties because the company continually monitors the credit ratings of such counterparties, and limits the financial exposure and the amount of agreements entered into with any one financial institution. While the notional amounts of financial instruments are often used to express the volume of these transactions, the potential accounting loss on these transactions if all counterparties failed to perform is limited to the amounts, if any, by which the counterparties' obligations under the contracts exceed the obligations of the company to the counterparties.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. STOCKHOLDERS' EQUITY

The following is a summary of the changes in the components of consolidated stockholders' equity for the three years ended December 25, 1994.

(Thousands)	Preferred Stock		Common Stock		Capital in Excess of Par Value	Retained Earnings	Total Stockholders' Equity
	Number of Shares	Amount	Number of Shares	Amount			
DECEMBER 29, 1991	345	\$35	84,031	\$842	\$503,994	\$278,485	\$ 783,356
Issuance of shares:							
Employee stock plans	-	-	4,195	43	15,102	-	15,145
Compensation recognized under employee stock plans	-	-	-	-	3,039	-	3,039
Income tax benefits realized from employee stock option exercises	-	-	-	-	10,539	-	10,539
Preferred stock dividends	-	-	-	-	-	(10,350)	(10,350)
Net income	-	-	-	-	-	245,011	245,011
DECEMBER 27, 1992	345	35	88,226	885	532,674	513,146	1,046,740
Issuance of shares:							
Employee stock plans	-	-	3,218	31	19,408	-	19,439
Fujitsu Limited	-	-	1,000	10	22,952	-	22,962
Compensation recognized under employee stock plans	-	-	-	-	1,313	-	1,313
Income tax benefits realized from employee stock option exercises	-	-	-	-	43,386	-	43,386
Preferred stock dividends	-	-	-	-	-	(10,350)	(10,350)
Net income	-	-	-	-	-	228,781	228,781
DECEMBER 26, 1993	345	35	92,444	926	619,733	731,577	1,352,271
Issuance of shares:							
Employee stock plans	-	-	1,970	19	16,911	-	16,930
Fujitsu Limited	-	-	1,000	10	22,625	-	22,635
Compensation recognized under employee stock plans	-	-	-	-	1,971	-	1,971
Conversion of preferred stock to common stock	-	(1)	3	1	-	-	-
Income tax benefits realized from employee stock option exercises	-	-	-	-	37,433	-	37,433
Preferred stock dividends	-	-	-	-	-	(10,350)	(10,350)
Net income	-	-	-	-	-	305,266	305,266
Unrealized gain from available-for-sale investments	-	-	-	-	-	9,109	9,109
DECEMBER 25, 1994	345	\$34	95,417	\$956	\$698,673	\$1,035,602	\$1,735,265

5. SERIAL PREFERRED STOCK

In March 1987, the company sold 345,000 shares of Convertible Exchangeable Preferred Stock, \$.10 par value. Dividends at an annual rate of \$30 per share (6 percent) on the preferred stock are cumulative from the date of original issue and are payable quarterly in arrears, when and as declared by the company's Board of Directors. Voluntary and involuntary liquidation value of each preferred share is approximately \$500 plus unpaid dividends. The preferred stock is convertible at any time at the option of the holder into common stock at the initial conversion rate of 19.873 common shares for each pre-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ferred share. The preferred stock is exchangeable at the option of the company, in whole but not in part, on any dividend payment date commencing March 15, 1989, for 6 percent Convertible Subordinated Debentures due 2012 at the rate of \$500 principal amount of debentures for each preferred share. If exchanged, commencing the first March 15 following the date of initial issuance of the debentures, the company is required to make annual payments into a sinking fund to provide for the redemption of the debentures.

The preferred stock is redeemable for cash at any time at the option of the company, in whole or in part, at prices declining to approximately \$500 per share at March 15, 1997, plus unpaid dividends. Holders of preferred stock are entitled to limited voting rights under certain conditions.

The preferred stock is held by a depositary and 3,450,000 depositary shares, which are listed on the New York Stock Exchange, have been issued and 3,448,620 shares were outstanding as of December 25, 1994. Each depositary share represents one-tenth of a preferred share, with the holder entitled, proportionately, to all the rights and preferences of the underlying preferred stock.

On February 10, 1995, the company called for redemption of all outstanding shares of its preferred stock on March 13, 1995. The redemption price is \$50.90 per depositary share, plus \$.73 of accrued and unpaid dividends from December 15, 1994 to the redemption date. Each group of ten depositary shares, representing one whole share of preferred stock, is convertible into 19.873 shares of the company's common stock at any time prior to the redemption date. If fewer than all of the outstanding depositary shares are surrendered for conversion, the company has arranged for certain institutions to purchase directly from the company the whole number of shares of common stock as would have been issuable upon the conversion of any depositary shares not surrendered for conversion. The proceeds from any such sale will be used by the company to redeem the depositary shares which are not surrendered for conversion.

6. STOCKHOLDER RIGHTS PLAN

In February 1990, the company adopted a stockholder rights plan. In accordance with this plan, the company declared a dividend distribution of preferred stock purchase rights at the rate of one right for each share of common stock held as of the close of business on February 20, 1990.

Each right entitles the registered holder to purchase from the company a unit consisting of one-thousandth of a share of Series A Junior Participating Preferred Stock, par value \$.10 per share, at a purchase price of \$65, subject to adjustment.

The rights will not be exercisable, or transferable apart from the common stock, until certain events occur. The rights are redeemable by the company and expire on December 31, 2000.

At a meeting on February 16, 1995, the Board of Directors of the company authorized and directed a committee of its members to cause the company to redeem the preferred stock purchase rights under the Stockholders Rights Plan at a time to be determined by the committee, subject to the right of the committee to request that the Board reconsider its action should a change in circumstances occur. No decision concerning the date of the planned redemption has been announced.

7. INCOME TAXES

Provision for income taxes consists of:

	1994	1993	1992
(Thousands)	SFAS 109	SFAS 109	SFAS 96
	Method	Method	Method
Current:			
U.S. Federal	\$154,425	\$83,598	\$48,161
U.S. State and Local	13,001	3,640	7,835
Foreign National and Local	7,350	2,332	1,863
Deferred:			
U.S. Federal	(18,239)	(1,947)	(31,239)
U.S. State and Local	(2,820)	1,798	-
Foreign National and Local	(14)	(203)	-
Provision for income taxes	\$153,703	\$89,218	\$26,620
	=====	=====	=====

Tax benefits resulting from the exercise of nonqualified stock options and the disqualifying disposition of shares acquired under the company's incentive stock option and stock purchase plans reduced taxes currently

payable as shown above by \$37.4 million, \$43.4 million, and \$10.5 million in 1994, 1993, and 1992, respectively. Such benefits were credited to capital in excess of par value when realized.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Under SFAS No. 109, deferred income taxes reflect the net tax effects of tax carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the company's deferred tax assets and liabilities as of December 25, 1994, December 26, 1993, and December 28, 1992 as restated under SFAS No. 109, are as follows:

(Thousands)	1994	1993	1992
Deferred tax assets:			
Deferred distributor income	\$31,396	\$31,349	\$22,402
Inventory reserves	18,809	14,935	16,690
Accrued expenses not currently deductible	39,467	21,799	33,995
Federal tax credit carryovers	2,873	30,888	52,208
Other	39,081	27,569	31,600
Total deferred tax assets	131,626	126,540	156,895
Less: valuation allowance	-	(26,415)	(47,427)
Net deferred tax assets	131,626	100,125	109,468
Deferred tax liabilities:			
Depreciation	(59,614)	(44,886)	(43,742)
Other	(15,855)	(20,154)	(30,993)
Total deferred tax liabilities	(75,469)	(65,040)	(74,735)
Net deferred tax assets	\$56,157	\$35,085	\$34,733

The 1993 and 1992 valuation allowances for deferred tax assets, attributable to stock option deductions, were credited to equity upon realization in 1994 and 1993.

Under SFAS No. 96, the components of the deferred taxes for 1992 consisted of:

(Thousands)	1992
Deferred distributor income	\$ (22,402)
Inventory reserves	(16,690)
Accrued expenses not currently deductible	(31,686)
Depreciation	41,502
Other	(1,963)
	\$ (31,239)

Pretax income from foreign operations was \$45.7 million in 1994, \$40.0 million in 1993, and \$32.0 million in 1992.

The following is a reconciliation between statutory federal income taxes and the total provision for income taxes.

(Thousands except percent)	1994 SFAS 109 Method		1993 SFAS 109 Method		1992 SFAS 96 Method	
	Tax	Rate	Tax	Rate	Tax	Rate
Statutory federal income tax provision	\$164,344	35.0%	\$111,522	35.0%	\$92,355	34.0%
Operating losses utilized	-	-	-	-	(46,534)	(17.1)
State taxes net of federal benefit	6,601	1.4	3,535	1.1	5,228	1.9
Tax exempt foreign sales corporation income	(8,955)	(1.9)	(7,236)	(2.3)	(6,175)	(2.3)
Tax credits utilized	-	-	(5,004)	(1.5)	(12,306)	(4.5)
Foreign income at other than U.S. rates	(9,633)	(2.1)	(10,398)	(3.3)	(5,948)	(2.2)
Other	1,346	0.3	(3,201)	(1.0)	-	-
	\$153,703	32.7%	\$ 89,218	28.0%	\$26,620	9.8%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

No provision has been made for income taxes on approximately \$231.5 million of cumulative undistributed earnings of certain foreign subsidiaries because it is the company's intention to permanently invest such earnings. If such earnings were distributed, additional taxes of \$81.0 million would accrue.

The company's Far East assembly and test plants in Singapore and Thailand are operated under various tax holidays which expire in whole or in part during 1996 and 1998. Possible extensions of the holiday period, as well as other tax incentives, are anticipated to result in minimal tax liabilities in these countries through 1998. The net impact of these tax holidays was an increase of net income of approximately \$5.2 million (\$.05 per share) in 1994.

8. DEBT

The company has certain debt agreements that contain provisions regarding restrictions on cash dividends, maintenance of specified working capital and net worth levels, and specific financial ratio requirements. At December 25, 1994, the company was in compliance with all restrictive covenants of such debt agreements and all retained earnings were restricted as to payments of cash dividends on common stock.

Significant elements of uncommitted, unsecured revolving lines of credit are:

(Thousands except percent)	1994	1993	1992
Total lines of credit	\$378,182	\$188,200	\$100,946
Portion of lines of credit available to foreign subsidiaries	128,182	83,200	100,946
Amounts outstanding at year-end:			
Short-term	32,459	30,994	40,659
Short-term borrowings:			
Average daily borrowings	33,449	35,783	45,381
Maximum amount outstanding at any month-end	35,384	38,009	52,026
Weighted monthly average interest rate	4.32%	5.81%	7.84%
Average interest rate on amounts outstanding at year-end	4.42%	4.54%	6.94%

Interest on foreign and short-term domestic borrowings is negotiated at the time of the borrowing.

On January 5, 1995, the company obtained a \$150 million single term four-year loan with a consortium of eight commercial banks. The loan has a variable interest rate starting at 8.06 percent and requires quarterly interest payments with the principal to be paid at the end of the term in 1998.

Information with respect to the company's long-term debt and capital lease obligations at year-end is:

(Thousands)	1994	1993
6.88% promissory notes with principal and interest payable annually through January 2000, secured by a partnership interest	\$11,946	\$12,920
9.88% mortgage with principal and interest payable in monthly installments through April 2007	2,382	2,577
Obligations under capital leases	82,714	76,392
Obligations secured by equipment	6,482	7,997
Other	123	823
	103,647	100,709
Less: current portion	(27,895)	(21,205)
Long-term debt and capital lease obligations, less current portion	\$75,752	\$79,504

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For each of the next five years and beyond, long-term debt and capital lease obligations are:

(Thousands)	Long-term Debt (Principal only)	Capital Leases
1995	\$ 3,396	\$27,600
1996	3,646	21,727
1997	3,802	21,015
1998	4,033	15,447
1999	2,326	2,177
Beyond 1999	3,730	-
Total	20,933	87,966
Less: Amount representing interest	-	5,252
Total at present value	\$20,933 =====	\$82,714 =====

Obligations under the lease agreements are collateralized by the assets leased. Total assets under lease were approximately \$131.3 million and \$97.7 million at December 25, 1994 and December 26, 1993, respectively. Accumulated amortization of these leased assets was approximately \$60.2 million and \$27.1 million at December 25, 1994 and December 26, 1993, respectively.

9. INTEREST INCOME AND OTHER, NET

(Thousands)	1994	1993	1992
Interest income	\$22,456	\$15,990	\$16,571
Other income (loss)	(6,197)	500	2,342
	\$16,259 =====	\$16,490 =====	\$18,913 =====

In 1994, other income (loss) consisted of primarily the net \$33 million settlement cost related to the class action lawsuits and stockholder's derivative action offset by an \$18 million gain resulting from an award of damages in the arbitration proceedings with Intel Corporation. Also included in other income (loss) for all years presented is the net gain (loss) on the sale of assets.

10. INTEREST EXPENSE

(Thousands)	1994	1993	1992
Interest expense	\$10,138	\$9,994	\$23,253
Interest capitalized	(8,294)	(7,084)	(6,026)
	\$ 1,844 =====	\$2,910 =====	\$17,227 =====

11. FOREIGN AND DOMESTIC OPERATIONS

The company is currently engaged in a single line of business: The design, development, manufacture, and sale of complex monolithic integrated circuits for use by manufacturers of a broad range of electronic equipment and systems.

Operations outside the United States include both manufacturing and sales. Manufacturing subsidiaries are located in Malaysia, Singapore, Thailand, and the United Kingdom. Sales subsidiaries are in Europe and Asia.

The following is a summary of operations by entities within geographic areas for the three years ended December 25, 1994:

(Thousands)	1994	1993	1992
Sales to unaffiliated customers:			
United States	\$1,524,050	\$1,174,410	\$1,106,245
Europe	483,632	343,600	279,430
Asia	126,977	130,270	128,814
	-----	-----	-----
	\$2,134,659	\$1,648,280	\$1,514,489
	=====	=====	=====
Transfers between geographic areas (eliminated in consolidation):			
United States	\$ 563,303	\$ 444,378	\$ 360,844
Asia	323,050	277,496	300,773
	-----	-----	-----
	\$ 886,353	\$ 721,874	\$ 661,617
	=====	=====	=====
Operating income:			
United States	\$ 467,131	\$ 265,676	\$ 235,802
Europe	15,860	8,376	5,165
Asia	30,148	31,001	28,940
Eliminations	-	-	38
	-----	-----	-----
	\$ 513,139	\$ 305,053	\$ 269,945
	=====	=====	=====
Identifiable assets:			
United States	\$2,090,080	\$1,647,477	\$1,193,543
Europe	122,316	90,582	71,510
Asia	394,474	362,108	311,481
Eliminations	(161,168)	(170,936)	(128,439)
	-----	-----	-----
	\$2,445,702	\$1,929,231	\$1,448,095
	=====	=====	=====
U.S. export sales:			
Asia	\$ 436,120	\$ 314,268	\$ 360,357
Europe	117,811	109,226	99,635
	-----	-----	-----
	\$ 553,931	\$ 423,494	\$ 459,992
	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Sales to unaffiliated customers are based on the company location. Transfers between geographic areas consist of products and services that are sold at amounts generally above cost and are consistent with governing tax regulations. Operating income is total sales less operating expenses. Identifiable assets are those assets used in each geographic area. Export sales are United States foreign direct sales to unaffiliated customers primarily in Europe and Asia.

12. EMPLOYEE BENEFIT PLANS

Stock option plans. The company has several stock option plans under which key employees have been granted incentive (ISOs) and nonqualified (NSOs) stock options to purchase the company's common stock. Generally, options are exercisable within four years from the date of grant and expire five to ten years after the date of grant. ISOs granted under the plans have exercise prices of not less than 100 percent of the fair market value of the common stock at the date of grant. Exercise prices of NSOs may not be less than 50 percent of the fair market value of the common stock at the date of grant. At December 25, 1994, 2,795 employees were eligible and participating in the plans.

The following is a summary of stock option exercises.

(Thousands)	1994	1993	1992
Aggregate exercise price	\$10,149	\$14,029	\$13,803
Options exercised	1,589	2,749	3,119

A summary of the stock option plans at December 25, 1994 is shown below.

(Thousands except per share amounts)	
Options:	
Outstanding at beginning of year	10,961
Granted	2,789
Canceled	(242)
Exercised	(1,589)
Outstanding at end of year	11,919
Exercisable at beginning of year	4,852
Exercisable at end of year	5,878
Available for grant at beginning of year	963
Available for grant at end of year	2,960
Aggregate exercise price of options outstanding at end of year	\$193,000
Average exercise price of options outstanding at end of year	\$ 16.19

Stock appreciation rights plans. The company maintains three stock appreciation rights plans under which stock appreciation rights (SARs) either have been or may be granted to key employees. The number of SARs exercised plus common stock issued under the stock option plans may not exceed the number of shares authorized under the stock option plans. SARs may be granted in tandem with outstanding stock options, in tandem with future stock option grants or independently of any stock options. Generally, the terms of SARs granted under the plans are similar to those of options granted under the stock option plans, including exercise prices, exercise dates and expiration dates. To date, the company has granted only limited SARs, which become exercisable only in the event of certain changes in control of the company.

Stock purchase plan. The company has a stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the company's common stock at 85 percent of the fair market value at specified dates. At December 25, 1994, 6,038 employees were eligible to participate in the plan and 948,778 common shares remained available for issuance under the plan. A summary of stock purchased under the plan is shown below.

(Thousands except employee participants)	1994	1993	1992
--	------	------	------

Aggregate purchase price	\$8,115	\$6,413	\$4,614
Shares purchased	412	387	483
Employee participants	1,941	1,684	1,349

Profit sharing program. The company has a profit sharing program to which the Board of Directors has authorized semiannual contributions. Profit sharing contributions were \$57.0 million in 1994, \$33.9 million in 1993 and \$30.0 million in 1992.

Retirement savings plan. The company has a retirement savings plan, commonly known as a 401(k) plan, that allows participating United States employees to contribute from 1 percent to 15 percent of their pre-tax salary subject to I.R.S. limits. The company makes a matching contribution calculated at 50 cents on each dollar of the first 3 percent of participant contributions, to a maximum of 1.5 percent of eligible compensation. The company's contributions to the 401(k) plan were \$3.7 million, \$3.2 million and \$2.7 million for 1994, 1993 and 1992, respectively. There are four investment funds in which each employee may invest contributions in increments of 10 percent.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Restricted stock award plan. The company established the 1987 restricted stock award plan under which up to two million shares of common stock may be issued to employees, subject to terms and conditions determined at the discretion of the Board of Directors. The company entered into agreements to issue 180,000 and 19,000 shares in 1994 and 1992, respectively. To date, agreements covering 210,212 shares have been canceled without issuance and 1,142,964 shares have been issued pursuant to prior agreements. At December 25, 1994, agreements covering 322,000 shares were outstanding under the plan and 535,036 shares remained available for future awards. Outstanding awards vest under varying terms within five years.

 13. COMMITMENTS

The company leases certain of its facilities under agreements which expire at various dates through 2001. The company also leases certain of its manufacturing and office equipment for terms ranging from three to six years. Rent expense was \$31.9 million, \$31.9 million and \$29.4 million in 1994, 1993 and 1992, respectively.

For each of the next five years and beyond, noncancelable long-term operating leases obligations and commitments to purchase manufacturing supplies and services are as follows:

(Thousands)	Operating Leases	Purchase Commitments
1995	\$22,296	\$ 6,641
1996	19,187	6,549
1997	15,586	6,649
1998	12,752	6,489
1999	11,559	6,068
Beyond 1999	10,856	25,197

 The operating lease of the company's corporate sales and marketing facility expires in December 1995. The company has the option of extending the lease agreement or purchasing the building for \$40 million. The company may also consider alternative financing arrangements.

At December 25, 1994, the company had commitments of approximately \$230 million for the construction or acquisition of additional property, plant, and equipment. As of December 25, 1994, the company also had commitments to make cash investments in FASL amounting to approximately \$20 million in 1995.

14. CONTINGENCIES

I. AMD/Intel Litigations.

On January 11, 1995, the company and Intel Corporation reached an agreement to settle all previously outstanding legal disputes between the two companies. The major terms of the settlement are: (1) AMD will have a fully paid-up, nonexclusive, world-wide, royalty-free, perpetual license to copy and distribute the microcode and control code in the Intel287(TM), Intel386(TM) and Intel486(TM) microprocessor product families. (2) AMD agreed that it has no right to copy any other Intel microcode including the Pentium(TM) Processor, the P6 microcode and the 486 ICE (in-circuit emulation) microcode. (3) The companies agreed to negotiate a new patent cross-license agreement to become effective January 1, 1996. (4) AMD agreed to pay Intel \$58 million in settlement of claims for past damages related to AMD's distribution of Am486 microprocessors containing Intel's 486 ICE microcode. As ordered in a 1992 arbitration between the companies, Intel will pay AMD approximately \$18 million in damages (which includes interest) awarded by the arbitrator for breach of contract and will not contest certain rights granted AMD in the arbitration. The company recorded both the ICE case damages and the arbitration award in 1994. (5) Intel and AMD will drop all cases against each other, including appeals, currently pending in the courts. (6) AMD will have the right to use foundries for Am486 products containing Intel microcode for up to 20 percent of annual total unit shipments of Am486 microprocessors. (7) AMD and its customers will receive a license for Intel's "Crawford `338" patent, covering memory management. (8) The two companies agreed not to initiate legal action against one another for any activity occurring prior to January 6, 1995.

II. Shareholders and Securities Class Actions.

During 1994, the company reached an agreement to settle the securities class action lawsuits and stockholder's derivative action. The net cost of the settlements was approximately \$33 million.

III. SEC Investigation.

The Securities and Exchange Commission (SEC) has notified the company that it is conducting an informal investigation of the company concerning the company's disclosures relating to the development of microcode for one of its Am486 products. The company is cooperating fully with the SEC.

IV. Environmental Matters.

A. Clean Up Orders. Since 1981, the company has discovered, investigated and begun remediation of three sites where releases from underground chemical tanks at its facilities in Santa Clara County, California adversely affected the groundwater. The chemicals released into the groundwater were commonly in use in the semiconductor

ADVANCED MICRO DEVICES, INC. 23

industry in the wafer fabrication process prior to 1979. At least one of the released chemicals (which is no longer used by the company) has been identified as a probable carcinogen.

In 1991, the company received four Final Site Clean-up Requirements Orders from the California Regional Water Quality Control Board, San Francisco Bay Region ("RWQCB") relating to the three sites. The orders named the company as well as TRW Microwave, Inc., and Philips Semiconductor, (formerly Signetics Corporation) in various combinations and degrees of responsibility.

A notice dated October 3, 1994 was received by the company from the Department of Ecology of the State of Washington indicating that the Department had determined the corporation to be a potentially liable person for the release of hazardous substances on a site located in Yakima, Washington. The company is currently investigating this claim.

The company has not yet determined to what extent the costs of any related remedial actions will be covered by insurance. The three sites in Santa Clara County are on the National Priorities List (Superfund). If the company fails to satisfy federal compliance requirements or inadequately performs the compliance measures, the government (a) can bring an action to enforce compliance, or (b) can undertake the desired response actions itself and later bring an action to recover its costs, and penalties, which is up to three times the costs of clean-up activities, if appropriate. Certain class actions related to this matter have been settled or the statute of limitations has been tolled. It is expected that the foregoing environmental matters or any related litigation will not have a material adverse effect on the financial condition or results of operations of the company.

V. Other matters.

The company is a defendant or plaintiff in various other actions which arose in the normal course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the financial condition or results of operations of the company.

15. SHELF REGISTRATION STATEMENT

On May 25, 1994, the Securities and Exchange Commission declared effective the company's shelf registration statement covering up to \$400 million of its securities, which may be either debt securities, preferred stock, depositary shares representing fractions of shares of preferred stock, common stock, warrants to purchase common stock, or any combination of the foregoing which the company may offer from time to time in the future. The nature and terms of the securities will be established at the time of their sale. The company may offer the securities through underwriters to be named in the future, through agents or otherwise. The net proceeds of any offering will be used for general corporate purposes, which may include the reduction of outstanding indebtedness, working capital increases, and capital expenditures. To date, the company has not offered or sold any securities registered under the \$400 million registration statement.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Shareholders Advanced Micro Devices, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Micro Devices, Inc. at December 25, 1994 and December 26, 1993 and the related consolidated statements of income and cash flows for each of the three years in the period ended December 25, 1994. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Advanced Micro Devices, Inc. at December 25, 1994 and December 26, 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period December 25, 1994, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

San Jose, California
January 5, 1995, except for the first paragraph of Note 14, as to which the date is January 11, 1995; the fourth paragraph of Note 5, as to which the date is February 10, 1995; and the fourth paragraph of Note 6, as to which the date is February 16, 1995.

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SUPPLEMENTARY FINANCIAL DATA

1994 and 1993 by quarter (unaudited) (Thousands except per share amounts)	Dec. 25, 1994	Sept. 25, 1994	June 26, 1994	Mar. 27, 1994	Dec. 26, 1993	Sept. 26, 1993	June 27, 1993	Mar. 28, 1993
Net sales	\$545,168	\$543,114	\$533,297	\$513,080	\$413,404	\$418,351	\$409,092	\$407,433
Expenses:								
Cost of sales	263,837	252,409	235,623	230,437	208,552	199,999	186,931	194,082
Research and development	76,115	67,759	67,889	68,221	66,747	64,905	69,323	61,827
Marketing, general, and administrative	87,236	87,369	91,731	92,894	83,148	71,979	67,253	68,481
	427,188	407,537	395,243	391,552	358,447	336,883	323,507	324,390
Operating income	117,980	135,577	138,054	121,528	54,957	81,468	85,585	83,043
Litigation settlement	(58,000)	-	-	-	-	-	-	-
Interest income and other, net	5,317	394	6,366	4,182	4,647	4,413	4,043	3,387
Interest expense	(1)	(205)	(899)	(739)	(1,391)	(346)	(91)	(1,082)
Income before income taxes and equity in joint venture	65,296	135,766	143,521	124,971	58,213	85,535	89,537	85,348
Provision for income taxes	21,548	44,803	47,362	39,990	16,300	23,949	25,072	23,897
Income before equity in joint venture	43,748	90,963	96,159	84,981	41,913	61,586	64,465	61,451
Equity in net income (loss) of joint venture	(2,989)	(4,277)	(2,925)	(394)	(274)	(248)	(112)	-
Net income	40,759	86,686	93,234	84,587	41,639	61,338	64,353	61,451
Preferred stock dividends	2,588	2,587	2,587	2,588	2,588	2,587	2,588	2,587
Net income applicable to common stockholders	\$ 38,171	\$ 84,099	\$ 90,647	\$ 81,999	\$ 39,051	\$ 58,751	\$ 61,765	\$ 58,864
Net income per common share								
-Primary	\$.39	\$.86	\$.93	\$.85	\$.41	\$.61	\$.65	\$.63
-Fully diluted	\$.39	\$.83	\$.89	\$.82	\$.41	\$.60	\$.63	\$.61
Shares used in per share calculation								
-Primary	98,636	97,778	97,394	96,233	95,895	95,706	95,079	93,751
-Fully diluted	105,490	104,872	104,249	103,670	102,751	102,743	101,937	100,820
Common stock market price range								
-High	\$ 30.50	\$ 31.00	\$ 31.75	\$ 31.75	\$ 30.25	\$ 32.63	\$ 32.88	\$ 24.50
-Low	\$ 22.25	\$ 24.00	\$ 22.63	\$ 16.75	\$ 17.00	\$ 21.50	\$ 20.38	\$ 17.50

Advanced Micro Devices, Inc.'s common stock (symbol AMD) is listed on the New York Stock Exchange. The company has never paid cash dividends on common stock and has no present plans to do so. The number of stockholders of record at January 31, 1995 was 9,465.

FINANCIAL SUMMARY

Five years ended December 25, 1994					
(Thousands except per share amounts)					
	1994	1993	1992	1991	1990

Net sales	\$2,134,659	\$1,648,280	\$1,514,489	\$1,226,649	\$ 1,059,242
Expenses:					
Cost of sales	982,306	789,564	746,486	658,824	678,507
Research and development	279,984	262,802	227,860	213,765	203,651
Marketing, general, and administrative	359,230	290,861	270,198	244,900	228,204
	-----	-----	-----	-----	-----
	1,621,520	1,343,227	1,244,544	1,117,489	1,110,362
	-----	-----	-----	-----	-----
Operating income (loss)	513,139	305,053	269,945	109,160	(51,120)
Litigation settlement	(58,000)	-	-	-	(27,738)
Interest income and other, net	16,259	16,490	18,913	57,007	33,588
Interest expense	(1,844)	(2,910)	(17,227)	(20,880)	(8,282)
	-----	-----	-----	-----	-----
Income (loss) before income taxes and equity in joint venture	469,554	318,633	271,631	145,287	(53,552)
Provision for income taxes	153,703	89,218	26,620	-	-
	-----	-----	-----	-----	-----
Income (loss) before equity in joint venture	315,851	229,415	245,011	145,287	(53,552)
Equity in net income (loss) of joint venture	(10,585)	(634)	-	-	-
	-----	-----	-----	-----	-----
Net income (loss)	305,266	228,781	245,011	145,287	(53,552)
Preferred stock dividends	10,350	10,350	10,350	10,350	10,350
	-----	-----	-----	-----	-----
Net income (loss) applicable to common stockholders	\$ 294,916	\$ 218,431	\$ 234,661	\$ 134,937	\$ (63,902)
	=====	=====	=====	=====	=====
Net income (loss) per common share					
-Primary	\$ 3.02	\$ 2.30	\$ 2.57	\$ 1.53	\$ (.78)
	=====	=====	=====	=====	=====
-Fully diluted	\$ 2.92	\$ 2.24	\$ 2.49	\$ 1.52	\$ (.78)
	=====	=====	=====	=====	=====
Shares used in per share calculation					
-Primary	97,510	95,108	91,383	88,196	81,878
	=====	=====	=====	=====	=====
-Fully diluted	104,570	102,063	98,475	95,540	81,878
	=====	=====	=====	=====	=====
Long-term debt and capital lease obligations, less current portion	\$ 75,752	\$ 79,504	\$ 19,676	\$ 42,039	\$ 131,307
Total assets	\$2,445,702	\$1,929,231	\$1,448,095	\$1,291,758	\$1,111,692

EXHIBIT 21

ADVANCED MICRO DEVICES, INC.
LIST OF SUBSIDIARIES

FOREIGN SUBSIDIARIES

Name of Subsidiary -----	State or Jurisdiction in Which Incorporated or Organized -----
Advanced Micro Devices Belgium S.A.N.V.	Belgium
Advanced Micro Devices (Canada) Limited	Canada
Advanced Micro Devices S.A.	France
Advanced Micro Devices GmbH	Germany
AMD Foreign Sales Corporation	Guam
Advanced Micro Devices S.p.A.	Italy
AMD Japan Ltd.	Japan
Advanced Micro Devices Sdn. Bhd.	Malaysia
Advanced Micro Devices Export Sdn. Bhd. (1)	Malaysia
Advanced Micro Devices Product Sdn. Bhd. (1)	Malaysia
Advanced Micro Devices Technology Sdn. Bhd. (1)	Malaysia
AMD (Netherlands) B.V. (2)	Netherlands
Advanced Micro Devices (Singapore) Pte. Ltd.	Singapore
AMD Holdings (Singapore) Pte. Ltd. (3)	Singapore
Advanced Micro Devices AB	Sweden
Advanced Micro Devices S.A. (4)	Switzerland
AMD (Thailand) Limited (3)	Thailand
Advanced Micro Devices (U.K.) Limited	United Kingdom

DOMESTIC SUBSIDIARIES

Advanced Micro Ltd.	California
AMD Corporation	California
AMD Far East Ltd.	Delaware
AMD International Sales and Service, Ltd.	Delaware

-
- (1) Subsidiary of Advanced Micro Devices Sdn. Bhd.
 - (2) Subsidiary of Advanced Micro Devices Export Sdn. Bhd.
 - (3) Subsidiary of Advanced Micro Devices (Singapore) Pte Ltd.
 - (4) Subsidiary of AMD International Sales and Service, Ltd.

EXHIBIT 24

POWER OF ATTORNEY

Know All Men By These Presents, that each person whose signature appears below constitutes and appoints W. J. Sanders III and Marvin D. Burkett, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign Advanced Micro Devices, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 25, 1994, and any and all amendments thereto and to file the same, with all exhibits thereto and documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue hereof.

Signature -----	Title -----	Date ----
/s/ W.J. Sanders III ----- W. J. Sanders III	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 16, 1995
/s/ Anthony B. Holbrook February 16, 1995 ----- Anthony B. Holbrook	Vice Chairman of the Board	
/s/ Richard Previte ----- Richard Previte	Director, President and Chief Operating Officer	February 16, 1995
/s/ Friedrich Baur ----- Friedrich Baur	Director	February 16, 1995
/s/ Charles M. Blalack ----- Charles M. Blalack	Director	February 16, 1995
/s/ R. Gene Brown ----- R. Gene Brown	Director	February 16, 1995
/s/ Joe L. Roby ----- Joe L. Roby	Director	February 16, 1995
/s/ Leonard Silverman ----- Leonard Silverman	Director	February 16, 1995

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